

The logo for 'init' is displayed in white lowercase letters on a green rectangular background. The background of the entire page is a collage of digital data visualizations, including various charts, graphs, and network diagrams, overlaid on a cityscape at sunset. The city skyline includes several skyscrapers and a prominent suspension bridge with blue towers. The overall color palette is dominated by blues and greens, with a warm orange glow from the setting sun at the bottom left.

Integrated. Innovative. International.

ABRIDGED REPORT 2019

Group Key Figures

Order backlog in EUR m



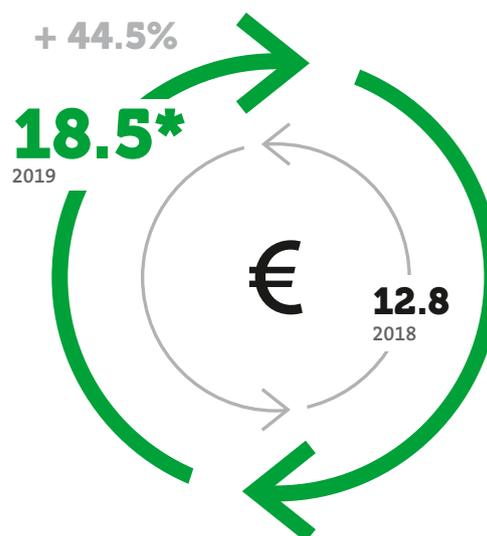
Revenues in EUR m



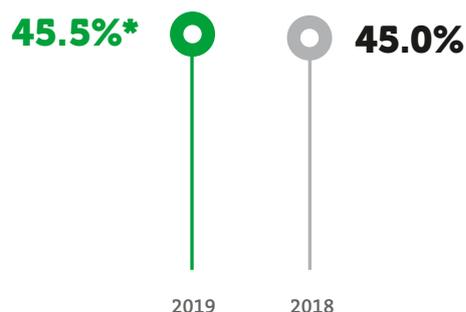
EBIT in EUR m



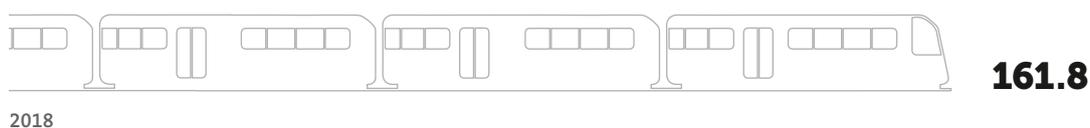
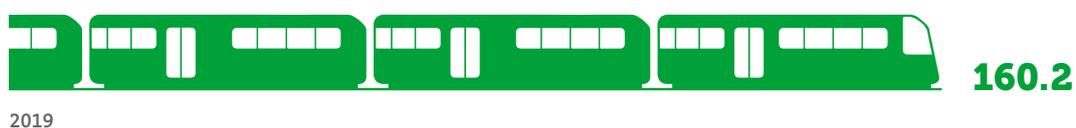
Cash flow from operating activities in EUR m



Equity ratio in %



Incoming orders in EUR m



* adjusted based on the leasing standard IFRS 16



4

Foreword

32

Investor
Relations

6

Managing
Board

35

Supervisory
Board

7

Interview with
Dr. Jürgen
Greschner

36

Consolidated
Balance Sheet

10

Integrated

38

Consolidated
Income
Statement

16

Innovative

39

Five-year
financial
summary

24

International

Integrated. 
Innovative. 
International. 

It is a simple formula that reflects what drives us: Integrated. Innovative. International. Together with our customers, we are creating the success story of sustainable mobility that connects people. All over the world.

To achieve this, we are on site – at more than 20 locations on four continents – and strive to always find the right solution. Our customers benefit from our international best practices as well as from our innovative strength. Because making new technologies available for public transport in a timely manner is part of our DNA. Our integrated solutions cover the complete range of tasks of public transport companies making public transport more attractive and efficient.

Foreword

Dear readers, Dear shareholders,

When a seasoned broker summarises the annual balance sheet of a company in a “clear buy!” recommendation that is a reason to celebrate. Our company, init innovation in traffic systems SE, is one such “clear buy”. This report explains why and what we are doing to ensure it remains that way in future.

The past year was an excellent one for init. We hit all our growth targets despite all the global economic-turmoil, and above all reported a strong increase in EBIT margin. At around EUR 156m, we achieved a new revenue record and revenue growth of around 15 per cent. EBIT more than doubled compared to the previous year and, at over EUR 16m, even slightly exceeded our adjusted guidance. At the same time, we achieved an important milestone with an EBIT margin of more than 10 per cent.

Incoming orders in 2019 show that this growth is not just a single event, but is sustainable. At around EUR 160m, incoming orders are higher than the annual revenue, matching the record level of the previous year. And the trend is upward: The Board of Directors of the Metropolitan Transit Authority of Harris County (METRO), the public transport provider for the region around Houston in Texas (USA), has announced that they will commission us to deliver an ID-based fare management system. This alone translates into a contract volume of well over USD 30m.

Such achievements prove that in the ticketing area, which has been expanded in a targeted manner in recent years, init enjoys a leading position on the competitive North American market. We want to assert and expand this position with further innovative products. The next step will be for passengers to purchase and pay for their tickets by showing their hands. This vein identification system is being developed by our subsidiary iris in Berlin. This will create a next generation of ID-based ticketing systems.

Our assistance system for vision, hearing or mobility impaired passengers is another example of our innovative power. The ASSISTIVETravel app offers needs-based support for this group of passengers. The highly successful MAVIS pilot project in Singapore has since received numerous awards. ASSISTIVETravel is being increasingly offered in Europe.

A fully new approach based on innovative technologies is also being used for the passenger guidance system that we are currently developing for high-traffic transport systems, for example in Asian mega cities such as Hong Kong. Here, passengers waste a lot of time because they gather in certain sections of platforms and trains, while other parts are almost empty. Our solution already shows on the platform where there is space. This helps passengers to position themselves in the right waiting areas in front of coaches with free spaces before the train arrives. If we manage to save just seconds at these stops, the transport company can save millions by better utilisation of the existing infrastructure.

A completely new challenge for transport companies is the integration of the electric vehicles that are becoming more popular worldwide as integral parts of climate protection programmes. As a pioneer and



*Managing Board of init (f.l.t.r.):
Dr. Jürgen Greschner, Jennife Bodenseh, Dr. Gottfried Greschner, Matthias Kühn*

sole provider on the market, init is capable of offering a comprehensive system solution comprising all operational processes of the application of electric buses.

Like in our other init solutions, artificial intelligence is put to use here as well. Software using artificial intelligence was developed at init for the first time 30 years ago. Currently, machine learning software is being tested at our customer in San Francisco. The results show a significant improvement in punctuality (forecast). Our investments in pioneering technologies are starting to bear fruit. Against this background, we are in a good position to reach our average annual growth rate of 15 per cent in revenues. Of course, we will have to wait and see how the corona crisis affects the public transport sector. We nevertheless believe in our original planning. For 2020, we are targeting revenues of around EUR 180m. The improvement of EBIT margin will continue, and operating earnings will increase to EUR 18–20m.

We want to share this growth with you, our shareholders, via an appropriate dividend. We are sure that in view of the demand for our products created by megatrends such as digitisation, smart mobility and climate protection, the init share will remain a “clear buy”.

Thank you for the trust you have placed in us!

Dr Gottfried Greschner, CEO
init innovation in traffic systems SE

Managing Board



**Dr.-Ing. Gottfried
Greschner**

Chief Executive
Officer (CEO)



**Dipl.-Kfm.
Dr. Jürgen
Greschner**

Chief Sales Officer
and Deputy Chief Executive Officer (CSO)



**B. A. Jennifer
Bodenseh**

Chief Financial
Officer (CFO)



**Dipl.-Ing. (FH)
Matthias Kühn**

Chief Operating
Officer (COO)

Vita

- since 1983 Managing Director at INIT GmbH
- since 2001 Chief Executive Officer (CEO)

Vita

- since 2004 Managing Director at INIT GmbH
- since 2004 Chief Sales Officer (CSO)
- since 2015 Deputy Chief Executive Officer

Vita

- from 2015 to Sept. 2018 authorised signatory
- since Oct. 2018 Chief Financial Officer (CFO)

Vita

- since 2015 Managing Director at INIT GmbH
- since 2016 Chief Operating Officer / Telematics Devices and Ticketing (COO)
- since April 2019 Chief Operating Officer / Telematics, Ticketing and IT (COO)

Task area

- Business Development
- Strategy
- Production
- Purchasing

Task area

- Sales and Marketing
- Human Resources
- Legal Management
- Research and Technology
- Projects and System Design
- Support and Operations

Task area

- Financial Services
- Controlling and Logistics
- Risk Management
- M&A
- Investor Relations
- Compliance
- Data Protection
- Quality Management

Task area

- Back-Office Ticketing
- Telematic Devices
- Maintenance and Installation
- Real-Time Systems
- Back-Office Operations
- Mobility as a Service
- IT

The detailed CVs of the members of the Managing Board can be found on the company website under Investor Relations / Corporate Governance.

Interview with Deputy Chief Executive Officer Dr. Jürgen Greschner

The init formula for success

Dr Greschner, the guiding principle of this annual report is “Integrated. Innovative. International.” Are these principles also symbolic of init’s development over the last year?

Yes, absolutely. We offer the most broadly integrated solution for public transport companies and market our software and hardware packages all around the world. We work as closely with research institutes as with our customers. We see ourselves as an innovation leader in our industry. As soon as a new technology like artificial intelligence appears on the horizon, we want to make it available to our customers. For this reason, we are hugely committed in the areas of research and science.

This is convincing more and more customers worldwide. Currently, more than 70 per cent of our sales are generated outside of the German-speaking countries. Thanks to our international alignment and our product approach, we can offer our customers huge benefits. For example, if we make improvements to GPS positioning, as we did some years ago in New York City, this experience will be incorporated in our product development. As a result, all our customers benefit from the extended functionality.



“2019 was an excellent year. New, interesting tasks are ahead of us.”

Dr. Jürgen Greschner

Integrated systems play an important role in enabling public transport companies to deal with their everyday operations. What distinguishes the integrated system from init? What makes init unique compared to other providers?

Currently, we are the only provider to cover the complete range of operational tasks of public transport companies in an integrated telematics system. From planning and dispatching to operations control and ticketing, our integrated approach covers all the operational needs of a public transport company with corresponding software and hardware modules. Because we offer solutions for all these areas, we are familiar with our customers' operational processes. Without doubt, one of our core competences is our extensive knowledge of all the data and information flows within a public transport company.

What are the benefits for your customers?

It is important for us that our products help our customers to improve the quality of their service and increase their efficiency. We offer the perfect IT solutions for all existing tasks, as well as all new topics.

It's very easy to implement new products when all the solutions come from a single source. It's like building a house. You can hire a general contractor who will take care of everything or you can assign each trade individually. But then you would have to deal with around ten different people, which makes it more complicated to reach agreements. The construction time and costs will probably be higher, too.

What does your integrated system mean for medium to small public transport companies?

Our system is not only integrated, innovative and international, it is also scalable. This means that large and small public transport companies alike can increase their efficiency with our solutions. Good examples can be seen in cities like Trier, Hof and Emden as well as Stockholm, Dubai and Houston.

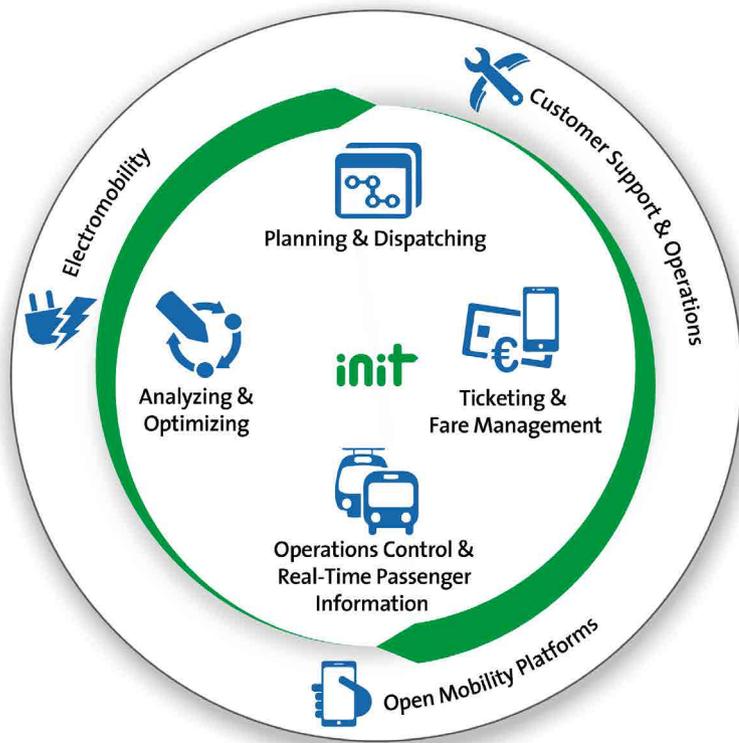
How would you summarise the financial year 2019?

2019 was an excellent year for us. We far exceeded our initial forecasts, achieved our growth targets and increased our margins.

What economic objectives have you set for 2020?

The init group is excellently positioned and can pick up new trends early on thanks to our extensive expertise. Therefore, we have made it our long-term aim to grow by 15 per cent every year. Of course, there will be fluctuations and a certain insecurity for the current

Our integrated solutions cover the full range of public transport companies' operational tasks.



“Large and small public transport companies alike increase their efficiency with us.”

Dr. Jürgen Greschner



year due to the COVID-19 pandemic. Growth might only be 10 per cent one year but 20 per cent the following year. But we consider this to be a realistic long-term growth target.

What are the topics that will define urban mobility in the future?

I believe there will be new forms of mobility arising such as self-driving cars and air taxis. And maybe people and goods will also be “propelled” through tubes in hyperloops. Today, on-demand transport and Mobility-as-a-Service offers for cars, bikes and e-scooters used on an as-needed basis are already becoming more popular. It must be possible to combine and use all of these offers via intermodal mobility platforms in order to establish interconnected mobility. People will start to use these new forms of mobility and adapt their habits. Which of the mobility offers and networks will prevail we shall only know in the future.

Artificial intelligence will also become increasingly important in the future. We have already gained experience in this area through a project with the public transport company “Golden Gate Bridge, Highway and Transportation District” of San Francisco. Evolutionary algorithms were used successfully to improve the forecasts for departure

times. We also use artificial intelligence in other areas to improve forecasting, for example, in order to determine the expected car load of trains and to effectively guide passengers by displaying free space, or to precisely predict the range of electric buses.

This brings us onto another trend: electromobility. However, we can no longer refer to this as a thing of the future, as our electromobility solutions are already deployed at a number of public transport companies.

Will there still be cars in cities by the year 2050?

No, I don’t expect there to be personally owned cars in 2050 such as those we have today. Cars driven by humans will have disappeared by then, at least on the urban landscape.

Thank you for the interview.



Integrated.

We know that processes and procedures within a transport system are complex. This calls for **smart concepts and integrated IT solutions** that don't consider processes in isolation but within the overall context of the public transport company and its tasks. We are currently the **only provider** to cover the entire spectrum of these tasks in a completely integrated planning, dispatching, telematics and ticketing system.

Mobility platforms

Smart mobility concepts follow an intermodal approach. They integrate a region's different mobility providers in one central platform. They allow for real-time passenger information, ticket booking and car rentals as well as combined payment. We provide the modules that make this kind of intermodal travel chain possible.

— see P. 12

Everything in one app

Suburban railway, buses, car sharing and rental bikes: The intermodal mobility platform "regio-move" helps all passengers reach their destination in the Karlsruhe region. Passengers can choose their ideal combination from the different mobility options.

— see P. 13



Benefiting from experience

Göttinger Verkehrsbetriebe GmbH has been partnering with init for quite a few years now. When setting up their telematics and ticketing system they decided in favour of init to reap the benefits of an integrated solution.

— see p. 15

Changing to electromobility

In 2020, the Verkehrsbetriebe Hamburg-Holstein GmbH (VHH) is marking the start of a fully electric future. Rheinbahn AG in Düsseldorf has also turned to electromobility and will operate a total of 12 electric buses. Both companies have together decided to integrate the management of their electric buses into their init operations control system.

— see p. 14

Next stop: Smart mobility concepts

Mobility platforms

Climate protection and daily traffic are good arguments for making the change to bus and train. So that even more people use public transport, the available options need to be attractive enough to win them over. Besides punctuality, safety and comfort, above all, passengers expect demand-oriented options that take them to their destination reliably.

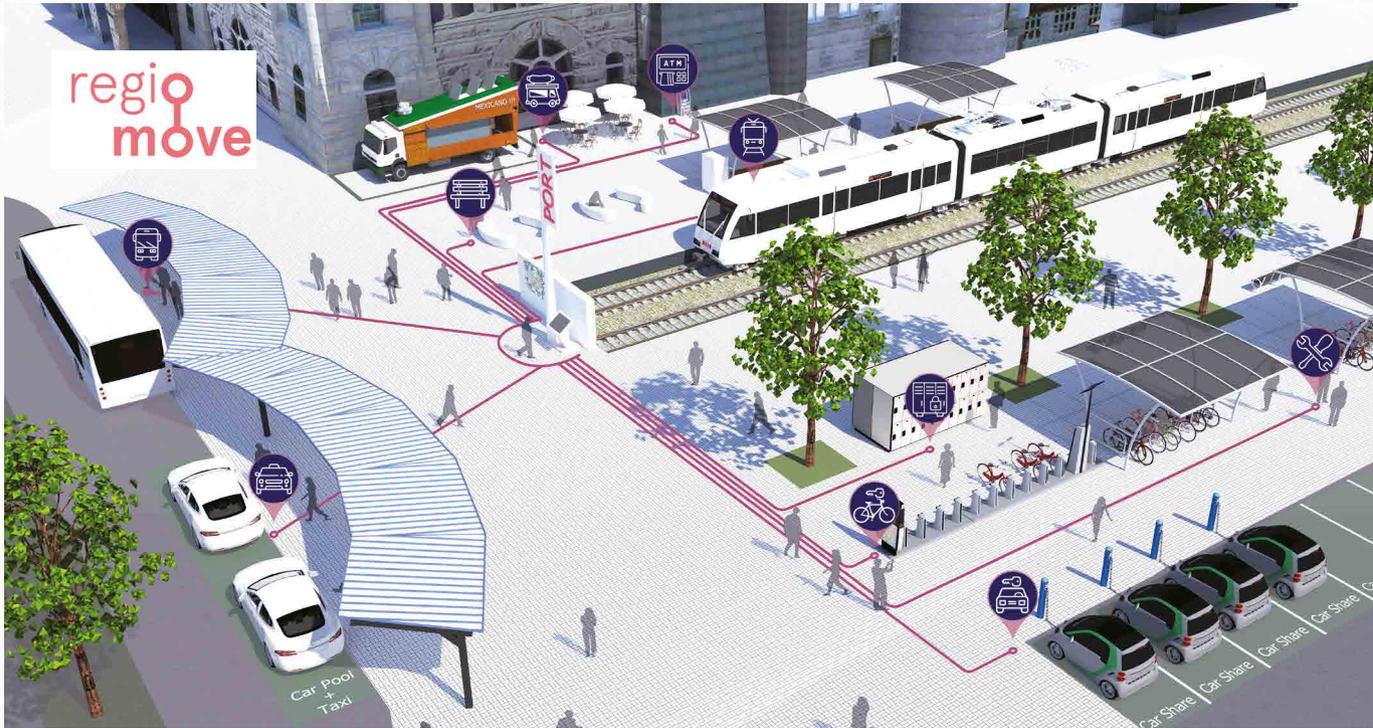
Anyone who wants to travel from A to B by combining rental cars and bikes with public transport offers, previously had to depend on three different sources. Intermodal booking platforms now enable a smart combination of all options by interconnecting each of these different mobility services. Similar to a navigation system, the passenger enters a start location and destination in an app, selects the preferred alternatives, books the appropriate transport and purchases tickets

for the entire travel chain in just a few clicks. The booking platform takes care of storing customer data as well as billing. Individual preferences or personal information such as driving licence details are also stored on the platform. Thanks to powerful routing functionality, the passenger is always presented with the proposals that are most suitable for them.

This means that all mobility options are interconnected and can be enjoyed as Mobility-as-a-Service (MaaS). The barriers between the modes of transport are lifted on both the information and the sales side, and all offers are combined via open interfaces. Thus, a smart mobility platform emerges out of individual offers.

The mobility of tomorrow: book and pay for any means of transport with just a few taps on your smartphone.





Next step: regiomove

Everything in one app

Whether train or bus, bike or car sharing, in the countryside or the city. With regiomove, the transport options in the city of Karlsruhe and the surrounding towns and villages are connected to each other via a central mobility platform in order to interconnect people in the Mittlerer Oberrhein region. regiomove will be transforming the Karlsruhe public transport network into a modern mobility network.

Intermodality has huge potential to make mobility easier. Karlsruhe has recognised this potential and, with regiomove, is relying on this smart integrated concept. init has developed a central booking platform for the regiomove lighthouse project. Each passenger plans, books and pays for the desired combination of mobility options in the region, in just a few clicks.

Without the need to own a car, passengers can benefit from convenient travel to all destinations thanks to different transport options. As a result, people enjoy flexible mobility. Not only the passengers benefit from this concept, but also the municipalities, mobility providers and last but not least the environment.

The regiomove mobility project was honoured with the German Sustainability Award after finishing in the TOP 3 for the “Digitalisation” special award in the “Research” category.

Top:
regiomove: a mobility platform, combining all transport options in the whole of the Mittlerer Oberrhein region.

Right:
Dr. Frank Pagel, regiomove Project Manager, presents the app at the official launch of the test version on 3 March 2020.





In Düsseldorf and Hamburg, electric buses can be controlled using the central management tool.



Next step: Dispatching

Changing to electromobility

The public transport companies Verkehrsbetriebe Hamburg-Holstein GmbH (VHH) and Rheinbahn AG in Düsseldorf are paving the way: their journey towards electromobility is already clearly mapped out.

Since the beginning of the year, VHH has exclusively purchased electric buses, at least for the Hamburg area. Work is full speed under way to provide the indispensable new infrastructure: Workshops, an intelligent operations management system and extensive digitisation – the tasks facing the public transport company are varied.

Rheinbahn is also getting its vehicle fleet ready for a clean future. The two electric buses already in the fleet will be joined by another ten electric buses during 2020. The buses will run on two inner-city routes and will be charged during the course of the day in the depot.

In the transition to electric drives, the requirements placed both on operational processes and information systems are changing. Given the high volatility of the ranges of battery-operated vehicles, it is essential that the state of charge of all buses be monitored continuously in the operations control centre. Both public transport companies are already using the Intermodal Transport Control System, MOBILE-ITCS, as well as other operational systems from our portfolio. They are therefore best equipped to now display the electromobility-specific parameters in their ITCS, too. The dispatchers thus get a quick and comprehensive overview of the current state of charge as well as the remaining range of the vehicles. With the implementation of eMOBILE-ITCS, VHH and Rheinbahn are relying on a modern and proven solution that will support them in mastering the challenges of introducing electromobility in a targeted manner.

Next stop: Continuous system expansion

Benefiting from experience

Always reinventing the wheel? This is not necessary when introducing an integrated telematics system. Especially when tried and tested solutions already exist. Compared with individual solutions, they not only offer financial benefits, but also minimise the project risk and are far quicker to deploy. This has proven to be the right approach for Göttinger Verkehrsbetriebe GmbH (GöVB).

An integrated operations control, passenger information and ticketing system was introduced within a short period of time. When configuring the MOBILE-ITCS and fare

management and clearing system MOBILE-vario, GöVB relied on standard specifications. These have previously stood the test of time in daily operational use in more than 130 installations for init customers all around the world. GöVB are thus benefiting from the experience gained from all of these projects and can rely on ready-to-use functions – which can also be expanded where required. There are already plans to possibly expand MOBILE-vario and incorporate e-ticketing, which the EVENDpc2 ticket printers are already equipped for. This follows GöVB's proven strategy of continuous system development. GöVB have been a partner of init with its MOBILE-APC passenger counting system and the personnel assignment system MOBILE-PERDIS for years already.

In the future, the traditional university town shall exclusively purchase electric or hybrid buses. It will also be possible to fully monitor and manage these vehicles via the integrated telematics system from init.

Thanks to their integrated solution, GöVB have many add-on options available to them. And last but not least: future safety.



Göttinger Verkehrsbetriebe GmbH (GöVB) trust in init's integrated solution.



Innovative.

Innovative solutions are key to modern mobility. They also determined our path from a university spin-off to a global market leader. Today we are still actively committed to many research projects and use the findings in the development of our products with our customers' objectives always taking top priority. **We conduct our research on an international scale, think outside the box, know the sector inside out and steer new ideas** for the benefit of our customers.

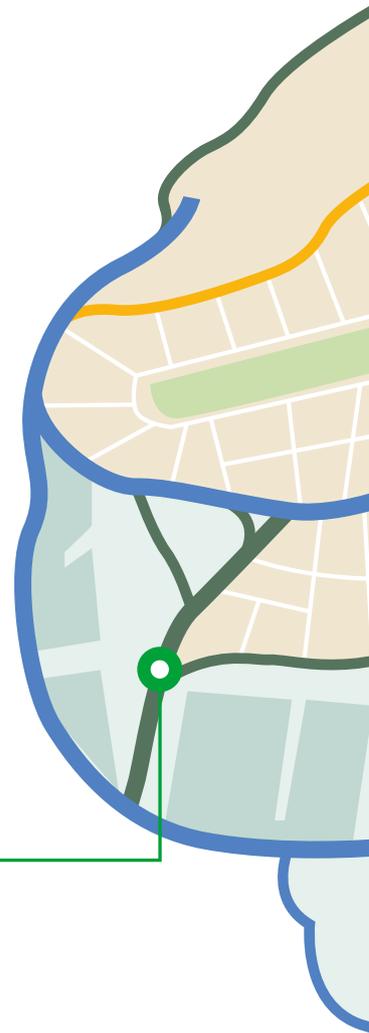
Recognising change. Widening horizons. Designing the future.

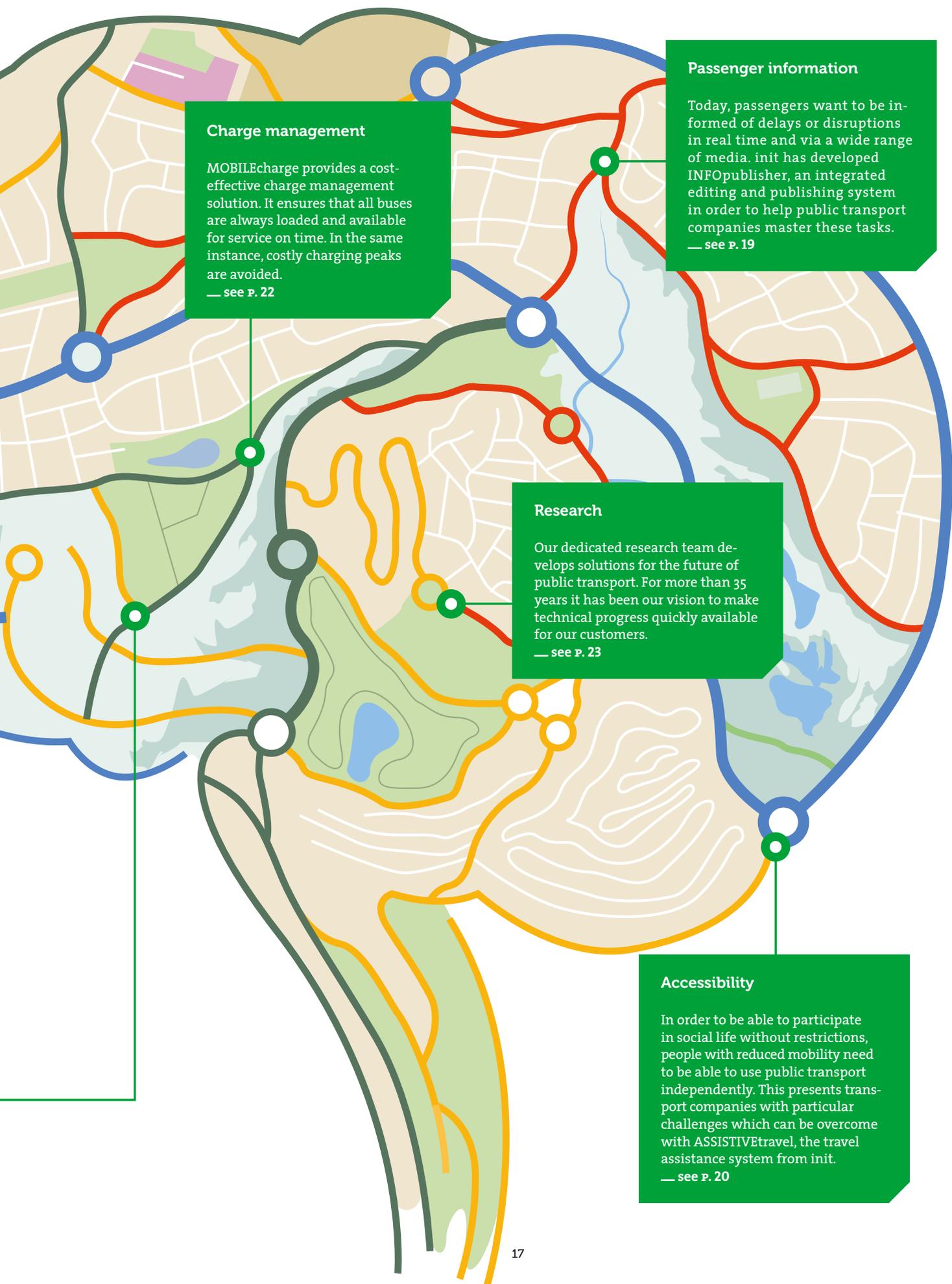
Our thoughts and actions are centred around the challenges that public transport companies and authorities are faced with on a daily basis. We are working in many areas to help our customers achieve their vision, and guide them towards their goal. The expertise, enthusiasm and commitment of our employees are the basis of our success. We see ourselves as a catalyst for the mobility of the future and support our customers by combining innovative solutions with high quality standards and extensive, specialised knowledge.

Crowd management

Overcrowded trains and packed train platforms are a significant challenge for many rail transport systems, especially in big cities. As frequency and capacity cannot be further increased in many places, better management of passenger distribution is necessary. This can be achieved with MOBILEguide from init.

— see P. 18





Charge management

MOBILEcharge provides a cost-effective charge management solution. It ensures that all buses are always loaded and available for service on time. In the same instance, costly charging peaks are avoided.
— see p. 22

Passenger information

Today, passengers want to be informed of delays or disruptions in real time and via a wide range of media. init has developed INFOpublisher, an integrated editing and publishing system in order to help public transport companies master these tasks.
— see p. 19

Research

Our dedicated research team develops solutions for the future of public transport. For more than 35 years it has been our vision to make technical progress quickly available for our customers.
— see p. 23

Accessibility

In order to be able to participate in social life without restrictions, people with reduced mobility need to be able to use public transport independently. This presents transport companies with particular challenges which can be overcome with ASSISTIVetravel, the travel assistance system from init.
— see p. 20

Next stop: Crowd management

Reliable guidance of passenger flows in railway systems

Transport systems are gradually reaching their limits, particularly in metropolises. A problem faced by many rail systems is overcrowded stations where large groups of passengers wait to board trains. init has developed MOBILEguide to tackle the challenge of better distributing passengers to the individual train carriages.

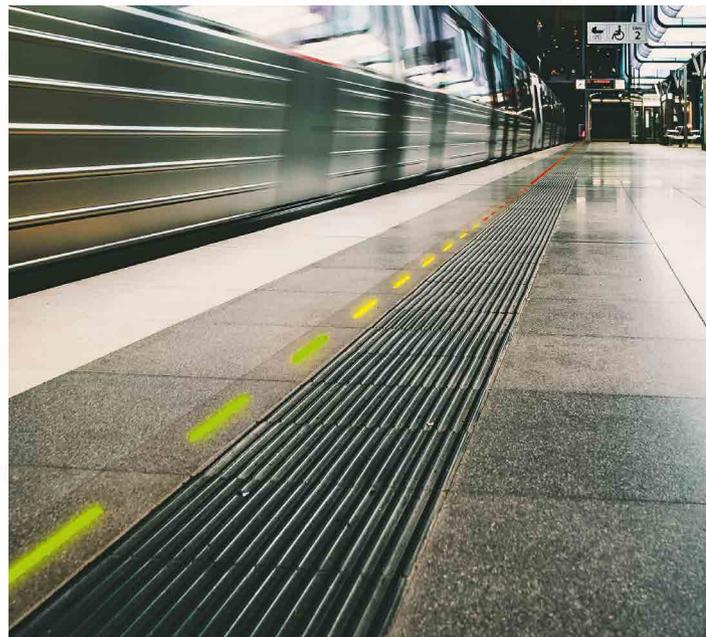
Our patented system for passenger guidance, MOBILEguide, calculates the expected car load at the next stop as soon as the doors have closed. To do this, the system uses the current passenger counts as well as historical data. The number of passengers expected to leave the train at the next station is deducted from the actual car load and the result forwarded to the subsequent information systems. This means that the passengers on the platform are not only informed about car loads upon the train's arrival, but they also

have information on the occupancy level AFTER the passengers have disembarked. Thus, flows of passengers can be guided in an optimal manner. init provides the information that improves passengers' travel experience, increases their safety and shortens boarding times. Public transport companies can also benefit from this smart enhancement of init's passenger counting system, resulting in fewer delays and increased efficiency.

Avoiding overcrowded public transport vehicles will not at least play a major role in the attempts to deal with the current COVID-19 pandemic as well as with its aftermaths.



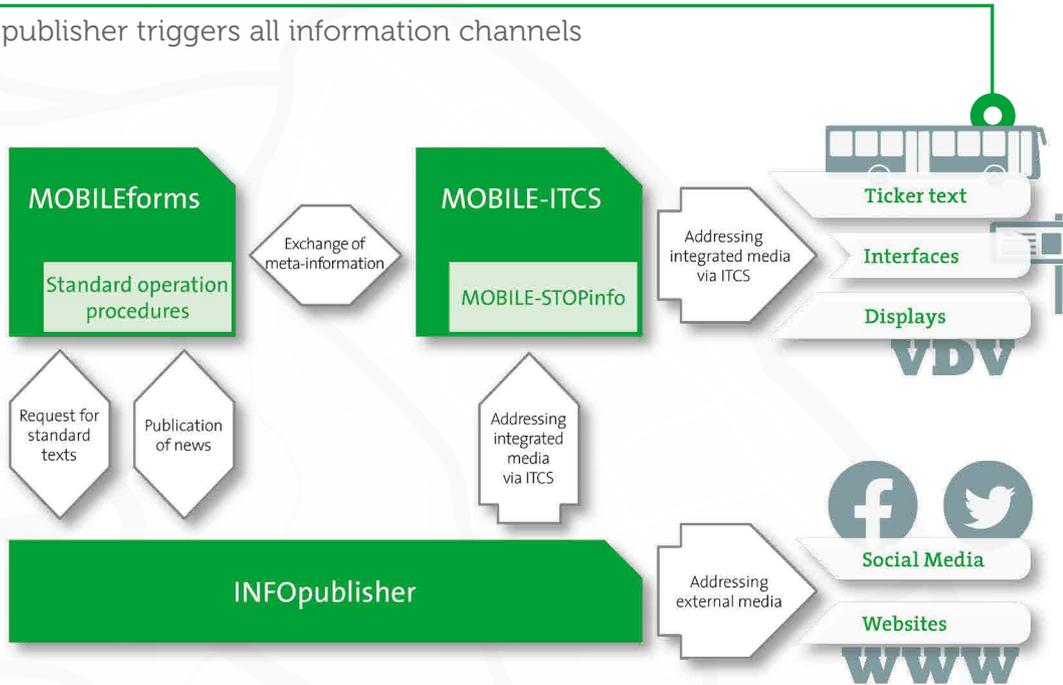
MOBILEguide ensures a better distribution of passengers to the individual train sections.



Possible way of indicating free train sections: LED control system from SIUT with colour signals

Next stop: Passenger information

INFOpublisher triggers all information channels



Dynamic passenger information systems have been in use for around 25 years now by many public transport companies. It has been a long journey from the first LED bus stop displays that indicated anticipated departure times, to the highly integrated systems and web applications that provide passengers with information in real time. To make it easier for public transport companies to provide this information, init has developed INFOpublisher, an integrated editing and publishing system.

Today, information that is relevant for passengers has to be published across several media in parallel, from the displays at bus stops and in train stations to modern apps like ASSISTIVE-travel and DEPARTURESlive, as well as posts on social media. The dispatcher often must carry out all of these notifications separately. Maintaining different systems in parallel is not only time-consuming, it is also prone to error. INFOpublisher is integrated into the ITCS environment and offers assistance: Text templates are available for all communication channels, and all information can be distributed to various media with just a few clicks.

Placeholders in the templates are simply replaced by corresponding meta information such as line, stop or location from MOBILE-ITCS. The real-time information is provided by our dynamic passenger information system MOBILE-STOPinfo. The dispatcher can operate all relevant information systems from a central source, namely from MOBILEforms, init's form management system. Standard procedures and regularly recurring scenarios can be stored here.

Regardless of whether you make planned or ad-hoc dispatching measures: all the information is quickly available on all media, from the ticker text and displays to websites and social media. The automated functions not only enable quick, reliable and accurate passenger information, they also free up the dispatcher's time to focus on other operational tasks.

The new editing and publishing system is integrated into the ITCS environment.



First, users create their profile in the app according to their specific needs.

Next step: Accessibility

ASSISTIVetravel facilitates the use of public transport for impaired riders

init's mobility assistance system, ASSISTIVetravel, makes it easier for people with visual, hearing and mobility impairments to access public transport and therefore participate in social life. In Singapore, these passengers can experience ASSISTIVetravel in a range of test vehicles. They can plan their bus journeys individually using the smartphone app and rely on digital support during their journey. The basis for this innovative project, known as MAVIS, is the collaboration between init, the Land Transport

Authority of Singapore (LTA) and SG Enable, an organisation that is dedicated to the social integration of people with disabilities.

First, users create their profile in the app according to their specific needs. Based on this setting, the app triggers specific features and adapts the user interface accordingly. The navigation is simplified for visually impaired users and optimised using text-to-speech technology. Their profile then also generates the buses' announcements at the desired boarding stop.

MAVIS receives award at the UITP Global Transport Summit. From left: Klaus Janke, Managing Director init, Roxana Hess, Project Manager, Ngien Hoon Pien and Jeremy Jap of LTA.

For passengers with impaired hearing, the announcements on the bus are transferred to their hearing aid via T-loop, a magnetic, wireless signal that is picked up by the hearing aid when it is set to T (Telecoil) setting. The driver is notified before every bus stop whether passengers with special needs wish to get on or off the bus at the next stop and he/she can confirm the availability of wheelchair space; a feature that has received very positive feedback from both drivers and riders. As users can rest assured that they will receive the support and information they need.

The impact of the trial project has been perceived far beyond Singapore's borders. MAVIS received two awards at the UITP Global Public Transport Summit in Stockholm: The UITP Innovation Award in the category "Diversity & Inclusion" and the "Asia Pacific Special Recognition Award".



Unique to the init solution: drivers are notified when passengers with special needs wish to get on or off.

Next stop: Charge management

Managing charging procedures and reducing energy costs

Thinking processes through to the end. Having the answers to questions that are only just emerging. This is what drives us – especially when it comes to the introduction of electromobility. Still, in many towns and cities, only a few electric buses are in use. But what if a public transport company decides to expand by adding further electric buses to its fleet? What if there are fewer charging stations available than there are electric buses? What if avoidable costs are caused by unnecessary loading peaks due to unmanaged charging? This is where public transport companies need the support of a smart charge management system that automatically coordinates all of these operations. MOBILEcharge makes sure that all buses are always perfectly pre-conditioned and sufficiently charged, ready to be used in service. However, it offers far more than this: It manages the charging operations in such a way that expensive peak loads are avoided. This helps to achieve energy savings of around 15%. Who would have thought that was possible? We did.



15%
of electricity costs
can be saved.



© Stadtwerte Osnabrück GmbH

Charging processes can be managed centrally with MOBILEcharge.

Next step: Research

Working on the future of mobility

There are many aspects of our vision for the future of mobility. Together with renowned partners, we are conducting research in many different areas. This means that we are getting increasingly closer to our vision and are actively shaping the trends of the public transport sector. Always with the goal to inspire more people to make the change to public transport.



Mobile data fusion

The planning of mobility offers is an economically important factor for public transport companies. The aim of this research project is to develop a suitable process for mapping the current passenger demand. In collaboration with our partners, we want to analyse how the fusion of different data sources can support the planning of offers in the public transport sector, in a way that meets targets and is customer-centric. Possible sources include data from automatic passenger counting devices, WLAN and Bluetooth, information system queries as well as network and weather data.

U-THREAT



Even minor disruptions can result in major disturbances on an underground railway system. The resilience of the systems is therefore an important factor for public transport companies. The ability to continue operations in the event of a partial failure must be continually reinforced. The German-French research project “U-THREAT – Resilience of underground public transport systems to ensure availability” is developing concepts and technical solutions for the worst-case scenario.



Together with our partners we work on future-oriented technologies to convince more people to use public transport.

U-hoch-3



Convenient offers, reliability and a high feeling of safety are crucial factors for convincing more people to take public transport offers, thereby reducing the level of individual transport in cities.

At init, we develop occupancy prediction models for buses and trains on the basis of our successful passenger counting systems. In large-scale testing, this information is to be made accessible to all user groups in order to research changes in people’s mobility behaviour.

International.

Public transport companies around the world are operating more quickly, conveniently and efficiently thanks to init technology. We are making public transport more attractive. Adapted to local and regional requirements, init develops targeted solutions – for 20 vehicles or 2,000, for metropolises or rural regions. We are wherever our customers are. At more than 20 locations around the globe.

San Diego

To make its public transport even more attractive, San Diego relies on an integrated fare management system. The task assigned to us: Whether smartcard, smartphone, credit card or cash – customers need to be able to access and pay for tickets anywhere and at any time. — see p. 27

Toronto

Environmentally friendly travel is the focus of York Region Transit located in the Canadian metropolis region of Toronto. With init's support, they have implemented a successful driver assistance system that has made bus operations safer and more efficient. — see p. 30



Birmingham

The task assigned to init by National Express West Midlands (NXWM) in Birmingham was to introduce contactless ticketing. With init's new ticketing system, the company has now achieved this goal.
— see p. 31

UITP-Karlsruhe Mobility Partnership

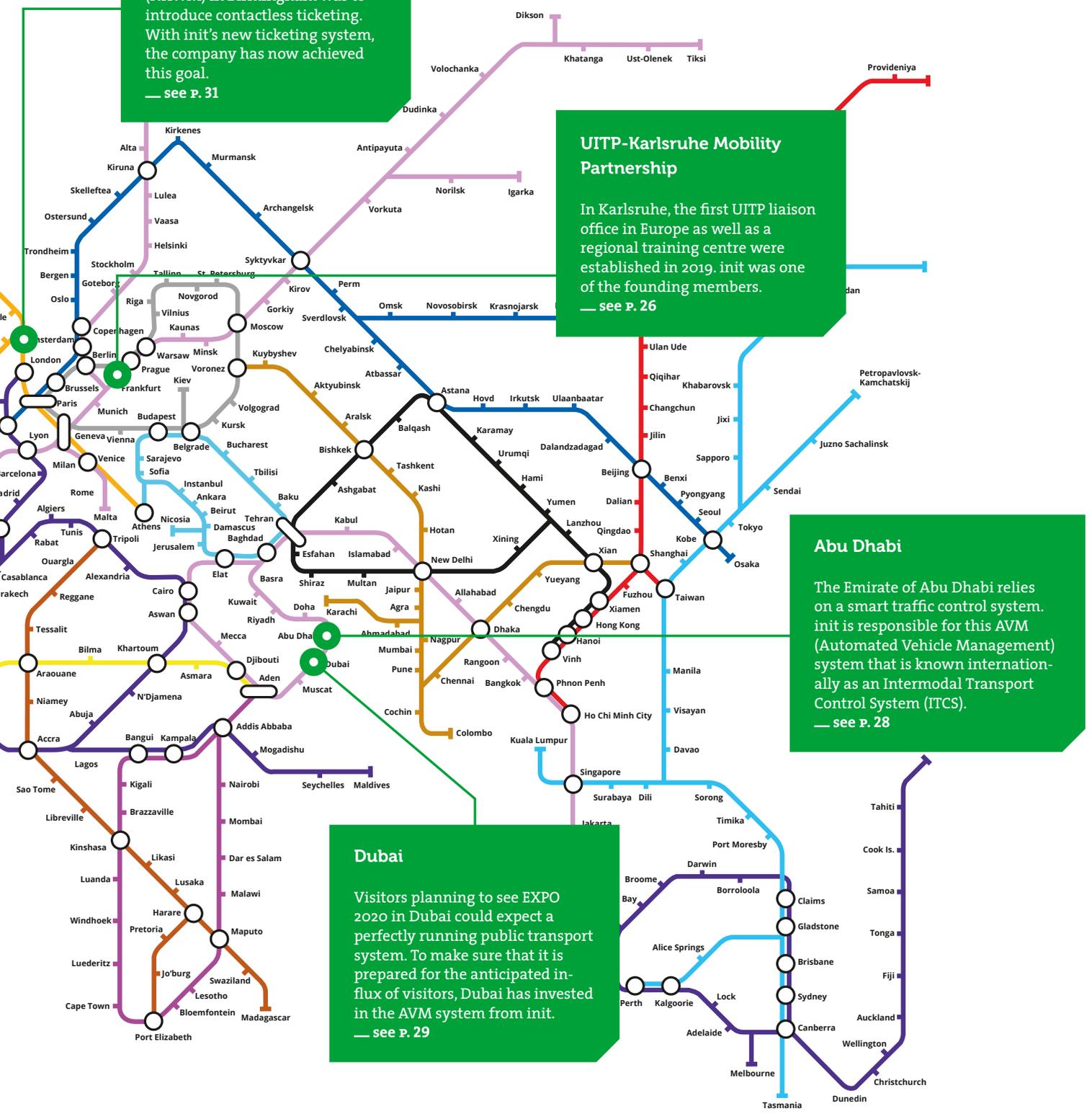
In Karlsruhe, the first UITP liaison office in Europe as well as a regional training centre were established in 2019. init was one of the founding members.
— see p. 26

Abu Dhabi

The Emirate of Abu Dhabi relies on a smart traffic control system. init is responsible for this AVM (Automated Vehicle Management) system that is known internationally as an Intermodal Transport Control System (ITCS).
— see p. 28

Dubai

Visitors planning to see EXPO 2020 in Dubai could expect a perfectly running public transport system. To make sure that it is prepared for the anticipated influx of visitors, Dubai has invested in the AVM system from init.
— see p. 29





Next step: UITP-Karlsruhe Mobility Partnership

Leading tech hub for public transport network IT systems

The founding partners signing Karlsruhe's agreement for the world's first Innovation Partnership with UITP.

Karlsruhe-based companies and institutions which focus on mobility have been successfully working with UITP (International Association of Public Transport) for many years. In 2019, the collaboration culminated in the world's first institutionalised partnership model, the "UITP Karlsruhe Mobility Innovation Partnership", of which *init* is a founding member.

In Karlsruhe, this resulted in the opening of the first UITP liaison office in Europe, as well as the creation of a regional training centre. This will allow UITP members to intensify their connection with Karlsruhe, the leading tech hub for IT-solutions for public transport. *init*'s experts will support the proposed trainings and, as part of the innovation

partnership, will help to shape the future of mobility through innovation projects.

The local founding partners of the "UITP Karlsruhe Mobility Innovation Partnership" are TechnologieRegion Karlsruhe GmbH, Karlsruher Verkehrsverbund (KVV) with Albtal-Verkehrs-Gesellschaft mbH (AVG) and Verkehrsbetriebe Karlsruhe (VBK), Karlsruher Messe und Kongress GmbH (KMK), Karlsruher Institut für Technologie (KIT) with Profilregion Mobilitätssysteme Karlsruhe (Karlsruhe High Performance Centre for Mobility Research), Karlsruhe University of Applied Sciences – Technology and Economics (HsKA), FZI Research Center for Information Technology, Karlsruhe Chamber of Commerce (IHK), the PTV Group and *init*.



Next stop: Smart ticketing

Various payment options
in San Diego

The Californian metropolis of San Diego impresses with its high quality of life that is supported by an innovative public transport network. The public transport company Metropolitan Transit System (MTS) has commissioned init to implement an integrated fare management system that will make it easier for customers to switch to public transport. This means that tickets will be readily available anywhere and at any time in future.

The modern ticketing system will offer passenger-friendly features to MTS customers, such as buying tickets, topping up credit in real time, automatic best-price calculation and account management via a website or app.

The smart ticketing system will also be supported by a considerably expanded booking network. Hundreds of retailers will sell the MTS smartcards and the passengers will be able to top up their accounts with cash there and then. Additionally, around 900 PROXmobil passenger terminals will be installed that accept closed loop payments with the MTS smartcard as well as open payments by credit cards and mobile wallets. Furthermore, 70 cashless and 100 cash payment ticket machines will make purchasing tickets and smartcards a user-friendly experience. Retail systems and apps that act as sales terminals on mobile devices and ensure the smooth



MTS in San Diego has chosen a modern fare management system provided by init.

transportation of passengers, even when there are large events, will also be integrated into the system.

At the core of this next-generation ticketing system is init's fare management and clearing system, MOBILEvario. Thanks to its open system architecture, it is also possible to integrate different third party systems.

With the variety of payment options, it will be easier to switch from individual cars to public transport, reduce the rate of fare evaders and secure income for the transport company.

Next stop: Smart management

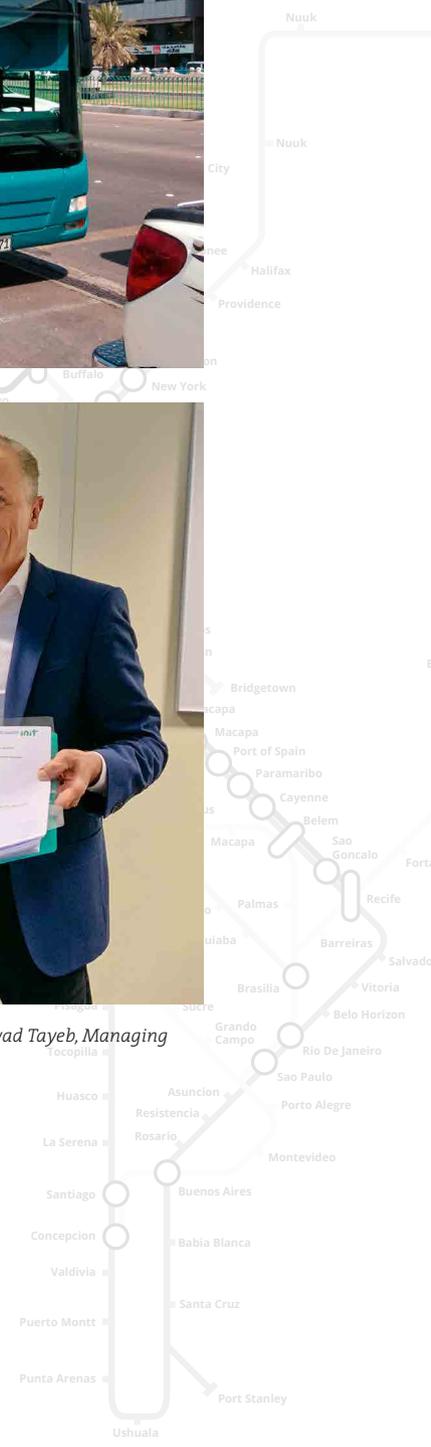
Abu Dhabi is expanding its public transport system

Abu Dhabi, the capital city of the Emirate of the same name, as well as the United Arab Emirates, is a rapidly growing metropolis facing a huge increase in the volume of traffic. The Emirate, which is known for having a strong sense of environmental awareness, therefore decided early on to expand the local public transport system. To achieve this ambitious goal, Abu Dhabi is relying on a smart mobility management system. Under the supervision and management of the main contractor City Transport, a subsidiary company of the Emirates National Group (ENG), init has been responsible for the AVM system (Automated Vehicles Management) since 2011.

In line with the government guidelines on privatisation, the Department of Transport (DoT) in Abu Dhabi commissioned three private local operators to take over operation of the public transport system in the Emirate of Abu Dhabi from 2019. These include City Transport, which is responsible for operations in the capital Abu Dhabi, Al Dhafra Co-Operative Society and Hafilat General Transport LLC for the western and eastern region. init has already signed the contract to supply, install, expand and maintain the AVM system with the operator for the greater Abu Dhabi area. This also includes the supply of a passenger counting system for at least 280 new buses. init has had a presence in the region through a local team of experts since 2007, which has enabled close consultation with the local transport providers and the customer. A successful partnership with a future.



Ahmed Abood al Boasy, CEO of National Emirates Group and Eyad Tayeb, Managing Director of INIT Dubai, agree to continue their cooperation.



Next stop: Seamless operation

Perfect preparation for the world exhibition

Due to the COVID-19 pandemic, an application had to be made to postpone EXPO 2020 until 2021. But next year visitors can also look forward to a show of superlatives. And they will not be aware of the organisational challenges in the background. Such challenges include a perfectly functioning public transport system that is already well prepared to cope with the influx of visitors with 373 additional new buses.

In total, almost 2,300 buses will be integrated into the AVM system (Automated Vehicles Management) to ensure reliable and safe mobility for the visitors from around the world during EXPO 2020. The AVM system implemented for the Road and Transport Authority (RTA) forms the powerful and efficient backbone of the high-performance bus system. The integrated init solution that also incorporates additional components, such as the MOBILE-PLAN planning and data management system, MOBILEstatistics for

analysis and statistics and the MOBILE-APC automatic passenger counting system, will make sure that all guests can reliably travel to their destinations during the world expo.

Customer service takes high priority at RTA. This includes, for instance, making sure that passenger information is always available everywhere in real time. It is based on the calculation of actual departure times at transport stops using a complex forecasting algorithm. The real-time departure times are made available to passengers via several channels, such as a web-based journey planner for PCs and smartphones. Or through passenger information displays at stops, in waiting areas of the metro and at bus hubs. All the information is available in Arabic as well as in English.

Dubai's public transport system is well prepared for the influx of visitors of the EXPO 2020.



Next stop: Efficiency

Conversation of resources in the Canadian metropolis region of Toronto

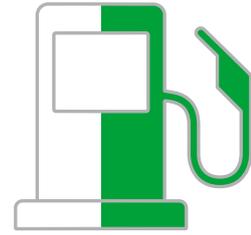
Greater safety and fuel cost savings. This is precisely the goal of our driver assistance system, MOBILEefficiency. The way bus drivers operate a vehicle has a direct impact on general road safety. In particular, in urban areas, where it can also represent a considerable cost factor for public transport companies. Companies that want to achieve improvements in this respect need to take measures that target changing the driving style of drivers in the long term. The public transport company, York Region Transit from the metropolis of Toronto, has taken on this challenge with the support of init, and has implemented the MOBILEefficiency assistance system for safe and energy-efficient driving.

MOBILEefficiency records all relevant data during operation and creates automatic reports. An on-board computer monitors,

50%
less unsafe and inefficient driving behaviour.

analyses, transfers and stores all data flows of the vehicle. This includes, for instance, vehicle speed, engine speed, position of the accelerator and brake pedals in percent, rotational speed, acceleration, fuel consumption, distance travelled and vehicle position. With the use of algorithms, the on-board computer is able to detect and store dangerous or inefficient driving behaviour and alert the driver in real time. The system therefore leads to greater safety on the roads as well as a more energy-efficient driving style that can be further assisted through data-supported training measures.

Since the introduction of MOBILEefficiency in December 2017, York Region Transit recorded a 50 per cent decline in dangerous and uneconomical driving behaviour. A result to be proud of.



Improved driving behaviour thanks to MOBILEefficiency.

Next step: Contactless ticketing

Success story in Birmingham

The aim of National Express West Midlands (NXWM) in Birmingham was to introduce contactless ticketing and to reduce cash handling. With almost a million passengers on weekdays, it is one of the largest public transport companies in Great Britain and by far one of the most innovative. With a new ticketing system implemented by init, the company has now achieved its goal.

This innovative ticketing solution required implementation of the MOBILEvario back-office system and the installation of contactless passenger terminals on all 1,600 buses. In addition, comprehensive EMV accreditation (Europay, Mastercard and Visa), which involved completely integrating the latest VISA and Mastercard transit implementation guidelines, was achieved.

In February 2018, Level 1 was completed as part of a pilot project in Coventry, so that paper tickets and ITSO-based cards complied with the standard. Within eight months, init and National Express West Midlands fulfilled the requirements for Level 2: The conversion of 1,600 buses to Level 2 actually took place overnight – a rapid and simple migration was carried out to enable contactless ticketing in all vehicles. Today, passengers pay for their ticket by credit card or mobile phone with an installed payment app such as Apple Pay. All they need to do is hold their phone by a PROXmobil passenger terminal. The correct fare price is then calculated in less than a second by the MOBILEvario back-office system, whereby the best price calculation module guarantees that the fare is not higher



than a day ticket – irrespective of how many journeys are taken.

The introduction of these contactless ticketing options has turned into a success story for National Express West Midlands: 25% of all on-board fares are paid by contactless media. It's no wonder that the transport company enjoyed overwhelmingly positive feedback: Passengers highlighted especially how the contactless payment has shortened boarding times – and sped up bus travel in general. Goal achieved!

Credit card or mobile phone: simple contactless ticketing in Birmingham

25%
of all on-board fares are purchased contactless.



Investor Relations

init share again outperforms DAX and TecDAX

The global stock exchanges were generally bullish in 2019, with many stock exchange indexes reaching new historical highs at the end of the reporting period. While the German index DAX gained 25 per cent during the year, the index of leading technology shares (TecDAX) gained over 23 per cent.

At the turn of the year 2018/2019, investors were still expecting an economic slowdown due to growing trade risks and were initially on the defensive, leading to negative price developments. Share prices rallied after these pessimistic expectations were not confirmed.

The upward trend was fuelled by the policy change of the US Federal Reserve Bank that again followed a more expansive monetary policy of reducing interest rates and purchasing bonds. The European Central Bank (ECB) also maintained this course, with the outlook of further low interest rates ensuring an inflow of liquidity on the stock

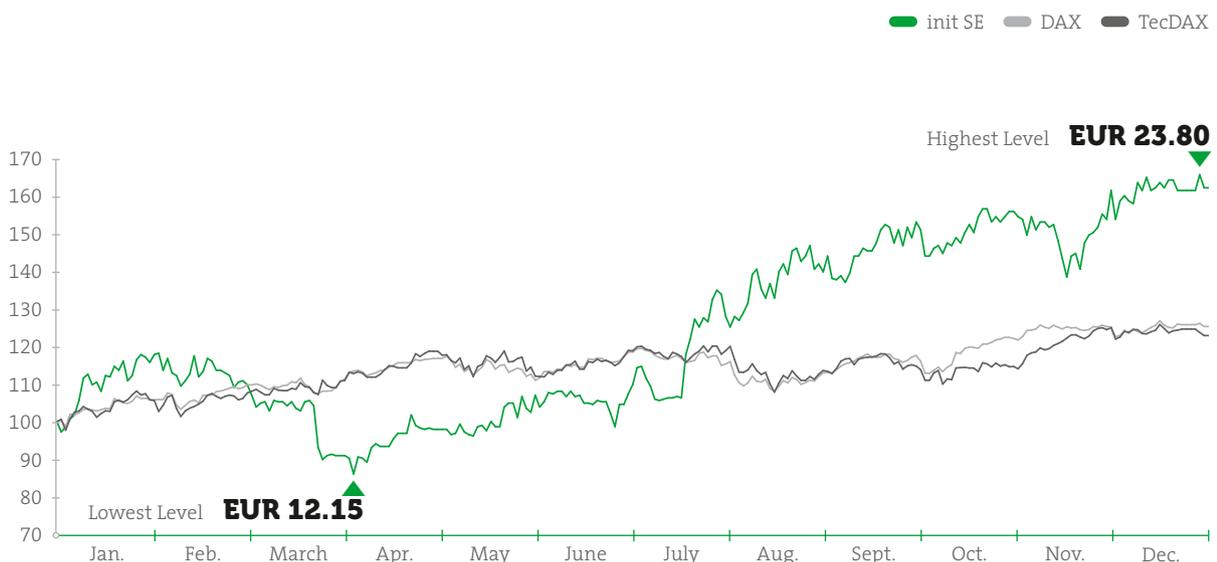
exchanges. Thus the boom at the US and European stock exchanges continued.

The init share (ISIN DE0005759807) outperformed the German stock exchange indexes. From a relatively low level of EUR 14.20 at the turn of the year, initially the price rose to EUR 17.00. But then the announcement of the figures for 2018 and the cautious guidance for 2019 triggered selling of shares, leading to a price decrease to the annual low of EUR 12.15.

However, not only init used this low price for a share buyback programme. It also generated interest from investors in the init share again – buoyed by positive company reports and record incoming orders. The turnaround in the development of the share price was supported by the half-year figures and the upward adjustment of the guidance for the year as a whole. A sustained positive news flow and numerous analyst recommendations intensified the upward trend until year-end. The init share thus closed 2019 at a price of EUR 23.10, an appreciation of 73.3 per cent.

Performance of the init share (01/01–31/12/2019)

(indexed)



AGM

Virtual Annual General Meeting 26 June 2020

Annual General Meeting 2019 elects new Supervisory Board

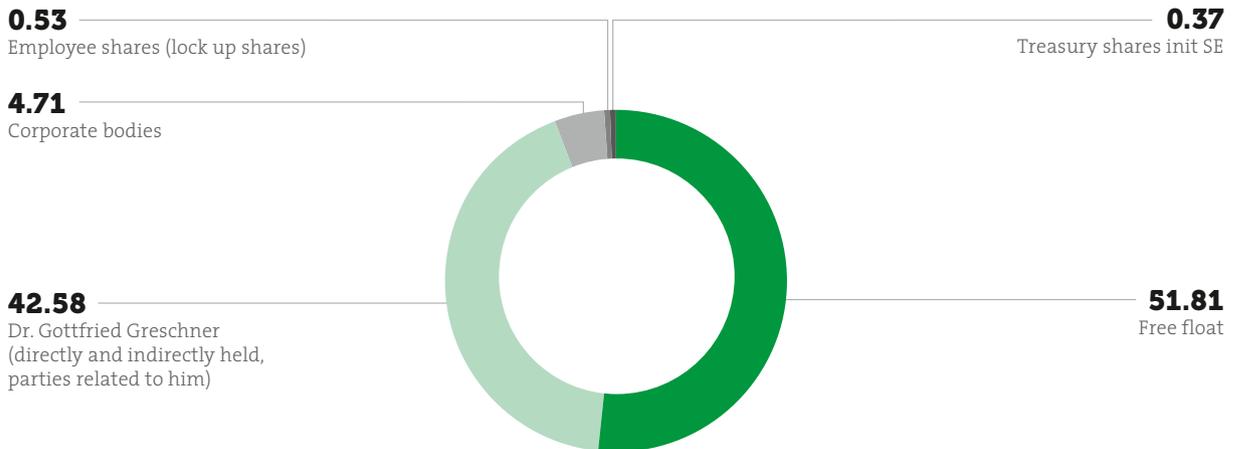
Last year's Annual General Meeting on 15 May 2019 expressed its satisfaction with the strategy of the Managing Board and passed the proposals of management with a large majority. Approval rates for the exoneration of Managing Board and Supervisory Board were as high as for the proposal of Managing Board and Supervisory Board for appropriation of retained earnings. The shareholders thus received a dividend of EUR 0.12 per share for the 2018 financial year (previous year: EUR 0.22). There was one change from the regular re-election of the Supervisory Board: Dipl.-Ing. (FH) Christina Greschner is the new member of the monitoring body that has been extended to four members. Dipl.-Kfm. Hans-Joachim Rühlig, Dipl.- Ing. Ulrich Sieg and Drs. Hans Rat were re-elected with a large majority.

Share buyback

The share buyback programme proposed by the Managing Board was not exploited fully. The acquisition of the no par value shares was carried out in accordance with the ad-hoc release dated 9 April 2019. As a result, the company acquired a total of 15,164 treasury shares via the stock exchange (XETRA) at a weighted average price of EUR 13.22 in the period from 10 April up to and including 16 April 2019. The number of acquired shares corresponds to a share of 0.15 per cent of the capital stock of init. As the share price then started to firm up, the Managing Board decided against utilising the entire share buyback volume (38,000 shares).

Shareholder structure as of 31 December 2019

(in %)



Interest among investors was awakened

The new approach of init for its financial communication was very well received. In addition to the conventional instruments such as capital market conferences and one-on-ones with the current and potential investors and a road show in Luxembourg, the 1st init Investors' Day was organised in Karlsruhe on 26 June 2019. At this event, in addition to current facts and growth perspectives, management presented a deep insight into markets, products and ongoing projects. Based on the current information on the coronavirus the Investor Day will not take place in 2020.

Capital market based figures

	2019	2018
High (EUR)	23.80	22.00
Low (EUR)	12.15	13.80
Start price (EUR)	13.80	18.45
Closing price (EUR)	23.10	14.20
Market capitalisation (EUR m)	231.9	142
Average daily trading volume (shares)*	8,014	8,436
Dividend per common share (EUR)	0.40 **	0.12
Earnings per share (EUR)	1.13	0.24

* all German stock exchanges

** proposal to the next AGM

(Source Bloomberg)



With its global orientation, init SE is ideally positioned for further growth.

Supervisory Board



**Dipl.-Kfm.
Hans-Joachim
Rühlig**
Chairman

About

- Born 1948
- Ostfildern, Germany
- Independent Management Consultant

Vita

- Supervisory Board Member since 2011
- Chairman since 2014
- Independent financial expert within the meaning of § 100 para 5 AktG
- Former Managing Board-member of Ed. Züblin AG, Stuttgart / Germany



**Dipl.-Ing.
Ulrich Sieg**
Deputy Chairman

About

- Born 1949
- Jork, Germany
- Consulting Engineer specialised in Public Transport

Vita

- Supervisory Board Member since 2014
- Deputy Chairman since 2016
- Former Deputy Chief Executive Officer and Managing Board member of Hamburger Hochbahn AG / Germany



**Dipl.-Ing. (FH)
Christina
Greschner**
Member

About

- Born 1977
- Karlsruhe, Germany
- Currently on parental leave

Vita

- Supervisory Board Member since 2019
- Extensive knowledge of the init group
- International experience
- Master degree „Family Entrepreneurship“



Drs. Hans Rat
Member

About

- Born 1945
- Schoonhoven, Netherlands
- Honorary Secretary General of UITP
- Managing Director of Beaux Jardins B.V., Schoonhoven, Netherlands

Vita

- Supervisory Board Member since 2012
- Former Secretary General of the International Association of Public Transport (UITP)

The curriculum vitae of each Supervisory Board Member as well as the competency profile you will find on the website under Investor Relations / Corporate Governance.

Consolidated Balance Sheet

as of 31 December 2019 (IFRS)

Assets

EUR '000	31/12/2019	31/12/2018
Current assets		
Cash and cash equivalents	26,174	20,620
Marketable securities and bonds	37	28
Trade accounts receivable	43,025	26,120
Contract assets	22,099	26,215
Receivables from related parties	52	95
Inventories	27,783	27,909
Income tax receivable	810	2,212
Other current assets	3,734	3,153
Current assets, total	123,714	106,352
Non-current assets		
Property, plant and equipment	50,805	35,643
Investment property	1,480	1,898
Goodwill	9,035	9,035
Other intangible assets	8,765	9,772
Interests in associated companies	390	749
Deferred tax assets	3,017	2,242
Other non-current assets	3,192	2,770
Non-current assets, total	76,684	62,109
Assets, total	200,398	168,461

Liabilities and shareholders' equity

EUR 'ooo	31/12/2019	31/12/2018
Current liabilities		
Bank loans	17,842	18,390
Trade accounts payable	8,560	9,417
Contract liabilities	16,435	6,188
Advance payments received	747	1,430
Income tax payable	3,040	1,056
Provisions	10,263	9,042
Other current liabilities	20,697	12,184
Current liabilities, total	77,584	57,717
Non-current liabilities		
Bank loans	12,228	17,442
Deferred tax liabilities	2,619	2,579
Pensions accrued and similar obligations	11,149	9,505
Provisions	1,204	1,566
Lease liabilities	10,067	0
Other non-current liabilities	0	3,890
Non-current liabilities, total	37,267	34,982
Shareholders' equity		
Attributable to equity holders of the parent company		
Subscribed capital	10,040	10,040
Additional paid-in capital	5,688	5,262
Treasury stock	-582	-510
Surplus reserves and consolidated unappropriated profit	70,505	60,479
Other reserves	-272	326
	85,379	75,597
Non-controlling interests	168	165
Shareholders' equity, total	85,547	75,762
Liabilities and shareholders' equity, total	200,398	168,461

Consolidated Income Statement

for the financial year 2019 (IFRS)

EUR 'ooo	01/01/ to 31/12/2019	01/01 to 31/12/2018
Revenues	156,464	135,711
Cost of sales	-103,226	-89,732
Gross profit	53,238	45,979
Sales and marketing expenses	-16,709	-16,680
General administrative expenses	-13,328	-10,734
Research and development expenses	-10,440	-11,491
Other operating income	3,355	2,603
Other operating expenses	-176	-295
Foreign currency gains and losses	673	-868
Expenses and income from associated companies	-373	-2,142
Earnings before interest and taxes (EBIT)	16,240	6,372
Interest income	102	64
Interest expenses	-1,104	-943
Earnings before taxes (EBT)	15,238	5,493
Income taxes	-3,903	-3,054
Net profit	11,335	2,439
thereof attributable to equity holders of parent company	11,332	2,440
thereof non-controlling interests	3	-1
Earnings and diluted earnings per share in EUR	1.13	0.24

Five-year financial summary

of the init group (IFRS)

TEuro	2019	2018	2017	2016	2015
Balance Sheet (31/12)					
Balance sheet total	200,398	168,461	176,805	185,132	145,082
Shareholders' equity	85,547	75,762	73,309	76,401	71,180
Subscribed capital	10,040	10,040	10,040	10,040	10,040
Equity ratio (in %)	42.7	45.0	41.5	41.3	49.1
Equity ratio adjusted** (in %)	45.5	45.0	41.5	41.3	49.1
Debt capital	141,851	92,699	103,496	108,731	73,902
Non-current assets	76,684	62,109	64,191	65,576	43,098
Current assets	123,714	106,352	112,614	119,556	101,984
Cash	26,174	20,620	19,763	23,920	14,038
Income Statement (01/01-31/12)					
Revenues	156,464	135,711	130,554	108,635	105,293
Gross profit	53,238	45,979	42,662	31,294	31,839
EBIT	16,240	6,372	8,563	11,665	10,756
EBITDA	23,453	10,942	12,763	15,722	14,117
Consolidated net profit	11,335	2,439	3,644	8,609	7,577
Earnings per share (in EUR)	1.13	0.24	0.37	0.86	0.75
Dividend (in EUR)	0.40*	0.12	0.22	0.22	0.20
Cash Flow					
Cash flow from operating activities	21,132	12,809	2,051	13,182	11,478
Cash flow from operating activities adjusted**	18,535	12,809	2,051	13,182	11,478
Share					
Issue price (in EUR)	5.10	5.10	5.10	5.10	5.10
Peak share price (in EUR)	23.80	22.00	20.47	16.80	27.99
Bottom share price (in EUR)	12.15	13.80	13.51	12.60	14.08

* dividend to be proposed to the AGM 2020

** adjusted for the application of the leasing standard IFRS 16

Imprint

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