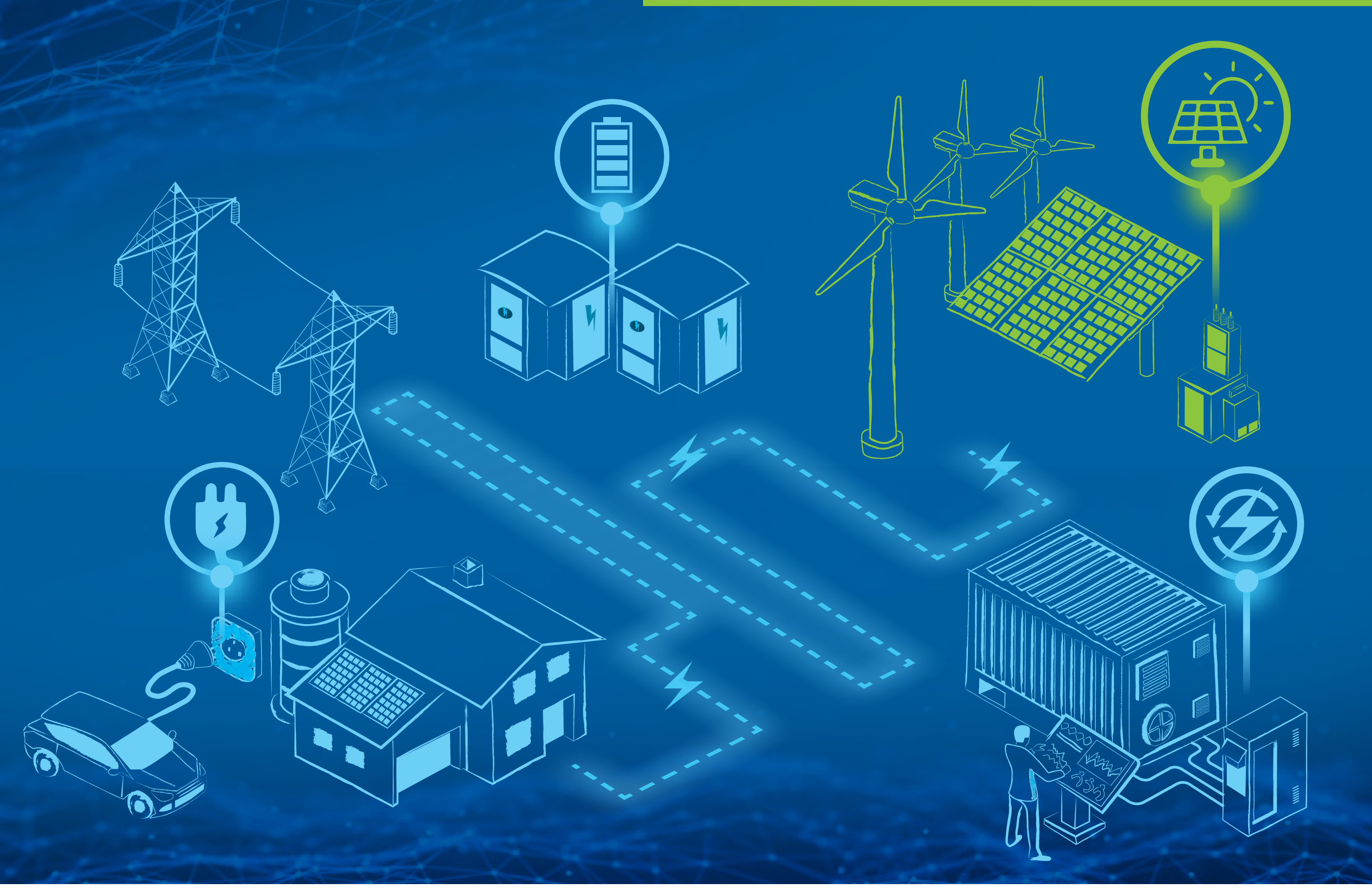
InTiCa Systems

E-SOLUTIONS

Generation · Storage · Conversion · Usage



2022

ANNUAL REPORT

Intelligent solutions

for the ecological

TRANSFORMATION

Key Figures of InTiCa Systems

The Group

	2020 EUR ´000	2021 EUR ´000	2022 EUR ´000	Change in %
Sales	71,072	95,735	90,739	-5.2%
Net margin	-0.2%	2.0%	1.8%	-
EBITDA	6,668	9,276	8,370	-9.8%
EBIT	736	3,396	2,345	-30.9%
EBT	169	2,835	1,724	-39.2%
Net profit (loss)	-118	1,962	1,615	-17.7%
Earnings per share (diluted/basic in EUR)	-0.03	0.46	0.38	-
Cash flow total	6,610	-4,914	1,338	-
Net cash flow from operating activities	6,005	2,875	7,420	158.1%
Capital expenditure	2,123	3,736	9,480	153.7%

	31.12.2020 EUR ´000	31.12.2021 EUR ´000	31.12.2022 EUR ´000	Change in %
Total assets	53,315	58,420	65,418	12.0%
Equity	16,888	19,660	21,969	11.7%
Equity ratio	32%	34%	34%	-
Employees incl. agency staff (number as of closing date)	894	744	847	13.8%

The Stock

	2020	2021	2022	(March 31) 2023
Closing price (in EUR)	8.60	12.20	8.00	7.70
Period high (in EUR)	8.65	22.00	12.70	8.60
Period low (in EUR)	3.80	8.50	7.50	7.55
Market capitalization at end of period (in EUR million)	36.87	52.30	34.30	33.01
Number of shares	4,287,000	4,287,000	4,287,000	4,287,000

The stock prices are closing prices on XETRA®.

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The InTiCa Systems' Group Foreword

Dear shareholders, employees and business associates,

Following the previous year's very strong growth, it was clear from the beginning that consolidating our figures would be the main focus in 2022. Russia's invasion of Ukraine with its ramifications for the reliability of energy supply, inflation and supply chains did not make that any easier, especially as the Covid pandemic only gradually eased and ongoing measures hampered the important Chinese market in particular. Against that background, it can be seen as a success that the InTiCa Systems Group once again generated sales of over EUR 90 million and was able to report a clear profit.

We therefore achieved our forecast targets, albeit towards the lower end. Weak year-end business prevented us reporting an even better performance. It was once again evident how volatile order offtake remains. While we pointed to the improved reliability of order call-off in our nine-month report, November and December suddenly brought significant postponements and reductions, especially from automotive producers. Price pressure also increased in the fourth quarter and we were not able to pass all cost increases on to customers.

One effect that certainly played a role at the end of the year was the change in state subsidies for electric cars. Since the start of January, plug-in hybrids have no longer been subsidized and the support for fully electric vehicles has been reduced. That led to perceptible uncertainty in order patterns. In Germany, new registrations were down 20% year-on-year in January and February. Considering that suppliers have a lead time of several weeks or months for deliveries to OEMs, that ties in with the call-off patterns we observed in November and December.

The volatility of order call-offs continued into the first quarter of this year, but the market for electric vehicles remains a strong growth driver. The transformation of the sector is moving forward inexorably and the OEMs and major tier-1 companies are placing orders for increasingly large projects. Following the EU Parliament's decision that new cars registered from 2035 must be carbon-free, German OEMs and their suppliers intend to invest more than EUR 250 billion in research and development worldwide between 2023 and 2027. In this context there is high demand for InTiCa Systems' development expertise. Substantial orders and series sales, for example, for stators and filters, show that we have a reputation on the international market as a solution provider for industrialization.

Two strategic aspects are particularly important for InTiCa Systems. Firstly, securing more local orders from the USMCA region. So far, our site in Mexico has mainly served demand from American and European customers for the Asian market. In recent months, however, western manufacturers have suffered from a reduction in orders, especially from China, which has also affected our delivery volumes. We want to reduce this dependence and recently made important progress towards that goal. 2023 sees the start of a substantial order for an American manufacturer of electric vehicles, which should lead to further orders – the initial samples delivered were a success. We aim to speed up this process in the present financial year by selectively extending our sales and technology structures.

Our second strategic objective is the systematic search for synergies between the segments. Electrification of major areas of industry is a cross-sector trend that is increasingly blurring the boundaries between different sectors. We therefore want to use our knowledge of power electronics to develop transferable solutions for specific customer requirements and to gain further orders for the Industry & Infrastructure segment. The main focus is on assemblies for charging systems. In 2022, we secured new orders in this field. These are expected to start generating sales in the second half of 2023. There are also further products for the charging infrastructure in Europe that due for delivery this year and samples of innovative products developed for a new customer in 2022 have already been presented to other companies. Moreover, rising demand has been observed for photovoltaic installations, products for energy storage and inverters. Smart meters are a good example: here, orders for local energy utilities in Mexico bring together all strategic elements in the puzzle.

To meet the growing demand for innovative e-solutions, we invested in our development and production facilities as planned in 2022. The additional production line for an innovative antenna at the Prachatice site was taken into service in the first quarter of 2023 and the third high-performance line for hybrid systems should be erected and accepted by mid-year. Based on a new order, there are plans for a further highly automated production line. In Mexico, a new production line for actuators for chassis recently passed the acceptance tests and is scheduled to come into service in the second quarter. This has been accompanied by further optimization of production workflows. The successful optimization of power electronics in 2022 will be extended to charging infrastructure in a second phase in 2023. In addition, a further production line for the Industry & Infrastructure segment will be installed in Mexico in 2023. Overall, we are planning further investment of around EUR 6 million this year.

We also expect a first small contribution to production to come from our subsidiary in Ukraine in 2023. Established at the start of 2022, before the outbreak of war, in order to expand capacity and improve profitability, the first parts are now being produced by this subsidiary. However, the focus at present is on testing logistics and supply chains. The supply of raw materials, delivery of finished products and customs clearance have to be ensured. Although production is rudimentary at the moment, for emotional reasons alone, the successful gradual start-up of operations in Ukraine is an important goal for us in 2023. The situation is similar with the introduction of SAP. We are currently working intensively on implementation in Passau and Prachatice and the go-live is planned for the end of this year.

As you can see, we remain determined and are paving the way step by step for the continued successful development of InTiCa Systems. In the short term, however, the macroeconomic environment in which we operate remains beset by uncertainty in 2023. There is currently no sign of end to the war in Ukraine and the geopolitical tension between China and the USA is increasing. In addition, we have to take into account the specific effort and expense, as well as the economic and entrepreneurial risks, inherent in the global transformation of the automotive industry and the energy sector. It is not always possible to make sure that all forces remain optimally balanced, for instance, to manage capacity so that it is perfectly aligned to shorter call-off cycles, especially as we are aim to retain skilled specialists in order to utilize basic business opportunities. At the same time, although the availability of materials has improved considerably, global price trends for raw materials and semi-finished products remain tense. For example, we expect to see a further rise in the price of copper wire in the first half of this year. Overall, we fear that fixed costs will increase substantially as a result of the inflationary trend.

In view of the sluggish start to the year, at the end of the first quarter sales and order intake were below the prior-year level. However, the underlying growth drivers remain intact and we recently noticed a renewed upturn in demand from our customers. Given the present business conditions, overall this means that both now and in 2023 as a whole we need to consolidate the sales and positive earnings of the past two years. As in 2022, our targets are therefore Group sales of EUR 85.0 million to EUR 100.0 million and an EBIT margin of between 2.5% and 3.5%.

At the same time, we are working constantly to prepare for the next hike in growth in the present phase of the global economic transformation. The key to that will be the commitment and innovative capability of our employees. We would therefore like to take this opportunity to thank them most sincerely. We would also like to thank our business partners for their good collaboration and our shareholders for the trust they place in us.

InTiCa Systems SE
Passau, April 2023

Yours

Dr. Gregor Wasle
Chairman of the Board of Directors

Günther Kneidinger
Member of the Board of Directors

GROUP

Report of the Supervisory Board on fiscal 2022

Dear shareholders,

In fiscal 2022, the Supervisory Board performed the tasks imposed on it by law, the articles of incorporation and the rules of procedure, regularly advised the Board of Directors on the management of the company and monitored and supervised its management activities. The yardsticks for oversight were the lawfulness, correctness, cost-effectiveness and expediency of the management of the company and the Group.

Cooperation with the Board of Directors

The Board of Directors gave the Supervisory Board detailed information and reasons for all business transactions and other matters requiring the approval of the Supervisory Board in compliance with the law, articles of incorporation or rules of procedure, and obtained the necessary consent. The Board of Directors provided continuous, comprehensive and timely information to the Supervisory Board either verbally or in writing.

The Board of Directors' reports to the Supervisory Board centred principally on planning, business development and the business situation of (what is now) InTiCa Systems SE and its subsidiaries, including the risk situation, control and risk management, compliance and transactions of especial importance for the company. The Board of Directors outlined the discrepancy between the business planning and actual performance, together with explanations, and informed the Supervisory Board of the planned corrective action. The content and scope of the reporting by the Board of Directors met the demands made by the Supervisory Board. Alongside these reports, the Supervisory Board requested supplementary information from the Board of Directors. The Board of Directors was available at meetings of the Supervisory Board to provide explanations and answer questions asked by the Supervisory Board. The Board of Directors and Supervisory Board used the meetings to agree on the strategic focus of the company and review the implementation of the strategy at regular intervals.

The Chairman of the Supervisory Board also received extensive information between meetings. Thus, the strategy, current business situation and business trends as well as control and risk management at InTiCa Systems SE were discussed regularly by the Chairman of the Board of Directors and the Chairman of the Supervisory Board.

The Board of Directors notified the Chairman of the Supervisory Board without delay of important events that were of material significance for an assessment of the company's situation and development.

In particular, the Board of Directors and Supervisory Board have continued to maintain very close and constant contact about the impact of the coronavirus pandemic on the company, measures to protect employees, customers and suppliers, and the scope to prevent and mitigate the consequences of the "coronavirus crisis" as well as the negative development of the raw material and energy markets and the Ukraine crisis. In addition, the influence on the company's strategy and any necessary adjustments are constantly discussed.

Advisory and supervisory activities

As part of its supervisory activities, the Supervisory Board satisfied itself that the Board of Directors conducted the management of the company in a correct and lawful manner. In 2022, the Supervisory Board examined, in particular, the company's strategic alignment, the business potential and business development. This included intensive discussion of key markets, product groups and future-oriented technologies. Particular attention was paid to e-solutions and e-mobility.

In the light of the aforementioned prevailing challenges in 2022, the Board of Directors and Supervisory Board looked very intensively at these issues, appropriate action, and the risks to be considered, along with risk mitigation. That included continuously adjusting the financing strategy. To this end, the Supervisory Board received timely and extensive information on the current situation of the Group and its companies, and all business operations of material importance for the Group's profitability and liquidity. Production and sales planning and the strategic development of the Group were also discussed regularly with the Board of Directors.

Corporate governance

In the reporting period, the Supervisory Board also examined the implementation of the German Corporate Governance Code at InTiCa Systems. The present declaration of conformity pursuant to sec. 161 German Companies Act (AktG) was adopted by the Board of Directors and the Supervisory Board on January 31, 2023 and is permanently available on the company's website. There were no conflicts of interest on the Supervisory Board in the reporting period.

The members of the Supervisory Board independently undertake the training required to perform their duties, for example, with respect to changes in the legal framework and new, future-oriented technologies, with appropriate support from the company.

Further information on corporate governance can be found in the corporate governance statement pursuant to sec. 289f and sec. 315d German Commercial Code (HGB), including the Corporate Governance Report.

Composition of the Supervisory Board

In the reporting period the Supervisory Board members were Mr. Udo Zimmer (Chairman), Mr. Werner Paletschek (Deputy Chairman), and Mr. Christian Fürst. In the wake of the conversion of the legal form of InTiCa Systems AG to InTiCa Systems SE, the members of the Supervisory Board of InTiCa Systems AG remained in office and became members of the Supervisory Board of InTiCa Systems SE.

Since the Supervisory Board has only three members, all relevant matters are always discussed by the full Supervisory Board. At the beginning of 2022, the Supervisory Board established an Audit Committee in compliance with the statutory requirements. The members are the three members of the Supervisory Board. The Supervisory Board and Audit Committee also held regular meetings without the Board of Directors.

Meetings of the Supervisory Board and the Audit Committee

In addition to the Supervisory Board meeting on the financial statements on April 25, 2022, the Supervisory Board held nine meetings – including those held in its function as the Audit Committee. In all, six meetings were held with physical attendance and four were held as video conferences. All members of the Supervisory Board took part in all meetings of the Supervisory Board and the Audit Committee.

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

February 18, 2022: Resolutions on the financing of various projects; provisional status on the performance in 2021 by site; assessment of current business development; financing and liquidity status; current status of the tender for the appointment of a new firm of auditors for the consolidated financial statements and the annual financial statements of the company for 2022; discussion of various strategy issues.

March 1, 2022: Extraordinary meeting to agree on the procedure in view of Russia's invasion of Ukraine and the possible impact on the subsidiary InTiCa Systems LTD, which had been established in Ukraine in January 2022.

April 8, 2022: Discussion of the possibility of changing the legal form of InTiCa Systems AG to a European corporation (SE); discussion of the status of the annual financial statements for 2021 and the Auditor's Report; presentation of the current business situation in 2022; report on current sales projects; status report on the corporate strategy 2025; examination of the development of financing and liquidity; progress in the process of selecting a firm of auditors for the audit of the 2022 financial statements; status update on the introduction of SAP.

May 25, 2022: Discussion and resolution on the topics for the Annual General Meeting 2022: approval for the Annual General Meeting 2022 to be held virtually without physical attendance by the shareholders or their proxies and decision on the Supervisory Board's proposals for resolutions on the items on the agenda for the Annual General Meeting; discussion by the Supervisory Board in its function as Audit Committee of the final assessment of the selection procedure for a new auditor and resolution of the Audit Committee on the associated recommendation to the Supervisory Board, together with its preference for the appointment and validation of the report on the conclusions drawn from the selection process.

June 10, 2022: Current status of the conversion of InTiCa Systems AG into InTiCa Systems SE; evaluation of the strategic initiatives as part of the "Masterplan 2025"; update on the site strategy; development of sales management in the Industry & Infrastructure segment; evaluation of investment in expansion for a new customer order.

July 14, 2022: Update on the business development of all sites with a focus on the sales and procurement situation; status report on sales with a focus on the development of the Industry & Infrastructure segment; status update on the site strategy in Eastern Europe/Ukraine; progress report on the introduction of SAP.

September 6, 2022: Strategy meeting of the Supervisory Board and Board of Directors; evaluation of the company's growth and M&A potential taking into account key criteria, including an assessment of the potential for business development and site development.

October 14, 2022: Analysis of business development in 2022 and implementation of the optimization measures; presentation of the first draft of the sales budget for 2023; presentation of the first draft of a revised sales strategy; status update on the decision to gradually start up production at the InTiCa Systems site in Ukraine; information on the status of the change of legal form; current status of the introduction of SAP; financial and liquidity status.

December 21, 2022: Status update on business development at year end; report on the optimization measures implemented; presentation of the budget for 2023 together with an overview of the provisional plans for 2024 and 2025; presentation of progress with preparations for gradual start-up of production at the InTiCa Systems site in Ukraine; status reports on various projects such as the introduction of SAP and change in the company's legal form to InTiCa Systems SE; discussion of the draft of the revised sales strategy for the InTiCa Systems Group.

Annual financial statements of the company and the Group

The auditors Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, Germany, were selected by the General Meeting to audit the annual financial statements and consolidated financial statements for the fiscal year from January 1, 2022 to December 31, 2022. The Supervisory Board granted the audit contract in accordance with this.

The annual financial statements and management report of InTiCa Systems SE for the fiscal year from January 1 to December 31, 2022, prepared in accordance with the provisions of the German Commercial Code (HGB), were audited by Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, which has awarded an unqualified opinion. An unqualified opinion has also been awarded to the consolidated annual financial statements and management report for the Group as of December 31, 2022, which were drawn up on the basis of the International Financial Reporting Standards (IFRS), as applicable for use in the EU, and supplemented by further explanations.

At its meeting on April 14, 2023, the Supervisory Board – simultaneously exercising its function as the Audit Committee with identical members – discussed the provisional figures for the annual financial statements of the company and the Group for 2022 in the presence of the auditor. At a further meeting on April 27, 2023, the Supervisory Board discussed the annual financial statements for the company, the consolidated annual financial statements and the management reports for InTiCa Systems SE and the Group, all of which have received unqualified audit opinions, the Board of Directors' proposal for the appropriation of the profit, this report of the Supervisory Board and the corporate governance statement pursuant to sec. 289f and sec. 315d of the German Commercial Code (HGB), including the corporate governance report. To prepare for this, the members of the Supervisory Board received extensive documentation, in some cases as draft versions, including the annual report with the consolidated financial statements prepared in accordance with the IFRS, the annual financial statements of InTiCa Systems SE, the management reports for InTiCa Systems SE and the Group, the corporate governance statement, the remuneration report, and the audit reports prepared by the auditor on the financial statements for the company and the Group and the management reports.

The Supervisory Board examined these documents in detail and discussed them intensively in the presence of the auditor, who reported on the key findings of the audit and was available for further questions and information. Following the conclusion of its own examination, the Supervisory Board agreed with the audit findings on the annual financial statements and the consolidated annual financial statements, established that it had no objections to raise, and approved the financial statements and management reports prepared by the Board of Directors; the Supervisory Board acknowledged with approval the proposal of the Board of Directors for the appropriation of the profit. The annual financial statements of InTiCa Systems SE for 2022 are thus adopted. The Supervisory Board also adopted the present report of the Supervisory Board, the remuneration report and the corporate governance statement pursuant to sec. 289f and sec. 315d of the German Commercial Code (HGB) in the present version.

The Supervisory Board would like to thank the Board of Directors and the employees of the InTiCa Systems Group for their performance and high level of commitment in 2022. It would also like to express its special thanks to the customers and business partners of InTiCa Systems SE for their trust and good collaboration. The Supervisory Board wishes the company all the best for its future development.

InTiCa Systems SE
Passau, April 27, 2023

The Supervisory Board

Udo Zimmer
Chairman

Company Boards

BOARD OF DIRECTORS

Focusing on the future.

Gregor Wasle

Chairman of the Board of Directors

Engineering graduate

Strategy, investor relations, R&D, production, finance, human resources and IT

Günther Kneidinger

Member of the Board of Directors

Sales, materials management, logistics centre and quality

SUPERVISORY BOARD

Udo Zimmer

Chairman

Business administration graduate

Rottach-Egern

- *Self-employed consultant*

Werner Paletschek

Deputy Chairman

Business administration graduate

Fürstenzell

- *Managing director of OWP Brillen GmbH*

Christian Fürst

Member of the Supervisory Board

Business administration graduate

Passau

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

InTiCa Systems

Company Profile

Being a leading technology provider of inductive components and systems, passive analog circuit technology and mechatronic assemblies, InTiCa Systems is driven by many years of experience, indepth know-how and a permanent spirit of innovation within its team. This allows InTiCa Systems to offer its customers the highest quality and pioneering technical precision for its products and services. Satisfied customers, long-term business relationships and performance in line with market requirements are the highest goals of the InTiCa Systems Group.

The team of the young and dynamic company, which specializes in the automotive and industry & infrastructure market segments, has succeeded in achieving sustainable growth targets in these segments for various key technologies and product fields by consistently expanding its core competencies over the last two decades. The decisive factor here has always been the determined pursuit of a well-thought-out corporate strategy.

The company operates with around 850 employees at five sites. Passau is home to the headquarters and the Technology Center, while the production plants are located in Prachatice/Czech Republic, Silao/Mexico and Bila Tserkva/Ukraine.

Our strategy and targets

- The customer is at the heart of our endeavours.
- We are world class in the development and production of inductive components and mechatronic systems.
- Our actions focus on the quality and profitability of our products and services.
- We strive for healthy and measured product diversification and internationalization.
- We offer our customers high-quality and technically advanced products.
- We are committed to a continuous process of innovation and renewal.
- With our skilled and competent employees, we shape perspectives and secure the future.
- Environmental protection and environmental management are key corporate and management tasks.

Automotive

Customer-specific solutions

InTiCa Systems' core business is focused on the Automotive segment, where the company specializes in the development and production of actuators, sensors, power electronics and drive technology in motor vehicles. Customer orders in this business segment show a clear trend towards electric and hybrid mobility.

The range of products offered in the Automotive sector is characterized by a wide variety of different components, of which onboard chargers, stator coils, EMC filters, inverters and components for battery management are particularly relevant for the growing field of e-mobility.

InTiCa Systems develops highly specific solutions for its customers in the Automotive sector within all five of its product groups. It so happens that InTiCa Systems products and technologies are installed in all relevant vehicle classes worldwide, from small cars to premium vehicles, by well-known European and American manufacturers.

InTiCa Systems already owes well over 50% of its turnover to the field of hybrid and electric mobility. This sector, which is forecast to continue growing strongly, is considered one of the three key technologies in the automotive industry of the future, besides partially and fully autonomous driving and digital connectivity.

Industry & Infrastructure

Efficient use of energy

In its second business segment, Industry & Infrastructure, the product landscape is characterized by high-quality, customer-specific inductive components, mechatronic modules and system solutions for renewable energy sources (solar), as well as automation and drive technology. In these areas, too, InTiCa Systems' commitment to development results in competent solutions tailored to specific requirements.

The converter and inverter technology is based on the ability of inductive components to convert solar energy into grid-connected electricity and has always been the heart of the Industry & Infrastructure segment. InTiCa Systems uses this technology, which benefits many of its future-oriented products, to increase its global market presence in power transfer, noise suppression and coils and filters. The portfolio is complemented by the expertise of InTiCa Systems' team in the fields of power electronics and automation and drive technology.

In the Industry & Infrastructure segment, the field of e-solutions is particularly important for product applications for inverters, smart metering, energy storage systems and electric charging systems. The use of synergies between the Industry & Infrastructure and Automotive segments thereby offers the potential to align the topics of e-solutions and e-mobility, for example by combining e-vehicles with a modern e-charging infrastructure.

International

Worldwide customers & international locations

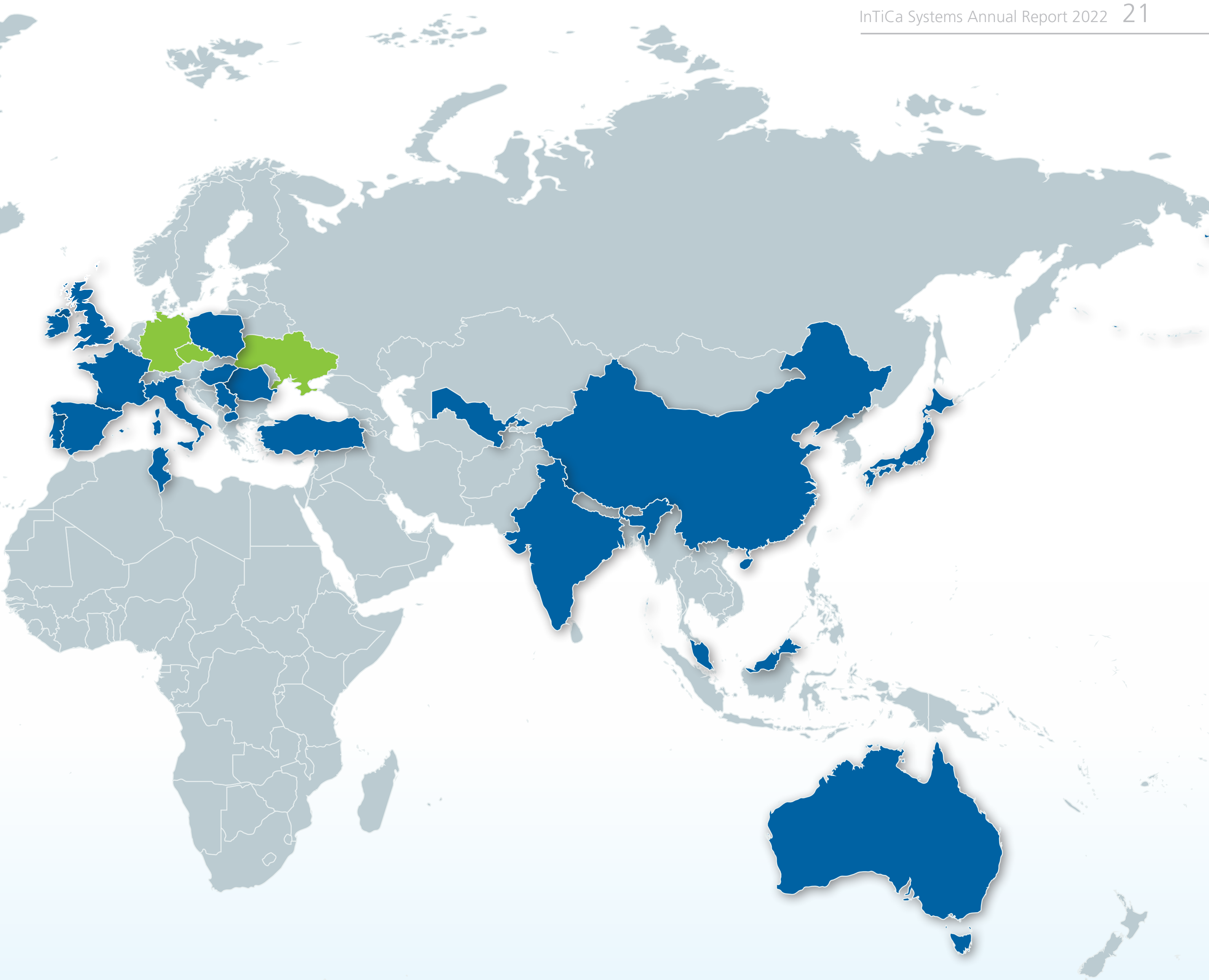
America
- Brazil
- Mexico
- USA

Africa
- Tunesia

Europe
- Czech Republic
- France
- Germany
- Hungary
- Ireland
- Italy
- North Macedonia
- Poland
- Portugal
- Romania
- Serbia
- Spain
- United Kingdom

Asia
- China
- India
- Japan
- Malaysia
- Turkey
- Uzbekistan

Australia



ORGANIZATION AND DEVELOPMENT

Passau, GERMANY

Head office & Technology Center

» Sales and production development & samples and pre-serial production
» Employees: 86*

Silao, MEXICO

Production facility

» Production for Automotive and Industry & Infrastructure
» Employees: 183*

Prachatice, CZECH REPUBLIC

Production facility

» Modern production facility with high degree of vertical integration, secure processes and technologies
» Employees: 534 (including 114 temporary workers)*

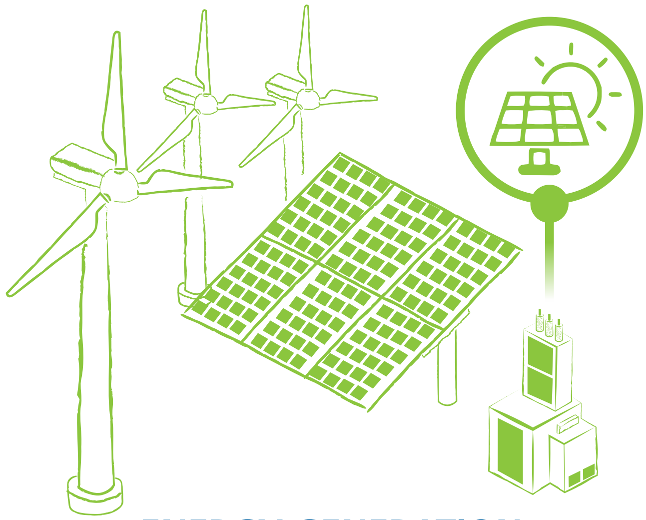
Bila Tserkva, UKRAINE

Production facility

» Ongoing test phase and ramp-up production for selected products since Q1 2023
» Employees: 26*

* Number of Employees: March 31, 2023

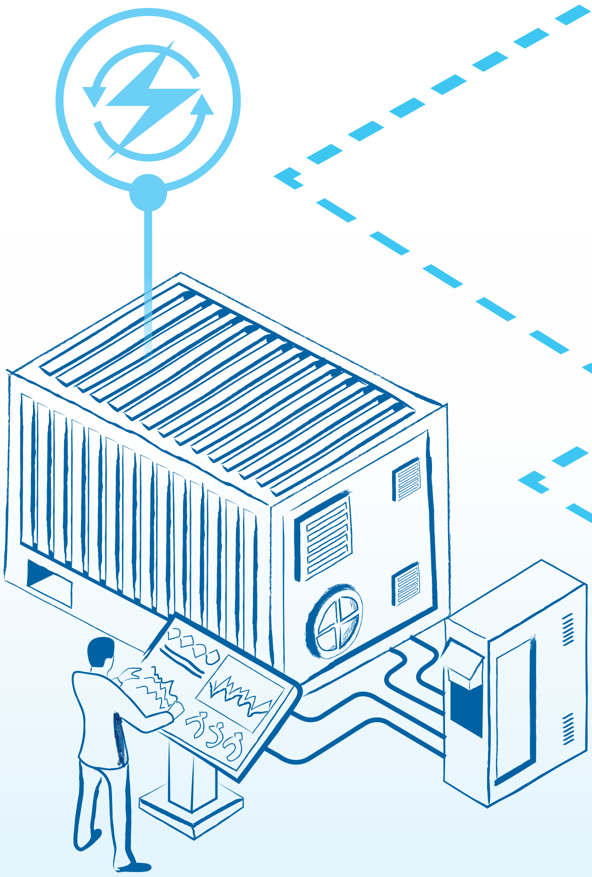
E-Solutions



ENERGY GENERATION

Useful energy can be obtained from various energy sources, such as PV systems or wind power plants, which are also referred to as energy carriers.

However, the raw form of the extracted electrical energy is not yet suitable for feeding into the power grid. Therefore, devices are required that perform this conversion as efficiently as possible.



ENERGY CONVERSION

In order to make the energy generated by PV systems or other carriers usable for everyday life, so-called inverters are needed. These are electrical devices that convert DC voltage into AC voltage.

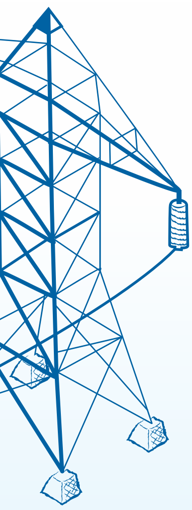
In the field of energy conversion, InTiCa Systems develops and supplies components not only for inverters, but also for chargers in electric cars (so-called onboard chargers), charging columns, charging boosters (to charge an 800V e-car at a 400V charging column) and other voltage converters.

ENERGY USAGE

InTiCa Systems' complex solutions for energy usage can be found in (plug-in) hybrid as well as in e-machines, e.g. in the form of stator windings of various designs.

Another key product group for everyday energy use are EMC filters, which ensure that interference does not occur when different electronic components are operated in parallel.

InTiCa Systems can cover the entire product cycle, from electrical dimensioning and design to series delivery.



ENERGY STORAGE

The increasing use of renewable energies driven by environmental and climate protection considerations is leading to a growing global market for energy storage applications.

New integrated devices for energy storage, energy conversion and intelligent energy management form the heart of an independent, decentralized energy supply. As with inverters, components from InTiCa Systems are also used in this field of application.

KEY TECHNOLOGIES FOR THE FUTURE

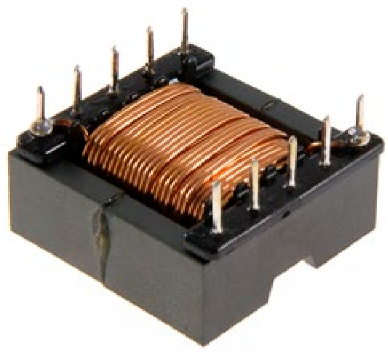
By addressing global megatrends, InTiCa Systems SE has identified essential key technologies and declared them to be strategic priorities. These key technologies of the future such as electromobility, energy storage, energy management systems and safety technology are, quite literally, the key to success for InTiCa Systems and are therefore being worked on intensively.

For InTiCa Systems, the term "e-solutions" encompasses the technological expertise and the intelligent interaction between the generation, storage, control and use of energy, providing the big picture for the company's strategic roadmap. Today, InTiCa Systems already covers an increasingly broad portfolio of product fields, from power electronics for e-generation, through EMC filters for e-storage solutions, to system solutions for hybrid and electromobility for energy use, which is to be expanded in the future.

Power electronics

Increasing efficiency

Power electronics is an area of electronic technology that focuses on the use of electronic switching elements to convert electric power. The main products are inverters, charging systems and network switches.



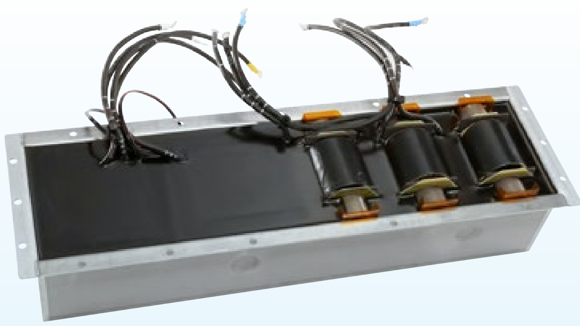
These products can convert voltage levels, power and frequency. Normally, power electronics components comprise an electrical control unit, an inverter and a DC converter.

Power electronics has become more important as a result of progress in microelectronics and the associated improvement in control and regulation technology. For example, power electronics are found in the power drivetrain in all hybrid and electric vehicles.

Application examples

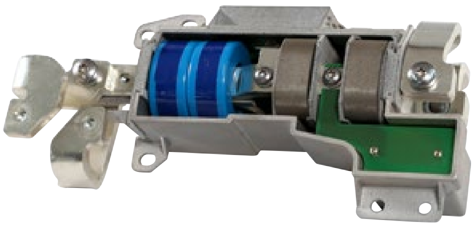
Automotive

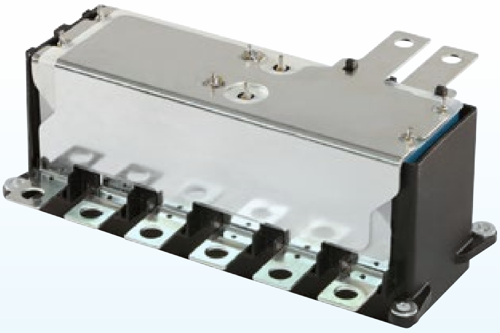
- Transformers for onboard charging systems
- Chokes for onboard charging systems
- Power transformers for DC-DC converters
- Planar transformers for hybrid applications

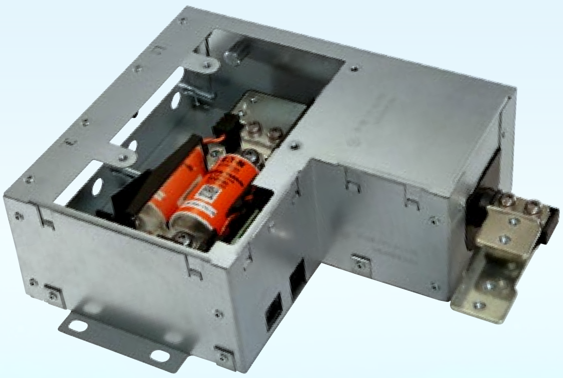


Industry & Infrastructure

- AC filter chokes, boost converters and booster chokes
- High-frequency transformers
- Inductive modules for solar converters







EMC filters

Electromagnetic compatibility

The rising number of appliances that produce and use energy is increasing demand for EMC filters for electromagnetic suppression. Unwanted interference between appliances can degrade performance of the power supply and onboard systems. Therefore, it has to be suppressed to prevent unwanted disruption.

Inductive properties combined with capacitors are the most common type of EMC filter. InTiCa Systems is already seen as a development partner, producer and system supplier of EMC filters. Demand for energy sources and electrical and electronic devices will continue to increase in the future, creating rising demand for EMC filters.

Application examples

Automotive

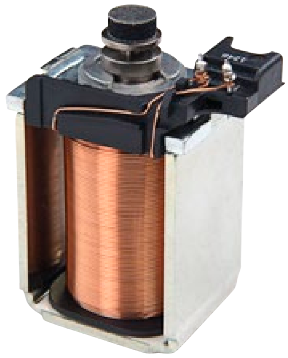
- Complex components and systems to meet specific challenges of electromagnetic interference
- Electric vehicles (EV), hybrid drives (PHEV, MHEV), hydrogen drives
- Battery systems, e-axles and transmissions

Industry & Infrastructure

- Filter modules and filter assemblies for stationary energy storage systems and various industrial applications
- Filter assemblies for charging systems
- Common mode chokes in all common designs

Actuators

Controlling motion



The term actuator normally refers to the use of electrical energy to generate a movement or deflection. Actuators are used in many technical applications, for example in drive technology, valve technology and locking systems. InTiCa Systems specializes in the production of various types of actuator coils, which can be used in a wide range of applications in measurement control and regulation technology.

They are used in almost all sectors of industry because their applications are virtually unlimited. As in all other product areas, the product solutions supplied by InTiCa Systems are tailored specifically to customers' requirements.

Application examples

Automotive

- Valve systems for adaptive chassis control, transmission control systems
- Electro-hydraulic steering systems
- Electromagnetic steering wheel locks
- Control systems for oil circuit regulation, injections systems for diesel and gasoline, valves for fuel shut-off

Industry & Infrastructure

- Switching components to interrupt power supply
- Switching parts and valves for heating systems
- General valve controls

Stators

Electromagnetic transformation

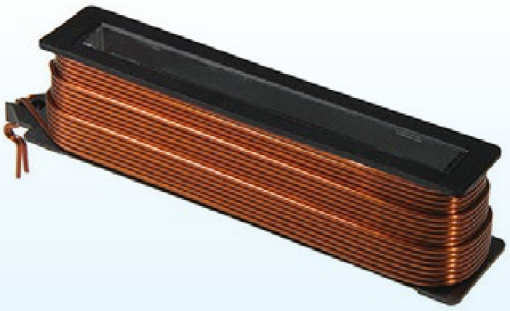
Stator coils are used in electric drives that convert electrical energy into mechanical power. A wide variety of different designs and electrical solutions are available. The aim is to steadily reduce the dimensions and weight of coils and to increase their electrical efficiency.

Development and production at InTiCa Systems meet the highest quality and functional requirements to ensure that products can withstand the most extreme environmental conditions. The right mix of materials and processes is vital to maximize the efficiency and stability of the products.

Application examples

Automotive

- Stator modules for hybrid and electric vehicles
- Stator modules for turbocharger systems and various actuators
- Overmoulded busbars for connections



Industry & Infrastructure

- Stator coils for industrial applications such as pump motors
- Stator modules for machine drives and construction machine drives
- Injection-moulded coils for single-tooth stators and plug-in coils

Sensors

Transmitting signals

In this area InTiCa Systems mainly focuses on low frequency (LF) antennas and immobilizers.

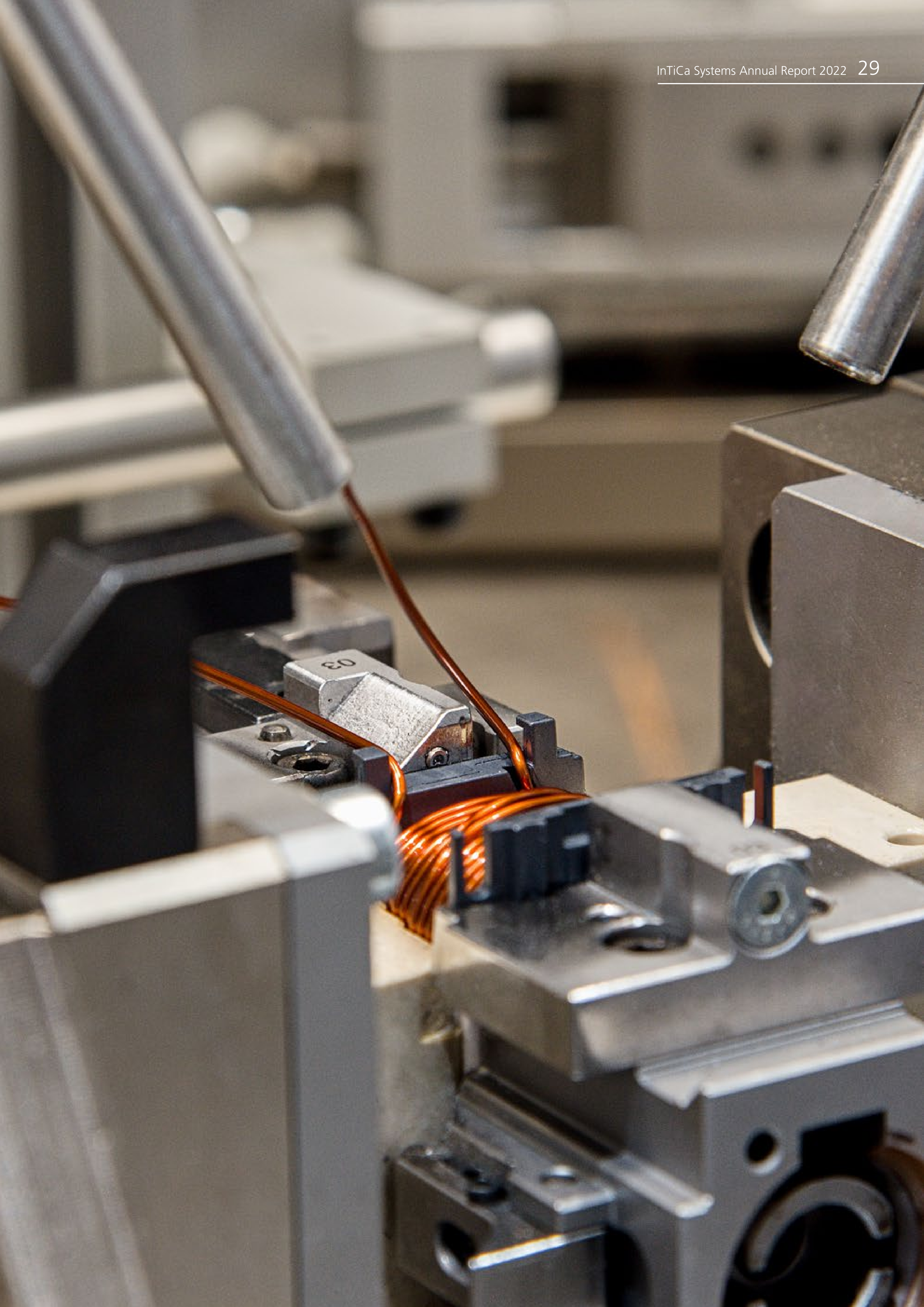
LF antennas are a key component in keyless entry/go systems, which allow drivers to open the car door and start the engine without having to press a button on the radio frequency key. Antennas integrated into the door handles and the interior of the vehicle act as sensors. Bidirectional communication takes place between the vehicle and the key. If a key is recognized at a certain distance from the vehicle or if the vehicle is touched at certain places (e.g. the door handle), the vehicle can be opened or closed without using the key.

Immobilizers are another group of sensor products. Together with a transponder and the associated control unit, the immobilizer prevents the engine being started without authorization.

Application examples

Automotive

- LF antenna and transponder technology
- Immobilizers for start/stop systems
- Long-range solutions
- NFC antennas with charging and data transfer functions
- Tyre pressure monitoring



STOCK

InTiCa Systems' Stock in 2022

Performance of shares in InTiCa Systems[1]

2021 was a turbulent yet ultimately very successful year for the stock markets, with exchanges ending the year close to an all-time high. In 2022, by contrast, markets around the world registered significant price declines, with market trends dominated by geopolitical crises, rapidly rising (energy) prices and a monetary policy turnaround as a consequence of Russia's invasion of Ukraine. Having started the year at over 16,000 points, Germany's blue-chip index, the DAX, dropped below 13,000 points for the first time at the beginning of March. Following a temporary rebound, it subsequently traded sideways between 13,500 and 14,500 points. This scenario was repeated in June and July. From mid-August the DAX weakened again, dropping to a low for the reporting period of 11,975.55 points on September 29, 2022. This was followed by a small year-end rally; on December 30, 2022, the index stood at 13,923.59 points. That was 12.3% below the closing price at end-December 2021. The loss on the TecDAX was even higher at 25.5%.

In this situation, shares in InTiCa Systems SE came under increasing pressure in the reporting period. Having ended 2021 with a pleasing gain of around 42%, shares in InTiCa Systems SE started the new year at EUR 12.50 and steadily trended sideways in the first few weeks of 2022. At its peak, the share price reached EUR 12.70. Following Russia's attack on Ukraine, shares in InTiCa Systems also dropped significantly. Based on the good provisional figures for fiscal 2021, however, the share price soon topped the EUR 12 mark again. The shares subsequently held up well, trading at between EUR 11.50 and EUR 12.50. Renewed corrections in May and July were followed by phases of stabilization after publication of the good results for the first quarter and first six months. In parallel with the general market weakness, shares in InTiCa Systems fell again from mid-August, trading in a range of EUR 8.00 and EUR 9.00 until shortly before the end of the year. On December 29, shares in InTiCa Systems dropped to EUR 7.50 with low trading volume, the lowest point in the reporting period. The closing price on December 30, 2022 was EUR 8.00 in XETRA trading. That represents a drop of 34.3% since the start of the year.

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

InTiCa Systems' market capitalization therefore decreased to around EUR 34.3 million as of year-end 2022 (December 31, 2021: EUR 52.3 million). As in the previous year, the most important trading exchange for shares in InTiCa Systems was the XETRA electronic trading platform, which accounted around 61% of trading in the share, followed by the Berlin Tradegate Exchange, which accounted for roughly 29% and Börse Stuttgart, which accounted for almost 8%. The average trading volume was 20,289 shares per month (2021: 64,238 shares per month). As in the past, market-making to support the liquidity and tradability of shares in InTiCa Systems in the fully electronic XETRA trading system operated by Deutsche Börse AG was provided by BankM.

Shares in InTiCa Systems	2022	2021
Year high (XETRA® closing price)	12.70	22.00
Year low (XETRA® closing price)	7.50	8.50
Market capitalization at year end in EUR million	34.3	52.3

Closing prices	2022	2021	Change
Shares in InTiCa Systems (XETRA®)	8.00	12.20	-34.4%
DAX	13,923.59	15,884.86	-12.3%
TecDAX	2,921.12	3,920.17	-25.5%
DAXsector Technology	1,602.32	2,192.70	-26.9%

Investor Relations

InTiCa Systems' Investor Relations department is the company's interface to the capital market. It is responsible for ensuring open communication with shareholders, potential investors and all other interested members of the financial community. The focus is on providing full and transparent information for the community to further strengthen confidence in the company and its shares and contribute to realistic expectations. The Board of Directors therefore personally seeks direct contact with relevant members of the financial community.

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

In addition, experienced capital market analysts comment on our business performance and the most important announcements, and issue estimates on the future development of InTiCa Systems SE. The research reports they publish are available on the Investor Relations section of InTiCa Systems' website (www.intica-systems.com). In addition to these reports, the Investor Relations section contains all relevant information on the stock, a financial calendar detailing all key dates, an archive of obligatory disclosures and news releases, information on corporate governance and all information on past and upcoming General Meetings of InTiCa Systems SE.

In the 2022 financial year, we provided timely information for our shareholders and the general public on current business trends, specific events and the company's overall prospects. As in the past, the press conference to mark the publication of the annual report for 2021 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 the Annual General Meeting on July 15, 2022, which was held virtually again due to the ongoing coronavirus pandemic, is also available on the website. At the AGM, shareholders were able to inform themselves about fiscal 2021 and the current situation at InTiCa Systems SE.

In addition, the Board of Directors regularly presents the company at relevant capital market conferences. InTiCa Systems SE was therefore once again represented at the „MKK Munich Capital Market Conference" in November 2022, which was held as an in-person event. The MKK is the largest capital market conference in southern Germany. In 2023, it is scheduled to take place on November 15/16, with InTiCa Systems SE's renewed participation firmly planned.

The homepage contains contact details and a contact form for those wishing to establish direct contact with the Investor Relations department. The Investor Relations department and Board of Directors of InTiCa Systems SE are available for any questions from private and institutional investors, analysts and financial journalists.

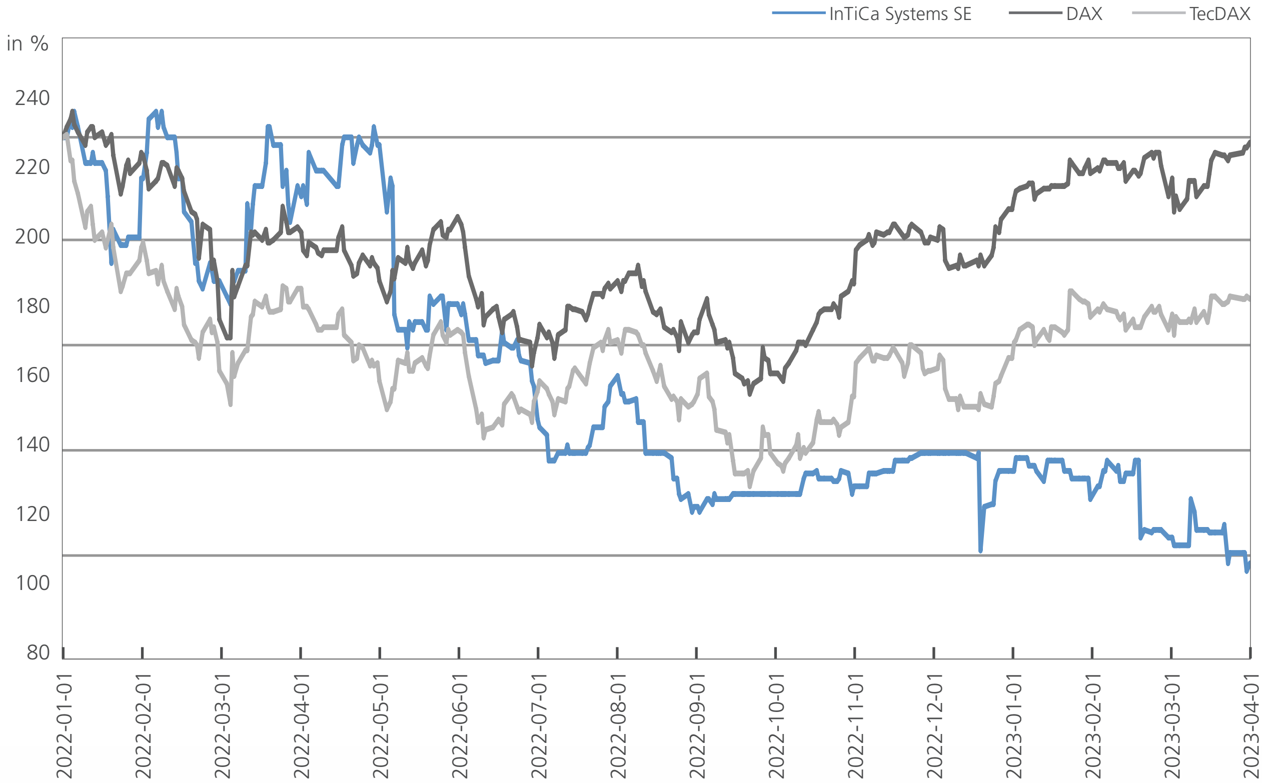
Key data on the share

ISIN	DE0005874846
WKN	587 484
Stock market symbol	IS7
Bloomberg ticker symbol	IS7:GR
Reuters ticker symbol	IS7G.DE
No. of shares	4,287,000
Trading segment	Regulated market, Prime Standard
Trading exchanges	XETRA®, Frankfurt, Hamburg, Berlin, Munich, Stuttgart, Düsseldorf
Designated sponsor	BankM AG
Research coverage	SMC-Research

Shareholder structure

The principal shareholders as of March 31, 2023:	Shareholding:
Dr. Dr. Axel Diekmann	over 30%
Thorsten Wagner	over 25%
Tom Hiss	over 5%
Treasury stock	1.5%
Management	less than 1%

Performance of shares in InTiCa Systems



Investor Relations

Spot on the investor

CORPORATE GOVERNANCE STATEMENT

including the Corporate Governance Report

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.

Corporate governance statement pursuant to sec. 289f of the German Commercial Code and consolidated corporate governance statement pursuant to sec 315d of the German Commercial Code for the 2022 financial year

In the corporate governance statement pursuant to sec. 289f of the German Commercial Code (HGB) and the consolidated corporate governance statement pursuant to sec 315d of the German Commercial Code, the Board of Directors and Supervisory Board provide information on the principal elements of corporate governance for InTiCa Systems SE and the Group. In addition to the annual declaration of conformity in conformance with sec. 161 of the German Companies Act (AktG), the statements include relevant information on corporate management practices and further aspects of corporate governance, especially a description of how the Board of Directors and Supervisory Board work.

Declaration of Conformity

On January 31, 2023, the Board of Directors and Supervisory Board of InTiCa Systems AG issued the following declaration of conformity pursuant to sec.161 of the German Companies Act (AktG):

1. Since it issued its last declaration of conformity on January 31, 2022, the company has complied with the recommendations of the German Corporate Governance Code in the version of December 16, 2019, published in the German Federal Gazette (Bundesanzeiger) on March 20, 2020 ("GCGC 2020"), apart from the following exceptions:

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

The Board of Directors ensures that all statutory provisions and internal guidelines are complied with and endeavours to ensure that they are complied with throughout the company. To this end, it has instituted an appropriate and effective internal control system and risk management system (compliance management system) reflecting the scope of the company's business activities and its risk situation. The principles of this system are disclosed in the non-financial statement in the Management

Report. The company does not offer employees and third parties the opportunity to report suspected breaches of the law within the company in a special, protected manner because such suspicions can be reported to the Board of Directors or Supervisory Board at any time and will be treated with the necessary confidentiality.

» Recommendations B.5 and C.2 GCGC 2020 (appointments to the Board of Directors and Supervisory Board)

Decisions on suitable candidates for appointment as members of the Supervisory Board or Board of Directors are taken on a purely objective basis in accordance with German legislation on diversity. No age limits are set for the members of the Board of Directors (recommendation B.5 GCGC 2020) and the Supervisory Board (recommendation C.2 GCGC 2020), so no age limits are disclosed in the corporate governance statement. In compliance with the law and articles of incorporation, members of the Board of Directors and Supervisory Board may be appointed for a maximum term of office of five years. The Board of Directors and Supervisory Board believe it makes sense for the bodies responsible for appointments to examine each candidate's age at the time of initial appointment or renewed appointment and that they should be free to appoint older candidates with relevant professional or other experience without being tied to rigid age limits. However, the Supervisory Board will only nominate candidates for election by the General Meeting who have not reached the age of 70 at the start of their term of office.

» Recommendations D.1, D.2, D.4 sentence 2 and D.5 GCGC 2020 (rules of procedure and committees of the Supervisory Board)

The Supervisory Board has not adopted rules of procedure and published these on its website (Recommendation D.1 GCGC 2020) because the provisions of the law and the articles of incorporation have proven sufficient. Apart from the mandatory Audit Committee, the Supervisory Board has not established any committees (Recommendations D.2 and D.5 GCGC 2020). The company's Supervisory Board has three members. Since it is a legal requirement that any committee that takes decisions must also have at least three members, the establishment of committees that are not mandatory by law is neither necessary nor expedient. However, in conformance with sec. 107 paragraph 4 sentence 1 of the German Companies Act (AktG), the Supervisory Board has established the mandatory Audit Committee pursuant to sec. 107 paragraph 3 sentence 2 AktG. In accordance with sec. 107 paragraph 4 sentence 2 AktG, the Audit Committee comprises all members of the Supervisory Board because the company's Supervisory Board comprises three members. Contrary to Recommendation D.4 sentence 2 GCGC 2020, which states that the Chair of the Supervisory Board shall not chair the Audit Committee, the Chairman of the company's Supervisory Board also chairs the Audit Committee. In the Supervisory Board's view, in a Supervisory Board composed of three members, all of whom are identical with the members of the Audit Committee, it is not expedient to separate the chairmanship of the Supervisory Board and the Audit Committee; rather if the same person chairs the Supervisory Board and the Audit Committee, this ensures fast, appropriate and efficient performance of their duties.

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

The consolidated financial statements and the Group Management Report are not expected to be published within 90 days following the end of the financial year, and the mandatory interim financial information is not expected to be publicly accessible within 45 days after the end of the reporting period. The company cannot guarantee that it can meet the deadlines recommended by the Corporate Governance Code in view of the need to include its foreign subsidiaries in the consolidated financial statements and the mandatory interim financial information. The consolidated financial statements will, however, be available at the latest four months after the end of the financial year, while the mandatory interim financial information will be published within two months from the end of the reporting period and thus within the statutory deadlines. The Board of Directors and Supervisory Board consider this to be adequate.

» Recommendations G.7 sentence 1 and G.9 GCGC 2020 (performance criteria and target achievement for long-term variable remuneration)

According to the remuneration system for the members of the Board of Directors adopted by the Supervisory Board, the long-term variable remuneration is calculated on the basis of the EBIT margin of the InTiCa Systems Group, by applying a specific bonus factor to their annual base salary. Accordingly, for the long-term variable remuneration, the Supervisory Board does not set specific performance criteria for the upcoming financial year which are then used to calculate the variable remuneration components after the end of the financial year depending achievement of the target. Rather, the level of the long-term variable remuneration is determined using a purely mathematical formula and, unlike the short-term variable remuneration, is not contingent upon the achievement of certain pre-defined performance criteria. To this extent, the Supervisory Board does not define specific performance criteria for all variable compensation components that are then used to determine the amount to be paid. The Supervisory Board considers the purely mathematical calculation of the long-term variable remuneration to be a suitable method because it ensures that the long-term remuneration of all members of the Board of Directors is incentivized in the same way.

» Recommendation G.10 sentence 1 GCGC 2020 (granting of long-term variable remuneration)

The long-term variable remuneration is paid out to the members of the Board of Directors in cash and not predominantly invested in company shares or granted as share-based remuneration. In the opinion of the Supervisory Board, structuring long-term variable remuneration as a share-based model is not currently expedient. In view of the very low trading volume of shares in InTiCa Systems, the correspondingly low liquidity of the share price and – given the company's present shareholder structure – the relatively small „genuine" free float, the share price is not a suitable performance criterion for measuring long-term remuneration. In particular, the stock market price of shares in InTiCa Systems does not permit meaningful comparison with listed peer group companies. Specifically, the Supervisory Board considers that stock market pricing reflecting the positive or negative development of the company is not available to determine the long-term variable remuneration component. Accordingly, the Supervisory Board considers that granting long-term variable remuneration in the form of shares or corresponding share-based payment is not currently expedient.

» Recommendation G.10 sentence 2 GCGC 2020 (accessibility of long-term variable remuneration)

The long-term variable remuneration is paid out in three different tranches of 50%, 30% and 20%, with payment of each tranche being made shortly after approval by the Supervisory Board of the annual financial statements for the company and the consolidated annual financial statements for the relevant financial year (reference year) and the following and subsequent financial year, insofar as the EBIT margin of the InTiCa Systems Group has not deteriorated by more than 25% compared with the reference year. The long-term variable remuneration granted to members of the Board of Directors is therefore not accessible to them only after a period of four years. Rather, payment of the amounts stated normally takes place over a period of about two years. The Supervisory Board considers the phased multi-year payment as appropriate for performance-oriented, sustainable management of the company and the goal of creating value, especially for the company's employees and shareholders. This applies in particular given the circumstance that disbursement of half of the long-term variable remuneration is contingent on the circumstance that there is not a significant deterioration in the Group's earnings position in the defined period.

» Recommendation G.12 GCGC 2020 (disbursement of remaining variable remuneration components following termination of a contract)

If a member of the Board of Directors leaves the board during a year, any outstanding long-term variable remuneration components will be paid shortly after approval by the Board of Directors of the annual financial statements of the company and the consolidated financial statements for the year in which the member leaves the Board of Directors, provided that the EBIT margin of the InTiCa Systems Group in the year in which the member leaves the Board of Directors has not deteriorated by more than 25% compared with the reference year. The Supervisory Board considers this to be expedient because the incentivization effect of the long-term variable remuneration lapses when the member leaves, because from this date the member no longer has any influence on the earnings situation of the InTiCa Systems Group, which would otherwise form the basis for the payment of any remaining amounts.

2. Furthermore, the company has complied with the recommendations of the German Corporate Governance Code in the version dated April 28, 2022 from the date of its publication in the Federal Gazette of June 27, 2022 ("GCGC 2022"), with the exception of deviations set out in subsection 1 above, whereby the deviations from recommendations A.2 sentence 2, D.4 sentence 2 and D.5 GCGC 2020 correspond to deviation from the corresponding recommendations in A.4, D.3 sentence 5 and D.4 GCGC 2022.

3. The company will continue to comply with the recommendations of the GCGC 2022 with the exception of the deviations outlined above.

Relevant disclosures on corporate management practices

Compliance with the corporate governance guidelines, especially the recommendations of the German Corporate Governance Code, is a key basis for responsible, value-driven management of InTiCa Systems SE and the InTiCa Systems Group, and forms the basis for efficient collaboration between the Board of Directors and Supervisory Board, and for ensuring transparent reporting and implementing a functioning risk management system.

Through direct contact with customers, InTiCa Systems always keeps an eye on new markets and changing requirements. By linking its core competencies across all business segments, the company is able to constantly develop new products for a wide variety of business areas and market requirements. Satisfied customers, long-term business relationships and market-driven future-oriented products are the company's priorities. Quality is implemented by all employees through the way in which they think and act in their day-to-day work.

Ensuring a sustained rise in the value of the company is the guiding principle for the members of the Board of Directors and Supervisory Board of InTiCa Systems SE. Securing the confidence of investors and other stakeholders in effective and transparent management is a matter of prime significance. The aim of InTiCa Systems' investor relations activities is to achieve the level of transparency expected by the capital markets and give shareholders a true and fair view of the company. In keeping with the principle of fair disclosure, all shareholders and major target groups are treated equally in terms of the provision of information. The underlying rule is providing the company's owners with timely and reliable information on major events at their company. This is ensured, in particular, through the company's website and the publication media prescribed by law. Transparency also constitutes an opportunity to gain new investors from Germany and other countries. The Board of Directors and Supervisory Board therefore constantly strive to optimize communication to ensure a sustained and appropriate valuation of the company's stock.

Description of how the Board of Directors and Supervisory Board work

InTiCa Systems SE has a dual management and supervisory system – as it did as InTiCa Systems AG, before the change of its legal form to an SE. This comprises a Board of Directors as the executive body and a Supervisory Board as the oversight body. The Supervisory Board and Board of Directors work together closely and trustfully for the benefit of the company.

The Board of Directors is responsible for the company's strategic focus, general management of the company, budget planning, and defining and overseeing the operating segments. It ensures that there is an appropriate and effective internal control system and risk management system (compliance management system) reflecting the scope of the company's business activities and its risk situation. Systematic control and risk management as part of value-driven corporate management ensures timely identification, analysis and evaluation of risks and optimization of risk positions.

The Board of Directors and Supervisory Board maintain regular contact. The Board of Directors provides the Supervisory Board with full and timely information on the development of the company, its current position, current risks and how they progress. It discusses and agrees the strategy with the Board of Directors. Progress in implementing strategic planning and possible deviations from the plans are reported to the Supervisory Board. Major decisions require the approval of the Supervisory Board. The Board of Directors also informs the Supervisory Board of the management of risks and opportunities in the Group.

The Supervisory Board oversees the work of the Board of Directors and is directly integrated into decisions of fundamental importance for the company. The Supervisory Board receives written monthly reports on the company's financial position, assets and results of operations. It also receives a detailed explanation of any discrepancy between the planned and actual business development. Further, the Chairman of the Supervisory Board is informed directly and regularly of the current situation, important business events and significant upcoming decisions.

The Supervisory Board has established an Audit Committee, comprising all of the Supervisory Board members, because the company's Supervisory Board is composed of three people. Therefore, the members of the Audit Committee are Mr. Udo Zimmer, Mr. Werner Paletschek and Mr. Christian Fürst. The Chairman of the Supervisory Board, Mr. Udo Zimmer, also chairs the Audit Committee to ensure rapid, expedient and efficient performance of its duties. The Audit Committee addresses in particular the review of the accounting, the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit of the financial statements and compliance. All members of the Supervisory Board and the Audit Committee are familiar with the sector in which the company operates. The German Companies Act specifies that at least one member of the Supervisory Board and the Audit Committee must have expertise in the field of accounting and at least one further member of the Supervisory Board and the Audit Committee must have expertise in the field of auditing. According to the German Corporate Governance Code, the expertise in the field of accounting should consist of special knowledge and experience in the application of accounting principles and internal control and risk management systems, and the expertise in the field of audition should consist of special knowledge and experience in the auditing of financial statements. Accounting and auditing also include sustainability reporting and its audit and assurance. The Supervisory Board and the Audit Committee include at least one member with expertise in the field of auditing – the Chairman of the Supervisory Board and the Audit Committee, Mr. Udo Zimmer – and at least one further member with expertise in the field of accounting – Mr. Werner Paletschek. As a business administration graduate with many years' professional experience in the management of listed and private-sector companies, including holding positions as Chief Financial Officer and membership of supervisory boards, Mr. Zimmer has special knowledge and experience of auditing. As a business administration graduate with many years' professional experience, gained as a member of the company's Supervisory Board and as a managing director, Mr. Paletschek contributes special knowledge and experience in the application of accounting principles and internal control and risk management systems to the company. In their respective fields, both Mr. Zimmer and Mr. Paletschek have special knowledge and experience of sustainability reporting and its auditing and assurance thanks to their long-standing membership of the company's Supervisory Board. The German Corporate Governance Code recommends that the Chairman of the Audit Committee should have appropriate experience in at least one to the two areas and be independent. The Chairman of the Audit Committee, Mr. Udo Zimmer, fulfills these requirements. As outlined above, Mr. Zimmer's knowledge of auditing is derived in particular from his training and many years of professional experience in this field.

The company's Supervisory Board has not established any other committees apart from the Audit Committee. The Board of Directors regularly attends meetings of the Supervisory Board and, where applicable, the Audit Committee, provides written and oral reports on individual items on the agenda and preparatory papers, and answers the questions of the Supervisory Board or Audit Committee members.

In conformance with the German Companies Act (AktG) and Council Regulation (EC) No. 2157/2001 of 8 October 2001 on a Statute for a European Company (SE) ("SE Regulation"), the Supervisory Board appoints the members of the Board of Directors. In accordance with sec. 6 of InTiCa System SE's articles of incorporation, the Supervisory Board determines the number of members of the Board of Directors; according to the articles of incorporation, the Board of Directors comprises one or more persons. The Supervisory Board can appoint one member of the Board of Directors as Chairman of the Board of Directors. The Supervisory Board drafts rules of procedure and a business allocation plan for the Board of Directors. In addition to the types of business set out in sec. 7 paragraph 2 of the articles of incorporation of InTiCa Systems SE, the rules of procedure contain a list of further business activities for which approval has to be obtained. The Supervisory Board decides whether the members of the Board of Directors should attend meetings of the Supervisory Board. The Chairman of the Supervisory Board outlines the work of the Supervisory Board in its annual report to the shareholders and at the Annual General Meeting.

A D&O insurance policy with a deductible has been taken out for the Board of Directors and Supervisory Board.

Targets for the proportion of women on the Board of Directors and Supervisory Board and the management levels below the Board of Directors

Sec. 76 paragraph 4 and sec. 111 paragraph 5 of the German Companies Act (AktG) specify that targets must be set for the proportion of women on the Supervisory Board and Board of Directors and at the two management levels below the Board of Directors.[1]

Target for the proportion of women on the Supervisory Board

The Supervisory Board of InTiCa Systems SE comprises three male members (unchanged from the Supervisory Board of InTiCa Systems AG). The Supervisory Board has set the target for female members of the Supervisory Board at 0%. This target applies until May 29, 2025. The present composition of the Supervisory Board meets this target. The target takes into consideration the present composition of the Supervisory Board and the current term of office of its members; no change is planned during the present term of office. Notwithstanding this, the Supervisory Board constantly strives for appropriate involvement of women, assuming equal qualifications, professional suitability, skills and expertise.

Target for the proportion of women on the Board of Directors

The Board of Directors of InTiCa Systems SE comprises two male members (unchanged from the Board of Directors of InTiCa Systems AG). The Supervisory Board has set the target for female members of the Board of Directors at 0%. This target applies until May 29, 2025. The present composition of the Board of Directors meets this target. This target takes into consideration the present composition of the Board of Directors; no change is planned during the present term of office. Notwithstanding this, the Supervisory Board constantly strives for appropriate involvement of women on the Board of Directors, assuming equal qualifications, professional suitability, skills and expertise.

[1] Since the targets were set before August 12, 2021, under sec. 26 paragraph 3 of the Introductory Act to the German Companies Act (EGAktG), sec. 76 paragraph 4 and sec. 111 paragraph 5 of the German Companies Act apply in the version valid prior to August 12, 2021.

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

InTiCa Systems SE has only one management level below the Board of Directors. The Board of Directors has set the target for women at this management level at 8.3%. This target applies until May 29, 2025. The present proportion of women at the management level below the Board of Directors meets this target. Notwithstanding this, the Supervisory Board constantly strives for appropriate involvement of women when filling vacancies, assuming equal qualifications, professional suitability, skills and expertise.

Diversity concept

The Supervisory Board and the Board of Directors as a whole must have all the skills and expertise required for the proper performance of their obligations in the interests of the company, in compliance with the law and the articles of incorporation.

The selection of candidates for the Board of Directors and Supervisory Board therefore depends on their qualifications, professional suitability and skills. Diversity and, above all, attributes such as age, gender, educational or professional background, nationality and religion are therefore secondary from the viewpoint of the company and only relevant if there are several candidates with absolutely comparable qualifications, professional suitability and skills, taking into account all bans on discrimination; therefore the company is in conformance with the relevant recommendations of the German Corporate Governance Code. The purpose of this concept and of the composition of the Board of Directors and Supervisory Board is to ensure that the personal aptitude, qualifications, professional suitability and skills of the members of the Board of Directors and Supervisory Board permit optimum performance of their duties.

As in the past, if and when proposals have to be made on the composition of the Supervisory Board and new appointments to the Board of Directors, careful attention will be paid to the candidates that best meet these criteria. The company complied with this concept in 2022.

Within this framework, the Supervisory Board ensures long-term succession planning in consultation with the Board of Directors. In addition to the statutory requirements and the recommendations of the German Corporate Governance Code, in the search for candidates for the Board of Directors the specific selection criteria are the personal aptitude of the candidate and their qualifications, professional suitability and skills. Where necessary, the Supervisory Board may draw on the support of external consultants.

Corporate Governance Report

Objectives for the composition of the Supervisory Board

On March 23, 2018, the Supervisory Board amended its resolution on the specific objectives for its composition as follows:

Profile of skills and expertise for the collective Supervisory Board

The Supervisory Board as a whole must have all skills and expertise required for the proper performance of its obligations under the law and the articles of incorporation. To ensure this, as a rule there must be at least one member of the Supervisory Board with a sound knowledge and experience of overseeing publicly listed companies with international operations, industrial business, the development of corporate strategies, the field of research and development, production, marketing, sales and digitalization, the company's main markets, accounting and auditing, and the area of corporate governance and compliance.

Selection of candidates for the Supervisory Board

The principal objective when selecting members of the Supervisory Board is to ensure the Supervisory Board is best able to perform its supervisory and advisory tasks in the interests of the company. The key factors determining the selection of members of the Supervisory Board are therefore their qualifications, professional suitability and competence. Each member of the Supervisory Board should have the knowledge required to foster this objective and thus serve the company, for example, through specific knowledge and experience of the sectors and areas of technology in which the company operates and of corporate management, strategy, sales, law, finance and taxation. Further, the knowledge and abilities of the members of the Supervisory Board should be complementary to ensure optimal performance of its duties and ensure that broadest possible specialist knowledge.

Taking into account the following criteria set out in the Corporate Governance Code, it is necessary to weigh up the various interests carefully in each case to decide which requirements and qualities are most suitable for the performance of these tasks from the company's viewpoint and should thus be given priority.

» International activities

The company is based in Germany and has subsidiaries in the Czech Republic, Mexico and Ukraine. Further, the goal is to make the company more international in the future, both in terms of sales volumes and on the procurement and production side. To enable the members of the Supervisory Board to perform their duties, especially the supervision and evaluation of decisions and processes, an in-depth knowledge of the German legal and economic framework is required, together with a basic knowledge of international legal and economic conditions.

» Conflicts of interest

The Supervisory Board shall ensure, especially when nominating candidates for election to the Supervisory Board, that conflicts of interest are ruled out. Further, the company complies with the recommendation in sec. 5.5 of the Corporate Governance Code.

» Number of independent Supervisory Board members

The Supervisory Board considers it appropriate if it has at least one independent member within the meaning of sec. 5.4.2 of the Corporate Governance Code.

» Age limit

The Supervisory Board will only nominate candidates for election by the General Meeting who have not reached the age of 70 at the start of their term of office.

» Regular length of membership

Re-election of Supervisory Board members is permitted, but members should not normally be elected more than three times.

» Diversity

Alongside qualifications and professional suitability, which form the key criteria, in the Supervisory Board's view other attributes such as gender, nationality, religion, etc., should take second place. The key factors for appointments to the Supervisory Board are ensuring that the personal qualities, qualifications, professional suitability and competence of the Supervisory Board members benefit the company and allow optimal performance of the supervisory and advisory functions of the Supervisory Board.

If and insofar as the Supervisory Board is required to make proposals to the General Meeting on the composition of the Supervisory Board, it will carefully examine whether there are suitable female candidates. In selecting candidates, the Supervisory Board will give precedence to qualifications and suitability.

The present composition of the Supervisory Board meets the objectives of the resolution of March 23, 2018 set out above. The Supervisory Board, which is comprised exclusively of shareholder representatives, considers it appropriate if at least one shareholder representative is an independent member within the meaning of the German Corporate Governance Code. All three members of the Supervisory Board, Mr. Zimmer, Mr. Paletschek and Mr. Fürst, are independent members within the meaning of this provision. This applies to Mr. Paletschek and Mr. Fürst, both of whom have now been members of the Supervisory Board for more than twelve years, since, in the opinion of the Supervisory Board, no conclusions can be drawn about the independence of individual members simply from their period of service on the Supervisory Board. Moreover, being a member of the Supervisory Board for many years does not result in the loss of independence of the Supervisory Board member. On the contrary the company can and should benefit to the full from the experience and expertise of long-standing Supervisory Board members. Furthermore, to date there have not been any indications of a lack of independence by either Mr. Paletschek or Mr. Fürst, especially as neither Mr. Paletschek nor Mr. Fürst has any personal or business relationship with InTiCa Systems SE or the Board of Directors, which could give rise to a material and not merely temporary conflict of interests.

The status of implementation of the specific targets set by the Supervisory Board for its composition and the profile of skills and expertise for the entire Supervisory Board, which takes the diversity concept into account, are disclosed here in the form of a qualification matrix in conformance with Recommendation C.1 of the German Corporate Governance Code:

		Udo Zimmer	Werner Paletschek	Christian Fürst
Period of service	Member since:	July 2012	August 2010	August 2010
Personal suitability	Independence:	✓	✓	✓
Diversity	Year of birth:	1962	1968	1964
	Gender:	male	male	male
	Nationality:	German	German	German
International activities	German legal/business environment (in-depth knowledge):	✓	✓	✓
	International legal/economic environment (basic knowledge):	✓	✓	✓
Professional suitability	Oversight of listed/ international companies:	✓	✓	✓
	Sectors/areas of technology:	✓	✓	✓
	Corporate management:	✓	✓	✓
	Strategy:	✓	✓	✓
	Research/development:	✓	✓	✓
	Production:	✓	✓	✓
	Marketing:	✓	✓	✓
	Sales:	✓	✓	✓
	Digitalization:	✓	✓	✓
	Accounting:	✓	✓	✓
	Auditing:	✓	✓	✓
	Corporate governance/compliance:	✓	✓	✓
	Law:	✓	✓	✓
	Financing:	✓	✓	✓
	Taxes:	✓	✓	✓

In conformance with Recommendation C.1 sentence 2 GCGC, in future, the profile of skills and expertise for the Supervisory Board as a whole will include expertise in the sustainability issues relevant to InTiCa Systems.

Members of the Board of Directors of InTiCa Systems AG and InTiCa Systems SE

There were no changes in the composition of the Board of Directors in the 2022 financial year. By resolutions of the Supervisory Board, the members of the Board of Directors in office in 2022, Dr. Gregor Wasle and Mr. Günther Kneidinger, were reappointed as members of InTiCa System AG's Board of Directors until the end of December 31, 2024. The term of office of the members of the Board of Directors of InTiCa Systems AG ended on March 10, 2023, when the conversion of the company into a European corporation (Societas Europaea/SE) operating as "InTiCa Systems SE" took effect through the entry in the relevant commercial register. In a resolution adopted on January 16, 2023, the Supervisory Board of InTiCa Systems AG – which is identical to the Supervisory Board of InTiCa Systems SE – appointed Dr. Gregor Wasle and Mr. Günther Kneidigner as members of the Board of Directors of InTiCa Systems SE until the end of December 31, 2024:

Members of the Board of Directors in 2022	Appointed from / to	Responsibilities	Further offices
Dr. Gregor Wasle, date of birth August 14, 1971	January 1, 2015 to December 31, 2024	Chairman of the Board of Directors – responsible for: strategy, investor relations R&D production finance, human resources, IT	None
Günther Kneidinger, date of birth November 18, 1968	January 1, 2009 to December 31, 2024	Member of the Board of Directors – responsible for: sales materials management order processing centre quality	None

Age limit for members of the Board of Directors

For the reasons set out in the declaration of conformity, no age limit is set for the members of the Board of Directors.

Members of the Supervisory Board of InTiCa Systems AG and InTiCa Systems SE

There were no changes to the composition of the Supervisory Board in the 2022 financial year. In the wake of the conversion of the legal form of InTiCa Systems AG to InTiCa Systems SE, the previous members of the Supervisory Board of InTiCa Systems AG remained in office and became members of the Supervisory Board of InTiCa Systems SE. The term of office of the Supervisory Board members is not affected by the change in the company's legal form:

Members of the Supervisory Board in 2022	Appointed from / to	Function on Supervisory Board	Seats on other Supervisory Boards and comparable supervisory bodies
Udo Zimmer, business administration graduate, self-employed consultant, Rottach-Egern	Appointed on July 15, 2020 for the period until the end of the General Meeting that resolves on ratification of the actions for the 2024 financial year (probably the Annual General Meeting 2025) (member of the Supervisory Board since July 2012)	Chairman, Chairman of the Supervisory Board's Audit Committee	None
Werner Paletschek, business administration graduate, Managing Director of OWP Brillen GmbH, Passau	Appointed on July 15, 2020 for the period until the end of the General Meeting that resolves on ratification of the actions for the 2024 financial year (probably the Annual General Meeting 2025) (member of the Supervisory Board since August 2010)	Chairman, Deputy Chairman of the Supervisory Board's Audit Committee	None
Christian Fürst, business administration graduate, Managing Partner of ziel management consulting gmbh, Passau Managing Partner of Fürst Reisen GmbH & Co. KG, Hutthurm	Appointed on July 15, 2020 for the period until the end of the General Meeting that resolves on ratification of the actions for the 2024 financial year (probably the Annual General Meeting 2025) (member of the Supervisory Board since August 2010)	Member of the Supervisory Board	Chairman of the Supervisory Board of Electrovac AG Advisory Board of Eberspächer Gruppe GmbH & Co. KG Advisory Board of Karl Bachl GmbH & Co. KG

Age limit for members of the Supervisory Board

For the reasons set out in the declaration of conformity, no age limit is set for the members of the Supervisory Board. However, the Supervisory Board will only nominate candidates for election by the General Meeting who have not reached the age of 70 at the start of their term of office.

Self-assessment by the Supervisory Board

The Supervisory Board regularly reviews how effectively it performs its duties. The most recent review was undertaken by the Supervisory Board in April 2023. The review was based on various individual questions, especially questions on the procedures within the Supervisory Board and the information flows between the members of the Supervisory Board and between the Supervisory Board and the Board of Directors particularly with regard to the special challenges of the crisis in Ukraine. The results of the self-assessment were discussed in detail at a meeting of the Supervisory Board.

Remuneration

In 2021, the Supervisory Board adopted a resolution, for the first time, on the remuneration system for the members of the Board of Directors of InTiCa Systems AG (the **"Board of Directors' remuneration system 2021"**) as required by sec. 87a paragraph 1 sentence 1 of the German Companies Act (AktG) and presented this to the company's Annual General Meeting on July 16, 2021 for approval. The Annual General Meeting approved the Board of Directors' remuneration system 2021 with the necessary majority. For more detailed information on the Board of Directors' remuneration system 2021, please refer, in particular, to the invitation to the company's Annual General Meeting of July 16, 2021, item 6 and section II of the invitation. The invitation to the company's Annual General meeting on July 16, 2021 is available on the company's website at https://www.intica-systems.com/pr/hauptversammlung.html [available in German only]. The new contracts with the members of the Board of Directors, which came into effect on January 1, 2022, are in conformance with the Board of Directors' remuneration system 2021; the contracts remain in force unchanged following the change of legal form from InTiCa Systems AG to InTiCa Systems SE.

On this basis, in 2022, the members of the Board of Directors received a contractually agreed fixed base salary and fringe benefits in accordance with the revised employment contracts which took effect on January 1, 2022. In addition, the contracts provide for short-term and long-term variable remuneration components linked to certain financial and non-financial performance criteria.

The Annual General Meeting of the company on July 16, 2021 passed a resolution on a remuneration system for the members of the Supervisory Board of InTiCa Systems AG (the **"Supervisory Board remuneration system 2021"**) and a corresponding new version of sec. 11 of the articles of incorporation of InTiCa Systems AG. For more detailed information on the Supervisory Board's remuneration system 2021, please refer, in particular, to the invitation to the company's Annual General Meeting of July 16, 2021, item 7 and section III of the invitation. The invitation to the company's Annual General meeting on July 16, 2021 is available on the company's website at https://www.intica-systems.com/pr/hauptversammlung.html [available in German only].

In accordance with the version of article 11 of the articles of incorporation of InTiCa Systems AG, which was in force in the 2022 financial year (corresponds to article 12 of the articles of incorporation of the present InTiCa Systems SE), the members of the Supervisory Board received remuneration for their work in the form of fixed remuneration and attendance fees.

The change in the company's legal form to InTiCa Systems SE did not result in any change in the remuneration system 2021 for the Board of Directors or the remuneration system 2021 for the Supervisory Board.

Further details of the individual remuneration granted and due to the present and former members of the company's Board of Directors and Supervisory Board in the 2022 financial year are presented and explained clearly and understandably in the remuneration report 2022 of InTiCa Systems AG in accordance with sec. 162 of the German Companies Act (AktG). The Remuneration Report 2022 can be downloaded from the company's website at www.intica-systems.com in the section Investor Relations/Corporate Governance. The remuneration systems for the Board of Directors and Supervisory Board are reviewed regularly.

Passau, April 27, 2023

Supervisory Board	Board of Directors
Udo Zimmer	Dr. Gregor Wasle
Werner Paletschek	Günther Kneidinger
Christian Fürst	

GROUP MANAGEMENT REPORT

for the period from January 1 to December 31, 2022

The Group management report should be read in conjunction with the audited financial data for the Group and the Notes to the consolidated financial statements. The following comments are based on a range of information, which is set out in detail in the Notes. In addition, the management report contains forward-looking statements, i.e. statements based on specific assumptions and the current plans, estimates and forecasts derived from those assumptions. Forward-looking statements are only valid at the time at which they are made. The Board of Directors of InTiCa Systems SE has no obligation to revise and/or publish a revision of the forward-looking statements underlying this document in the event of new information. Forward-looking statements are always exposed to risks and uncertainties. The Board of Directors of InTiCa Systems SE hereby points out that a large number of factors could lead to substantial differences in attainment of these objectives. The principal factors are outlined in detail in the section headed "Risk report".

1. Basic information on the Group

1.1 Business activities

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

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

A major advantage of these passive inductive components is that they do not require any additional energy source such as mains current or a battery. Moreover, they are extremely reliable and have little exposure to wear and tear. InTiCa Systems is able to visualize specific solutions for its customers' individual applications precisely and uniquely thanks to specialization, years of experience and detailed knowledge. Based on its vision, InTiCa Systems develops custom-tailored products, up to an including industrialized components and systems.

1.1.1 Automotive

The Automotive segment is the core of the operating business and future development of InTiCa Systems. Consequently, it is its most important segment. It focuses on developing and manufacturing components for power electronics, stators, EMC filters, actuators and sensors. Many of these key technologies are used in all common vehicle classes. Well-known European, American and Asian automotive producers and their system suppliers around the world value InTiCa Systems' extensive expertise and use its products.

InTiCa Systems is aware of the wide-ranging opportunities offered by e-mobility and hybrid technologies and utilizes this potential. Its product portfolio includes the promising potential of new developments such as EMC filter systems for electric vehicles and charging infrastructure, stator systems for mild hybrids and plug-in hybrids and planar transformers for battery management systems. These are opening up promising future-oriented areas of business for the company with the potential to generate additional revenue with automotive producers and suppliers. The aim is to find intelligent ways to enable customers to optimize the energy-efficiency of their products. InTiCa Systems offers them the right solutions.

1.1.2 Industry & Infrastructure

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

InTiCa Systems' established strategy entails constantly seeking scope for new developments in the area of industrial electronics in order to broaden its product portfolio and serve a wide variety of industrial sectors. Expanding its activities into the infrastructure sector is designed to highlight the essential market developments in the area of charging and storage infrastructure and energy generation. InTiCa Systems has a special focus on this area of the segment. In total, InTiCa Systems benefits from synergies between the Industry & Infrastructure and Automotive segments and their specific customer requirements as these can play a part in significantly increasing the product and customer base.

1.2 Corporate structure

In addition to the parent company, InTiCa Systems SE, Passau, Germany, the following companies are included in the consolidated financial statements:

- InTiCa Systems s.r.o., Prachatice, Czech Republic
- Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V., Silao, Mexico
- InTiCa Systems LTD, Bila Tserkva, Ukraine

The subsidiaries in the Czech Republic and Ukraine are wholly owned companies, while InTiCa Systems SE 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 the 2021 financial year, the scope of consolidation of InTiCa Systems SE was extended by the inclusion of the wholly owned subsidiary InTiCa Systems LTD, which was established in January 2022 and has its registered office in Bila Tserkva, Ukraine. This company had not commenced any significant business activities by year-end 2022. After carefully weighing up the opportunities and risks, it was decided to gradually commence production at the site in Ukraine at the start of 2023. Production of very small quantities of the first products has started. The development of the Ukrainian subsidiary is being monitored very closely due to the ongoing war.

1.3 Management system

To defend its technological leadership and improve its market position, InTiCa Systems uses a constantly adjusted strategy process. Multi-year masterplans have been drawn up for the Automotive segment and the Industry & Infrastructure segment. Each masterplan is continuously developed and aligned to new conditions and is consistently put into practice. A critical review of the strategy is undertaken every year in order to keep pace with the dynamic changes in the market and customer requirements. In addition to focusing on key economic targets, priority is given to carefully designed opportunity and risk management. Special attention is paid to geopolitical changes, rising market expectations, the need for innovation and technological progress and the performance parameters in international competition. Stringent cost management and continuously optimizing the value chain by constantly increasing productivity are also important. These ongoing endeavours in all areas of business form the basis for the company's special culture.

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

1.4 Research and development

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

2. Non-financial statement

This section contains the non-financial statement of InTiCa Systems SE pursuant to sec. 315b paragraphs 1 and 3 of the German Commercial Code (HGB). A framework based on sec. 289d of the German Commercial Code was not used. An extensive description of InTiCa Systems' business model and products can be found in section 1 of the consolidated management report under "Basic information on the Group". In accordance with the statutory requirements, InTiCa Systems SE reports on those aspects that are necessary for an understanding of its business performance, results of operations and corporate situation and the impact of its business activities on society and the environment. The non-financial performance indicators that are not addressed in the non-financial statement and non-financial risk factors are outlined in the management report in sections 3.5.2 and 4.3.

2.1 Responsible corporate management and compliance, including anti-corruption and anti-bribery measures

In the course of its international business operations, InTiCa Systems is exposed to a wide range of legal requirements. Compliance with these legal requirements is the basis for responsible, sustainable and successful corporate management. All staff are aware that unlawful behaviour can cause lasting damage to the company's reputation and market position as well as serious economic damage. For this reason, the actions of the Board of Directors and Supervisory Board of InTiCa Systems SE are rooted in the principles of transparent, responsible and value-based corporate management. In addition, alongside laws and other regulations such as the German Corporate Governance Code, the regulatory framework in which the company operates includes the internal control and risk management system, internal compliance management (including the compliance directive), the internal Code of Conduct and the related company policies on specific issues. The corporate governance statement and the corporate governance report by the Board of Directors and Supervisory Board of InTiCa Systems SE are available for download from the company's homepage. The Code of Conduct and the compliance directive provide guidance for the company and its employees on correct conduct with regard to legal and ethical challenges in their daily work. Furthermore, they are designed to help avoid corrupt conduct. The Code of Conduct and the compliance directive contain binding rules on various topics such as anti-corruption, fair competition and social aspects such as tolerance and respect. The Code of Conduct and the compliance directive have been approved by the Board of Directors and all managing directors and distributed to employees.

To ensure compliance with the applicable laws, InTiCa Systems has established Group-wide compliance management covering anti-corruption, avoiding conflicts of interest, preventing money laundering, working with customers and suppliers, dealing with gifts and invitations, occupational safety, environmental protection and data privacy. A key element in compliance management is the Compliance Officer, who sees his role as being an independent and objective advisor. His task is to protect the company from financial and reputational damage, and to protect the management and all employees from personal liability issues. He responds to internal and external allegations, clarifies the position, taking into account the principle of proportionality, issues recommendations on optimizing in-house workflows and regularly shares information with other areas, especially risk management. Compliance management is reviewed regularly as a basis for continuous optimization.

In addition, InTiCa Systems SE has an internal control and risk management system to ensure that risks are handled responsibly. This allows timely identification of Group-wide risks and market trends, enabling the Board of Directors to respond promptly to relevant changes in the risk profile. All departments are included in the risk management system, allowing full risk monitoring of all areas of the company, including monitoring potential risks relating to non-financial issues. The internal control and risk management system is included in the annual audit at regular intervals. The aim is to optimize business processes and avoid unnecessary costs by improving internal controls.

2.2 InTiCa Systems and the environment

InTiCa Systems is actively committed to environmental protection. The principle is that both InTiCa Systems' products and environmentally friendly manufacturing within the company should make a fundamental contribution to environmental compatibility and sustainability. The environmental policy enshrines the Board of Directors' commitment to ensuring compliance with all relevant legislation, avoiding environmental impact, and continually improving InTiCa Systems' environmental profile. It thus forms the framework for establishing and evaluating environmental targets. The environmental policy is applicable Group-wide.

Environmental protection at InTiCa Systems covers energy, gas, water and waste and is based on the legal requirements, which are met in full. InTiCa Systems' explicit intention is to avoid environmental impacts wherever possible and to minimize them if they are unavoidable. Therefore, environmental and energy management are specifically included in its integrated management system. The environmental management system and the energy management system are monitored regularly in accordance with the requirements of DIN ISO 14001:2015 and validated by an external certification body. The Prachatice production site has met these requirements in full since 2007 and validation was obtained for InTiCa Systems' headquarters in Passau, including the new technology centre, at the beginning of 2016. The site in Mexico has had equivalent validation since 2017.

» Environmental and energy management process

In accordance with DIN ISO 14001:2015 and taking into consideration DIN ISO 50001:2011, the environmental management and energy management process at InTiCa Systems SE is based on the PDCA (Plan-Do-Check-Act) cycle. In line with this, selected workflows are subject to continuous planning, management, monitoring and improvement.

Constant repetition of the following steps is designed to bring about a continuous improvement:

- Plan: As an example, consumption data for energy, water, oil and gas are compiled annually to identify potential for improvement. The first priority is to set a target for those areas where sensible improvements can be achieved at reasonable cost.
- Do: Site-specific measures are implemented to achieve the targets efficiently.
- Check: Target attainment and planned targets are checked by comparing the target and actual situation.
- Act: Interim checks are carried out during the measurement period to assess attainment of the target. If the target is unlikely to be met, a check is performed on whether the basic conditions and framework need to be altered. In this way, adjustments can be made during the entire period in order to meet the target.

InTiCa Systems also expects its suppliers to meet its high in-house standards of environmental protection. Under the company's general procurement terms, all contractual partners are required to observe the applicable environmental laws and standards in the provision of their goods and services. Further, environmentally conscious provision of goods and services is important to InTiCa Systems. Specifically, this comprises selecting environment-friendly, recyclable materials, low-emission and low-pollutant delivery, products that can easily be dismantled, and energy and resource-saving products and processes. In addition, all contractual partners are required to give an undertaking that they will observe the bans or ceilings set out in the German chemicals ordinance and the ordinance prohibiting the use of CFCs and halons, the requirements of VDA List 232-101, as amended from time to time, and the applicable regulations on the use of safety data sheets in accordance with EU Directive 91-155/EEC.

» Resource efficiency

InTiCa Systems continuously strives to optimize the environmental profile of its sites. When purchasing new and replacement equipment for its sites, it therefore gives priority to high technological standards and resource-efficient machinery. The budget for this is managed centrally by headquarters. To identify and realize scope to raise efficiency, since 2015 InTiCa Systems has continuously restructured and optimized its workflows in line with the principles of lean management.

The principles of lean management are applied when designing production processes and take account of material and energy efficiency.

Retrospective analysis and evaluation of existing production plants is performed as appropriate. On this basis, the production machinery at all sites is being replaced by new, state-of-the-art solutions with a lower environmental impact.

InTiCa Systems is validated under IATF 16949, among other standards. The role of this management system is to achieve an effective improvement in systems and process quality, identify errors and risks in the production process and supply chain, eliminate their causes and check the efficacy of the corrective and preventive measures introduced in order to cut manufacturing costs and raise customer satisfaction. The focus is on minimizing risks and avoiding errors.

2.3 Working at InTiCa Systems

» Skilled staff

Qualified, high-performing and loyal staff are the basis for the success of the InTiCa Systems Group and actively shape its corporate policy. Therefore ensuring appropriate deployment of staff is one of the principal tasks of the Board of Directors. Established rules for vocational and ongoing training ensure that employees are highly trained so that they can meet the demands made on them both now and in the future. High-quality products and developments and competent advice for customers are key elements in the Group's success so it is particularly important to ensure that it has sufficient qualified staff for the future. Therefore, InTiCa Systems trains apprentices and generally hires them when they have completed their training.

InTiCa Systems values the diversity of personal attributes, talents and performance within its workforce. The company's future viability depends to a large extent on how this diversity, which can be a source of valuable synergies, is fostered and used. As a company that operates internationally, cultural diversity is a defining element of InTiCa Systems' corporate culture. With a view to equal opportunities for men and women, when filling vacancies attention is paid to a balanced representation of both genders wherever possible. However, priority is always given to the personal and professional qualifications of the candidates rather than their gender.

The system also includes specific motivation and improvement programmes and opportunities to play an active part in shaping the company.

» Employee rights and occupational safety

InTiCa Systems observes local laws and pays attention to the rights of its employees throughout the Group. It safeguards their safety by complying with the customary standards. The company accepts the principle of equal treatment and takes action in accordance with employment law to deal with breaches of the German General Equality Act (AGG). With regard to the safety of employees, high priority is given to avoiding accidents and emergency situations and to making contingency plans.

If there is nevertheless an accident, the causes are investigated at the production site by local production managers and subsequently discussed with the production team to raise the awareness and define appropriate preventive measures. The best possible protection is achieved by trustful collaboration with employees, as their knowledge and experience are the basis for a continuous improvement in occupational safety. The occupational safety committee holds meetings with all delegates at the company's headquarters four times a year and monitors all necessary action.

2.4 Respect for human rights

Protecting human rights is important to InTiCa Systems. As a matter of principle, the company does not tolerate child, youth or forced labour, either at it is own sites or in business relationships with third parties.

In line with the principles of good corporate governance, achieving economic targets is not the sole factor of importance; attention is also paid to how they are achieved. The commitment to balancing economic performance and ethical responsibility is reflected in company policy and in the Code of Conduct, which is designed to give employees, in particular, guidance on correct conduct with regard to legal and ethical challenges. Therefore, it includes rules for the treatment of each other and third parties and sets out requirements for tolerance, respect and non-discrimination.

2.5 InTiCa Systems' social commitment

Social commitment has always had a firm place in InTiCa Systems' corporate culture and values. Therefore, the company supports education and science, social welfare, the arts and sport through donations and sponsorship.

Following its practice in the past years, in 2022 InTiCa Systems SE once again refrained from presenting Christmas gifts to its customers and donated the resulting savings to the Lukas-Kern children's home. The Lukas-Kern home is an institution in Passau that takes in children and young people whose families are in difficulties. InTiCa Systems sees an enormous need to provide continued regional support.

3. Economic report

3.1 General economic conditions[1]

According to the Institute for the World Economy (IfW) in Kiel, Germany, global economic growth weakened significantly overall in 2022. While global industrial production was still buoyant in the first half of the year, this did not continue in the second half of the year. In the final quarter, there was only a slight rise in global output. The factors holding back economic development in the reporting period were higher energy prices, a far more restrictive monetary policy in response to high inflation, and ongoing measures in China to curb Covid infections. In all, global output grew by 3.2% in 2022 (2021: +6.2%). That brought recovery of the global economy from the pandemic to an end.

Among the advanced economies (+2.9%), the British economy fared best in the reporting period (+4.0%). The European Union was also above the average with growth of 3.5%. However, here too, the strong recovery seen in the first six months stagnated at year-end. By contrast, a strong upturn in growth was observed in the USA (+2.1%) in the second half of the year, following a decline in the first half. This was partly due to an increase in inventories. Growth in the emerging markets (+3.8%) was affected in particular by the weak economic trend in China (+3.1%) as a result of its strict zero-Covid policy. Economic activity in Latin America was also subdued (+3.7%), but trends differed greatly between countries. The Russian economy (-2.1%) held up better than expected but the impact of the sanctions was nevertheless visible.

In Germany, the economic consequences of the war in Ukraine stifled the recovery from the pandemic and exerted clear downward pressure on GDP. At year-end in particular, there was a further significant slowdown in German output. Having dropped by 0.4% in the fourth quarter, GDP growth was 1.8% overall in 2022, far lower than had been predicted before the outbreak of war. High inflation reduced the disposable income of private households and brought a substantial change in the interest rate environment. Within a few months, the ECB raised its key rate from 0.0% to currently 3.5%. That is having a restrictive effect on financing conditions and investment by companies. At the same time, the state reined in its expansionary fiscal policy. Following growth of 3.8% in 2021, state consumption only rose by 1.2% in 2022.

While year-on-year GDP growth weakened worldwide, the tension in the logistics networks declined. Prices for industrial raw materials dropped back as a result of weak demand from China and the general downturn in economic expectations. For example, at times the price of copper was only very slightly higher than in the years before the pandemic. The oil price trended downwards from June and prices on the European gas market have also dropped considerably. Although inflation remains high, the experts at IfW Kiel consider that it has passed its peak. Moreover, at the end of the reporting period positive signals came from the increase in industrial order intake, easing material bottlenecks, and the generally more optimistic business sentiment. Despite the visible slowdown, the economic experts therefore do not anticipate a prolonged recession.

3.2 Market and market environment

3.2.1 Automotive[2]

The figures published by the German Automotive Industry Association (VDA) show that overall the international automotive markets remained at the previous year's level in 2022, although they were characterized by very different dynamics. While volume sales increased significantly in China and India, the markets in Europe, Japan and the USA lagged behind the previous year's level. Thanks to strong year-end momentum, the German car market actually posted slight growth overall, but the business situation and expectations remained tense throughout the year. The ifo sector index for suppliers was generally negative. In many cases, market development was held back by the lack of primary and intermediate products, the significant rise in energy and logistics prices, and the general uncertainty due to Russia's war of aggression.

[1] Kieler Konjunkturberichte - Weltwirtschaft im Frühjahr 2023 (March 14, 2023): https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2023/KKB_99_2023-Q1_Welt.pdf
Kieler Konjunkturberichte - Deutsche Wirtschaft im Frühjahr 2023 (March 14, 2023):
https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2023/KKB_101_2023-Q1_Deutschland_DE.pdf

[2] VDA - PR from Jan. 18,2023 – https://www.vda.de/de/presse/Pressemeldungen/2023/230118_PM_Internationale_Automobilmaerkte_2022_Europa_Japan_und_USA_mit_Rueckgaengen
VDA - PR from Jan. 04, 2023 – https://www.vda.de/de/presse/Pressemeldungen/2023/230104_PM_Deutscher-Pkw-Markt-2022_Leicht--ber-Vorjahresniveau
Ifo Institut - PR from Jan. 04, 2023 – https://www.ifo.de/pressemitteilung/2023-01-04/lage-der-deutschen-autoindustrie-teilweise-etwas-besser

According to the VDA, at total of 71.2 million cars were sold worldwide in 2022. China increased its position as the most important global market with sales of 23.2 million new cars (+10%). The declines in the spring, when lockdowns in key sales regions severely restricted business, were largely offset in the second half of the year thanks to a tax reduction on a large proportion of vehicles sold. In the USA, there was a considerable drop in sales of light vehicles (passenger cars and light trucks) to 13.7 million units (-8%). The reduction was higher for passenger cars (-15%) than for light trucks (-6%). In Europe, 11.3 million new cars were registered in 2022 (-4%). Consequently, there was no recovery from the pandemic-related declines in the two previous years. The change versus the pre-crisis year 2019 was -29%. Most of the five largest markets developed negatively in 2022, with new registrations down in the UK (-2%), Spain (-5%), France (-8%) and Italy (-10%).

Only Germany registered slight growth to 2.7 million cars (+1%) due to strong year-end business. A record number of new electric cars were registered in December, suggesting that some purchases were brought forward due to the expiry of state subsidies for plug-in hybrids at year-end and the reduction in subsidies for purely battery-electric cars. Demand for electric cars rose significantly during the year (+22%) and this segment accounted for almost one in three new registrations (31.4%) in 2022. Although total output of vehicles (+11%) rose faster than new registrations in the reporting period, production volumes remained comparatively low. In 2022, production was 26% below the figure for 2019, i.e. before the Covid-19 pandemic. The same applies to exports (+10% in 2022 but -25% compared with 2019). Order intake was weak in 2022, with a significant reduction in both domestic orders (-15%) and export orders (-6%).

3.2.2 Industry & Infrastructure[3]

InTiCa Systems' Industry & Infrastructure segment develops and produces power components, EMC filters for renewable energy and energy storage systems, and actuator coils for industrial applications.

The electrical/electronics and digital industry continued to benefit from the two main drivers, electrification and digitalization, in the reporting period. According to the German sector association ZVEI, despite the macroeconomic headwinds, aggregate sector revenue increased by 12.0% to a new record of EUR 224.6 billion. A significant proportion of the overall growth in the sector in 2022 was price-driven. On a price-adjusted basis, production of electrical and electronic goods rose by 3.4% in 2022, which was far less than in the previous year (+8.8%) and slightly below ZVEI's forecast of 4% growth.

Both business with domestic partners (+14.2% to EUR 107.3 billion) and revenue generated with foreign customers (+10.1% to EUR 117.3 billion) contributed to the growth of the sector. Exports also developed positively in 2022. Aggregate sector exports increased to EUR 245.8 billion, a rise of 8.6% compared with the previous year. The biggest export markets according to ZVEI were once again China (EUR 26.5 billion), followed by the USA (EUR 23.6 billion), France (EUR 15.5 billion), the Netherlands (EUR 14.3 billion) and Italy (EUR 12.3 billion). Imports increased to a record level of EUR 262.1 billion in 2022 (+18.4%) and exceeded exports of electrical and electronic goods for the first time.

The availability of materials improved during the year. While almost nine out of ten companies suffered shortages of materials for electrical equipment at times, according to the ifo institute this had dropped to less than two-thirds by the end of 2022. That was also reflected in business sentiment. According to the ifo business climate index for December, 86,4% of companies in the sector rated their business situation at year-end as good or stable. Although the majority of companies reported negative business expectations, on balance sentiment in the sector was positive at 11.1 points. At year-end, sentiment remained above-average in the areas of switchgear/industrial controls (+23.9) and energy technology (+16.5), but deteriorated slightly in the area of electric drives (+1.7%).

3.3 Significant events in the reporting period

Since the end of February 2022, Russia has been waging war against Ukraine. The impact on the Group's assets, financial position and results of operations cannot be quantified, but fundamentally it is considered to be negative. The increased risks are outlined in the Opportunity and Risk Report in the Group Management Report.

[3] ZVEI - PR from Feb. 16, 2023 – https://www.zvei.org/presse-medien/pressebereich/deutsche-elektro-und-digitalindustrie-exporte-2022-so-hoch-wie-nie-zuvor
ZVEI - PR from Feb. 08, 2023 – https://www.zvei.org/presse-medien/pressebereich/deutsche-elektro-und-digitalindustrie-2022-mit-rekorderloesen
Ifo - PR from Jan. 03, 2023 – https://www.ifo.de/pressemitteilung/2023-01-03/merklich-weniger-materialengpaesse-der-industrie
Ifo Geschäftsklima in der deutschen Elektro- und Digitalindustrie, Dezember 2022 – https://www.zvei.org/fileadmin/user_upload/Presse_und_Medien/Publikationen/Regelmaessige_Publikationen/Geschaeftsklima/Geschaeftsklima_Dezember_2022.pdf

In January 2022, InTiCa Systems SE established a wholly owned subsidiary, InTiCa Systems LTD, which has its registered office in Bila Tserkva, Ukraine. This company had not commenced any significant business activities by year-end 2022. After carefully weighing up the opportunities and risks, it was decided to gradually commence production at the site in Ukraine at the start of 2023. Production of very small quantities of the first products has started. The development of the Ukrainian subsidiary is being monitored very closely due to the ongoing war.

On April 21, 2022, the Board of Directors and Supervisory Board of InTiCa Systems AG decided to pave the way for a change in the company's legal status to a European stock corporation ("Societas Europaea", SE) operating as InTiCa Systems SE. The Annual General Meeting of InTiCa Systems AG on July 15, 2022 approved the planned change and the articles of incorporation of the future InTiCa Systems SE. The conversion was concluded with the entry into the commercial register on March 10, 2023 and is thus officially effective. The dual management structure is unaffected by the new legal form. Moreover, it does not alter the responsibilities and composition of the Board of Directors and the Supervisory Board. The company's headquarters remain in Passau, Germany. The change of legal form underlines the company's position as a pan-European employer and progressive technology group.

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

3.4 Earnings, asset and financial position

3.4.1 Overall position

2022 was dominated by the war in Ukraine and the resulting sharp rise in energy prices, high inflation and rising interest rates, while the impact of the Covid pandemic gradually weakened. In the fourth quarter of the financial year, the general economic downturn had a greater impact. Price pressure increased further. Whereas call-off patterns had still been fairly reliable in the third quarter, in November and December, there were significant postponements/reductions in order offtake by customers, especially in the automotive industry.

Still, both sales and profitability were within the forecast ranges. Following a strong growth spurt in the previous year, Group sales decreased by 5.2% to EUR 90.7 million in the reporting period (2021: EUR 95.7 million). Both segments were equally affected by this: in the Automotive segment, sales decreased 4.6% to EUR 68.7 million (2021: EUR 72.0 million) and in the Industry & Infrastructure segment sales were 7.1% below the good prior-year level at EUR 22.0 million (2021: EUR 23.7 million). However, demand for e-solutions remained high. The new orders for energy storage systems secured in 2021 resulted in sales of several million euros in 2022, delivering the first contribution to overall performance as anticipated. EBIT (earnings before interest and taxes) was EUR 2.3 million (2021: EUR 3.4 million) and the EBIT margin was 2.6% (2021: 3.5%).

Financially, the Group is still in a solid position. As a result of the reduction in inventories, the operating cash flow improved considerably to EUR 7.4 million in 2022 (2021: EUR 2.9 million) and the total cash flow was also positive. Cash and cash equivalents totalled EUR 3.2 million on December 31, 2022 (December 31, 2021: EUR 1.9 million). At 33.6%, the equity ratio was on the previous year's level.

Overall, taking into consideration the specific business environment, the Board of Directors considers that the performance in 2022 was still satisfactory.

3.4.2 Earnings position

» Sales

Group sales declined slightly year-on-year, slipping 5.2% to EUR 90.7 million in 2022 (2021: EUR 95.7 million). Sales were therefore within the forecast range of EUR 85 million to EUR 100 million. Both segments were affected by the reduction in sales. In the Automotive segment, sales were 4.6% lower at EUR 68.7 million (2021: EUR 72.0 million) and sales in the Industry & Infrastructure segment also fell slightly short of the good prior-year level, dropping 7.1% to EUR 22.0 million (2021: EUR 23.7 million).

» Expenses

Expenses for raw materials and supplies amounted to EUR 57.9 million in the reporting period (2021: EUR 62.3 million). The material cost ratio (based on total output) decreased from 63.7% to 62.5%. At the same time, the personnel expense ratio (including agency staff) increased to 23.4% (2021: 21.8%) due to wage rises and a more personnel-intensive product mix. Other expenses decreased year-on-year from EUR 13.6 million to EUR 12.3 million with the expenses for agency staff dropping to EUR 3.8 million (2021: EUR 5.7 million). Depreciation and amortization of property, plant and equipment and intangible assets amounted to EUR 6.0 million in the reporting period (2021: EUR 5.9 million).

» Research and development

In the reporting period, spending on research and development amounted to EUR 2.7 million, which was 2.9% of sales (2021: EUR 2.8 million / 2.9% of sales). Development work focused principally on the e-solutions business. EUR 1.7 million was expensed directly for development work (2021: EUR 1.9 million) and the remaining EUR 1 million (2021: EUR 0.9 million) was capitalized. The capitalization rate was 35.0% (2021: 32.2%). Depreciation and amortization of own work capitalized was EUR 1.2 million in the reporting period (2021: EUR 1.3 million).

» Earnings

The gross profit was EUR 33.8 million in the reporting period (2021: EUR 34.7 million) and the gross profit increased slightly from 36.3% to 37.3%. EBITDA (earnings before interest, taxes, depreciation and amortization) was down 9.8% year-on-year at EUR 8.4 million (2021: EUR 9.3 million). As a result, the EBITDA margin decreased slightly to 9.2% (2021: 9.7%). The decline in the earnings figures is mainly due to lower sales.

EBIT (earnings before interest and taxes) amounted to EUR 2.3 million in the reporting period (2021: EUR 3.4 million). The EBIT margin was 2.6% (2021: 3.5%) and was therefore at the lower end of the forecast range of 2.5% to 3.5%. The lower profitability was principally due to significant rises in fixed costs caused by the general inflation. Internally, higher costs resulting from the rise in energy prices were successfully contained but InTiCa Systems could not fully offset the indirect effects of more expensive starting products. EBIT was EUR 1.6 million (2021: EUR 1.9 million) in the Automotive segment and EUR 0.7 million (2021: EUR 1.5 million) in the Industry & Infrastructure segment. The Automotive segment therefore generated an EBIT margin of 2.3% (2021: 2.7%). The EBIT margin in the Industry & Infrastructure segment was 3.4% (2021: 6.2%).

The financial result was minus EUR 0.6 million in the reporting period (2021: minus EUR 0.6 million). While financial expense amounted to EUR 0.6 million (2021: EUR 0.6 million), there was no financial income in either 2022 or 2021.

The pre-tax profit was EUR 1.7 million in the reporting period (2021: EUR 2.8 million). After tax expense of EUR 0.1 million (2021: EUR 0.9 million), the Group posted a net profit of EUR 1.6 million (2021: EUR 2.0 million). Earnings per share were therefore EUR 0.38 (2021: EUR 0.46).

3.4.3 Asset position

» Capital structure

Total assets increased from EUR 58.4 million in 2021 to EUR 65.4 million as of December 31, 2022. Non-current assets increased as a result of capital expenditures. Current assets were also higher, mainly due to the increase in trade receivables and cash and cash equivalents. On the liabilities side, equity increased due to the profit for the period and the decrease in the negative currency translation reserve. At the same time, both non-current and current liabilities rose, mainly due to an increase in the respective financial liabilities. At 33.6%, the equity ratio remained at its prior-year level (December 31, 2021: 33.7%).

» Non-current assets

Due to the high level of investments non-current assets rose to EUR 33.0 million as of December 31, 2022 (December 31, 2021: EUR 28.1 million). Property, plant and equipment increased from EUR 22.8 million in 2021 to EUR 26.9 million in 2022 and intangible assets increased from EUR 3.7 million to EUR 4.4 million. Deferred tax assets amounted to EUR 1.8 million on the reporting date (December 31, 2021: EUR 1.6 million).

» Current assets

Current assets increased to EUR 32.4 million as of December 31, 2022 (December 31, 2021: EUR 30.3 million). While inventories decreased from EUR 18.1 million to EUR 17.1 million, trade receivables rose from EUR 7.9 million to EUR 9.6 million as of the reporting date. Furthermore, tax receivables were EUR 0.5 million (December 31, 2021: EUR 4 thousand), other financial assets were EUR 0.6 million (December 31, 2021: EUR 0.8 million) and other current receivables were EUR 1.3 million (December 31, 2021: EUR 1.5 million). Cash and cash equivalents increased from EUR 1.9 million to EUR 3.2 million.

» Non-current liabilities

Non-current liabilities increased to EUR 17.4 million as of December 31, 2022 (December 31, 2021: EUR 15.4 million). The increase is primarily due to the expansion of non-current financial liabilities resulting from investments to EUR 12.7 million (December 31, 2021: EUR 9.9 million). The liabilities to banks comprised fixed-interest loans with remaining terms of up to five years and four floating-rate loans with a remaining term of up to six years. Interest rates on non-current financial liabilities are between 1.75% and 4.43%. The other non-current financial liabilities were EUR 2.8 million on December 31, 2022 (December 31, 2021: EUR 3.6 million) and deferred tax liabilities were EUR 1.8 million (December 31, 2021: EUR 1.9 million).

» Current liabilities

Current liabilities increased in the reporting period and amounted to EUR 26.1 million as of December 31, 2022 (December 31, 2021: EUR 23.4 million). This was mainly attributable to the rise in current financial liabilities from EUR 10.9 million to EUR 12.4 million and trade payables from EUR 6.3 million to EUR 7.6 million. At EUR 2.4 million, other current provisions were at the prior-year level (December 31, 2021: EUR 2.2 million) and other current financial liabilities increased from EUR 1.6 million to EUR 1.7 million. Other current liabilities decreased from EUR 1.8 million to EUR 1.5 million and tax liabilities amounted to EUR 0.5 million (December 31, 2021: EUR 0.6 million).

» Equity

Equity was EUR 22.0 million as of December 31, 2022 (December 31, 2021: EUR 19.7 million). The consolidated net profit increased the profit reserve from EUR 0.9 million to EUR 2.5 million. At the same time, the negative currency translation reserve was reduced to minus EUR 0.2 million (December 31, 2021: minus EUR 0.9 million). The capital stock of EUR 4.3 million, treasury stock of EUR 64 thousand and general capital reserve of EUR 15.4 million were unchanged from the previous year.

3.4.4 Financial position

» Liquidity and cash flow statement

The net cash flow from operating activities improved to EUR 7.4 million in 2022 (2021: EUR 2.9 million). The year-on-year increase was mainly due to the reduction in inventories.

The net cash outflow for investing activities was EUR 9.5 million in the reporting period (2021: EUR 3.7 million). This comprised EUR 7.7 million (2021: EUR 2.6 million) for property, plant and equipment and EUR 1.8 million (2021: EUR 1.1 million) for intangible assets.

The net cash flow from financing activities was EUR 3.4 million in 2022 (2021: net outflow of EUR 4.1 million). In the reporting, period, there were cash inflows of EUR 8.6 million from borrowing. On the other side, cash outflows comprised EUR 4.1 million for scheduled loan repayment instalments and EUR 1.1 million for instalments on finance leases.

Overall, there was a positive cash flow of EUR 1.3 million in 2022 (2021: negative cash flow of EUR 4.9 million). Cash and cash equivalents totalled EUR 3.2 million on December 31, 2022 (December 31, 2021: EUR 1.9 million). Cash and cash equivalents less utilized overdraft facilities amounted to minus EUR 3.8 million as of December 31, 2022 (December 31, 2021: minus EUR 5.2 million).

» Capital expenditures

Capital expenditures totalled EUR 9.5 million in the reporting period (2021: EUR 3.7 million). EUR 7.7 million (2021: EUR 2.6 million) of this was invested in property, plant and equipment, and EUR 1.8 million (2021: EUR 1.1 million) in intangible assets. The capital expenditures focused principally on e-solutions, an innovative antenna product with a correspondingly long product cycle, and a production line for actuators in the area of chassis components. The common features of all capital expenditures are a very high level of automation and the highest quality requirements. Capital expenditures also included further optimization of production workflows at the Mexico and Czech sites as part of the continuous improvements process.

Further investment of EUR 6.0 million will be made in the field of e-solutions in 2023. These mainly comprise the installation of a further high-performance production line for stators in the Czech Republic to service a new order for hybrid systems and a new production line in Mexico for the Industry & Infrastructure segment. Within the Industry & Infrastructure segment, production facilities for products for charging infrastructure are to be optimized.

» Employees

The headcount amounted to 847 as of December 31, 2022 (December 31, 2021: 744). This figure includes 107 agency staff (December 31, 2021: 62). Unlike the situation at year-end 2021, when the number of employees was scaled back in line with capacity utilization at the time, fluctuations in order call-offs in 2022 were too short-term for this. Moreover, the aim is to retain skilled workers wherever possible. Expenses of EUR 3.8 million (2021: EUR 5.7 million) for agency staff are included in other operating expenses. The personnel expense ratio, including expenses for agency staff, was 23.4% (2021: 21.8%). On average, the Group had 731 employees and 121 agency staff in the reporting period (2021: 662 and 218).

3.4.5 Financial management

The central objective of financial management at InTiCa Systems is to ensure sufficient liquidity reserves at all times, minimize financial risk and secure financial flexibility.

The segments' operating business and the resulting cash inflows are the Group's main source of liquidity. Operational planning is based on a long-term liquidity forecast. The short and medium-term forecasts are updated monthly.

InTiCa Systems includes all consolidated subsidiaries in this planning process. Surplus funding within the Group is distributed to those areas that require it via cash pooling in order to reduce external funding requirements and optimize net interest expense. To secure its liquidity position, InTiCa Systems also uses various internal and external financing instruments such as credit agreements and factoring, which form the basis for short and medium-term financing, and leasing. As a result of the company's capital base and the constant revision and adaptation of financing arrangements, the Board of Directors is of the opinion that the main preconditions for financing have been met.

3.5 Financial and non-financial performance indicators

The Board of Directors mainly uses the following financial and non-financial indicators to manage the Group and its development. In this context, great value is placed on sustainable development of the Group. The exact presentation of the Group's earnings, net assets and financial position can be found in section 3.4.

3.5.1 Financial performance indicators

The Board of Directors considers sales, materials ratio, EBIT margin and equity ratio as financial performance indicators. The most significant indicators, and therefore the most important for managing the company, are the development of sales and the EBIT margin.

» Sales

Group sales decreased 5.2% year-on-year to EUR 90.7 million (2021: EUR 95.7 million). Sales revenues are reported net of products returned by customers, discounts and similar deductions.

Sales were therefore within the forecast range of EUR 85 million to EUR 100 million. In the Automotive segment, sales were EUR 68.7 million, while the Industry & Infrastructure segment reported sales of EUR 22.0 million. Sales in both segments were thus within the forecast range.

» Material cost ratio

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

The material cost ratio decreased slightly from 63.7% in the previous year to 62.5%. This was principally attributable to a less material-intensive product mix and the weakening of the supply bottlenecks. However, the prices of starting products remained high due to high inflation and rising energy costs. Alongside the normal optimization of the material cost ratio and improvements in production workflows and production quality, intensive efforts were made to pass the increased price of raw materials directly on to customers.

» EBIT margin

The EBIT margin comprises earnings before interest and taxes divided by sales. EBIT amounted to EUR 2.3 million in 2022 (2021: EUR 3.4 million), giving an EBIT margin of 2.6% (2021: 3.5%). The forecast level for the EBIT margin of 2.5% to 3.5% was achieved.

» Equity ratio

The equity ratio comprises the ratio of equity capital to total capital (= total assets). The equity ratio changed only slightly year-on-year from 33.7% to 33.6%. Overall, the equity ratio remains solid.

3.5.2 Non-financial performance indicators

» Orders on hand

Orders on hand amounted to EUR 94.7 million as of December 31, 2022, and were thus below the previous year's level (December 31, 2021: EUR 114.2 million). 80% of orders were for the Automotive segment (2021: 81%). In principle, the Board of Directors sees orders on hand as an indicator of future business development.

» Customer and product portfolio and vertical integration

A diversified customer and product portfolio is very important for the company. Where possible, the Board of Directors manages business to avoid risks such as high dependence on individual products or customers, and excessive diversification involving disproportionate additional costs.

Vertical integration is kept at a high level (around 90%) through the company's own production facilities in Prachatice (Czech Republic), Silao (Mexico) and Bila Tserkva (Ukraine). The company strives to obtain higher margins by correspondingly broad value added, profound process expertise and the resulting improvement in benefits for customers.

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

3.6 Segment report

On the product side, the Group is divided into a number of product and volume sales areas (primary segment).

Segment	Automotive		Industry & Infrastructure		Total	
in EUR '000	2022	2021	2022	2021	2022	2021
Sales	68,705	72,017	22,034	23,718	90,739	95,735
EBIT	1,599	1,926	747	1,470	2,345	3,396

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

	Germany		Other countries		Total	
in EUR '000	2022	2021	2022	2021	2022	2021
Sales	54,821	62,947	35,918	32,788	90,739	95,735
Segment assets	24,904	24,694	33,039	27,878	57,943	52,572
Average no. of employees	83	93	769	787	852	880
of which agency staff	0	15	121	203	121	218

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

3.7 Remuneration system of the Board of Directors and Supervisory Board

For a more detailed description of the remuneration system for the Board of Directors and Supervisory Board, see the Remuneration Report, which can be downloaded from the company's website at www.intica-systems.com in the section Investor Relations/Corporate Governance.

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

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, was issued by the Board of Directors on April 27, 2023. It is printed on page 34 et seq. of the Annual Report and is also available on the internet at www.intica-systems.com in the section Investor Relations/Corporate Governance.

3.9 Other information

» Composition of the capital stock

The capital stock of InTiCa Systems 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 voting rights and the transfer of shares

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

» Shareholdings exceeding 10% of the voting rights

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

» Shares with special rights according rights of control

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

» Methods of controlling voting rights where employees hold shares in the company and do not directly exercise their right of control

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

» Statutory provisions and regulations in the articles of incorporation on the appointment and dismissal of members of the Board of Directors and changes to the articles of incorporation

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

In addition, under sec. 3 paragraph 3 of the articles of incorporation, the Supervisory Board may alter the articles of incorporation in the event of a capital increase out of the authorized capital 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.

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

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 December 31, 2022, InTiCa Systems SE still had treasury stock amounting to 64,430 shares (December 31, 2021: 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.

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

InTiCa Systems SE has loans amounting to EUR 1.1 million which give the lender a right of termination in the event of a change in the borrower's shareholder or ownership structure such that the shareholders or owners relinquish control over the borrower during the term of the loans or a person or group of persons acting jointly acquire more than 50% of the voting rights and/or more than 50% of the capital of the borrower, unless the prior consent of the lender is obtained.

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

» Compensation agreements entered into by the company with members of the Board of Directors or employees in the event of a takeover bid

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

4. Risk management and risk report

4.1 Risk management

InTiCa Systems' business is exposed to a large number of risks that are inseparably linked to entrepreneurial activity. According to the internal definition, risks constitute the possibility of the occurrence of events that could adversely affect the economic situation of InTiCa Systems SE. Such risks are countered by adequate opportunities. InTiCa Systems SE uses effective management systems to ensure timely identification, evaluation and management of risks. The company's risk management is not based on a generally accepted basic concept.

The monitoring, analysis and evaluation of risks are essential elements in the management and oversight regulations set out in sec. 91 paragraph 2 of the German Companies Act (AktG). Further, the German Commercial Code (HGB) requires a report on the company's future development and the related risks and opportunities.

Potential risks are entered in a risk management system installed at the company, analysed and classified on the basis of their probability of occurrence and potential damage. Neither categoric exclusion nor fundamental avoidance of specific risks is planned. Business activities are examined for opportunities and risks at planning meetings and, on the basis of the findings, targets are derived. The attainment of these targets is monitored by a controlling system and a reporting system. These systems provide a variety of indicators on, for example, the following key aspects: sales and earnings trends, orders on hand and inventories, gross profit, consumption of materials and production defects, personnel, liquidity and investments. The Board of Directors can access each report via the IT system and initiate appropriate counteraction.

Risk potential is updated regularly by senior managers. A monthly overview of risk potential is derived from the wide range of individual data entered. The risks are derived from the present business activities of the segments and sub-segments and corporate targets. The Board of Directors discusses the facts presented immediately or at its next meeting.

The efficiency of the risk management system as a whole is regularly monitored and assessed. If potential for improvement is identified, the Board of Directors is notified and modifications are implemented without delay. The systematization and monitoring of risks in this way includes regular documentation of the entire risk management and early warning system and checking that it is effective and fit for purpose.

4.2 Risk management relating to the accounting process

The accounting process is controlled by the parent company through the Group-wide Finance and Accounting, Controlling and Investor Relations departments. Functions and responsibilities in these areas are clearly separated/assigned and there are mutual control processes to ensure a continuous exchange of information. The internal control system for financial accounting is based on defined preventive and supervisory control mechanisms such as systematic and manual checking, and on predefined approval procedures, especially by appointing functions and compliance with guidelines. Appropriate IT precautions are in place to protect the financial systems used from unauthorized access. Financial accounting systems only use standard software. Uniform accounting is ensured by applying corporate accounting guidelines and standardized reporting formats. The guidelines and reporting formats are determined by the Board of Directors of the parent company and compliance is monitored continuously by employees in the Finance department. Alongside technical checks by the system, manual and analytical checks are performed. External experts such as auditors and lawyers are consulted on changes and complex accounting issues.

The internal control and risk management system relating to the accounting process is fully integrated into the Group's quality assurance process.

4.3 Risks

Alongside the coronavirus pandemic, which has not yet been completely overcome, the war in Ukraine, the related sanctions against Russia and the general rise in geopolitical tensions and their impact constitute a considerable risk for the development of business in 2023. Alongside the negative effects on sales markets, the procurement markets, in particular, are adversely affected by the disruption to supply chains, sanctions and restrictions on freight traffic. The sharp hike in energy prices and high inflation are also having a negative effect. Consequently, the potential negative effects on the company's assets, financial position and results of operations still have to be monitored closely, so that timely counteraction can be taken. Risks for InTiCa Systems SE relate to volume trends, disruption of production, the availability of personnel, procurement markets for raw materials and semi-finished products and, in particular, supply chains. It is not possible to predict to what extent the Group will be affected by the aforementioned factors as a whole. Accordingly, InTiCa Systems is constantly required to apply appropriate measures and countermeasures.

The principal risks to InTiCa Systems' business – in addition to the exceptional circumstances already outlined – are described below.

» Market risks

InTiCa Systems' two segments are exposed to different market requirements and thus to different market risks. The Automotive segment is currently dominated principally by the transformation to e-mobility, connectivity and autonomous driving. Together with the prevailing geopolitical tensions, including the Ukraine crisis, and the volatile economic developments in core markets, this transformation process is causing instability in supply chains and uncertain planning, which could significantly dampen or affect the necessary growth. Uncertainty could result in delays in market and product launches, which could affect InTiCa Systems' components. In addition, the Automotive segment is exposed to ongoing sector-related economic risks. It is not clear whether the global downturn in conventional vehicle technologies will be positively offset by new product areas such as the increased introduction of electric and hybrid vehicles. This situation is being monitored closely.

The Industry & Infrastructure segment is also affected principally by the geopolitical situation, the development of the pandemic and thus policy and/or strategic decisions by some major customers. Since the customer base in this segment is considerably smaller, individual market fluctuations cannot be countered so effectively. Moreover, competition is continuing to increase, especially as a result of Asian companies entering the market.

» Customer dependence

The sales split between the segments is as follows: Automotive 75.7%, Industry & Infrastructure 24.3%. Within each segment, the proportion of sales generated with the largest customers is as follows: Automotive 21%, Industry & Infrastructure 45%. If one or both of the segments were to lose major customers and be unable to replace them with equivalent new customers, this could adversely affect InTiCa Systems' business.

» Dependence on suppliers

InTiCa Systems requires a variety of raw materials and supplies for its production activities, e.g. plastics granulates, copper and other metals for electroplating. There is a risk that production workflows could be affected if suppliers fail to meet their delivery obligations or do not meet them on time, or if InTiCa Systems SE is unable to procure the raw materials it needs on the market in the necessary quantities or at the required time. The disruption to production workflows could mean that InTiCa Systems is unable to meet its own delivery obligations in full or on time. That could jeopardize customer relationships and result in claims for compensation, which could in turn adversely affect the assets, liabilities, financial position and profit or loss of the Group. In particular, there are very few suppliers of high-quality plastics granulates and precursors for electroplating. The very high overall demand for these materials has already resulted in far longer delivery times and price increases. While delivery times were still the main factor at the height of the coronavirus pandemic, since the end of 2021 and especially in 2022 the critical challenges have been the very high price rises for all key materials. The Board of Directors of InTiCa Systems SE endeavours to minimize the risk of dependence on suppliers on the one hand through long-term production planning and by using the widest possible number of suppliers, and on the other by raising selling prices to offset the rise in the price of materials. Understandably, however, it is not always successful with price rises.

» Technological risks

With the introduction and extension of power electronics, EMC filter technology and coils for stator systems for the automotive industry, the company considers that it is well-positioned, especially with regard to electromobility and hybrid technology. The company has invested considerably in the development of business in e-mobility, taking into account certain risks, in order to enter this market at an early stage and build a market position with the relevant technology. Power electronics, sensors and actuators are also used in industrial electronics applications and remain important technologies. They are continuously being developed and new findings are being integrated to improve them. Overall, as of now the Board of Directors does not see any significant technological risk for the Automotive segment or the Industry & Infrastructure segment.

» Personnel risks

At the Group's headquarters in Passau, Germany, there is a risk that it will not be possible to find highly qualified staff to fill vacancies and that key employees, especially sales and research and development personnel, could leave the company as a result of the good labour market situation. InTiCa Systems counters this risk through a varied and interesting working environment, an attractive remuneration system, social benefits and a wide range of vocational and further training offers. It makes an effort to position itself as an attractive, future-oriented employer with opportunities for advancement and job security.

A particular risk is seen with regard to the Prachatice site in the Czech Republic in the short to mid term. The very low unemployment rate in the Czech Republic, the increasing flexibility and mobility of employees in terms of where they live and work and, in particular, competition on the labour market from companies close to the border in Germany are already a real challenge. At present, there is no sign that the situation will improve in the foreseeable future. In addition, wages are rising significantly in the Czech Republic as a result of the very good capacity utilization. Efforts are being made to counter this development by offering attractive remuneration models, benefits and training. Using agency staff from other European countries is already vital and they account for a high proportion of the total workforce. In some cases, it is possible to transfer employees from staffing agencies to permanent contracts with the company. Finally, the labour market is constantly and closely monitored to ensure timely decisions and a timely response.

» Liquidity risk

As of December 31, 2022, InTiCa Systems had nine fixed-interest loans totalling EUR 13.9 million with residual terms of between 1 and 5 years. In addition, in the past years four floating-rate loans have been concluded in the Czech Republic. These had a carrying amount of EUR 4.2 million as of December 31, 2022 and a residual term of between 2 and 6 years. These loans are used to secure liquidity. Moreover, InTiCa Systems has assured credit lines of EUR 14.9 million. EUR 7.0 million of this amount was drawn as of the reporting date. Further, the company has cash and cash equivalents of EUR 3.2 million. Consequently, there is sufficient headroom to finance the growth of the business, especially the e-mobility operations.

» Currency risk

The main currency risk for InTiCa Systems comprises the operating costs of its production facilities in the Czech Republic, Mexico and Ukraine, plus some customer contracts in US dollars. Following previous practice no euro/US dollar currency hedging was undertaken as the difference between procurement and sales in US dollars was not material. The future risk of appreciation of the Mexican peso mainly relates to higher wage costs.

InTiCa Systems' production facility in the Czech Republic sources goods from the euro zone. All deliveries are made on a euro basis, either to InTiCa Systems SE or to external manufacturers who undertake further processing steps. The currency risk with regard to the Czech koruna therefore relates to local wages and overheads and the liabilities of the Czech subsidiary to the InTCa Systems SE. The risk comprises appreciation of the Czech koruna and the related increase in wage costs for production personnel. In 2022, several currency forwards (financial derivatives) were concluded to hedge the Group against exchange rate fluctuations.

In addition, there are currency risks relating to translation of the (euro) liabilities and (euro) assets of foreign subsidiaries to the parent company. However, these do not affect the Group's cash flows. Depending on the development of the exchange rates of the Czech koruna, the Mexican peso and the Ukrainian hryvnia versus the euro, this could result in – possibly considerable – book losses or book gains in the financial statements of the subsidiaries.

» Interest rate risk

High inflation has led to a significant change in the interest rate environment. Key interest rates for the most important currencies were raised considerably within a few months. The company's exposure to the risk of short-term changes in interest rates on its large loans is limited as the remaining term of the loans is between 1 and 5 years. Apart from four loans with variable interest rates and residual terms of between 2 and 6 years, all debt is based on fixed, customary market interest rates. However, interest income is dependent on short-term money market trends and there is thus a risk that only low interest income will be earned if rates fall. A capital investment guideline has therefore been issued to document this conservative investment strategy. No interest income was generated in the reporting period.

» Credit risk (default risk)

A credit risk arises if a customer does not meet its contractual commitments. To counter this risk the company undertakes extensive reviews of its customers' credit standing and engages in intensive receivables management, which is steadily being improved. Nevertheless, it cannot be ruled out that customers of InTiCa Systems could unexpectedly become insolvent. In view of the increasingly diversified customer base, the risk associated with individual customers is becoming less significant.

Moreover, it should be noted that an economic downturn and a possible decline in volume sales entail a significant sector risk, especially in the cyclical automotive sector, which is a central market for InTiCa Systems.

Looking at the markets covered by the Industry & Infrastructure segment, the European solar industry is still exposed to significant competitive pressure from Asia. It cannot be ruled out that strategic customers of InTiCa Systems could get into financial difficulties in the future. The management specifically monitors this sector and especially the main customers.

InTiCa Systems has had credit insurance for goods since 2015 to protect it against material defaults on trade receivables.

» Risks relating to non-financial aspects

At present, there are no material risks that have or could have serious negative effects on the aspects outlined in section 2.

4.4 Overall statement on the risk situation

Apart from the present geopolitical situation, which is difficult to forecast (e.g. the war in Ukraine, the China-Taiwan crisis), the Board of Directors considers that the overall risks are limited and calculable. Based on the information currently available, the Board of Directors' assessment is that there are no major individual risks, either at present or in the foreseeable future, that could be classified as a threat to the company's existence.

Risks are assessed on the basis of probability of occurrence and the potential impact on the Group's assets, financial position and results of operations (in EUR thousand), using the following criteria:

Probability of occurrence	
Unlikely	Probability of occurrence: 0% to 25%
Possible	Probability of occurrence: 26% to 75%
Probable	Probability of occurrence: 76% to 100%

Impact	
Low	EUR 0 to EUR 500 thousand
Medium	EUR 500 thousand to EUR 1,000 thousand
High	> EUR 1,000 thousand

The risks outlined above can be classified on this basis:

Risks	Probability of occurrence	Impact
Market risks	Unlikely	High
Customer dependence	Possible	High
Dependence on suppliers	Possible	High
Technological risks	Unlikely	Medium
Personnel risks	Possible	Medium
Liquidity risk	Unlikely	High
Currency risk	Possible	Medium
Interest rate risk	Possible	Low
Credit risk (default risk)	Possible	Medium

Since the cash flow from operating activities was positive and the company has a good equity base, the Board of Directors rates the aggregate position as regards individual risks to the development of the Group as positive.

Extending the product portfolio and introducing new e-solutions products, the capacity increases required for this, and the continuous expansion of our production site in Mexico and the NAFTA market are regarded as key factors for further positive sales and earnings trends. The increasing diversification and internationalization of markets is playing a central role in this.

5. Opportunities and management of opportunities

5.1 Management of opportunities

There are extensive new opportunities for InTiCa Systems, especially as a result of the global transformation of the automotive industry and new technologies and areas of application in markets of relevance for the Industry & Infrastructure segment. This potential needs to be identified, evaluated and utilized for the company. InTiCa Systems does not have a dedicated system to manage opportunities.

Moreover, opportunities are not quantified. Analysing opportunities falls within the remit of the Board of Directors. The strategic focus of the Group and the operating measures taken are based on its analysis of opportunities. Besides, opportunities always involve risks. The role of risk management is to evaluate such risks and minimize them insofar as possible. InTiCa Systems strives to achieve a balance between opportunities and risks.

The next section outlines the most significant opportunities for InTiCa Systems. However, these are only an excerpt from the opportunities that arise. Further, the assessment of opportunities is subject to continuous change as the relevant markets and technological conditions are constantly changing. This can also generate new opportunities.

5.2 Opportunities

» Continued repositioning as a systems supplier

As it repositions itself as a solution provider, InTiCa Systems is continuing to focus on achieving an equilibrium between product diversification and internationalization and recognizes the extensive opportunities arising from the process of innovation and renewal throughout the company. Precisely this openness to change is proving a trump card in collaboration with customers. Thanks to its enormous flexibility as a component and systems supplier, the company is increasingly taking on more responsible tasks such as the development of entire systems. These solutions form the essential added value for customers, and ultimately for OEMs (original equipment manufacturers) and end-consumers. Trust, reliability and a responsible approach to customers and employees characterize InTiCa Systems' long-term customer relationships and form the basis for the future development of the company's business base. By continuously extending vertical integration and building up development and manufacturing expertise, InTiCa Systems is able to generate higher margins and secure long-term business.

» Key technologies for e-mobility

Hybridization and electrification, autonomous driving and the networking and digitalization of vehicles are seen as key technologies for the automotive industry, both now and in the future. InTiCa Systems' product groups already give it a foothold in all three areas, with products such as stator coils for hybrid drives, EMC filters for electric vehicles, stationary battery storage solutions and actuators for a wide range of applications. The diverse key components produced by InTiCa Systems for well-known systems suppliers and OEMs are used in an increasingly wide range of vehicle brands. This is made possible by InTiCa Systems' close collaboration with OEMs and their suppliers.

The progressive market penetration of keyless entry/go systems, power electronics components and further mechatronic and inductive assemblies offer opportunities for further steady sales growth at InTiCa Systems, which is positioned as a specialist in these product and technology segments. Its products are used by the leading international automobile producers in both premium and volume models.

» Energy management for industrial electronics

Developments in the automotive industry act as a stimulus for the Industry & Infrastructure segment and vice versa. Concrete synergies do not simply result from the successful transfer of know-how from filter technology for the automotive industry to industrial applications; there are also synergies relating to future stationary battery and charging points, which will benefit the development of sales in the Industry & Infrastructure segment. The renewed upswing in the photovoltaic industry, which has regained stability as solar energy increasingly become established as a key element for sustainable energy generation throughout the world in the future, is also driving forward the business with components and modules for inverters and converters to transform solar power into electricity for the grid.

» High customer retention in the automotive industry

InTiCa Systems focuses on being a world-class player in the global competition to develop and manufacture inductive components and mechatronic systems. The Group, which sees itself as a specialist for its customers in these areas, is driving its corporate development forward in a sustainable manner in accordance with this high standard. To acquire well-known national and international systems suppliers (and OEMs) in the automotive industry as customers, InTiCa Systems uses a proactive approach and collaborative cooperation. Longer-term orders and strong value retention are evidence of the high degree of customer satisfaction with InTiCa Systems' product quality, technological expertise and flexibility. That provides the necessary basis for uncomplicated and rapid placement of new developments on the market and increases global competitiveness.

» Development and manufacturing expertise

From our point of view, InTiCa Systems' team of experts has specialist know-how in development and manufacturing, combined with many years of experience. In our opinion, as well as paving the way for InTiCa Systems' success, this allows the company to respond quickly and specifically to customers' requirements and to rapidly come up with optimum, individual solutions to new problems. Continuous internal transfer of knowledge and experience, especially in the area of technology, leverages cross-segment and cross-departmental synergies. These are used in the development of future-oriented products and solutions such as components for electric and hybrid vehicles, a future-oriented business area which will be an increasing focus of InTiCa Systems' activities in the next few years. From the perspective of the Board of Directors, the development unit's focus on key future technologies underpins InTiCa Systems' strong position in inductive components, passive analogue switches and mechatronic modules.

» Expansion of international business

To achieve its twin targets of growing sales and expanding its customer base, InTiCa Systems also strives to expand its international presence. Building and extending new and existing distribution and production alliances are geared to establishing InTiCa Systems internationally in the long term. The internationalization process started in 2014, with a focus on the North American region. In 2015, a new production site was established in Mexico. Production of the first small-scale series for automotive customers came on stream there at the end of 2016. Production started on a complete serial line in 2017 and was ramped up between 2018 and 2022. Further production sites are under consideration for the medium term. The search for a site in eastern Europe led the company to Ukraine due to its well-qualified workers, the available infrastructure and the wage level. In view of the difficult situation caused by the Russian invasion, no significant business activities had started at the site in Bila Tserkva by the end of 2022. After carefully weighing up the opportunities and risks, it was decided to gradually commence production at the site in Ukraine at the start of 2023. The development of the Ukrainian subsidiary is being monitored very closely due to the ongoing war. In parallel with this, the search an alternative location in eastern Europe is continuing.

5.3 Management assessment of the overall risk and opportunity situation

From the perspective of the Board of Directors, the Automotive and Industry & Infrastructure segments, coupled with InTiCa Systems' specific core competencies, currently offer the Group sufficient potential to generate sustainable growth in the future. InTiCa Systems needs to actively embrace the process of transformation, especially in respect of the essential issues relating to e-solutions.

Taking an aggregate view of the opportunities and risks, without the current geopolitical situation, which is difficult to forecast (e.g. the war in Ukraine, the China-Taiwan crisis), the Board of Directors would come to an unrestrictedly positive assessment. Taking the above factors into consideration, the 2023 financial year involves further exceptional risks. At the date of preparation of the annual report, it was therefore not possible to conclusively estimate the medium to long-term impact on the development of the Group. The Group's operating management is taking a risk-aware approach, and has taken extensive measures to mitigate the potential risks.

Based on the present order situation, there is no material uncertainty about the ability of the Group to continue to operate as a going concern. Consequently, from the present viewpoint there is no threat to its continued existence. That said, the medium to long-term effects of the various geopolitical crises and the specific global economic developments on business development still cannot be estimated in full. InTiCa Systems therefore has to assume that the situation could have an unforeseeable impact on its future performance. It is not possible to rule out a shift in the placement of orders or deferral of projects for which contracts have already been awarded, logistics bottlenecks or, for example, supply chain problems. If the negative effects on procurement and volume sales continue for a prolonged period and the procurement and volume situation does not normalize, the above risk assessment would have to be re-evaluated.

With the exception of the factors referred to repeatedly above, the risks arising from geopolitical developments, market, customer and product developments and production relationships, which could have a negative impact on InTiCa Systems' business, have been taken into account in this report and are considered to be containable and controllable. In line with this assessment, no other risks have currently been identified that could jeopardize the future existence of the Group.

6. Outlook

Growth opportunities for InTiCa Systems comprise developing, manufacturing and marketing innovative products that offer customers clear additional benefits that set them apart from competing products. A strong customer focus combined with the ability to drive forward product developments fast and effectively through new manufacturing technologies is the key prerequisite for using the growth prospects offered by the market. In e-solutions, in particular, the Board of Directors sees further substantial growth potential for InTiCa Systems.

6.1 Segment trends

» Automotive[4]

The international automotive markets have recently been held back by the shortage of primary and intermediate products, the sharp rise in energy and logistics costs, and the uncertainty triggered by the Russian invasion of Ukraine. Although the supply chain problems resulting from the pandemic are continuing to ease, the global market is expected to remain well below the pre-pandemic level in 2023. The German Automotive Industry Association (VDA) forecasts moderate global growth of 4% to 74.0 million vehicles (2019: EUR 80.6 million). The most important markets are basically moving in tandem: The Chinese market should grow by 3% to 23.7 million cars, the US market by 4% to 14.2 million light vehicles and the European market (EU 27, EFTA & UK) by 5% to 11.8 million new registrations.

The VDA predicts that the German market will grow by 2% to a good 2.7 million vehicles. Growth will be held back by the expected 8% drop in electric cars as a result of the reduction in subsidies for fully battery-electric vehicles (BEV) and the discontinuation of subsidies for plug-in hybrids. In January and February, new registrations of electric vehicles were down 20%. The decline was mainly due to a sharp drop in plug-in hybrids (-49%). By contrast, there was a slight rise in new registrations of BEVs (+3%). Overall, at the end of the first two months of this year, the German market is at the same level as last year. Although the majority of those surveyed suffered from the high electricity prices (82%) and gas prices (73%) as well as the shortage of skilled workers (778%), the business climate in the sector had improved considerably at the last count. In March, the indicator rose to +23.7 points, compared with +7.6 in February. The gradual easing of the supply situation probably contributed to this. According to the latest VDA survey, 42% of companies see an improvement in the procurement of primary products, intermediates and materials compared with autumn 2022. However, further price rises are expected for some starting products such as copper wire in the first half of 2023. Moreover, the shortage of chips will probably increase in the medium to long-term. A recent study indicates that demand for semiconductors in the automotive industry is set to triple in the future. That could reduce global production by 20% or around 18 million vehicles by 2026. To counter this threat and place the supply chain on a far more resilient basis, additional production capacities need to be established in automotive hubs in Europe.

Rising demand for chips is mainly due to the ramp-up of electromobility and the increasing proportion of driver assist systems and enhanced functions, up to and including self-driving cars. Following the EU Parliament’s decision that new cars registered from 2035 must be carbon-free, German OEMs and their suppliers intend to invest more than EUR 250 billion in research and development worldwide between 2023 and 2027. The focus is on the transformation, especially e-mobility – including battery technology, autonomous driving and digitalization. Moreover, a further EUR 130 billion will be invested in building new production plants and converting facilities and equipment. The ramp-up of e-mobility is visible in the rising number of new models on the market. German manufacturers are currently offering about 90 electric models in Germany alone and that is set to rise to 100 by year-end 2024.

One important element in InTiCa Systems’ strategy is its focus on the electromobility market. It has invested consistently and purposefully in product and process development, installed complex production technology and successfully started industrial-scale production of several serial products. InTiCa Systems has a reputation on the international market as a developer and solution provider. Thanks to its specific know-how, it can offer customers the desired flexibility and momentum in development and industrialization. It expects to see a significant increase in demand for alternative drives. This is evidenced by substantial orders and series sales, for example in the area of stators and filters for hybrid vehicles.

[4] VDA PR from April 3, 2023: https://www.vda.de/de/presse/Pressemeldungen/2023/23-403_PM_Deutsche-Autoindustrie-investiert-bis-2027-weltweit--ber-250-Milliarden-Euro-in-Forschung-und-Entwicklung
VDA PR from March 3, 2023: https://www.vda.de/de/presse/Pressemeldungen/2023/230303_PM_Deutscher_Pkw-Markt_im_Februar_mit_leichtem_Wachstum
VDA PR from Feb. 15, 2023: https://www.vda.de/de/presse/Pressemeldungen/2023/230215_PM_VDA-Umfrage--Neun-von-zehn-Unternehmen-halten-Standort-Deutschland-international-f-r-nicht-wettbewerbsf-hig
VDA PR from Feb. 06, 2023: https://www.vda.de/de/presse/Pressemeldungen/2023/230206_PM_Deutscher_Elektro-Pkw-Markt_2023_-VDA_erwartet_R-ckgang
VDA PR from Jan. 26, 2023: https://www.vda.de/de/presse/Pressemeldungen/2023/230126_PM_Studie_Bis_2026_drohen_wegen_Halbleitermangel_weltweit-20-Prozent_weniger_produzierte_Fahrzeuge
VDA PR from Jan. 11, 2023: https://www.vda.de/de/presse/Pressemeldungen/2023/230111_PM_VDA-Pr-sidentin-Hildegard-M-ller_Standort--und-Wettbewerbspolitik-unterst-tzt-Klimapolitik
Ifo PR from April 03, 2023: https://www.ifo.de/pressemitteilung/2023-04-03/deutsche-autoindustrie-wieder-auf-kurs

In the past financial year, products for e-mobility and hybrid technology already accounted for more than 50% of sales in the Automotive segment. That proportion will increase in the future. For example, 2023 sees the start of a substantial new order for an American producer of electric cars and new orders have been secured for stators. These will start to generate sales from 2024. At the site in Prachatice, the third high-performance production line for hybrid systems is to installed by Q3 2023 and in Mexico a new production line for actuators for chassis underwent acceptance tests in Q1 2023 and is scheduled to come into service in Q2 2023. The Group will continue to invest in innovative e-solutions in the future in line with the opportunities that arise. The focus in the Automotive segment in the current year is on new projects for assemblies and EMC filters, plus further locally generated projects at the site in Mexico.

Taking into account the particular challenges, the Board of Directors expects segment sales of around EUR 65 million to EUR 75 million in 2023.

» Industry & Infrastructure[5]

Driven by the electrification and digitalization growth trends, the electrical/electronics and digital industry has recently posted above-average growth. This continued at the start of this year. In January, aggregate sector sales were 16.1% higher than in the previous year, with domestic sales (+18.8%) rising faster than foreign sales (+13.8%). Order intake was 10.3% higher and output increased by 10.5%. Capacity utilization remained high at 87.9% at the beginning of the year and order coverage was also high at an average of 5.6 (production) months. However, companies in this sector have reduced both production and employment plans slightly. This is reflected in the ZVEI economic barometer: while the business situation is still rated as essentially positive (+40.9 points), there is far less euphoria about business expectations in the next six months (-0.5 points). Material shortages remain an issue, even though the proportion of companies affected had dropped to 61.1% in March. Overall, ZVEI assumes that the sector will consolidate at a very high level in the present financial year.

Irrespective of the short-term trend, the fundamental growth drivers remain intact. The defined climate targets can only be achieved with the aid of decentralized energy generation with storage, local distribution using digital network connections, sector coupling with photovoltaics, heat pumps, e-mobility and, last but not least, a massive increase in efficiency in the direct use of electricity. Russia's war in Ukraine has highlighted the security-policy dimension of the energy system and the need for restructuring and electrification based on renewable resources. That entails a need for high investment in infrastructure and smart technologies. Statistically, there is currently one charging point per 23 electric cars in Germany. To meet the German government's target of one million charging points by 2030, the average pace of expansion needs to increase fivefold. Rising demand has also been observed for photovoltaic installations, products for energy storage and inverters.

Demand for InTiCa Systems' products for the photovoltaics industry, for example inductive components and mechatronic assemblies, is therefore set to remain significant in 2023. In the area of e-solutions for industrial electronics, InTiCa Systems is concentrating particularly on applications for inverters, smart metering, energy storage systems and electric charging systems. The effective use of product and process expertise is driving the company forward on the global market.

The boundaries between Industry & Infrastructure and Automotive are becoming increasingly blurred. For example, EMC technology for charging infrastructure and vehicles is becoming more important in both segments and orders in the Automotive segment are already leading to enquiries for stationary energy storage solutions. The focus on identifying synergies between the segments therefore remains one of the Group's strategic objectives. InTiCa Systems can rely on sound expertise to enable it to develop solutions that can be transferred to specific customer requirements.

This year, the focus in the Industry & Infrastructure segment is on assemblies for charging systems and all areas of power electronics. For example, new orders have been acquired in the field of charging infrastructure. These are expected to start generating sales in the second half of 2023. Moreover, samples of the innovative products developed for a new customer in 2022 have already been presented to other companies. Negotiations are also taking place for follow-on orders for power electronics. Therefore, we are continuing to invest in production facilities for products for charging infrastructure. Following on from the success of the initial optimization of production workflows for power electronics, a second phase is planned for 2023. In addition, a further production line is to be installed in Mexico. The overall goal is to continue the success achieved with development and series orders in 2023 to further reduce the present dependence on individual customers.

Taking into account the particular challenges and the withdrawal of a product by a major customer, the Board of Directors expects this segment to report sales of between EUR 20 million and EUR 25 million in 2023.

[5] ZVEI Konjunkturbarometer March 2023: https://www.zvei.org/fileadmin/user_upload/Presse_und_Medien/Publikationen/2023/Maerz/ZVEI-Konjunkturbarometer_Maerz_2023/ZVEI-Konjunkturbarometer-Maerz-2023.pdf
ZVEI Geschäftsklima February 2023: https://www.zvei.org/fileadmin/user_upload/Presse_und_Medien/Publikationen/Regelmaessige_Publikationen/Geschaeftsklima/Geschaeftsklima_Februar_2023_V2.pdf
ifo PR from March 30, 2023: https://www.ifo.de/pressemitteilung/2023-03-30/materialengpaesse-der-industrie-gehen-zurueck
VDA PR from Feb. 06, 2023: https://www.vda.de/de/presse/Pressemeldungen/2023/230206_PM_Deutscher_Elektro-Pkw-Markt_2023_-VDA_erwartet_R-ckgang

6.2 Order situation

At the end of the first quarter of 2023 orders on hand were below the strong prior-year level at EUR 96.2 million (March 31, 2022: EUR 105.1 million). 78% of orders were for the Automotive segment (Q1 2022: 81%). So far this year, order offtake has been more volatile than in the comparable period of 2022. Moreover, it is subject to some uncertainty as it is difficult to predict how the geopolitical and economic situation (e.g. the war in Ukraine, availability of materials) will develop. At present, conclusive estimates of the extent of order offtake by customers in the remainder of the year are not possible.

6.3 Earnings, asset and financial position

The macroeconomic environment remains uncertain. There is currently no sign of end to the war in Ukraine and the geopolitical tension between China and the USA is increasing. Moreover, inflation remains high and the global price trend for raw materials and semi-finished products is still very difficult. As a result, the volatile call-off patterns observed at the end of last year continued in the first quarter. The site in Mexico is particularly affected by the reduction in orders for the Chinese market reported by American and European producers. Furthermore, in Germany a change in subsidies for electric cars has resulted in uncertainty about order patterns for hybrid vehicles.

In view of this, 2023 got off to a difficult start for InTiCa Systems. In some cases, sales were well below the levels originally forecast by customers. In particular, the start-up phase for a high-volume product went far faster than had been anticipated. According to the preliminary figures, Group sales were EUR 23.7 million in the first three months of 2023 (Q1 2022: EUR 26.9 million). On the earnings side, EBIT is expected to come in at around EUR 0.6 million in the first quarter of 2023 (Q1 2022: EUR 1.0 million). The Automotive segment will remain the most important element in InTiCa Systems' business activities in 2023, but the significance of the Industry & Infrastructure segment will increase continuously. This also applies, in particular, for the Mexico site. Product innovations in the field of e-solutions and further internationalization should open the door to new markets in both segments.

Irrespective of the challenges within the current environment, the electrification of key areas of the economy is still a key growth driver for InTiCa Systems. Demand for its development expertise remains high and, in both segments, a significant proportion of new orders are for new e-solutions products. The company has recently secured new orders for charging points and stator systems, which will start to generate sales in the second half of 2023 or in 2024. In Mexico, 2023 sees the start of a substantial order for an American manufacturer of electric cars, which should lead to further orders – the initial samples delivered were a success. Rising local orders for the NAFTA market and the visible synergies between the two segments underscore two key elements of InTiCa Systems' corporate strategy. Overall, InTiCa Systems SE therefore remains well positioned to participate in the high demand for innovative e-solutions.

At present, the Board of Directors assumes for 2023 that, taking into account an ongoing high uncertainty, Group sales will be relatively stable at EUR 85.0 million to EUR 100.0 million, while the EBIT margin will be between 2.5% and 3.5%. Where possible, the material cost ratio should be optimized further in both segments and the equity ratio should remain stable. The assumptions underlying the forecast for 2023 are that the coronavirus pandemic will continue to decline worldwide, the war in Ukraine will not escalate further and there will not be a sustained recession. Unforeseeable negative effects could affect suppliers, have a direct impact on InTiCa Systems, or affect its customers, resulting in an inability to meet expectations.

Passau, April 27, 2023

The Board of Directors

Dr. Gregor Wasle
Chairman of the Board of Directors

Günther Kneidinger
Member of the Board of Directors

Quality and precision

PROCESS TECHNOLOGY

GROUP
Consolidated Financial Statements

Performance that connects

Clean and lean

Consolidated Balance Sheet

of InTiCa Systems in accordance with IFRS
as at December 31, 2022

Assets

	Note	Dec. 31, 2022 EUR ´000	Dec. 31, 2021 EUR ´000
Non-current assets			
Intangible assets	14	4,352	3,746
Property, plant and equipment	13.1	26,850	22,766
Deferred taxes	10.3	1,791	1,601
Total non-current assets		**32,993**	**28,113**
Current Assets			
Inventories	17	17,145	18,120
Trade receivables	18	9,596	7,939
Tax assets	10.2	497	4
Other financial assets	16.1	642	804
Other current receivables	16.2	1,310	1,499
Cash and cash equivalents	31	3,235	1,941
Total current assets		**32,425**	**30,307**
Total assets		**65,418**	**58,420**

Equity and liabilities

	Note	Dec. 31, 2022 EUR ´000	Dec. 31, 2021 EUR ´000
Equity			
Capital Stock	19	4,287	4,287
Treasury Stock	19	-64	-64
General capital reserve	20	15,389	15,389
Profit reserve	21	2,530	915
Currency translation reserve	22	-173	-867
Total equity		**21,969**	**19,660**
Non-current liabilities			
Financial liabilities	23	12,740	9,873
Other financial liabilities	29.2; 33	2,829	3,602
Deferred taxes	10.3	1,798	1,917
Total non-current liabilities		**17,367**	**15,392**
Current liabilities			
Other current liabilities	24	2,371	2,208
Tax liabilities		538	662
Financial liabilities	23	12,366	10,879
Trade payables	25; 29.2	7,625	6,307
Other financial liabilities	26; 29.2	1,716	1,560
Other current liabilities	27	1,466	1,752
Total current liabilities		**26,082**	**23,368**
Total equity and liabilities		**65,418**	**58,420**
Equity ratio		33.6%	33.7%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

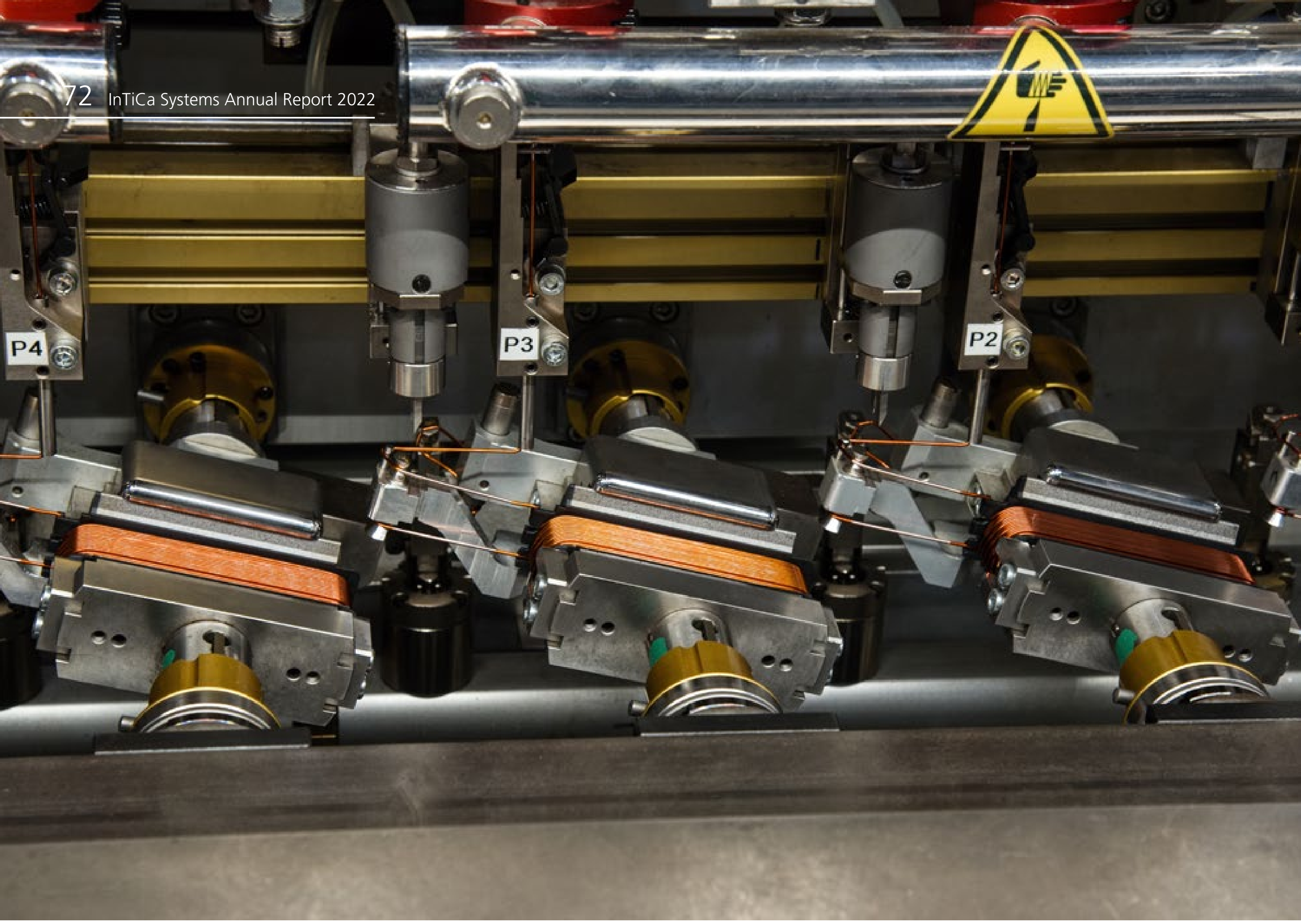
of InTiCa Systems in accordance with IFRS
for the period from January 1 to December 31, 2022

	Note	Fiscal year EUR ´000	Previous year EUR ´000
Sales	5; 6.2	**90,739**	**95,735**
Other operating income	7	3,299	2,427
Change in finished goods and work in process	17	1,009	1,252
Other own work capitalized		979	823
Raw materials and supplies		57,905	62,271
Personnel expense	11.3	17,442	15,104
Depreciation and amortization	11.1; 13.1; 14	6,025	5,880
Other expenses	7	12,309	13,586
Operating profit (EBIT)		**2,345**	**3,396**
Cost of financing	9	621	561
Other financial income	8	0	0
Pre-tax profit/loss		**1,724**	**2,835**
Income taxes	10.1	109	873
Consolidated net profit/loss		**1,615**	**1,962**
Other comprehensive income, after taxes			
Items that will subsequently be reclassified to profit or loss if specific conditions are met:			
Exchange differences from the translation of foreign operations	22	694	810
Other comprehensive income, after taxes		**694**	**810**
Total comprehensive income		**2,309**	**2,772**
Earnings per share (diluted/basic in EUR)	12	0.38	0.46

Consolidated Cash Flow Statement

of InTiCa Systems in accordance with IFRS/IAS
for the period from January 1 to December 31, 2022

	Note	Fiscal year EUR ´000	Previous year EUR ´000
Cash flow from operating activities			
Consolidated net income/loss for the period		1,615	1,962
Income tax expense recognised in income	10.1	109	873
Cash outflow for borrowing costs	9	621	561
Income from financial investments recognized in income	8	0	0
Depreciation and amortization of non-current assets	11.1	6,025	5,880
Non-cash transactions		-217	46
Increase/decrease in assets not attributable to financing or investing activities			
Inventories	17	974	-6,433
Trade receivables	18	-1,657	311
Other assets		352	479
Increase/decrease in liabilities not attributable to financing or investing activities			
Provisions	24	163	175
Trade payables	29.2	1,318	-258
Other liabilities		-272	372
Cash and cash equivalents from operating activities		**9,031**	**3,968**
Income tax receipts/payments		-992	-532
Cash outflow for interest payments		-619	-561
Net cash flow from operating activities		**7,420**	**2,875**
Cash flow from investing activities			
Interest income		0	0
Cash inflow from the disposal of property, plant and equipment		16	29
Cash outflow for intangible assets	14	-1,814	-1,131
Cash outflow for property, plant and equipment	13.1; 33	-7,666	-2,605
Cash outflow for a long-term receivable	16.1	0	0
Net cash flow from investing activities		**-9,464**	**-3,707**
Cash flow from financing activities			
Cash inflow from loans		8,630	0
Cash outflow for loan repayment installments		-4,134	-3,100
Repayments from the redemption of finance leases	33; 34	-1,114	-982
Net cash flow from financing activities		**3,382**	**-4,082**
Total cash flow		1,338	-4,914
Cash and cash equivalents at start of period	31	-5,238	-285
Impact of changes in exchange rates on cash and cash equivalents held in foreign currencies		100	-39
Cash and cash equivalents at end of period	31	-3,800	-5,238



Stator coils

for hybrid technology

Consolidated Statement of Changes in Equity

for InTiCa Systems according with IFRS
for the period from January 1, 2021 to December 31, 2022

	Capital stock EUR ´000	Treasury stock EUR ´000	Capital reserve EUR ´000	Profit reserve EUR ´000	Currency translation reserve EUR ´000	Total equity EUR ´000
Note	19	19	20	21	22	29.1
As at January 1, 2021	4,287	-64	15,389	-1,047	-1,677	16,888
Consolidated net income 2021	0	0	0	1,962	0	1,962
Other comprehensive income, after taxes	0	0	0	0	810	810
Total comprehensive income 2021	0	0	0	1,962	810	2,772
As at December 31, 2021	4,287	-64	15,389	915	-867	19,660
As at January 1, 2022	4,287	-64	15,389	915	-867	19,660
Consolidated net income 2022	0	0	0	1,615	0	1,615
Other comprehensive income, after taxes	0	0	0	0	694	694
Total comprehensive income 2022	0	0	0	1,615	694	2,309
As at December 31, 2022	4,287	-64	15,389	2,530	-173	21,969

NOTES

Notes to the Consolidated Financial Statements of InTiCa Systems SE for fiscal 2022

1. General information

InTiCa Systems AG was established on August 16, 2000. The change of legal form to InTiCa Systems SE was completed on March 10, 2023 and thus became formally effective. The company is registered in the Commercial Register at the District Court of Passau (HRB 12097). The company has been listed in the Prime Standard on the Frankfurt stock exchange since November 8, 2004 (ISIN DE0005874846, ticker symbol IS7).

The company's registered office is in Passau, Germany. Its address is InTiCa Systems SE, Spitalhofstrasse 94, 94032 Passau, Germany. The company has stakes in a company in the Czech Republic, a company in Mexico and a company in Ukraine. The principal activities of the company and its subsidiaries are described in Note 6 "Segment information" and Note 15 "Subsidiaries".

2. Application of new and amended standards

2.1 Standards, interpretations and amendments to standards and interpretations that were applied for the first time in the reporting period

The following standards, amendments to standards and interpretations were applied for the first time in the reporting period:

Initial application in the reporting period

Standard	Title
Amendments to IFRS 1, IFRS 9, IFRS 16 and IFRS 41	Annual Improvements to IFRSs (2018-2020 cycle)
Amendments to IAS 16	Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to IFRS 3	References to the Conceptual Framework 2018

These changes did not have a material effect on the present consolidated financial statements.

2.2 New and revised standards and interpretations published but not yet applied

» New and amended standards and interpretations that have been endorsed by the EU

The following new and amended standards and interpretations have been endorsed by the EU and are applicable for financial years beginning on or after January 1, 2023:

New and amended standards and interpretations endorsed by the EU for financial years beginning on or after January 1, 2023

Standard	Title	Mandatory application for financial years beginning on or after
IFRS 17 including amendments to IFRS 17	Insurance Contracts	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023

InTiCa Systems SE will only apply the above standards from the mandatory date for initial application. Based on the analyses performed to date, they will not have a material impact on accounting and valuation in future financial years.

» New and amended standards and interpretations that have not yet been endorsed by the EU

The following changes that become effective in the coming years have not yet been endorsed by the EU:

New and amended standards and interpretations that have not yet been endorsed by the EU

Standard	Title	Mandatory application for financial years beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current and Non-current (including deferral of the effective date), and Non-current Liabilities with Covenants	January 1, 2024
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024

InTiCa Systems SE will only apply the above standards from the mandatory date for initial application. Based on the analyses performed to date, they will not have any material impact on accounting and valuation in future financial years.

3. Principal accounting policies and valuation methods

3.1 Declaration of conformance

The consolidated financial statements have been prepared in conformance with the International Financial Reporting Standards, as applicable for use in the European Union, and the supplementary commercial law provisions in accordance with sec. 315a paragraph 1 of the German Commercial Code (HGB).

3.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements have been drawn up on the basis of historical acquisition or production costs. Historical acquisition or production costs are generally based on the fair value of the consideration paid for the asset. The fair value is the price that could be achieved in an orderly transaction between market participants on the reporting date for the sale of an asset or that would have to be paid for the transfer of a liability. This applies irrespective whether the price is directly observable or is estimated using a valuation method. However, it does not apply for valuation methods that are similar to but do not correspond to the fair value, for example, net realizable value as per IAS 2 "Inventories" or value in use as per IAS 36 "Impairment of Assets". The principal accounting policies and valuation methods are outlined below. Where amounts are stated in thousands of euros (EUR '000) individual items or transactions may be subject to rounding differences of +/-1.

3.3 Principles of consolidation

The consolidated financial statements comprise the financial statements of the parent company and any business entities under its control. Control exists when the parent company can exercise power over its subsidiaries, obtains variable returns from its shareholding and can influence such returns through its power over the entity. The financial statements of all consolidated companies are prepared as of the closing date for the consolidated financial statements.

Where necessary, the annual financial statements of subsidiaries are adapted to the accounting policies and valuation methods used at Group level.

All intragroup business transactions, balances, profits and losses are fully eliminated in the consolidation process.

3.4 Business combinations

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

3.5 Revenue recognition

The Group generates revenue in the following areas (see also 6.5):

- The sale of small-signal electronics
- The sale of power electronics
- The sale of mechatronic components and systems
- Other (especially the sale of tools and materials)

Sales are measured at the amount of the consideration that the Group expects to receive from a contract with a customer. The Group recognizes revenue when control of the product or service is transferred to the customer. Revenue from the sale of goods therefore has to be recognized when the goods are delivered to the customer. Delivery has taken place when the goods have been shipped to the customer, the risks of obsolescence and loss have been transferred to the customer, and the customer has either accepted the goods in accordance with the contract of sale, the acceptance date has lapsed, or the Group has objective evidence that all acceptance criteria have been fulfilled. The criteria for recognizing revenue from the goods for the period is not met because there is no enforceable claim to payment for the service rendered or an alternative for the service rendered or an alternative possibility of use exists prior to delivery. The production process of the individual goods is restricted to a short period of time, and the goods produced are delivered shortly after receipt of the customer order.

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

3.6 Leases

A lease is a contract that conveys the right to use an asset (right-of-use asset) for a period of time in exchange for consideration. Until December 31, 2018, an agreement was classified as a lease if the lessor transferred the right to use an asset to the lessee for a specific period of time in return for contractually agreed payments. Under IAS 17, the economic ownership of the leased asset was only attributed to the lessee if all material risks and rewards incidental to ownership of the leased asset were borne by the lessee.

Since January 1, 2019, InTiCa Systems has accounted for leases where it is the lessee by recognizing the right-of-use assets and liabilities for the associated payment obligations (lease liabilities). The right-of-use asset is measured at the present value of the future lease payments and subsequently depreciated over the useful life of the underlying asset or the lease term. The lease liability is measured at the present value of the lease payments to be made over the term of the lease. For subsequent recognition, the carrying amount is increased by the applicable borrowing rate and reduced by lease payments made. The lease payments of the InTiCa Group are discounted using the lessee's incremental borrowing rate.

The Group made use of the following practical expedients when applying IFRS 16 to leases that were classified as operating leases under IAS 17:

- for leases where the lease term ends within 12 months of the date of initial application, the Group has not recognized either right-of-use assets or lease liabilities;
- for leases where the underlying asset is of low value (< EUR 5 thousand), the Group has not recognized either right-of-use assets or lease liabilities;
- in the measurement of the right-of-use asset at the date of initial application, the Group did not take account of the initial direct costs; and
- the Group determined the lease term retrospectively.

The right-of-use assets are measured at cost of acquisition, which is comprised of the following items (as applicable):

- the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs
- dismantling obligations

The right-of-use assets are subsequently measured net of depreciation, which is calculated using the straight-line basis. The depreciation period in the Group is 3-10 years.

The lease liabilities comprise the following lease payments (as applicable):

- fixed payments less any lease incentives receivable
- variable lease payments that depend on an index or interest rate
- amounts expected to be payable under residual value guarantees
- extension or termination options
- the exercise price of a purchase option if exercise is considered reasonably certain
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

For further information on the effects on the Group, please see Note 33.

3.7 Foreign currencies

When preparing the financial statements for each individual Group company, business transactions in currencies other than the functional currency of that company (foreign currencies) are translated at the exchange rates applicable on the transaction date. On each reporting date, monetary items in foreign currencies are translated at the applicable exchange rate on the reporting date. Non-monetary foreign currency items that are recognized at fair value are translated at the exchange rates that were valid on the date on which the fair value was calculated. Non-monetary items that are recognized at the cost of acquisition or production are translated at the exchange rate on the date on which they are first included in the financial statements.

Translation differences arising from monetary items, including those relating to independent foreign subsidiaries, are recognized in profit or loss in the period in which they occur. This does not apply to translation differences relating to receivables or payables from/to a foreign business operation where fulfilment is neither planned nor probable (and that are consequently part of a net investment in the foreign business operation). These are initially recognized in other comprehensive income and reclassified from equity to profit or loss in the event of divestment.

When preparing the consolidated financial statements, the assets and liabilities of the Group's foreign business operations are translated into euros (EUR) at the exchange rate applicable on the reporting date. Income and expenses are translated using the average exchange rate for the fiscal year. If a foreign business operation is divested, all accumulated translation differences from this business operation that are attributable to the Group are reclassified to profit or loss.

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

Country	Closing rates		Average rates	
	2022	2021	2022	2021
	EUR 1/	EUR 1/	EUR 1/	EUR 1/
Czech Republic	CZK 24.565	CZK 24.860	CZK 24.115	CZK 25.645
USA	USD 1.0676	USD 1.132	USD 1.0682	USD 1.183
Mexico	MXN 20.652	MXN 23.409	MXN 21.279	MXN 24.066
Ukraine	UAH 38.951	UAH 30.923	UAH 33.995	UAH 32.301

3.8 Taxation

Income tax expense represents the sum of current tax expense and deferred taxes.

» Current taxes

Current taxes are determined on the basis of taxable income for the year. Taxable income differs from the net profit shown in the consolidated statement of profit and loss due to income and expenses that will be taxable or tax-deductible in future periods or will never be taxable or tax-deductible. The Group's current tax liability is calculated on the basis of tax rates applicable on the reporting date or which will become applicable shortly after the reporting date.

» Deferred taxes

Deferred taxes are recognized for the differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding valuation used to calculate taxable income for the fiscal authorities. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized if it is probable that sufficient taxable profit will be available to utilize the tax-deductible temporary differences. Such deferred tax assets and liabilities are not recognized if the temporary differences relating to the initial recognition of assets or liabilities result from events that do not affect taxable income or the net profit.

The carrying amount of deferred taxes is tested annually as of the reporting date and an impairment write-down is recognized if it is no longer probable that sufficient taxable income will be available to realize the asset either in full or partially. Deferred tax assets and liabilities are calculated on the basis of the anticipated tax rates (and tax legislation) that are expected to be applicable at the date of performance of the liability or realization of the asset. The valuation of deferred tax assets and liabilities reflects the tax implications that would arise if the liability were to be settled or the asset realized in the manner expected by the Group as of the reporting date.

» Current and deferred taxes for the reporting period

Current and deferred taxes are recognized in profit or loss unless they relate to items recognized either in other comprehensive income or directly in equity. In such cases, the current and deferred taxes are also recognized in other comprehensive income or in equity.

3.9 Earnings per share

Basic earnings per share are calculated by dividing the proportion of the earnings attributable to shareholders by the average number of shares outstanding in the financial year, excluding treasury stock held by the company itself.

3.10 Property, plant and equipment

Property, plant and equipment are recognized at acquisition or production cost – excluding ongoing maintenance expenses – less accumulated depreciation and accumulated impairment write-downs. These costs include the costs of replacing parts of such assets at the time when such costs are incurred, providing that the recognition criteria are met.

The procurement process for machinery and tools normally takes a maximum of 6 months so this does not give rise to any qualifying assets that would require capitalization of borrowing costs.

The carrying amounts of the property, plant and equipment are tested for impairment as soon as there are indications that they may exceed the recoverable amount.

Property, plant and equipment are derecognized at the date of disposal or written down to the lower recoverable amount if no further economic benefit is expected from the continued use or sale of the asset. Gains or losses resulting from derecognition of the asset are calculated from the difference between the net proceeds from the sale of the asset and its carrying amount and recognized in the statement of profit or loss for the period in which the asset is derecognized.

The residual values of assets, their useful lives and the depreciation method are reviewed at the end of each fiscal year and adjusted where necessary.

Assets are depreciated over the following useful lives using the straight-line method:

- Equipment, plant and office buildings — 10 - 30 years
- Technical facilities and machines — 5 - 8 years
- Vehicles, other facilities, furniture and office equipment — 3 - 14 years

Land is not depreciated. The costs of major overhauls are included in the carrying amount of the asset providing that the recognition criteria are met.

3.11 Intangible assets

» Intangible assets acquired separately

Intangible assets acquired separately are recognized at acquisition cost less accumulated amortization and impairment write-downs. They are amortized over their expected useful life using the straight-line method and amortization is charged to income. The expected useful life of intangible assets and the amortization method are reviewed at the end of each fiscal year and any revised estimates are recognized prospectively. The useful lives of intangible assets vary between 3 and 5 years.

» *Self-created intangible assets – research and development expenses*

Research costs are expensed in the period in which they are incurred.

Self-created intangible assets resulting from development work are expensed if, and only if, it can be demonstrated that all the following criteria are met:

- completion of the intangible asset so that it will be available for use is technically feasible
- the company intends to complete and use the intangible asset
- the company has the ability to use the asset
- the way in which the intangible asset can be used to generate probable future economic benefits can be demonstrated
- adequate technical, financial and other resources are available to complete the development work and use the intangible asset
- the expenditure attributable to the intangible asset during its development can be measured reliably.

The amount initially capitalized for a self-created intangible asset is the expense incurred from the date on which the intangible asset fulfills these conditions. If a self-created intangible asset cannot be capitalized, the development costs are expensed in the period in which they are incurred.

Normally, the production process takes place in such a limited period that there is no justification for capitalizing borrowing costs since the uninterrupted development period is less than 12 months.

In our opinion, there are no qualifying intangible assets as defined in IAS 23.7.

In subsequent periods, self-created intangible assets are carried at cost less accumulated amortization and impairment write-downs in the same way as intangible assets acquired separately. The useful life varies between 3 and 6 years and amortization is recognized using the straight-line method.

Intangible assets are derecognized at the date of disposal or written down to the lower recoverable amount if no further economic benefit is expected from their continued use. The profit or loss resulting from the derecognition of an intangible asset, valued as the difference between the net proceeds and the carrying amount of the asset, is recognized as of the date of derecognition of the asset.

3.12 Impairment of property, plant and equipment and intangible assets

The Group tests the carrying amounts of property, plant and equipment and intangible assets for indications of impairment as of every reporting date. If such indications are identified, the recoverable amount of the asset is estimated to establish the scope of the potential impairment write-down. If it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is estimated for the cash generating unit to which the asset belongs. If an appropriate and stable basis can be determined for allocation, shared assets are allocated among the cash generating units. If this is not possible, they are allocated to the smallest group of cash generating units for which an appropriate and stable allocation basis can be determined.

Self-created intangible assets, including those that are not yet available for use, are tested for impairment at least once a year or if there are indications of possible impairment.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. To determine the value in use, the estimated future cash inflows are discounted using the pre-tax discount rate. The pre-tax discount rate takes account of the present market assessment of the time value of money and the risks inherent in the asset, insofar as this is not already been taken into account in the estimates of future cash flows.

If the estimated recoverable amount of an asset is below its carrying amount, the carrying amount is written down to the recoverable amount. The impairment write-down is immediately recognized in income. If an impairment write-down is subsequently reversed, the carrying amount of the asset is increased to the new estimate of its recoverable amount. However, the carrying amount may not exceed the carrying amount of the assets if they had not been impaired in previous years. The reversal is recognized directly in income.

3.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset until completion of substantially all activities necessary to prepare it for use or sale. Qualifying assets are assets that necessarily take a substantial period of time to prepare for their intended use or sale.

The Group regards a period of more than 12 months as a substantial period of time.

Income earned from the interim investment of funds borrowed until they are spent on the qualifying asset is deducted from the capitalized borrowing costs.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

3.14 Inventories

Inventories are carried at the lower of cost of acquisition or production cost and net realizable value. The cost of acquisition or production of inventories is measured using the FIFO (First-In First-Out method).

The net realizable value is the estimated price that can be obtained in normal business conditions less the estimated production and selling expenses.

Write-downs are made for obsolete and slow-moving inventories. If the reasons for the write-downs are no longer applicable, a corresponding write-up is recognized.

3.15 Provisions

Provisions are established for all legal and substantive liabilities to third parties as of the balance sheet date, where these relate to past events that will probably lead to an outflow of resources in the future and a reliable estimate can be made of the level of such outflows. They represent uncertain liabilities that are determined on the basis of the best estimate. Provisions with a term of more than one year are discounted using market interest rates that reflect the risk and period until performance.

3.16 Financial assets

Financial assets are recognized when a company in the Group becomes a counterparty to the financial instrument.

Trade receivables are initially recognized at the transaction price and subsequently measured at amortized cost after deduction of impairment losses.

As specified in IFRS 15 "Revenue from Contracts with Customers", the transaction price is the amount of consideration to which the entity expects to be entitled in exchange for delivery of the goods or provision of the services to the customer, excluding amounts collected on behalf of third parties.

To determine the impairment write-downs for trade receivables, the Group uniformly applies the simplified approach of determining the lifetime expected credit losses on the receivables in accordance with IFRS 9 "Financial Instruments". For this purpose, trade receivables are aggregated in suitable groups with common credit risk attributes. The expected credit losses are calculated with the aid of a matrix, which shows the age structure of the receivables and reflects the probability of default of individual maturity bands for receivables on the basis of past credit losses and future-oriented factors. The probability of default expressed as a percentage is reviewed regularly to check that it is still applicable. Insofar as there are objective indications of a reduction in creditworthiness in respect of trade receivables relating to a specific customer, a more detailed analysis of the customer's specific credit risk is performed and an individual impairment write-down is recognized for the trade receivables from this specific customer. If there is credit insurance, this is taken into account in the amount of the impairment write-down.

With the exception of the financial derivatives specified below, other assets are initially measured at fair value taking into account transaction costs and subsequently measured at amortized cost, after deduction of impairment losses.

Financial derivatives that are not designated as part of a hedging relationship are initially recognized at fair value through profit or loss (FVTPL). Financial assets in this category are also measured at fair value at the end of every reporting period and any gains and/or losses resulting from changes in the fair value are recognized in profit or loss, except if they are part of a designated hedging relationship. The profit and/or loss on the financial asset is recognized in the statement of comprehensive income in "other operating income" or "other operating expenses". The procedures used to determine fair value are outlined in Note 29.2.

The classification of other financial assets is based on the business model used to manage the financial assets and the cash flows from the financial assets. In the Group, financial assets are held exclusively within a business model whose objective is to hold them until maturity in order to collect the contractual cash flows. Consequently, other financial assets, apart from the financial derivatives outlined above, are normally measured at amortized cost. The "trading" business model and the category "at fair value through other comprehensive income" (FVTOCI) are not used.

Financial assets are recognized and derecognized on the trade date if they are financial instruments that are delivered within the standard period for the relevant market.

All recognized financial assets are subsequently measured in their entirety either at amortized cost or at fair value, depending on the classification of the financial assets set out above.

3.17 Financial liabilities

Financial liabilities are measured at cost of acquisition, taking transaction costs into account, and subsequently measured at amortized cost. Non-interest-bearing and low-interest liabilities with terms of at least one year are measured at present value on the basis of a market-oriented discount rate and interest is recognized until the repayment amount is due. For information on the recognition of financial liabilities from leases, see Note 3.6.

The Group does not use the categories "at fair value through profit or loss" (FVTPL) or "at fair value through other comprehensive income" (FVTOCI) for financial liabilities.

Current financial liabilities also contain the portion of non-current loans and lease liabilities that is due within at most one year.

3.18 Security provided

The Group has provided security for liabilities to banks through blanket assignments (see Note 18) and machinery in Prachatice (see Note 13). In the light of the present economic trend, utilization of this security is not deemed to be probable.

3.19 Cash and balances on bank accounts

These are measured at amortized cost. They comprise cash, bank balances that can be withdrawn at any time, and other highly liquid current financial assets with a maturity of maximum three months as of the date of acquisition.

Cash and balances on bank accounts are subject to the impairment rules of IFRS 9 "Financial Instruments". The Board of Directors monitors the credit risk of these financial instruments in the light of the economic situation and the external credit risk of other financial institutions. The credit risk is classified as immaterial due to their short maturities and credit rating.

3.20 Financial derivatives

» Derivatives concluded

The Group uses derivative financial instruments to manage its exchange rate risk (currency forwards). Derivatives are initially measured at fair value at the date of conclusion of the contract. Subsequently, they are measured at fair value as of every reporting date. The gain or loss resulting from measurement is recognized immediately in profit or loss, unless the derivative is designated as a hedging instrument in a hedging relationship and is effective.

A derivative with a positive fair value is recognized as a financial asset, while a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the consolidated balance sheet, unless the Group has both a legally enforceable right and the intention to offset them. The impact on the assets, financial position and results of operations is outlined in Notes 7 and 29.2. A derivative is presented as a non-current asset or a non-current liability if the remaining term of the financial instrument is more than 12 months and it is not expected to realized or closed out in this period. The remaining derivatives are recognized as current assets or current liabilities.

» Accounting for hedging relationships

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

In these cases, the hedging relationship between the hedged item and the hedging instrument, including the risk management objectives and the underlying hedging strategy, are documented at the start of the hedging relationship. Further, the effectiveness of the designated hedging instrument in offsetting changes in the cash flows from the hedged item, based on the hedged risk, is documented both at the start of the hedging relationship and during the hedging relationship. The hedging relationship is effective if it meets all of the following effectiveness criteria:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

The effective portion of the changes in the fair value of derivatives and other qualifying hedging instruments that are suitable for hedging cash flows and are designated as cash flow hedges is recognized in other comprehensive income. Amounts that were previously recognized in other comprehensive income and accumulated in equity are reclassified to the statement of profit and loss in the periods in which the hedged item affects the statement of profit and loss; they are reclassified to the same profit and loss items as the hedged item.

As of the reporting date, December 31, 2022, there were no derivatives designated as hedging instruments.

3.21 Government grants

Government grants are not recognized until it is sufficiently certain that the Group will meet the related conditions and the grants will actually be made.

Government grants are recognized in the consolidated statement of profit and loss in the periods in which the Group recognizes the expenses that the grants are designed to offset. Government grants that compensate for expenses or losses already incurred or that constitute immediate financial support without any related expense in the future are recognized in the statement of profit and loss in the period in which the related claim arises.

4. Principal sources of estimation uncertainty

In the application of the accounting policies outlined in Note 3, the Board of Directors is required to assess facts, draw up estimates and make assumptions relating to the carrying amount of assets and liabilities where these cannot be obtained from other sources. Such estimates and the underlying assumptions are based on past experience and other factors deemed to be of relevance. The actual values may differ from the estimates.

The assumptions underlying such estimates are reviewed regularly. Where changes to such estimates only affect one period, they are recognized for this period only. If the change relates to the present and subsequent reporting periods, they are reflected in the present and following periods.

» Principal sources of estimation uncertainty

This section outlines the main future-oriented assumptions and other major sources of estimation uncertainty as of the balance sheet date, insofar as they involve a material risk that a substantial adjustment might have to be made to the valuation of assets and liabilities within the following fiscal year.

» Self-created intangible assets

The Board of Directors decides on the basis of the progress of the project whether the criteria for recognition set out in IAS 38 are fulfilled. The cost of production is determined on the basis of the wage costs of the employees involved, separate lists of materials and general overhead allocations. Borrowing costs are not included because customer requirements mean that the production process normally takes less than 12 months.

During the fiscal year, the Board of Directors once again tested intangible assets produced by the Group's development department for impairment. The self-created intangible assets were carried in the consolidated balance sheet at EUR 3.2 million as of December 31, 2022 (2021: EUR 3.4 million).

Overall, projects proceeded satisfactorily and customer resonance has also confirmed previous estimates made by the management of the expected future revenues. On the basis of a sensitivity analysis, the Board of Directors has come to the conclusion that the carrying amounts of assets will be realized in full, despite the possibility of lower revenues. Adjustments will be made in subsequent fiscal years if the future market situation/demand from customers suggests that such adjustments are necessary. For information on impairment write-downs on intangible assets in the fiscal year, see Note 14.

» Leases - Estimating the lessee's incremental borrowing rate

The Group cannot readily determine the interest rate implicit in lease. It therefore measures lease liabilities using the incremental borrowing rate. This is the rate of interest that the Group would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the incremental borrowing rate using observable inputs, where such inputs are available, and also has to make certain company-specific estimates.

» Taxes

Taxes are determined on the basis of the applicable local tax laws and the associated administrative practices. In view of their complexity, there is a possibility of different interpretations by the taxpayer and the fiscal authorities. Different interpretations of tax laws can result in retrospective tax payments for past years. These are included in the assessment on the basis of estimates by the Board of Directors.

Recognition of deferred taxes, especially for tax loss carryforwards, requires estimates and assumptions about future tax planning strategies, and the timing and level of future taxable income. For this purpose, taxable income is estimated from the relevant planning data. This takes into account past earnings and expected future business trends. When companies make a loss, deferred tax assets can only be recognized for loss carryforwards if it can be assumed that there is a high probability that future positive earnings will be generated in the future to allow utilization of the tax loss carryforwards.

5. Sales

The table shows the Group's sales split:

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Revenues from trading	2,597	4,460
Revenues from production	88,142	91,275
Total revenues from the sale of goods	90,739	95,735

Revenues from trading relate to goods where little or no processing was undertaken. In contrast, revenues from production comprise the sale of goods that have undergone a material production process.

6. Segment information

6.1 Products that generate revenues for the reportable segments

Under IFRS 8, business segments are defined on the basis of internal reporting to the company's chief operating decision maker in order to allocate resources between the segments and assess their profitability. The information reported to the Board of Directors as the responsible management body for the purpose of allocating resources among the company's business segments and assessing their profitability normally relates to the type of goods produced. The production sites are in Prachatice (Czech Republic) and Silao (Mexico).

» Automotive

The Automotive segment develops, designs and produces systems and solutions for sensor technology, electronic controls and network topologies. Most products are manufactured entirely by the Group, with production operations spanning plastics processing, coils, soldering, welding, testing, casting and assembly. This segment's customers are suppliers to all well-known automotive brands.

» Industry & Infrastructure

InTiCa Systems' Industry & Infrastructure segment specializes in developing and manufacturing high-quality, custom-tailored inductive components, mechatronic modules and system solutions for regenerative energy sources (solar power), and automation and drive technology. In addition, this segment includes products for transmission technology and high-frequency engineering and cable applications.

6.2 Segment sales and segment result

The accounting and valuation methods used by the reportable segments are identical to those used by the Group as outlined in Note 3. The segment result shows each segment's EBIT. EBIT is reported to the company's chief operating decision maker as a basis for decisions on the allocation of resources to each segment and for assessing its profitability.

	Segment sales		Segment result	
	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Automotive	68,705	72,017	1,599	1,926
Industry & Infrastructure	22,034	23,718	746	1,470
Total	**90,739**	**95,735**	**2,345**	**3,396**
Income and expenses relating to assets not allocated to any segment			0	0
Financial result			**-621**	**-561**
Income before taxes			1,724	2,835

The sales revenues presented above comprise revenues from transactions with external customers. There were no intersegment transactions (2021: none).

6.3 Segment assets and liabilities

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Automotive	47,193	40,172
Industry & Infrastructure	10,750	12,399
Total	**57,943**	**52,571**
Assets not allocated to any segment	7,475	5,849
Total consolidated assets	**65,418**	**58,420**

For the purpose of monitoring profitability and allocating resources between the segments, the company's chief operating decision maker monitors the tangible, intangible and financial assets allocated to each segment. Assets are allocated to the segments, with the exception of the following items:

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Cash and cash equivalents	3,235	1,941
Other current receivables	1,310	1,499
Other financial assets	642	804
Tax receivables	497	5
Deferred taxes	1,791	1,600
Total	**7,475**	**5,849**

Liabilities are not allocated among the segments.

6.4 Other segment information

	Depreciation, amortization and impairment write-downs		of which impairment write-downs	Additions to non-current assets	
	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000	Dec. 31, 2022 in EUR '000	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Automotive	4,626	4,747	36	8,728	3,254
Industry & Infrastructure	1,399	1,133	0	1,090	816
Total	**6,025**	**5,880**	**36**	**9,818**	**4,070**

The total depreciation, amortization and impairment write-downs include impairment charges of EUR 36 thousand (2021: EUR 45 thousand) on intangible assets. For information on impairment write-downs on self-created intangible assets see Note 14.

6.5 Sales generated by the principal products

The sales split between the Group's principal products is as follows:

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Small signal electronics	98	71
Power electronics	53,415	61,253
Mechatronic components and systems	30,804	26,472
Other	6,422	7,939
Total	**90,739**	**95,735**

For information on the timing of revenue recognition, please see Note 3.5.

6.6 Geographical information

The Group's principal geographical segmentation comprises Germany and other countries.

	Sales revenues from transactions with external customers		Non-current assets	
	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Germany	54,821	62,947	8,742	7,094
Other countries	35,918	32,788	22,460	19,419
thereof Serbia	6,029	5,505		
Total	**90,739**	**95,735**	**31,202**	**26,513**
Assets not allocated to any segment			1,791	1,600
Non-current assets, total			32,993	28,113

The data on sales are based on the location of the customer. Serbia is the country where the highest foreign sales revenues are generated. The data on non-current segment assets outside Germany relate to the company's production facilities in the Czech Republic and Mexico. EUR 15,898 thousand of this amount comprises assets at the site in the Czech Republic (2021: EUR 15,128 thousand).

6.7 Information on major customers

The Group's two (2021: two) largest customers accounted for around EUR 14,717 thousand (2021: EUR 21,104 thousand) and EUR 9,851 thousand (2021: EUR 11,235 thousand) of direct sales of products respectively. That was 16.2% and 10.9% of total sales (2021: 22.0% and 11.7%). These are customers of the Automotive and Industry & Infrastructure segments. In both 2022 and 2021, the other customers were broadly diversified and each accounted for an average of less than 10% of sales.

7. Other operating income and expenses

Other income	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Gains from foreign currency translation (i)	2,993	2,012
Other	306	415
Total	**3,299**	**2,427**

Other expenses	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Exchange losses	2,073	1,370
Cost of premises	806	737
Insurance premiums, contributions, levies	458	494
Vehicle expenses	185	192
Advertising costs, travel expenses	601	446
Delivery costs	1,023	1,289
Maintenance and repairs	1,030	916
Agency staff	3,794	5,745
Legal and consultancy expenses	572	513
Other operating expenses	1,767	1,884
Total	**12,309**	**13,586**

(i) This amount contains a net gain of EUR 185 thousand (2021: EUR 152 thousand) from the fair value measurement of several currency forwards, which were not designated as a hedge accounting relationship.

All other income and expenses from financial instruments relate to financial assets and liabilities measured at amortized cost, see Note 29.2.

8. Other financial income

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Interest income from balances on bank accounts	0	0
Other financial assets	0	0
Total	**0**	**0**

9. Financial expenses

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Interest on overdrafts and bank loans	498	412
Interest on obligations relating to finance leases	123	149
Total	**621**	**561**

Breakdown of expenses for financial liabilities by valuation class:

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Financial liabilities measured at amortized cost (OL)	498	412

10. Income taxes

10.1 Income taxes recognized in the statement of profit or loss

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Current tax expense	386	664
Deferred taxes	-277	209
Total	**109**	**873**

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

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Income before taxes	1,724	2,835
Theoretical tax expense	514	846
Non-deductible operating expenses at the parent company	49	9
Effects of different tax rates for subsidiaries in other jurisdictions	-280	18
Others	-174	0
Total	**109**	**873**

The tax rate used for the above reconciliation for 2022 and 2021 is the tax rate of 29.83% (2021: 29.83%) payable by companies in Germany on taxable income in accordance with the applicable tax legislation.

10.2 Current claims for tax refunds

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Current claims for tax refunds	496	4

10.3 Deferred taxes

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Deferred tax assets	1,791	1,601
Deferred tax liabilities	1,798	1,917
Total	-7	-316

2022	Initial balance in EUR '000	Recognized in profit or loss in EUR '000	Recognized in other comprehensive income in EUR '000	Recognized directly in equity in EUR '000	End balance in EUR '000
Deferred tax assets					
Property, plant and equipment	47	-38	0	0	9
Inventories	4	-4	0	0	0
Trade receivables	12	11	0	0	23
Provisions	18	4	0	0	22
Tax losses	1,520	163	0	0	1,683
Currency translation differences relating to foreign subsidiaries	0	0	0	54	54
Total	**1,601**	**136**	**0**	**54**	**1,791**
Deferred tax liabilities					
Intangible assets	1,028	-66	0	0	962
Property, plant and equipment	778	-83	0	0	695
Inventories	0	8	0	0	8
Currency translation differences relating to foreign subsidiaries	111	0	0	22	133
Total	**1,917**	**-141**	**0**	**22**	**1,798**
Total	**-316**	**277**	**0**	**32**	**-7**
2021					
Deferred tax assets					
Property, plant and equipment	25	22	0	0	47
Inventories	23	-19	0	0	4
Trade receivables	13	-1	0	0	12
Provisions	12	6	0	0	18
Tax losses	1,533	-13	0	0	1,520
Total	**1,606**	**-5**	**0**	**0**	**1,601**
Deferred tax liabilities					
Intangible assets	1,143	-115	0	0	1,028
Property, plant and equipment	459	319	0	0	778
Currency translation differences relating to foreign subsidiaries	80	0	0	31	111
Total	**1,682**	**204**	**0**	**31**	**1,917**
Total	**-76**	**-209**	**0**	**-31**	**-316**

The tax loss carryforwards to which deferred tax assets refer mainly relate to start-up losses at the Mexican subsidiary. With regard to capitalized tax assets on loss carryforwards, based on current planning, utilization is expected within 5 years and before expiration of the loss carryforwards.

10.4 Unrecognized deferred tax assets

No deferred taxes were recognized for "outside basis differences" of approximately EUR 3.7 million because the company is not planning to divest its shares in associated companies and these transactions would in any case be allocated to the tax-exempt operations.

11. Net income from continuing operations

11.1 Depreciation, amortization and impairment write-downs

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Impairment write-downs on property, plant and equipment	0	0
Depreciation of property, plant and equipment	4,814	4,560
Impairment write-downs on intangible assets	36	45
Amortization of intangible assets	1,175	1,275
Total	**6,025**	**5,880**

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

11.2 Research and development costs expensed immediately

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Research and development costs expensed in the fiscal year	1,738	1,865

11.3 Personnel-related expenses

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Wages and salaries	13,012	11,221
Social security expenses	3,397	2,937
Pension expenses	15	12
Other	1,018	934
Total	**17,442**	**15,104**

12. Earnings per share

Earnings and the weighted average number of ordinary shares used to calculate basic and diluted earnings per share are shown below:

	Dec. 31, 2022	Dec. 31, 2021
Consolidated net profit	1,615	1,962
Weighted average ordinary shares (in thousand units)	4,223	4,223
Earnings per share (in EUR)	**0.38**	**0.46**

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

13. Property, plant and equipment

13.1. Property, plant and equipment

Change in non-current assets in the period January 1, 2021 to December 31, 2022

InTiCa Systems Group

In EUR '000	Land and buildings	Technical equipment and machinery	Other facilities, furniture and office equipment	Advance payments and construction in process	Total
Cost of acquisition or production					
As at January 1, 2021	12,332	44,375	2,925	807	60,439
Additions	258	1,283	704	693	2,938
Transfers	4	232	57	-293	0
Disposals	0	-480	-316	0	-796
Translation differences	529	1,864	40	0	2,433
As at December 31, 2021 / January 1, 2022	**13,123**	**47,274**	**3,410**	**1,207**	**65,014**
Additions	254	3,061	330	4,360	8,005
Transfers	-111	604	28	-521	0
Disposals	0	-1,341	-155	0	-1,496
Translation differences	489	1,613	104	0	2,206
As at December 31, 2022	**13,755**	**51,211**	**3,717**	**5,046**	**73,729**
Depreciation					
As at January 1, 2021	4,573	30,205	2,112	0	36,890
Depreciation	897	3,167	496	0	4,560
Impairment write-downs	0	0	0	0	0
Write-ups	0	0	0	0	0
Transfers	0	0	0	0	0
Disposals	0	-470	-306	0	-776
Translation differences	177	1,367	30	0	1,574
As at December 31, 2021 / January 1, 2022	**5,647**	**34,269**	**2,332**	**0**	**42,248**
Depreciation	925	3,424	465	0	4,814
Impairment write-downs	0	0	0	0	0
Write-ups	0	0	0	0	0
Transfers	0	0	0	0	0
Disposals	0	-1,339	-155	0	-1,494
Translation differences	205	1,041	65	0	1,311
As at December 31, 2022	**6,777**	**37,395**	**2,707**	**0**	**46,879**
Balance sheet value as at December 31, 2022	**6,978**	**13,816**	**1,010**	**5,046**	**26,850**
Balance sheet value as at December 31, 2021	7,476	13,005	1,078	1,207	22,766

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

Assets pledged as security

Machinery at the Prachatice site with a carrying amount of EUR 4,105 thousand (2021: EUR 3,822 thousand) has been pledged as security for liabilities to banks.

13.2. Right-of-Use Assets

Development of right-of-use assets from January 1, 2021 to December 31, 2022

In EUR '000	Land and buildings	Technical equipment and machinery	Other facilities, furniture and office equipment	Total
Cost of acquisition or production				
As at January 1, 2021	3,366	3,263	239	6,868
Additions	103	0	231	334
Transfers	0	0	0	0
Disposals	0	0	-123	-123
Translation differences	60	0	0	60
As at December 31, 2021 / January 1, 2022	**3,529**	**3,263**	**347**	**7,139**
Additions	244	0	94	338
Transfers	0	0	0	0
Disposals	0	0	-34	-34
Translation differences	211	0	0	211
As at December 31, 2022	**3,984**	**3,263**	**407**	**7,654**
Depreciation				
As at January 1, 2021	1,010	473	117	1,600
Depreciation	570	326	108	1,004
Impairment write-downs	0	0	0	0
Write-ups	0	0	0	0
Transfers	0	0	0	0
Disposals	0	0	-113	-113
Translation differences	0	0	0	0
As at December 31, 2021 / January 1, 2022	**1,580**	**799**	**112**	**2,491**
Depreciation	579	326	127	1,031
Impairment write-downs	0	0	0	0
Write-ups	0	0	0	0
Transfers	0	0	0	0
Disposals	0	0	-34	-34
Translation differences	91	0	0	91
As at December 31, 2022	**2,249**	**1,125**	**205**	**3,580**
Balance sheet value as at December 31, 2022	**1,735**	**2,138**	**202**	**4,074**
Balance sheet value as at December 31, 2021	1,949	2,464	234	4,648

14. Intangible assets

Change in non-current assets in the period January 1, 2021 to December 31, 2022
InTiCa Systems Group

In EUR '000	Self-created intangible assets	Other intangible assets	Total
Cost of acquisition or production			
As at January 1, 2021	10,022	706	10,728
Additions	886	245	1,131
Transfers	0	0	0
Disposals	-676	0	-676
Translation differences	0	10	10
As at December 31, 2021 / January 1, 2022	**10,232**	**961**	**11,193**
Additions	935	879	1,814
Transfers	0	0	0
Disposals	-151	0	-151
Translation differences	0	13	13
As at December 31, 2022	**11,016**	**1,853**	**12,869**
Amortization			
As at January 1, 2021	6,194	602	6,796
Amortization	1,272	47	1,319
Impairment write-downs	0	0	0
Write-ups	0	0	0
Transfers	0	0	0
Disposals	-676	0	-676
Translation differences	0	8	8
As at December 31, 2021 / January 1, 2022	**6,790**	**657**	**7,447**
Amortization	1,155	56	1,211
Impairment write-downs	0	0	0
Write-ups	0	0	0
Transfers	0	0	0
Disposals	-151	0	-151
Translation differences	0	10	10
As at December 31, 2022	**7,794**	**723**	**8,517**
Balance sheet value as at December 31, 2022	**3,222**	**1,130**	**4,352**
Balance sheet value as at December 31, 2021	3,442	304	3,746

Where the underlying projects have not been completed or no sales have been generated, self-created intangible assets (carrying amount EUR 1,328 thousand in 2022; 2021: EUR 978 thousand) are not yet subject to amortization.

Impairment write-downs in 2022

For development projects, the amortization recognized in the statement of profit and loss includes impairment write-downs of EUR 36 thousand (2021: EUR 45 thousand). The carrying amounts of the development projects were written down entirely because a positive net realizable value was not expected, even in the event of sale of the projects.

15. Subsidiaries

Details of subsidiaries as of December 31, 2022 are presented below:

Name of subsidiary	Head office	Stake in %	Voting rights in %	Main business activity
InTiCa Systems s.r.o.	Prachatice, Czech Republic	100	100	Production
(2021:		100	100	)
Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V.	Silao, Mexico	100	100	Production
(2021:		100	100	)
InTiCa Systems LTD	Bila Tserkva, Ukraine	100	100	Production
(2021:		0	0	)

16. Other financial assets and other receivables

16.1 Other financial assets

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Financial assets measured at fair value through profit or loss	259	64
Other financial assets recognized at amortized cost	383	740
Total	**642**	**804**
Non-current	0	0
Current	642	804
Total	**642**	**804**

16.2 Other current receivables

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Deferred charges	198	298
Advance payments made	216	168
Current tax receivables	895	1,033
Total	**1,309**	**1,499**

17. Inventories

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Raw materials and supplies	11,633	13,616
Work in process	1,086	792
Finished goods	4,426	3,712
Total	**17,145**	**18,120**

Total impairment write-downs on inventories recognized in profit and loss amounted to EUR 61 thousand (2021: EUR 198 thousand). They comprised EUR 32 thousand (2021: EUR 110 thousand) in the Automotive segment, and EUR 29 thousand (2021: EUR 88 thousand) in the Industry & Infrastructure segment. As of the reporting date the carrying amount of these inventories was EUR 465 thousand (2021: EUR 527 thousand). The write-downs in the financial year are contained in other comprehensive income and comprise EUR 14 thousand (2021: EUR 95 thousand) in "Change in inventories of finished goods and work in process" and EUR 47 thousand (2021: EUR 103 thousand) in "Raw materials and supplies".

18. Trade receivables

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Trade receivables	9,674	8,003
Impairment write-downs	-78	-64
Total	**9,596**	**7,939**

InTiCa Systems uses the simplified approach permitted by IFRS 9 to measure expected credit losses. On this basis, the lifetime expected credit losses are calculated for all trade receivables. To measure the expected credit losses, receivables from customers are aggregated on the basis of common credit risk attributes and days past due. Payment profiles are generated for sales in the past 36 months. These also include defaults in these past periods. The historic loss ratios derived in this way are then adjusted using present and future-oriented data. Macroeconomic factors and customers' individual creditworthiness criteria are also taken into account. If there is credit insurance, this is taken into account in the amount of the impairment write-down.

Trade receivables where the principal opportunities and risks were transferred to a forfaiter under a master forfaiting agreement were fully derecognized. A purchase price discount (10%) is retained by the forfaiter when the receivables are sold and refunded on receipt of payment from the customer. The purchase price discount on the receivables derecognized as of December 31 (2022: EUR 3,833 thousand; 2021: EUR 5,332 thousand) was EUR 383 thousand as of December 31, 2022 (2021: EUR 533 thousand) and is recognized in other financial assets.

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

Dec. 31, 2022	Expected loss ratio	Gross carrying amount of receivables in EUR '000	Impairment write-down in EUR '000
Not due	0.10%	6,573	7
1-30 days past due	1.00%	751	7
31-60 days past due	1.50%	1,556	23
61-90 days past due	3.50%	144	5
More than 90 days past due	5.50%	650	36
Total		**9,674**	**78**

Dec. 31, 2021	Expected loss ratio	Gross carrying amount of receivables in EUR '000	Impairment write-down in EUR '000
Not due	0.10%	6,505	6
1-30 days past due	1.00%	884	9
31-60 days past due	1.50%	192	3
61-90 days past due	3.50%	62	2
More than 90 days past due	5.50%	360	20
Total		**8,003**	**40**

In addition, (individual) impairment write-downs of EUR 24 thousand were recognized for the Mexico site in 2021.

Trade receivables are derecognized when it is estimated with reasonable assurance that they can no longer be collected. Indicators of reasonable assurance that receivables cannot be collected include, for claims that are more than 150 days past due, either that no agreement has been made with the debtor on a repayment plan, or that payments under a repayment plan are no longer being made.

Impairment write-downs on trade receivables are presented as other operating expense (net) in the operating result. In subsequent periods, any payments received for amounts that were previously written down are recognized in other operating income.

To secure credit lines totalling EUR 8.0 million (2021: EUR 8.0 million), a blanket assignment has been made. This comprises the parent company's trade receivables. As of the reporting date, the carrying amount of the receivables was EUR 5.9 million (2021: EUR 6.4 million).

19. Capital stock

Capital stock and ordinary shares

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
4,287,000 fully paid-up ordinary shares	4,287	4,287
64,430 treasury shares (treasury stock)	-64	-64
Total	**4,223**	**4,223**

Treasury stock

	Dec. 31, 2022 in EUR '000	% of capital stock	Dec. 31, 2021 in EUR '000	% of capital stock
Status at start of year	64	1.493	64	1.493
Shares sold (nominal capital)	0	0	0	0
Shares repurchased	0	0	0	0
Total	**64**	**1.493**	**64**	**1.493**

The fully paid-up ordinary shares have a theoretical nominal value of EUR 1. Each share confers one voting right and all shares are eligible for dividend payments.

The Board of Directors is authorized by a resolution of the Annual General Meeting of July 15, 2022 to increase the capital stock with the Supervisory Board's consent, up to July 14, 2027, through one or more issues, 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).

20. General capital reserve

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Status at start of year	15,389	15,389
Sale of treasury stock	0	0
Pro rata net profit	0	0
Total	**15,389**	**15,389**

The capital reserve includes premiums from the issue of shares.

21. Profit reserve

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Status at start of year	915	-1,047
Consolidated net profit	1,615	1,962
Total	**2,530**	**915**

The profit reserve contains statutory profit reserves of EUR 51 thousand (2021: EUR 51 thousand) and other profit reserves (including the loss carryforward) of EUR 2,479 thousand (2021: EUR 864 thousand).

22. Currency translation reserve

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Status at start of year	-867	-1,677
Translation of foreign business operations	694	810
Total	**-173**	**-867**

Translation differences arising from translation from the functional currency of foreign business operations to the Group's reporting currency (EUR) are recognized directly in the currency translation reserve.

23. Financial liabilities

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Unsecured – recognized at amortized cost		
Overdrafts	9	7
Loans	7,330	5,688
Secured – recognized at amortized cost		
Overdrafts	7,026	7,172
Loans	10,741	7,885
Total	**25,106**	**20,752**
Current	12,366	10,879
Non-current	12,740	9,873
Total	**25,106**	**20,752**

EUR 3,985 thousand (2021: EUR 3,350 thousand) of the secured overdrafts relate to the Czech subsidiary and are secured by a guarantee from InTiCa Systems SE. EUR 2,950 thousand (2021: EUR 1,000 thousand) of the non-current loans are secured by a guarantee from InTiCa Systems s.r.o. for the German parent company.

Summary of financing agreements: Overdrafts are subject to variable interest during the year. Interest on loans is 2.44%-5.25% p.a. (2021: 1.30%-4.08% p.a.).

Non-current loans incur interest at a fixed rate averaging 2.26% p.a. (2021: 2.04% p.a.). Variable interest was agreed for four non-current loans totalling EUR 4,186 thousand (2021: EUR 5,385 thousand). As of December 31, 2022, interest on loans was 2.88%-3.72% p.a. (2021: 0.50%-1.60% p.a.).

24. Provisions

	Jan. 1, 2022 in EUR '000	Utilized in EUR '000	Reversed in EUR '000	Additions in EUR '000	Dec. 31, 2022 in EUR '000
Trade-related commitments (i)	1,225	1,175	50	1,069	1,069
Personnel expense (ii)	739	739	0	1,007	1,007
Other (iii)	244	244	0	295	295
Total	**2,208**	**2,158**	**50**	**2,371**	**2,371**

(i) Provisions for customer and supplier transactions in both 2021 and 2022 include provisions for, among other things expected credit notes and possible warranty claims.

(ii) In both 2021 and 2022, the provisions for personnel expense were mainly to cover employees' annual vacation entitlements, bonuses, an anniversary provision, and expected contributions to the employers' liability insurance association.

(iii) In 2021 and 2022, the other provisions comprised costs for retention obligations and provisions for warranties.

EUR 2,371 thousand of the provisions presented above are current provisions; cash outflows within the next 12 months are considered probable.

25. Trade payables

Average payment terms of 14-60 days are granted for the purchase of certain goods. No interest is charged for this. The Group has financial risk management arrangements in place to ensure that all payables are settled within the term granted. In addition, wherever possible the payment terms for raw material suppliers have been adjusted to match customers' payment terms.

26. Other financial liabilities

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
At amortized cost		
Other financial liabilities	530	516
Lease liabilities	1,186	1,044
Total	**1,716**	**1,560**

Other financial liabilities mainly relate to liabilities to employees.

27. Other current liabilities

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Accrued expenses	0	500
Advance payments received	994	394
Other liabilities	472	858
Total	**1,466**	**1,752**

28. Liabilities relating to finance leases

Please refer to the comments in Note 3.6.

29. Financial instruments

29.1 Capital risk management

The Group manages its equity and debt with the clear aim of optimizing the income, costs and assets of the individual companies in the Group to ensure sustained profitability and sound balance sheet structures. Financial leveraging capacity, sufficient liquidity at all times, and a clear focus on cash-related ratios and management indicators play an important role in ensuring this, in keeping with the Group's strategic focus and long-term objectives.

This ensures that all Group companies are able to operate on the going concern principle. In addition, authorized capital ensures that the Group has the flexibility to raise further equity capital in order to utilize future market opportunities.

The Group's capital structure comprises interest-bearing financial liabilities, cash and cash equivalents and equity. The equity comprises paid-in shares, the capital reserve, the profit reserve and the currency translation reserve.

The Group's risk management regularly reviews the development of the capital structure. In this context, increasing attention is paid to net financial debt as well as to the equity ratio. The ratio of net financial debt to EBITDA is calculated. Thus, further optimal development requires very strong financing capacity (EBITDA) as a basis for the ability to raise debt.

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

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Equity	21,969	19,660
Total assets	65,418	58,420
Equity ratio	33.6%	33.7%
Interest-bearing financial liabilities	25,106	20,752
Cash and cash equivalents	3,235	1,941
Net financial debt	**21,871**	**18,811**
EBIT	2,345	3,396
Depreciation, amortization and impairment write-downs	6,025	5,880
EBITDA	8,370	9,276
Net financial debt/EBITDA	2.61	2.03

29.2 Supplementary disclosures on financial instruments

	IFRS 9 valuation categories	Carrying amount Dec. 31, 2022 in EUR '000	Carrying amount Dec. 31, 2021 in EUR '000
Financial assets			
Cash on hand and bank balances	AC [1]	3,235	1,941
Trade receivables	AC [1]	9,596	7,939
Other financial assets	FVTPL [2]	259	64
Other financial assets	AC [1]	383	740
Total		**13,473**	**10,684**
Financial liabilities			
Financial liabilities	AC [1]	25,106	20,752
Trade payables	AC [1]	7,625	6,307
Other financial liabilities	AC [1]	4,545	5,162
Total		**37,276**	**32,221**

[1] AC = at amortized cost
[2] FVTPL = at fair value through profit and loss

The above table shows the classes of financial instruments (based on their type and attributes), the carrying amounts of the financial instruments and the fair values of the financial instruments (except for financial instruments whose carrying amount corresponds to their fair value). The financial assets and financial liabilities measured at amortized cost are all allocated to level 2 in the fair value hierarchy (see following).

Cash and cash equivalents, trade receivables and other financial assets (AC) have short maturities. Therefore, the carrying amount on the reporting date is an approximation of their fair value. In the case of receivables, the nominal value is used, after applying deductions for default risks.

Current liabilities to banks can be called at any time. Therefore, the carrying amount on the reporting date is an approximation of their fair value. The non-current liabilities to banks are fixed-interest loans. The majority of non-current liabilities to banks were agreed on the basis of the prevailing conditions in the reporting period. They are carried at the repayment amount, which is an approximation of their fair value.

Trade payables and other current financial liabilities have short remaining terms; the amount recognized is therefore an approximation of the fair value. The carrying amounts of the other non-current financial liabilities also correspond in most cases to their fair values.

The financial assets measured at fair value through profit or loss are derivatives (currency forwards) that have not been designated as hedging instruments. The financial assets measured at amortized cost comprise all miscellaneous financial assets.

The Group has concluded netting arrangements with a bank in connection with several currency forwards. These were as follows as at the reporting date:

- Derivative assets: EUR 3,855 thousand (2021: EUR 5,164 thousand)
- Derivative liabilities: EUR 3,600 thousand (2021: EUR 5,100 thousand)
- Net amount: EUR 255 thousand (2021: EUR 64 thousand)

The derivative assets and liabilities fulfill the criteria for netting set out in IAS 32. Accordingly, the gross amount of the derivative liability is set off against the gross amount of the derivative asset, so that a net derivative asset of EUR 255 thousand (2021: EUR 64 thousand) is presented on the consolidated balance sheet. For further information on financial derivatives, see Notes 3.20 and 7.

Fair value measurement is divided into the following levels (fair value hierarchy). Allocation is dependent on the availability of observable inputs and the significance of these parameters for the determination of fair value:

- Level 1 measurement is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 measurement is based on inputs other than quoted prices included in level 1 that are directly observable for the asset or liability or can be derived indirectly from other prices.
- Level 3 measurements are derived from valuation models using inputs that are unobservable on the market.

The derivatives concluded by the Group (currency forwards) are normally measured at fair value and are all allocated to hierarchy level 2. The fair value measurement of these derivatives is derived by applying a valuation method using inputs that are observable in the market. The fair value is determined using the quoted forward rates as of the reporting date and net present value calculations based on yield curves with high creditworthiness in the corresponding currencies.

29.3 Financial risk management

Financial risk management comprises monitoring and managing the financial risks associated with the Group's operating units through internal risk reporting, which analyses the level and extent of risk factors. Risk factors comprise market risk (including the risk of changes in exchange rates, prices and interest rates), default risk and liquidity risk.

The Group endeavours to minimize the impact of these risks through its risk management system. A detailed description of the risk management system can be found in the Management Report.

» Exchange-rate risks

Certain business transactions undertaken by the Group are denominated in foreign currencies, namely in USD, CZK, MXN and UAH. Risks relating to the CZK arise during the year in connection with the settlement of receivables and liabilities relating to transactions cross-charged between InTiCa Systems SE and its Czech subsidiary and the netting of receivables and liabilities in the consolidation of liabilities. Converting liabilities first into a non-current loan (treated as a net investment) and subsequently into equity (capital reserve) has reduced the risks and the volatility of the Group's net profit by reducing the balance of open items as it ensures more timely settlement of liabilities.

In the reporting period, the Group concluded currency forwards to hedge the exchange rate from EUR to CZK. The aim of these transactions is to hedge fluctuations in exchange rates. The Group exchanges EUR for CZK at a fixed exchange rate on the trade date. The transactions were not designated as hedging instruments and are therefore recognized at fair value through profit or loss. See also the comments in Notes 3.16, 3.20, 7 and 29.2.

The following table shows the sensitivity of open items in USD to a rise or fall in the EUR on the relevant reporting date and the sensitivity of the CZK and the MXN based on the net amount calculated as of the relevant reporting date as a result of debt consolidation.

The parameters used for the sensitivity analysis (USD: +/- 10%; CZK: +/- 3.5%; MXN: +/-3.5%; UAH: +/-3.5%) represent the Board of Directors' assessment of a reasonable potential change in the exchange rate. If the euro had appreciated (depreciated) by these percentages against each of these currencies as of December 31, 2022, the impact of the change in the USD exchange rate on the consolidated net profit would have been a decline (increase) of around EUR 213 thousand (2021: EUR 66 thousand), while a change in the CZK exchange rate of this magnitude would have increased (decreased) the consolidated net profit by around EUR 338 thousand (2021: EUR 231 thousand). For the MXN, the impact on the consolidated net profit would have been a decline (increase) of EUR 360 thousand (2021: EUR 296 thousand) and for UAH a decline (increase) of approximately EUR 2 thousand.

	Nominal amount as of		Nominal amount as of	
	Dec. 31, 2022 in EUR '000	**2022 in EUR '000**	**Dec. 31, 2021 in EUR '000**	**2021 in EUR '000**
Change in USD (+/-10%)	2,269	213	745	66
Change in CZK (+/-3.5%)	9,649	338	6,593	231
Change in MXN (+/-3.5%)	10,272	360	8,452	296
Change in UAH (+/-3.5%)	50	2	0	0

» *Risk of changes in interest rates*

Fixed interest rates have been agreed for the vast majority of the Group's interest-bearing receivables and liabilities. Changes in market interest rates would only have an impact if the financial instruments were recognized at fair value. Since this is not the case, the financial instruments bearing fixed interest rates do not entail a risk of changes in interest rates within the meaning of IFRS 7.

Sensitivity analyses were performed for liabilities with variable interest rates. The results were as follows: if the market interest rate had been 100 basis points higher (lower) as of December 31, 2022, the result would have been EUR 112 thousand lower (higher).

» *Price risks*

The Group did not have any equity interests or securities classified as held for trading on the reporting date. Consequently, it was not exposed to any share price risk as of this date.

» *Risk of default*

Default risk is the risk that the Group will incur a loss if a contractual party fails to perform its contractual obligation. This results in a risk of full or partial default on contractually agreed payments. The main credit default risks relate to trade receivables. To minimize the risk of loss resulting from non-performance of obligations, the management stipulates that business relationships may only be entered into with creditworthy contractual parties. Regular customer reviews are conducted to ensure this. Current transactions are monitored continuously and the aggregate exposure arising from such transactions is managed by setting limits for each contractual party. In addition, continuous credit analyses are carried out on the financial status of receivables.

The Group is not exposed to any material default risks from a single contractual party or a group of contractual parties with similar characteristics. The maximum default risk is the carrying amount of trade receivables after recognition of impairment write-downs, see Note 18.

» *Liquidity risk*

The Group manages its liquidity risk through appropriate reserves, credit lines with banks and other credit facilities and continuous monitoring of forecast and actual cash flows. This is complemented by matching the maturity profile of financial assets and liabilities. The following list shows additional and drawn credit lines available to the Group to reduce future liquidity risk.

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Credit lines		
Amounts drawn	7,026	7,172
Undrawn amounts	7,874	8,728
Total	**14,900**	**15,900**

The following overview shows the term to maturity of the Group's non-derivative financial liabilities. The table is based on undiscounted cash flows relating to financial liabilities, based on the earliest date on which the Group is required to make payments. The table shows both interest and repayments of principal.

	up to 1 year in EUR '000	1–5 years in EUR '000	over 5 years in EUR '000	Total in EUR '000
2022				
Variable-interest financial liabilities	8,718	2,917	58	11,693
Fixed-interest financial liabilities	4,331	10,420	0	14,751
Total	**13,049**	**13,337**	**58**	**26,444**
2021				
Variable-interest financial liabilities	8,614	3,747	457	12,818
Fixed-interest financial liabilities	2,572	5,932	38	8,542
Total	**11,186**	**9,679**	**495**	**21,360**

30. Related party transactions

Balances and business transactions between the company and its subsidiaries, which constitute related parties, were eliminated in the course of consolidation and are not discussed in this note. Details of business transactions between the Group and other related parties are outlined below.

30.1 Board of Directors

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

30.2 Supervisory Board

- Udo Zimmer
  Chairman of the Supervisory Board, Rottach-Egern
  Self-employed consultant
- Werner Paletschek
  Deputy Chairman of the Supervisory Board, Fürstenzell
  Managing Director of OWP Brillen GmbH
- Christian Fürst
  Member of the Supervisory Board, Passau
  Managing partner of ziel management consulting gmbh
  Managing partner of Fürst Reisen GmbH & Co. KG
  Chairman of the Supervisory Board of Electrovac AG
  Advisory Board of Eberspächer Gruppe GmbH & Co. KG
  Advisory Board of Karl Bachl GmbH & Co. KG

30.3 Remuneration of the Board of Directors and the Supervisory Board

» Remuneration of the Board of Directors

The total remuneration of the Board of Directors in the 2022 fiscal year was EUR 463 thousand (2021: EUR 462 thousand). In addition, the Board of Directors has received short-term variable compensation in the form of a bonus payment for the financial year 2022 in the amount of EUR 59 thousand, which is recognized in provisions.

» Remuneration of the Supervisory Board

The total remuneration of the Supervisory Board in the 2022 fiscal year was EUR 68 thousand (2021: EUR 60 thousand), of which EUR 62 thousand was payed out in fiscal year 2023. The outstanding amount is recognized in trade payables.

For a more detailed description of the remuneration system for the Board of Directors and Supervisory Board, see the Remuneration Report, which is available on the company's website at www.intica-systems.com in the section Investor Relations/ Corporate Governance.

30.4 Share ownership

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

No member of the Board of Directors or the Supervisory Board holds shares in InTiCa Systems SE representing 1% or more of the capital stock. Moreover, the total shares in InTiCa Systems SE held by all members of the Board of Directors and Supervisory Board amount to less than 1% of the issued shares.

» Major shareholders

	Shareholding in %	
	Dec. 31, 2022	Dec. 31, 2021
Dr. Dr. Axel Diekmann (indirectly through PRINTad Verlags - GmbH as direct shareholder)	more than 30	more than 30
Thorsten Wagner (indirectly through Global Derivative Trading GmbH as direct shareholder)	more than 25	more than 25
Tom Hiss (indirectly through Ludic GmbH as direct shareholder)	more than 5	more than 5
InTiCa Systems SE	1.5	1.5

31. Cash and cash equivalents

The cash and cash equivalents shown in the cash flow statement comprise cash on hand, balances on bank accounts and investments in money market instruments, less outstanding overdrafts. The reconciliation of cash and cash equivalents shown in the cash flow statement as of year-end to the corresponding balance sheet items is as follows:

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Cash and balances on bank accounts	3,235	1,941
Overdrafts	-7,035	-7,179
Total	**-3,800**	**-5,238**

In the reporting period, there were no significant cash and cash equivalents that the company could not dispose of. The fair value of cash and cash equivalents corresponds to the carrying amount.

32. Payment obligations

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Commitments to acquire property, plant and equipment	2,293	688

33. Leases

Due to application of IFRS 16 as of January 1, 2019, right-of-use assets and corresponding lease liabilities were recognized for buildings, production facilities, furniture and other operating equipment leased in the reporting period. See also the information on the accounting and valuation methods (Note 3.6). The lease terms are between 3 and 10 years. In the reporting period, the Group was not party to any leases as lessor. Information on leases where the Group is the lessee is presented below.

Property, plant and equipment contain right-of-use assets for the following leased assets:

Right-of-use assets (carrying amount)	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Land, land rights and buildings, including buildings on leased land	1,735	1,949
Technical facilities and machines	2,137	2,464
Other facilities, furniture and office equipment	202	235
Total	4,074	4,648

In 2022, additions of right-of-use assets totalling EUR 338 thousand (2021: 334 thousand) were recognized.

The outstanding (undiscounted) lease payments are due as follows:

Due date of lease payments in EUR '000	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
2022				
Lease payments	1,291	2,956	0	4,247
2021				
Lease payments	1,176	3,578	227	4,981

The total cash outflows for leases in 2022 (including interest) were EUR 1,286 thousand (2021: EUR 1,251 thousand).

As of December 31, 2022, lease liabilities with a term of less than one year totalling EUR 1,186 thousand (2021: EUR 1,044 thousand) were recognized in other current financial liabilities. Lease liabilities totalling EUR 2,829 thousand (2021: EUR 3,602 thousand) (term > 1 year) were recognized in other non-current financial liabilities.

Depreciation of right-of-use assets in 2022 related to the following groups of assets:

Depreciation of right-of-use assets	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Land, land rights and buildings, including buildings on leased land	579	570
Technical facilities and machines	326	326
Other facilities, furniture and office equipment	126	108
Total	1,031	1,004

Interest expense for leases recognized in accordance with IFRS 16 amounted to EUR 123 thousand in 2022 (2021: EUR 149 thousand).

In connection with leases where the Group is lessee the following amounts were also recognized in the statement of profit or loss in 2022:

Income effect from leases	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Expenses for short-term leases with a term of more than one and maximum 12 months	5	13
Expenses for leases with underlying assets of low value (excluding short-term leases)	0	2
Total	5	15

34. Change in financial liabilities

Cash and non-cash changes in financial liabilities:

in EUR '000	Liabilities to banks	Lease liabilities	Other financial liabilities	Financial liabilities
2022				
January 1	20,752	4,647	515	25,914
Changes affecting cash flows	4,354	-1,114	14	3,254
Non-cash changes	0	338	0	338
Changes due to exchange rates	0	145	0	145
Changes in the scope of consolidation	0	0	0	0
December 31	**25,106**	**4,016**	**529**	**29,651**
2021				
January 1	18,430	5,258	356	24,044
Changes affecting cash flows	2,322	-982	159	1,499
Non-cash changes	0	334	0	334
Changes due to exchange rates	0	37	0	37
Changes in the scope of consolidation	0	0	0	0
December 31	**20,752**	**4,647**	**515**	**25,914**

35. Defined-contribution pension plans

The Group's employees belong to a state pension plan which is managed by the state authorities ("statutory pension insurance"). The parent company and subsidiaries are required to pay a certain percentage of personnel expense into the pension plan to fund benefits. The only obligation relating to this pension plan is the payment of these defined contributions. In addition, voluntary premiums are paid to insurance companies for some employees and the Board of Directors. The expenses of EUR 2,152 thousand (2021: EUR 1,805 thousand) recognized in the consolidated statement of profit or loss comprise the Group's contributions to these pension plans on the basis of the agreed contributions.

36. Events after the reporting date

Since the end of February 2022, Russia has been waging war against Ukraine. The increased risks resulting from the Russia-Ukraine war are outlined in the Opportunity and Risk Report in the Group Management Report. An impact on the Group's assets, financial position and results of operations cannot be precluded. Due to the volatile geopolitical situation, the effects cannot be quantified at present, but fundamentally they are considered to be negative.

This also remains valid in light of the fact that in January 2022 InTiCa Systems SE established a wholly owned subsidiary, InTiCa Systems LTD, which has its registered office in Bila Tserkva, Ukraine. This company had not commenced any significant business activities by year-end 2022. After carefully weighing up the opportunities and risks, it was decided to gradually commence production at the site in Ukraine at the start of 2023. Production of very small quantities of the first products has started. The development of the Ukrainian subsidiary is being monitored very closely due to the ongoing war.

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

No other events of special significance occurred after the reporting date that are expected to have a material effect on the Group's assets, financial position and results of operations.

37. Disclosures

The consolidated financial statements were approved for publication by the Board of Directors on April 27, 2023.

In 2022, InTiCa Systems SE did not receive notifications in accordance with sec. 20 paragraph 1 or paragraph 4 of the German Companies Act (AktG) or sec. 33 paragraph 1 or paragraph 2 of the German Securities Trading Act (WpHG).

38. Staff

The average number of employees in 2022 was 731 (2021: 662).

	Dec. 31, 2022	Dec. 31, 2021
Salaried employees	135	127
Industrial employees	588	529
Trainees	3	1
Low-wage part-time staff	5	5
Total	**731**	**662**

39. Auditor's fees

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

	Dec. 31, 2022 in EUR '000	Dec. 31, 2021 in EUR '000
Audit services for the fiscal year	77	71
Other services for the fiscal year	0	0
Total	**77**	**71**

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

40. German Corporate Governance Code

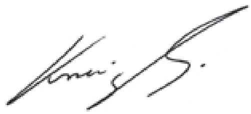
The Board of Directors and Supervisory Board of InTiCa Systems SE issue a declaration of the extent to which they comply with and have complied with the recommendations of the Government Commission on the German Corporate Governance Code published by the Federal Ministry of Justice in the electronic Federal Gazette.

The declaration of conformity is part of the corporate governance statement and is permanently available to investors in the Investor Relations/Corporate Governance section of the company's website www.intica-systems.com.

Passau, April 27, 2023

The Board of Directors

Dr. Gregor Wasle
Chairman of the Board of Directors



Günther Kneidinger
Member of the Board of Directors

RESPONSIBILITY

Responsibility Statement

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

Passau, April 27, 2023

The Board of Directors

Dr. Gregor Wasle
Chairman of the Board of Directors

Günther Kneidinger
Member of the Board of Directors

AUDITOR'S REPORT

Independent auditor's report

To InTiCa Systems SE, Passau

Report on the audit of the consolidated financial statements and the Group management report

Audit opinions

We have audited the consolidated financial statements of InTiCa Systems SE, Passau and its subsidiaries (the Group), comprising the consolidated balance sheet as of December 31, 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1, 2022 to December 31, 2022, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Group management report of InTiCa Systems SE, Passau for the financial year from January 1, 2022 to December 31, 2022. In accordance with German legislation, we have not audited the content of the non-financial statement for the Group contained in section 2 of the Group management report, nor the reference contained in section 3.8 of the Group management report to the corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB), nor the actual corporate governance statement contained in the Annual Report 2022.

In our opinion, based the knowledge obtained in the audit

- the attached consolidated financial statements comply in all material respects with the IFRS as adopted by the EU, and the additional requirements of German law to be applied in accordance with Section 315e Paragraph 1 of the German Commercial Code (HGB), and give a true and fair view of the Group's assets and financial position as of December 31, 2022 and the results of operations for the financial year from January 1, 2022 to December 31, 2022 in accordance with these requirements, and

- the attached Group management report as a whole gives an appropriate view of the company's position. In all material respects, the Group management report is consistent with the consolidated financial statements, complies with the German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the Group management report does not include the content of the aforementioned non-financial statement for the Group or the corporate governance statement.

In accordance with Section 322 Paragraph 3 Sentence 1 of the German Commercial Code (HGB), we declare that our audit did not lead to any reservations regarding the propriety of the consolidated financial statements and the Group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the Group management report in accordance with Section 317 of the German Commercial Code and the EU Audit Regulation (no. 537/2014; subsequently referred to as the "EU Audit Regulation") and in compliance with the German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibilities under these requirements and principles are set out in the section "Auditor's responsibility for the audit of the consolidated financial statements and the Group management report" in our auditor's report. We are independent of the Group companies in accordance with European law and German commercial and professional law and have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 Paragraph 2 (f) of the EU Audit Regulation, we declare that we have not provided any prohibited non-audit services pursuant to Article 5 Paragraph 1 of the EU Audit Regulation. In our opinion, the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the Group management report.

Key audit matters in the audit the consolidated financial statements

Key audit matters are those matters that, in our professional judgement, were most significant in our audit of the consolidated financial statements for the financial year from January 1, 2022 to December 31, 2022. These were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

1. Recognition and accrual of revenue from the sale of internally manufactured and developed components

» Reasons for designation as a key audit matter

The consolidated financial statements of InTiCa Systems SE report total sales revenues of EUR 90.7 million from various goods and services in the 2022 financial year. These mainly include revenues from the sale of internally manufactured components, which are based on in-house developments by InTiCa Systems SE. To a smaller extent, revenues from the sale of tools required for production are also recognized. The Group recognizes revenue when control of the product or service is transferred to the customer. This takes place at the point in time when the products are delivered in accordance with contractually agreed acceptance conditions. In view of the different contractual agreements and the estimates to be made in respect of the recognition of revenue at a point in time or over time, there is a risk of incorrect accrual of sales revenues as of the reporting date. Furthermore, since sales are a significant parameter from the perspective of the users of financial statements, special importance was attached to revenue recognition in the context of our audit.

» Our audit procedure

As part of our audit, we obtained an overview of the main types of contract and the individual performance obligations contained therein by examining key customer contracts. In this context, we assessed the assumptions made by the legal representatives with respect to the method of revenue recognition (over time versus at a point in time) and compared them with the criteria set out in IFRS 15. Further, we assessed the appropriateness of the internal control system established within the Group with regard to the processes for incoming orders and order acceptance, the dispatch of goods and invoicing. In the course of our evidence-based audit procedure, this included an examination of a sample of individual customer orders. Based on sampling and risk-oriented selection, we used cut-off tests and data analysis to assess the timing of revenue recognition as the transfer of control in accordance with the agreed Incoterms. In addition, as evidence of trade receivables, we obtained confirmation of account balances for outstanding sales revenues.

» Reference to related disclosures

The company's disclosures on revenue recognition are contained in the notes to the consolidated financial statements, sections 3.5 Revenue recognition and 5. Sales.

2. Recognition and impairment of self-created intangible assets

» Reasons for designation as a key audit matter

The self-created intangible assets reported in the consolidated financial statements of InTiCa Systems SE as of December 31, 2022 amount to EUR 3,222 million. They result from so-called basic development services prior to customer contracts. Directly attributable expenses incurred for the individual assets such as materials and, in particular, developer hours are therefore capitalized. An annual impairment test is performed on capitalized development costs that have not yet been amortized. In view of the high significance of intangible assets for the business model and the balance sheet, as well as the judgements made in recognition and measurement, there is a risk of overvaluation. Consequently, special attention was paid to self-created intangible assets in the context of our audit.

» Our audit procedure

As part of our audit, we reviewed the methodology used by InTiCa Systems SE for the measurement and valuation of self-created intangible assets. The capitalized expenses and the underlying assumptions for individual projects were examined on the basis of samples. In this context, the forecasts for expected future cash flows for the development projects were plausibilized and compared with the approved plans and agreements with customers through evidence-based checks. Furthermore, the reliability of forecasting by InTiCa Systems SE was examined by comparing the planning for previous financial years with the actual sales revenues recognized and the EBIT margin. The analysis of the planning parameters described above was also undertaken with respect to the impairment tests on the capitalized self-created intangible assets.

» Reference to related disclosures

The company's disclosures on the accounting policies and valuation methods applied are included in the notes to the consolidated financial statements, sections 3.11 Intangible assets and 3.12 Impairment of property, plant and equipment and intangible assets.

Section 4. Principal sources of estimation uncertainty in the notes to the consolidated financial statements contains information on estimation uncertainties. For information on the development of self-created intangible assets, see Note 14. to the consolidated financial statements.

Other information

The legal representatives or the Supervisory Board are responsible for the other information. The other information comprises:

- the report of the Supervisory Board,
- the aforementioned non-financial statement for the Group and the corporate governance statement,
- all other parts of the Annual Report, with the exception of the audited consolidated financial statements and the audited content of the disclosures in the Group management report,
- but not the consolidated financial statements, the audited content of the Group management report and our associated audit report.

Our audit opinions on the consolidated financial statements and Group management report do not cover the other information; accordingly, we do not express an audit opinion or any other form of audit conclusion thereon.

In connection with our audit, our responsibility is to read the above-mentioned other information and evaluate whether the other information

- is materially inconsistent with the consolidated financial statements, the disclosures in the audited content of the Group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibility of the legal representatives and Supervisory Board for the consolidated financial statements and the Group management report

The legal representatives are responsible for preparing consolidated financial statements that comply in all material respects with the IFRS as adopted by the EU and the additional requirements of German law to be applied in accordance with Section 315e Paragraph 1 of the German Commercial Code (HGB) and for ensuring that the consolidated financial statements give a true and fair view of the assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, the legal representatives are responsible for the internal controls they have defined as necessary to allow preparation of consolidated financial statements that are free from material misstatements due to fraud (i.e. manipulation of financial accounting or misappropriation of assets) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue to operate as a going concern. Furthermore, they are responsible for disclosing any pertinent issues relating to the going concern assumption. In addition, they are responsible for using the going concern principle of accounting unless the intention is to liquidate the company or to cease to operate or there is no realistic alternative but to do so.

The legal representatives are also responsible for preparing the Group management report, which as a whole gives an appropriate view of the Group's position and is consistent in all material respects with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Furthermore, the

legal representatives are responsible for implementing the safeguards and measures (systems) they consider to be necessary to allow the preparation of a Group management report in compliance with the applicable German legal requirements and for ensuring they are able to provide sufficient appropriate evidence for the statements made in the Group management report.

The Supervisory Board is responsible for overseeing the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's responsibility for the audit of the consolidated financial statements and the Group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements due to fraud or error, and whether the Group management report as a whole gives an appropriate view of the Group's position and is consistent in all material respects with knowledge obtained in our audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinions on the consolidated financial statements and the Group management report.

Reasonable assurance is a high level assurance, but not a guarantee, that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation, taking into account the German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW), will always detect any material misstatement. Misstatements may result from fraud or error and are regarded as material if, either individually or in aggregate, they could reasonably be expected to influence economic decisions by users taken on the basis of these consolidated financial statements or this Group management report.

During the audit, we exercise the necessary professional judgement and maintain a critical attitude. In addition,

- we identify and assess the risks of material misstatements in the consolidated financial statements and Group management report due to fraud or error, plan and perform the audit as a response to these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements resulting from fraud will not be detected is higher than the risk that material misstatements resulting from errors will not be detected, because fraud may involve collusion, forgery, intentional omissions, misrepresentations or overriding internal controls.

- we gain an understanding of the internal controls of relevance for the audit of the consolidated financial statements and the safeguards and measures of relevance to the audit of the Group management report, in order to plan audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an audit opinion on the efficacy of these systems.

- we assess the appropriateness of the accounting policies applied by the legal representatives, the reasonableness of the estimates made by the legal representatives and the associated disclosures.

- we draw conclusions about the appropriateness of the going concern principle of accounting used by the legal representatives and, on the basis of the audit evidence, about whether there is any material uncertainty regarding the events or circumstances that could give rise to significant doubt about the ability of the Group to continue as a going concern. If we come to the conclusion that there is a material uncertainty, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the Group management report or, if these disclosures are inappropriate, to modify our audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. Future events or circumstances may, however, prevent the Group continuing to do business.

- we assess the presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying business transactions and events in a manner such that consolidated financial statements give a true and fair view of the assets, financial position and results of operations of the Group in accordance with the IFRSs adopted by the EU and the additional requirements of German law in accordance with Section 315e Paragraph 1 of the German Commercial Code (HGB).

- we obtain sufficient appropriate audit evidence regarding the accounting information on the companies or business operations within the Group to give audit opinions on the consolidated financial statements and Group management report. We are responsible for directing, supervising and performing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.

- we assess the consistency of the Group management report with the consolidated financial statements, its compliance with the law and the view it presents of the Group's position.

- we perform our audit procedures on the forward-looking statements made by the legal representatives in the Group management report. On the basis of sufficient appropriate audit evidence, we examine, in particular, the significant assumptions underlying the forward-looking statements by the legal representatives and assess whether the forward-looking statements have been derived correctly from these assumptions. We do not express a separate audit opinion on the forward-looking statements or the underlying assumptions. There is a significant and unavoidable risk that future events could deviate materially from the forward-looking statements.

We communicate the planned scope and timing of the audit and significant audit findings, including any significant shortcomings in the internal control system identified during the audit, with those charged with governance.

We provide those charged with governance with a declaration that we have observed the relevant requirements on independence and discuss with them all relationships and other matters that may reasonably be assumed to affect our independence and, where relevant, the action taken or safeguards applied to eliminate matters that may affect our independence.

Based on the matters discussed with those charged with governance, we determine the matters that were of most significance for the audit of the consolidated financial statements for the present reporting period and that are therefore the key audit matters. We describe these issues in our auditor's report, unless law or regulation precludes public disclosure of the matter.

Other legal and regulatory requirements

Assurance report in accordance with Section 317 Paragraph 3a of the German Commercial Code (HGB) on the electronic reproduction of the consolidated financial statements and Group management report to be prepared for publication purposes

Statement on the non-issuance of an assurance opinion

We were mandated to perform an assurance engagement in accordance with Section 317 Paragraph 3a of the German Commercial Code (HGB) to obtain reasonable assurance about whether reproduction of the consolidated financial statements and the Group management report (subsequently referred to as the ESEF documents) to be prepared for publication purposes complies in all material respects with the requirements of Section 328 Paragraph 1 of the German Commercial Code (HGB) for the electronic reporting format ("ESEF format").

We are not issuing an assurance opinion on the ESEF documents. In view of the significance of the circumstances outlined the section "Reasons for not issuing an assurance opinion", we were not in a position to obtain sufficient appropriate evidence as a basis for an assurance opinion on the ESEF documents.

Reasons for not issuing an assurance opinion

We are not issuing an assurance opinion on the ESEF documents because the legal representatives had not submitted complete ESEF documents to us for examination by the date on which an assurance opinion was to be issued.

Responsibility of the legal representatives and Supervisory Board for the ESEF documents

The company's legal representatives are responsible for the preparation of the ESEF documents, including the electronic reproduction of the consolidated financial statements and the Group management report in accordance with Section 328 Paragraph 1 Sentence 4 No. 1 of the German Commercial Code (HGB) and for the tagging of the consolidated financial statements in accordance with Section 328 Paragraph 1 Sentence 4 No. 2 HGB.

In addition, the company's legal representatives are responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 Paragraph 1 HGB for the electronic reporting format – whether intentional or unintentional.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Responsibility of the corporate auditor for the assurance engagement on the ESEF documents

Our responsibility is to examine whether the ESEF documents comply with Section 317 Paragraph 3a of the German Commercial Code (HGB), taking into account the IDW Assurance Standard: Assurance in accordance with Section 317 Paragraph 3a HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW PS 410 (06.2022)). Due to the circumstances outlined in the section "Reasons for not issuing an assurance opinion", we were not able to obtain sufficient appropriate evidence as a basis for issuing an assurance opinion on the ESEF documents.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as the auditor for the consolidated financial statements at the Annual General Meeting on July 15, 2022. We were engaged by the Supervisory Board on October 26, 2022. We have been engaged as the auditor for InTiCa Systems SE, Passau, since 2022.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Article 11 of the EU Audit Regulation.

Responsible auditor

The auditor responsible for the audit is Christian Leupold.

Regensburg, April 27, 2023

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Christian Landgraf	Christian Leupold
Wirtschaftsprüfer (German public auditor)	Wirtschaftsprüfer (German public auditor)

GLOSSARY

Technical Glossary

Antennas

Antennas in the sense of RFID technology are sender as well as receiver antennas on the basis of winding technology (inductive components or coils).

Automation technology

Automation technology aims at making a machine or plant work completely autonomous and independent of human input. The closer you get at reaching this goal, the higher is the degree of automation. Often human staff is needed for supervision, supplies, conveyance of finished goods, maintenance, and similar jobs. Automation technology addresses the most diverse issues of building and plant automation, e.g. measuring, controlling, monitoring, defect analysis, and the optimization of process sequences.

Coil

See under "inductive components" or "inductors".

Filter

See under "inductive components"; electronic component for the separation of different signal sources.

Hybrid vehicles

Hybrid vehicles are cars containing at least two transducers and two installed energy storage systems for the purpose of powering the vehicle. Transducers are for instance electric motors and Otto and Diesel engines, energy storage systems are for instance batteries and gas tanks.

Inductors, Coil
Inductors are inductive components in the realm of electrical engineering and electronics. The terms inductor and solenoid or coil are not clearly defined and used synonymously.

Inductive components
Inductive components usually consist of a ferrite core, a plastic coil body and copper wire for the transmission, filtering, and sending or receiving of electric signals. They are functional independent of external energy input.

Inductivity, High-tech inductivity
Inductivity is an electric property of an energized electric conductor due to the environing magnetic field created by the current flow. It describes the ratio between the magnetic flux linked with the conductor and the current flowing through the conductor.

Internet
The term was initially derived from "interconnecting network", i. e. a network that connects separate networks with each other. Today the internet consists of an immense number of regional and local networks all over the world, together creating the "networks' network". The internet applies a uniform addressing scheme as well as TCP/IP-protocols for the transfer of data. Initially this global digital network used to primarily interconnect computers in research centers.

Inverter
An inverter is an electronic device converting direct voltage into alternating voltage or direct current into alternating current. Depending on the circuit, inverters can come equipped for the generation of single-phase alternating current or threephase alternating current (rotary current).

Keyless Entry, Keyless Go
New technology for locking and unlocking vehicles; instead of a key there is only a chip card that exchanges signals with the vehicle. As soon as the card holder approaches the car or touches the door handles, the door will open. The motor is started by touching a pushbutton or starter button.

RFID
Radio Frequency Identification; wireless transmission system for the detection of objects.

Sensor
A sensor is a technological component that is able to detect certain physical or chemical properties (e.g. thermal radiation, temperature, humidity, pressure, sound, brightness, or acceleration) and/or the material condition or texture of its environment with respect to quality or quantity, as a measurand. These factors are detected by the use of physical or chemical effects and transformed into other processible quantities (mostly electric signals).

Financial Calendar 2023

April 27, 2023	Publication of the annual report for 2022
April 27, 2023	Press conference/conference call
May 24, 2023	Publication of interim financial statements for Q1 2023
June 19, 2023	Annual General Meeting in Passau
August 9, 2023	Publication of interim financial statements for H1 2023
November 15, 2023	Publication of interim financial statements for Q3 2023
November 16, 2023	Munich Capital Market Conference 2023
December 31, 2023	End of the financial year

Design and realisation: creativpartner Agentur für Werbung und Marketing GmbH, Vilshofen a. d. Donau, www.creativpartner.com

Thank you for your confidence
in our company

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