

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

2022 marked a historic turning point and the sharpest change in global economic development since the end of the Second World War. While society, institutions, private individuals and companies alike were still suffering from the impacts of the corona pandemic, the war against Ukraine, with its wide-ranging consequences, and the rise in interest rates exacerbated a range of crises around the world. After adjusting for inflation, gross domestic product both in Germany and globally rose only very moderately. The coming years will also be challenging. At present it is impossible to say when the uncertainties caused by the current geopolitical tensions in Europe and the rest of the world will return to normal levels. In our function as the controlling body of init SE we addressed the implications for our company.

Together with the Managing Board we discussed how to stabilise supply chains in order to protect the added value of our operating units. Today, we are able to claim that, by applying forward-looking inventory management and a multi-pronged sourcing policy, we have so far managed to avoid disruptions in our supply chains, despite higher prices. Supply chain issue is also currently on the way out. The init Group has weathered these crises very well and reached its targets, in some cases even outperforming them. Last year we were able to achieve a historic record of incoming orders. Development expenses have been recognised as assets when they meet the recognition criteria under International Financial Reporting Standards. The result is significantly higher than the previous year due to considerable expansion of the follow-up and spare parts business despite some substantial price increases by our suppliers. This increase in the result was slightly above the upper end of our forecast range.

Together, we have managed not only to master the numerous new buy-side and sell-side challenges, but also to set the course for future growth of our company by investing in research and development. We therefore believe the init Group is well equipped to benefit from the continuing high growth potential in the field of globally increasing digitalised public transport and the transformation of vehicle fleets to electromobility.

With great determination, commitment and extraordinary flexibility, our employees overcame the new challenges as they arose. May I take this opportunity, on behalf of the Supervisory Board to thank them for this. Furthermore, we intend to maintain our high standards. However, it is becoming increasingly difficult to recruit new personnel.

In the following section I would like to report on personnel changes and how the Supervisory Board fulfills its tasks and advises and supervises the Managing Board.

PERSONNEL CHANGES

There was one change made to the Supervisory Board during its regular election. Drs Hans Rat did not stand for re-election to the Supervisory Board at the Shareholders' Meeting 2022. As a member of the Supervisory Board of init SE since 2012, he has made a crucial contribution to our company with his expertise and knowledge of regions and markets. As the General Secretary of the International Association of Public Transport (UITP), he received great international recognition and was appointed Honorary General Secretary in 2012 for his services. Thanks to his international contacts, he was often able to shape cross-market solutions for init and help steer the growth trajectory of our Group. In his time as a member of the Supervisory Board, the revenue of the company almost doubled. The Supervisory

Board thanks Hans Rat for all his work. We are pleased that he will continue to support the company in an advisory role in the future.

The Shareholders' Meeting elected Andreas Thun (Dipl.-Ing.), an experienced entrepreneur, as his successor on the Supervisory Board. As a former managing director and founding shareholder of iris-GmbH infrared & intelligent sensors GmbH (iris-GmbH), he knows init well from decades spent as a business partner of the company and has realised a number of successful international projects together with init in the field of automated passenger counting. In addition, he possesses an extensive network in the market for infrared sensors and, since his departure from iris-GmbH in September 2020, is involved in long-term research projects in the field of automating public transport. With his technical and business experience, Mr. Thun is an excellent complement to the competency profile of the full Supervisory Board of init SE.

The Chief Financial Officer of init innovation in traffic systems SE, Jennifer Bodenseh, left the company by mutual agreement on 30 June 2022 in order to focus on new professional challenges. We thank Ms. Bodenseh for her many years of devotion and dedication to init. In her role as Chief Financial Officer, Jennifer Bodenseh was instrumental in init enjoying profitable financial years during economically challenging times.

The new Chief Financial Officer, Dr Marco Ferber, accepted his position, effective 1 March 2023. Dr Marco Ferber possesses many years' experience in financial and strategic management at a number of listed multinational corporations. Most recently, Dr Ferber, a financial expert with a doctorate in business administration, was an authorised signatory in charge of corporate accounting, performance and risk controlling and taxes at the Bilfinger Group. Before this appointment, the financial expert occupied a number of management roles in Germany and abroad with the Thomas Cook Group, including the position of Managing Director at a large regional company. Dr Ferber began his

career in January 2000 as a consultant at McKinsey & Company, Inc. With extensive experience in finance, Dr Ferber possesses the desired qualities for a global player such as init. We look forward to working together.

RESPONSIBILITY OF THE SUPERVISORY BOARD

In the last year, the Supervisory Board of init SE obtained regular, timely and comprehensive reports from the Managing Board in order to fulfill its duty to advise the Managing Board and monitor its management of the business. This took the form of verbal and written reports. The briefings and discussions at the Supervisory Board meetings included all the important issues and measures pertaining to the company and its business operations. The Supervisory Board also actively supports the Managing Board in acquisitions by advisory board activities and in organisational matters.

In its last Supervisory Board meeting, the Supervisory Board carried out a self-evaluation of its efficiency during 2022. The focus was on organisational issues, information for the Supervisory Board, personnel matters and how the members of the Supervisory Board perceived their role. The Supervisory Board members participated in training sessions on their own initiative and with init's support.

The Chairperson of the Supervisory Board and, for individual issues, other members of the Supervisory Board, kept in close contact with the Managing Board throughout the financial year. Furthermore, all transactions relevant to reporting were disclosed on an ad hoc basis. Between meetings, the Chairperson of the Supervisory Board informed members of the Supervisory Board in a timely manner, orally and in writing, of any discussions with the Managing Board and its reports. Where the approval of the Supervisory Board was required by law or the articles of incorporation for measures to

be taken, these were always deliberated at the appropriate time and presented for a resolution.

ATTENDANCE AT MEETINGS

Meetings are convened at least once a quarter. A total of six face-to-face Supervisory Board meetings were held in 2022, of which four were regular meetings, one an extraordinary meeting and another the first founding meeting after the election. All Supervisory Board members were present at all meetings. The Supervisory Board also met five times without the Managing Board.

The audit committee convened seven face-to-face meetings in the reporting year. All members of the audit committee were present.

In the reporting year, the Chairperson of the Supervisory Board had two discussions with the works council on topics that are of significance for the personnel.

TOPICS ON THE AUDIT COMMITTEE AGENDA

The Supervisory Board has had an audit committee since 1 October 2021. It prepares the decisions of the Supervisory Board on the annual and consolidated financial statements as well as quarterly statements during the year, the proposal to the Shareholders' Meeting to elect the auditor and the engagement agreement made with the auditor. Furthermore, the audit committee is responsible for inviting tenders for a new auditor for the audit of the annual and the consolidated financial statements. In addition, the audit committee monitors the independence of the external auditor, addresses any additional services rendered by the auditor and assesses the quality of the audit of the financial statements by discussing the audit risk, the audit strategy and planning and the findings of the audit. It advises and monitors the Managing Board on issues related to financial reporting, the operating effectiveness of the internal control system and the risk management system as well as on compliance and sustainability. In particular, it ensures that the Managing Board

incorporates social and ecological considerations into its strategy. The audit committee effectively supported the entire Supervisory Board in its work in the reporting year and reported on its preparatory work on the agreed-upon topics in the subsequent meeting.

TOPICS DISCUSSED AT MEETINGS

Based on the reports by the Managing Board, the following areas were discussed regularly in the meetings of the Supervisory Board: the economic situation including business and liquidity planning, incoming orders, order backlog, potential risks, compliance issues, the internal control system, sustainability, legal disputes, key business transactions, projects of particular importance, and subsidiaries as well as the medium-term and long-term corporate strategy including organisational issues as well as human resources planning and development. In addition to corporate strategy, key points included the sourcing issues confronting the procurements department, in particular their impact on the order backlog, financial performance and financial position, as well as the resulting need for action and recruitment. On 7 December 2022 the Supervisory Board voted in favour of prolonging the long-term lease of an office building between Dr Gottfried Greschner GmbH & Co. Vermögens-Verwaltungs KG and Eila Greschner as the lessor and init SE as the lessee. The Supervisory Board member Christina Greschner Dipl.-Ing. (FH) (daughter of the Chairperson of the Managing Board) did not vote on this resolution. The supplementary agreement was signed on 20 December 2022 and came into force on 1 January 2023.

There was also a special focus on the following topics in the 2022 financial year:

- Improvement of business processes and the new ERP software
- Change to the business allocation plan for the Managing Board
- Amendments to the rules of procedure of the Supervisory Board and the Managing Board

- Discussion of the 2021 annual and consolidated financial statements as well as of the dependent company report and the separate consolidated non-financial report with the involvement of the auditor
- Ratification of the financial statements of 2021, approval of the consolidated financial statements for 2021, release of the separate consolidated non-financial report for 2021 as well as discussion of the proposal of the Managing Board for the appropriation of profit and approval of the Report of the Managing Board on Relations with Affiliated Companies
- Proposal of the auditor of the financial statements for the 2022 financial year
- The quarterly statements and the 2022 half-year financial report
- Adoption of the proposals for resolutions for the agenda for the (virtual) 2022 Shareholders' Meeting and of the report of the Supervisory Board as well as the statement on corporate governance for 2021
- Examination of the relationship between Managing Board salaries and staff pay
- Approval of the proposal for a resolution on the Managing Board share-based bonus
- Resolution on the amended remuneration system of the Managing Board pursuant to Sec. 87a AktG
- Resolution on the amended remuneration system of the Supervisory Board pursuant to Sec. 113 AktG
- Proposal of a resolution on the remuneration report pursuant to Sec. 162 AktG
- Adjusted Declaration of Compliance with the German Corporate Governance Code in the version dated 16 December 2019
- Election of the Chair of the Supervisory Board and the Deputy Chair
- Appointment of Dr Marco Ferber as Chief Financial Officer (CFO) to the Managing Board of init SE effective 1 March 2023
- Resolution to convene a face-to-face Shareholders' Meeting in 2023
- Ratification of the proposed resolution on refinancing
- Reasons for market developments and their implications for init
- Founding of a "regional unit" MENA-ANZ
- Approval of the recognition of internally-generated software as intangible assets
- New Corporate Governance Code: extended competency profile for the Supervisory Board and progress report on implementing the profile of competencies using a matrix of board qualifications
- LkSG ["Lieferkettensorgfaltspflichtengesetz": German Supply Chain Act]
- Cyber security
- Results of the NEXT debriefing
- ITCS nextGen

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

The annual financial statements and the combined management report of init innovation in traffic systems SE as of 31 December 2022 were prepared in accordance with the German Commercial Code (HGB). The consolidated financial statements dated 31 December 2022 were prepared according to Section 117 of the WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] on the basis of the International Financial Reporting Standards (IFRS) as adopted by the EU.

These documents were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, appointed by the Shareholders' Meeting as auditor of init innovation in traffic systems SE and group auditor. They all received the unqualified, independent auditor's reports. The annual financial statements, combined management report, consolidated financial statements and audit reports were provided to all members of the audit committee and the Supervisory Board in good time.



Report of the Supervisory Board

The annual financial statements, combined management report and consolidated financial statements as well as the independent auditor's reports and audit reports were discussed in detail with the Supervisory Board, the Managing Board and the auditor at the audit committee meeting on 27 March 2023. The independent auditors reported on the significant audit results and also on key audit matters, in particular. For the consolidated financial statements of init SE these included the recovery of goodwill, the measurement of inventories and revenue recognition from project business. With regard to the annual financial statements of init SE, they also included the measurement of equity investments pursuant to German GAAP (HGB). In addition, the auditor reported on the internal control and risk management system in relation to the financial reporting process, on services rendered in addition to the audit and on its independence as defined in the legal regulations. Detailed answers were given to questions raised by the audit committee and members of the Supervisory Board. Based on this evidence and its own examination, the audit committee came to the conclusion that the audit methodology used was reasonable and appropriate and that the figures and calculations contained in the financial statements had been adequately tested and were consistent. No objections were raised. The Supervisory Board therefore agrees with the results of the audit. The annual financial statements of init innovation in traffic systems SE prepared by the Managing Board and the consolidated financial statements of the init Group were approved; the annual financial statements of init innovation in traffic systems SE are therefore adopted.

The Managing Board has presented its proposal to the audit committee for the appropriation of profits. Under the proposal, the following appropriation of the retained earnings of init SE of EUR 33.186.897,12 will be recommended at the Shareholders' Meeting on 25 May 2023: distribution of a dividend of EUR 0.60x and an additional one-off special dividend of EUR 0.10 per dividend-bearing no-par value share

on the occasion of the company's 40th anniversary. The remaining amount is to be carried forward. The Supervisory Board endorsed this proposal.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as the auditor, also audited the report on relationships with affiliated companies ("Dependent Company Report") prepared by the Managing Board as a precautionary measure in accordance with Section 312 AktG ["Aktiengesetz": German Stock Corporation Act]. The auditor issued the following independent auditor's report concerning the result:

"Based on the audit and assessment performed in accordance with our professional duties, we hereby confirm that:

- o the factual statements contained in the report are correct and
- o the payments made by the company in connection with transactions detailed in the report were not unreasonably high."

The audit committee acknowledged the Managing Board's dependent company report and the results of the audit of the report by the auditor, examined both reports and discussed the results with the auditor. The audit committee endorsed the results of the audit of the dependent company report by the auditor. After the final results of the discussions and its own examination of the dependent company report by the audit committee and its report to the Supervisory Board, the Supervisory Board is of the opinion that the Managing Board's findings are appropriate and it therefore raises no objections to the Managing Board's declaration at the end of the report.

The Supervisory Board also adopted the report of the Supervisory Board at its meeting on 28 March 2023.

GERMAN CORPORATE GOVERNANCE CODE

The Supervisory Board actively implemented and monitored compliance with the German Corporate Governance Code. On 18 May 2022, the Managing

Board and the Supervisory Board jointly issued an updated Confirmation of Compliance with the German Corporate Governance Code pursuant to Section 161 AktG and made it permanently available to shareholders on the company's website.

The Managing Board and the Supervisory Board report on corporate governance at init in the statement on corporate governance in this annual report.

Should any changes be made to this Declaration of Compliance with the Corporate Governance Code during the financial year, the Supervisory Board together with the Managing Board will immediately update this information and make it available to all shareholders on the init website.

SEPARATE CONSOLIDATED NON-FINANCIAL REPORT (ESG REPORT)

In 2017, we performed a materiality analysis in cooperation with the Managing Board in order to identify the aspects relevant to our sustainability activities. Following another analysis in the 2021 financial year, the topics were supplemented and restructured and new aspects were added. The previous and new topics are organised in the sections "Environment", "Social", or "Governance" and are updated annually.

The "Taxonomy Regulation" topic refers to the Regulation (EU) 2020/852 (Taxonomy) dated 18 June 2020 and the related Delegated Acts, last updated on 15 July 2022, which aims to ensure companies carry out sustainable economic activities. In the first step, init's share of taxonomy-ready activities was identified and an analysis of economic activities was prepared. As a second step, the conformity of these activities with the taxonomy was reviewed. This topic is developed on an ongoing basis.

The audit committee and the Supervisory Board audited the 2022 separate consolidated non-financial report (ESG report) to be prepared in accordance with Section 315b HGB in accordance

with Section 171 (1) AktG, in case of doubt we were assisted by external consultants. It came to the conclusion that the consolidated non-financial report is in compliance with the relevant provisions and there are no objections to be raised. The separate consolidated non-financial report (ESG report) is available on the init SE website in the section entitled Financial Reports.

The Supervisory Board would like to thank all employees and the Managing Board for their personal contribution in the 2022 financial year. Our thanks also go to our shareholders, customers and business partners for the trust they have placed in us.

Karlsruhe, 28 March 2023

On behalf of the Supervisory Board



Dipl.-Kfm. Hans-Joachim Rühlig

Chairperson