



## SUPERVISORY BOARD REPORT

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Dear shareholders,

It is with great pleasure that I present to you this report of the Supervisory Board of init innovation in traffic systems SE and even more so, given that the 2024 financial year was particularly significant for our future business development.

The workforce and the Managing Board were able to overcome the challenges they faced throughout the year and keep our company on a growth trajectory, despite many adverse external influences. Not only that, but new records were achieved in incoming orders, revenues and earnings. The fact that international orders of more than EUR 433 million were won is particularly remarkable given the general economic situation and this provides a solid foundation for future business development.

All those involved in achieving this performance deserve our recognition and I would like to take this opportunity to thank our entire workforce all around the world.

As the body charged with the oversight of init innovation in traffic systems SE, the Supervisory Board places great importance on setting the right course in time to create value-added in future and to build on current successes. init will benefit from the fact that the market for intelligent public transport infrastructure is expected to be dominated in the coming years by such growth trends as digital transformation, artificial intelligence, intermodal systems, urbanisation and the need to combat climate change.

This latter factor will be decisive in 2025 with regard to the development of public transport in large parts of the world. In future, greater investment will be needed to expand the public transport network and exploit artificial intelligence. An increasing number of countries are recognising this and are undertaking the digital transformation of their public transport networks and providing greater assistance to programmes to mitigate climate change.

init has prepared itself for this through targeted investments. To make this more transparent for our shareholders and also in view of future legal developments, init has decided to draw up a group sustainability report for the 2024 financial year in accordance with the requirements of the Corporate Sustainability Directive (“CSRD” - EU Directive 2022/2464), the requirements of Sections 315b to 315c of the German Commercial Code (HGB) for a corporate non-financial statement and Art. 8 of Regulation (EU) 2020/852 with full reference to the ESRS as the acknowledged reporting framework pursuant to Sections 315c (3) in conjunction with Section 289d HGB. An important element of the Green Deal strategy is to make companies in the EU report more transparently on sustainability and to improve comparability. For this reason, the group sustainability report constitutes a separate section of the combined management report of this annual report and is structured into four sections: general information, environment, social and governance.

An important part of this reporting involves the presentation and assessment of risks. The Supervisory Board discussed these intensively with the Managing Board. One conclusion, among many, was to expand production at the facility in Chesapeake, USA, in anticipation of more extensive “Buy America” policies on the part of the new US government.

Below I would like to report in detail on personnel changes and how the Supervisory Board fulfils its tasks and how it advises and supervises the Managing Board.



## SUPERVISORY BOARD REPORT

### Personnel changes

One change was made to the Supervisory Board during its regular election cycle at the 2024 Shareholders' Meeting. After serving on the Supervisory Board for 13 years, the Chairperson, Hans-Joachim Rühlig, decided not to put himself up for re-election. The Supervisory Board and the Managing Board thanked the departing Chairperson for his commitment and responsibility while working for the init group, especially his reliability and professionalism, ideas for good governance and his visionary decision-making.

All candidates standing for election to the Supervisory Board were elected with a large majority. At the constituent meeting, Andreas Thun accepted his election to Chairperson of the Supervisory Board. As a result, the Supervisory Board of init SE has had five members since 6 June 2024 and continues to meet the competence profile it has set for the full board.

There was also a change in the Managing Board of init SE on 30 September 2024. Dr. Jürgen Greschner, the long-standing Chief Sales Director and Deputy Chairperson of the Managing Board, resigned from the Board at his own volition. He has been responsible for sales and distribution since 2004 and played an instrumental role in the successful internationalisation of the init group. Jürgen Greschner will continue to serve the init group as a director in a sales-related function. His position as Chief Sales Director was taken over by Martin Timmann, the former CEO of HanseCom Public Transport Ticketing Solutions GmbH, Hamburg, a wholly owned subsidiary of init. Thanks to his qualifications and more than 20-years' experience in international sales of public transport software products, Martin Timman is a logical successor to the position of Chief Sales Officer. Matthias Kühn, Chief Operating Officer, has taken on the role of Deputy Chairperson of the Managing Board. As a result, the Managing Board of init SE continues to be composed of five members.

### Responsibility of the Supervisory Board

Over the last year, the Supervisory Board of init SE obtained regular, timely and comprehensive reporting from the Managing Board in order to fulfil 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 during acquisitions, working in an advisory function and addressing organisational matters. The members of the Supervisory Board undertake training at their own initiative and with init's support. During training, the Board addressed such issues as reviewing the efficiency of its own activities and agreeing on corresponding procedures. Topics have been agreed on with the Managing Board that are relevant to the development and resilience of the company, including developing the locations of the group, long-term product strategy, artificial intelligence and cyber-security for products and processes.

The Chairperson of the Supervisory Board and the other members of the Supervisory Board were in close contact with the Managing Board throughout the financial year. Furthermore, all relevant transactions were communicated on an ad hoc basis. Between meetings, the Chairperson of the Supervisory Board informed the 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 the measures to be taken, these were always deliberated at the appropriate time and presented for a resolution.



## SUPERVISORY BOARD REPORT

### Attendance at meetings

Meetings are convened at least once a quarter. There were a total of nine meetings of the Supervisory Board in 2024, of which four were ordinary meetings, three extraordinary meetings, plus a strategy focus and the constituent meeting to form the Board.

Name	Member since	Full board (9, of which 8 attending in person)	Personnel and nomination committee (3, of which 3 attending in person)	Audit committee (4, of which 4 attending in person)	Total attendance
Hans-Joachim Rühlig (Chair and member until the 2024 Shareholders' Meeting)	2011	4/4	-	2/2	100%
Andreas Thun (Chair since the 2024 Shareholders' Meeting)	2022	9 <sup>1</sup> /9	-	4/4	100%
Ulrich Sieg	2014	8/9	3/3	4 <sup>2</sup> /4	92%
Michaela Dickgießer	2023	8/9	3/3	4 <sup>2</sup> /4	92%
Christina Greschner	2019	9/9	3/3	4/4	100%
Johannes Haupt	2023	9/9	-	4/4	100%

<sup>1</sup> of which one member attending by video conference call

<sup>2</sup> attending as a guest

The Supervisory Board also meets regularly without the Managing Board. The Chairperson of the Supervisory Board and the Chair of the personnel and nominations committee held a meeting with the works' council to discuss issues relevant to the employees of group entities.

### Topics on the audit committee agenda

The audit committee 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 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 in issues related to financial reporting, the operating effectiveness of the internal control system, and the risk management system as well as compliance and sustainability. In particular, it ensures that the Managing Board incorporates social and ecological



## SUPERVISORY BOARD REPORT

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 at the subsequent meeting.

### Topics on the personnel and nomination committee agenda

The personnel and nomination committee focuses on the personnel issues relating to the Supervisory Board and the Managing Board and searches for successors to fill positions on the Managing Board and Supervisory Board. It submits proposals for the remuneration system of the Managing Board and the Supervisory Board and reviews this system at regular intervals. According to Article 8 (2) of the Supervisory Board's rules of procedure, the personnel and nomination committee only has an advisory function unless the Supervisory Board empowers it by resolution to make decisions on behalf of the full Supervisory Board. The committee reports on its preliminary work at the subsequent meeting of the Supervisory Board.

### Topics discussed at Supervisory Board meetings

Based on reports from the Managing Board, the following matters were regularly discussed at Supervisory Board meetings: 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, subsidiaries and the medium and long-term corporate strategy including organisational issues as well as human resources planning and development. In addition to corporate strategy, key topics included the major contracts that had been won, the associated need for action, the cultural transformation at the Karlsruhe location, cybersecurity and digital transformation in the wider sense and personnel changes on the Supervisory Board and Managing Board.

There was also a special focus on the following topics in the 2024 financial year:

- Strategic alignment and the group's understanding of its strategies in cooperation with the subsidiaries (setting a strategic framework and regular performance analyses)
- Progress report on the development of the internal control system
- Change to the allocation of Managing Board functions
- Discussion of the 2023 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 for 2023, approval of the consolidated financial statements for 2023, release of the separate consolidated non-financial report for 2023 as well as discussion of the Managing Board's proposal for the appropriation of profit and approval of the Report of the Managing Board on Relations with Affiliated Companies
- Proposal for the auditor for the 2024 financial year
- Adoption of the proposals for resolutions for the agenda for the 2024 Shareholders' Meeting and of the report of the Supervisory Board as well as the statement on corporate governance for 2023
- Resolution on the 2023 remuneration report pursuant to Section 162 AktG and the necessary auditing and preparatory activities
- Resolution on the remuneration system for the Managing Board pursuant to Section 87a AktG and other adjustments as well as the development of the remuneration system, taking account of the projected growth of the company



## SUPERVISORY BOARD REPORT

- Adjusted Declaration of Compliance with the German Corporate Governance Code in the version dated 28 April 2022
- Constituent meeting of the Supervisory Board following the elections at the 2024 Shareholders' Meeting as well as organisational and personnel matters and the way the Supervisory Board members view their functions.
- (Re-)Appointment of the members of the Managing Board of init SE (Dr. Gottfried Greschner/CEO, Matthias Kühn/COO and Deputy CEO, Martin Timmann/CRO)
- Resolution to convene a Shareholders' Meeting in 2025 with the shareholders in physical attendance
- Business requiring board approval: recognition of development work as internally-generated assets, approval of corporate acquisitions, capital increases at subsidiaries and new company formations
- Discussion of changes in the operative business and the development of long-term planning. In this context, the Supervisory Board convened an advisory meeting at the Hamburg location for the first time, placing a focus on corporate developments at the subsidiaries HanseCom and IMSS.

### **Audit of the annual and consolidated financial statements as well as 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 2024 were prepared in accordance with the German Commercial Code (HGB). The consolidated financial statements dated 31 December 2024 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. For the first time, the combined management report also includes the group sustainability report, which has been drawn up in accordance with the requirements of the EU Corporate Sustainability Directive (“CSRD”) (EU Directive 2022/2464 of the European Parliament and of the Council of 14 December 2022), Sections 315b to 315c HGB for a corporate non-financial statement and Art. 8 of Regulation (EU) 2020/852 with full reference to the ESRS as the acknowledged reporting framework pursuant to Sections 315c (3) in conjunction with Section 289d HGB. As the ESRS have not yet been applied for an extended time period, there were uncertainties when drawing up this first report concerning unresolved issues and the corresponding interpretations. The company has considered all the information that was available as of 18 March 2025.

All 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 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. The additionally commissioned voluntary audit of the group sustainability report in the combined management report and the separately commissioned formal audit of the remuneration report were concluded without any qualifications.

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 17 March 2025. 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 recoverability of goodwill, revenue recognition in project business and the acquisition of the DILAX group. With regard to the separate financial statements of init SE, they also included the measurement of equity investments pursuant to German GAAP



## SUPERVISORY BOARD REPORT

(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 Management 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 28.194.490.71 will be recommended at the Shareholders' Meeting on 22 May 2025: distribution of a dividend of 80 cents per dividend-bearing no-par value share. 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 the relationships with affiliated companies ("Dependent Company Report") prepared by the Managing Board in accordance with Section 312 AktG ["Aktengesetz": 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

- the factual statements contained in the report are correct and
- 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 18 March 2025.



## SUPERVISORY BOARD REPORT

### Corporate Governance Code

The Supervisory Board actively implemented and monitored compliance with the German Corporate Governance Code. Effective 6 June 2024, 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.

Pursuant to Principle 23 of the German Corporate Governance Code, 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.

The Supervisory Board would like to express its gratitude to all employees and the Managing Board for their motivation and commitment in the 2024 financial year. Special thanks also go to our shareholders, investors, customers and business partners for the trust they have placed in us.

Karlsruhe, 18 March 2025.

On behalf of the Supervisory Board,

A handwritten signature in blue ink, appearing to read 'Andreas Thun', is written over a faint, light blue grid background.

Andreas Thun

Chairperson