

The logo for 'init' is displayed in white lowercase letters on a green square background. The letter 'i' has a dot, and the letter 't' has a horizontal bar that extends to the right and ends in an arrowhead.

Half-Year Financial Report 2019



TOGETHER.
Designing. Mobility.

Content

Group Key Figures	3
To the Shareholders	4
Managing Board of init SE	6
Supervisory Board of init SE	7
init-Share	8
Group Management Report for the First Half of the Year	11
Half-Year Financial Statements	16
Consolidated Income Statement	16
Consolidated Statement of Comprehensive Income	16
Consolidated Balance Sheet	17
Consolidated Cash Flow Statement	18
Consolidated Statement of Changes in Equity	19
Notes to the Consolidated Half-Year Financial Statements	21
Financial Calendar 2019	26

GROUP KEY FIGURES

according to IFRS

EUR'000	2019	2018
Balance Sheet (30/06/)		
Balance sheet total	193,050	166,172
Shareholders' equity	79,800	73,504
Equity ratio (in %)	41.3	44.2
Non-current assets	73,537	65,600
Current assets	119,513	100,572
Income Statement (01/01 – 30/06/)		
Revenues	77,054	59,317
Gross profit	26,624	18,757
EBIT	8,095	1,086
EBITDA	11,591	3,317
Consolidated net profit	5,253	440
Earnings per share (in EUR)	0.52	0.04
Dividend (in EUR) – paid in the reporting period	0.12	0.22
Cash Flow (01/01 - 30/06/)		
Cash flow from operating activities	7,334	3,954
Share (01/04 – 30/06/)		
Issue price (in EUR)	5.10	5.10
Peak share price (in EUR)	15.35	20.80
Bottom share price (in EUR)	12.20	16.70



f.l.t.r.: Jennifer Bodenseh, Dr Jürgen Greschner, Dr Gottfried Greschner, Matthias Kühn

TO THE SHAREHOLDERS

**Dear Sir or Madam,
dear Shareholders,**

“init share / wow effect”. This is how an experienced stock market journalist summarised the reaction of the share price to the publication of our half-year figures. Whether or not the message in fact, as he wrote, “drove some brokers to get up from their office chairs on a rather dreary Thursday of trading” is impossible to know. However, we are pleased to share this interim report with you in order to shed some light on what init has done to achieve this effect.

The results in brief: After a very strong second quarter, our earnings before interest and taxes (EBIT) of around EUR 8m (first half of 2018: EUR 1.1m) have already exceeded the earnings target originally set for 2019 as a whole (EUR 7.5m). Revenue in the first half-year was around EUR 77m, up nearly 30 per cent year on year (EUR 59.3m). Record-high order income continued, reaching EUR 114m in the first half of 2019 (first half of 2018: EUR 73m).

As pleasant as this trend was to us, the developments were planned out in line with a clear roadmap for the future, which we explained at the first init Investor’s Day. The roadmap consists of multiple stages, with the greatest potential we see as being on the revenue side.

We expect new products and services in particular to generate rising income. This is especially true for ID-based ticketing, where we have achieved a leading position in the US and are aiming to do the same in Europe over the medium term. Further areas of growth include the offering of mobility platforms, software solutions for e-mobility, travel apps and the handling of technical operations. We also aim to further exploit potential in our existing business.

Our measures to reduce costs and increase efficiency made a significant impact much sooner than expected in the first half-year.

These factors together, but above all our employees' strong commitment to implementing them, contributed to init's success in the first half of the year. And this puts us in a position to revise our targets for the current year upwards, in contrast with negative macroeconomic trends. The target range for revenue is now EUR 150-160m (previously EUR 145m) and we are expecting an operating profit (EBIT) of around EUR 15m (previously EUR 7.5m).

We have already achieved our objective of converting the investments of prior years into increased profits. Yet we believe this is merely the beginning of a new, sustainable growth phase for our company. With the implementation of our "Roadmap" strategy, we aim to generate annual growth of average 15 per cent starting in 2020, so that we can reach our revenue target of EUR 200m in 2022.

This should also be reflected in our profit so that you, our shareholders, can count on the init share to deliver more "wow effects" in future.

Thank you for the trust you have placed in us!

For the Managing Board



Jennifer Bodenseh, CFO

init innovation in traffic systems SE

MANAGING BOARD OF INIT SE

Members in Office		Responsibilities
<p>Dr. Ing. Gottfried Greschner (CEO)</p> <p>Born 1946</p>	<p>since 1983 Managing Director at INIT GmbH since 2001 Chief Executive Officer (CEO)</p>	<p>Business Development, Strategy, Production and Purchasing</p>
<p>Dipl.-Kfm. Dr. Jürgen Greschner (CSO)</p> <p>Born 1961</p>	<p>since 2004 Managing Director at INIT GmbH since 2004 Chief Sales Officer (CSO) since 2015 Deputy Chief Executive Officer</p>	<p>Sales and Marketing, Human Resources, Legal Management, Research and Technology, Projects and System Design, Support and Operations</p>
<p>Jennifer Bodenseh (CFO)</p> <p>Born 1986</p>	<p>since 2015 until Sept. 2018 authorised signatory init SE since Oct. 2018 Chief Financial Officer (CFO)</p>	<p>Financial Services, Controlling and Logistics, Risk Management, M&A, Investor Relations, Compliance, Data Protection, Quality Management</p>
<p>Dipl.-Ing. (FH) Matthias Kühn (COO)</p> <p>Born 1973</p>	<p>since 2015 Managing Director at INIT GmbH since 2016 Chief Operating Officer / Telematics Devices and Ticketing (COO) as of April 2019 Chief Operating Officer / Telematics, Ticketing and IT (COO)</p>	<p>Back-Office Ticketing, Telematic Devices, Maintenance and Installation, IT, Real-Time Systems, Back-Office Operations, Mobility as a Service</p>
Former Members		Responsibilities
<p>Dipl.-Inform. Joachim Becker (COO until 31/03/2019)</p> <p>Born 1956</p>	<p>since 2001 Managing Director at INIT GmbH since 2001 until March 2019 Chief Operating Officer / Central Telematics and IT (COO)</p>	<p>Real-Time Systems, Back-Office Operations, Mobility as a Service, IT, Data Protection, Quality Management</p>

The curriculum vitae of each Managing Board Member, containing detailed information, you will find on the website under Investor Relations / Corporate Governance.

SUPERVISORY BOARD OF INIT SE

Members in Office		Other Supervisory Boards or Advisory Board
<p>Dipl.-Kfm. Hans-Joachim Rühlig Chairman</p> <p>Born 1948 Ostfildern, Germany</p> <p>Independent Management Consultant</p>	<ul style="list-style-type: none"> ▶ Supervisory Board Member since 2011 ▶ Chairman since 2014 ▶ Elected until AGM 2022 <p>Independent financial expert within the meaning of § 100 para 5 AktG Managing Board member of Stiftung Bauwesen, Stuttgart/Germany Former Managing Board member of Ed. Züblin AG, Stuttgart/Germany</p>	<p>None</p>
<p>Dipl.-Ing. Ulrich Sieg Deputy Chairman</p> <p>Born 1949 Jork, Germany</p> <p>Consulting Engineer specialised in Public Transport</p>	<ul style="list-style-type: none"> ▶ Supervisory Board Member since 2014 ▶ Deputy Chairman since 2016 ▶ Elected until AGM 2022 <p>Former Deputy Chief Executive Officer and Managing Board member of Hamburger Hochbahn AG/Germany</p>	<p>Member of the Supervisory Board of SECURITAS Holding GmbH, Düsseldorf/Germany</p> <p>Member of the Advisory Board HanseCom Public Transport Ticketing of Solutions GmbH, Hamburg/Germany</p>
<p>Dipl.-Ing. (FH) Christina Greschner Member</p> <p>Born 1977 Karlsruhe, Germany</p> <p>Dipl.-Ing. (FH), M.A. Family Entrepreneurship, currently on parental leave</p>	<ul style="list-style-type: none"> ▶ Supervisory Board Member since 2019 ▶ Elected until AGM 2022 <p>Since 2007 various management positions within the init group Extensive knowledge of the init group and the business field International experience</p>	<p>None</p>
<p>Drs. Hans Rat Member</p> <p>Born 1945 Schoonhoven, Netherlands</p> <p>Honorary Secretary General of UITP, Managing Director of Beaux Jardins B.V., Schoonhoven, Netherlands</p>	<ul style="list-style-type: none"> ▶ Supervisory Board Member since 2012 ▶ Elected until AGM 2022 <p>Former Secretary General of the International Association of Public Transport (UITP)</p>	<p>None</p>

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.

INIT-SHARE

INIT SHARE ACHIEVES TURNAROUND ANALYSTS SEE FURTHER POTENTIAL

After a weak year on the stock market in 2018, what were initially pessimistic expectations for the first half of 2019 have failed to come to fruition. Instead, the major share market indices defied the uncertainty caused by geopolitical crises, trade and customs disputes and an increasingly weak economy. Overall, all the important share markets tended to strengthen despite high levels of volatility and are generally on track to end of June 2019 with double-digit growth.

This also applied to leading German indices. The DAX, the TecDAX and the SDAX small and mid-caps all gained between 17 and nearly 20 per cent in value. This positive trend was primarily fed by the monetary policy of the US Fed and the European Central Bank (ECB). The prospect of continued low interest rates ensured an influx of liquidity on stock markets, which was reflected in increased prices, irrespective of more and more disappointing company results and heavily reduced growth forecasts. The performance of the init share (ISIN DE0005759807) was subject to conflicting developments during the period in question. By mid-February, its price had risen from EUR 14.20 to EUR 17.00, which was even

stronger than the German benchmark index. However, the trend reversed with the publication of the preliminary figures for 2018. The resulting negative expectations and cautious prognosis for 2019 led to a further price decline to an annual low of EUR 12.15 in early April.

init was not the only company to utilise the low share price for a share buyback programme. As a result, investor interest in init shares increased again, supported by positive company news and record order income. At the end of June 2019, the share price was at nearly EUR 15.00, around 5 per cent higher than at the beginning of the year.

The turnaround was then supported by the ad hoc announcements of the preliminary half-year figures and the new forecast. After a strong second quarter, the earnings target (EBIT) set for the whole of 2019 has already been exceeded. Turnover and profit were considerably above expectations. As a result, the share price rose to its highest level so far this year, at over EUR 19, corresponding to a 33 per cent rise over the course of the year.

Analysts estimate the init share has potential for further growth. The current price targets are up to EUR 30.00 for init innovation in traffic systems SE.

Performance of the init-share (01/01/2019–31/07/2019) (indexed)



SHAREHOLDERS' MEETING AND ELECTION OF NEW SUPERVISORY BOARD

The Managing Board still sees very good opportunities for init in the combination of the two megatrends of digitalisation and mobility. In many countries and regions, there is an increasing willingness to expand public transport to counteract strong growth in mobility requirements and at the same time reduce environmental impact. This will boost init's growth in the long term.

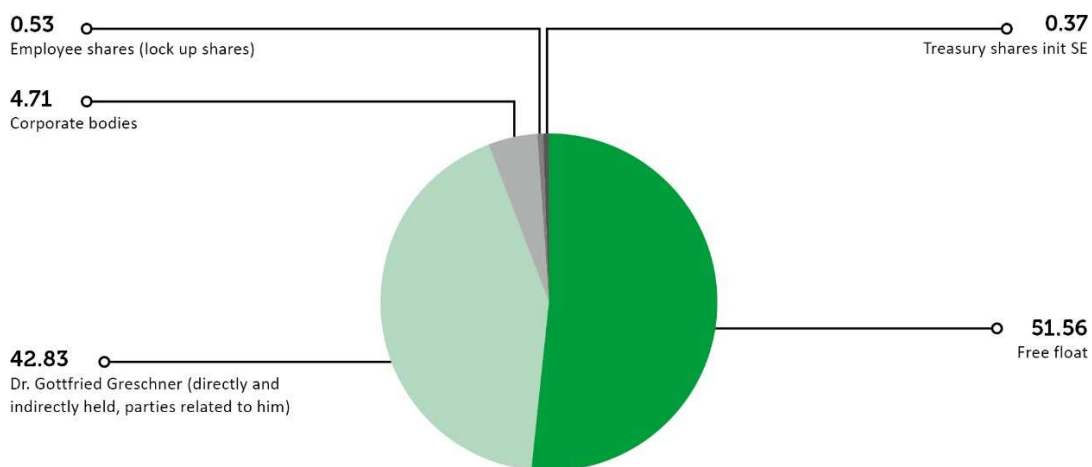
This strategy was also overwhelmingly approved by the shareholders at the general assembly on 15 May 2019. This was evident in the large majorities on discharging the Managing Board and the Supervisory Board. The proposal by the Managing Board and Supervisory Board on the appropriation of profit was also approved by a clear majority of 99.8 per cent

after a short debate. The shareholders will therefore receive a dividend of EUR 0.12 per share for the 2018 financial year (previous year: EUR 0.22).

The shareholders also approved the Management's proposal regarding the new elections to the Supervisory Board. Mr Hans-Joachim Rühlig, who has been a member of the Supervisory Board since 2011, Mr Ulrich Sieg and Drs Hans Rat, members since 2014 and 2012 respectively, and the new member of the Supervisory Board were all elected with large majorities. The new member elected to the supervisory panel, which has been enlarged to four members, is Ms Christina Greschner. Ms Greschner has extensive knowledge of the init group and its individual business sectors. She has a degree in engineering and also a masters in "Family Entrepreneurship". The daughter of the init founder therefore rounds off the skills profile of the Supervisory Board perfectly.

Shareholder structure as of 30 June 2019

(in %)



SHARE BUYBACK PROGRAMME NOT COMPLETELY EXHAUSTED

As in the past, the Managing Board of init capitalised on a low share price with a share buyback programme in the period in question. Shares were purchased based on the ad hoc announcement on 9 April 2019, with the transactions carried out by Commerzbank AG via the stock exchange (XETRA trading) on behalf of init. Based on the authorisation from the general assembly resolution on agenda item 6 on 13 May 2015, up to 38,000 treasury shares (in accordance with section 71, para. 1, no. 8 German Stock Corporation Act (AktG)) were to be bought back via the stock market for a maximum sale price of EUR 500,000 (excluding incidental costs).

As a result, in the period from 10 to 16 April 2019 inclusive, it acquired 15,164 init shares at a weighted average price of EUR 13.22 (excluding incidental costs). The number of repurchased shares corresponds to a share of 0.15 per cent of init's capital stock. As the share price then happily rallied further, the Managing Board decided not to exhaust the full potential of the share buyback volumes.

SUCCESSFUL FIRST INVESTOR'S DAY

init's Managing Board is breaking new ground in financial communications in order to reinforce its share price growth. As well as traditional instruments such as capital market conferences and one-to-ones with current or potential investors, it also held the 1st init Investor's Day in Karlsruhe on 26 June. The Management presented not only the latest facts and growth prospects, but also an in-depth insight into markets, products and ongoing projects. Feedback from those taking part in this new initiative was very positive, so the Investor's Day is set to become a regular event.

BASIC SHARE INFORMATION

Exchange	Frankfurt Stock Exchange
Index/Segment	Prime Standard, Regulated Market
Class	no-par bearer shares (at EUR 1 each)
ISIN	DE 0005759807
WKN	575980
Code	IXX
Designated sponsors	Oddo Seydler AG (until 30/06/2019) Pareto Securities AS)
Capital stock	10,040,000 no-par bearer shares

CAPITAL MARKED BASED FIGURES

	01/01-30/06/2019	01/01-30/06/2018
High (in EUR)	17.00	22,00
Low (in EUR)	12.15	16,50
Start price (in EUR)	14.30	18,45
Closing price (in EUR)	14.85	17,15
Market capitalisation (in EUR m)	149	189
Average daily trading volume (in shares)*	7,486	7.964
Earnings per share (in EUR)	0.52	0.04

*all German stock exchanges (source Bloomberg)

GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF THE YEAR

GENERAL ECONOMIC CONDITIONS

The economic outlook declined in the first half of 2019. In addition to crisis hotspots and challenges such as overcoming the debt crisis and BREXIT, which have been persisting for quite a time, the intensification of trade political tensions between China and the United States, as well as the growing protectionist position of the U.S. government, had a particularly negative impact.

The International Monetary Fund (IMF), an institution that analyses the situation and development of the global economy in its constantly updated World Economic Outlook, has recently (WEO of July 2019) revised its growth expectations for 2019 and 2020 downgraded for the third time in one year. The economic experts now expect growth rates of only 3.2 and 3.5 per cent for 2019 and 2020, respectively, after 3.6 per cent in 2018. This is 0.3 and 0.1 percentage points less than forecasted in January 2018.

The growth in most of the industrialised countries - still the main target markets for init - remains below average in terms of the overall global economic growth, but is considered to be stable by the IMF. For 2019, 1.9 per cent is assumed, for 2020 unchanged at 1.7 per cent (after 2.2 per cent in 2018).

Germany is the "loser" in terms of a further downward correction of growth expectations. Due to weaker export demand, especially in the key automotive industry, the IMF sees only a 0.7 per cent increase in economic output in init's home market for 2019. This corresponds to a 0.6 percentage point reduction of the forecast compared to the beginning of the year. The forecast for 2020 is again 1.7 per cent, whereby this higher figure primarily reflects a change in the definition of gross domestic product (GDP) as a reference value

In past years, North America has developed into the number one growth market for init, which is primarily attributable to the e-ticketing product segment. According to IMF estimates, the general conditions for demand will remain positive in the current year and as well in 2020. After a surprisingly positive start into the year, the economic experts have raised their growth forecast for the United States by 0.3 points to 2.6 per cent for 2019 and by 1.9

per cent for 2020 (2018: 2.9 per cent). The Canadian economy is lagging slightly behind with unchanged growth rates of 1.5 per cent for 2019 and 1.9 per cent in 2020 (2018: 1.9 per cent).

SECTOR-SPECIFIC DEVELOPMENTS

Compared to the general economy, the sector-related developments in the reporting period turned positive. While increasing political risks and economic uncertainties may have a negative impact on this sector due to the financing effects on local public transport, almost all countries recognise the importance of expanding an efficient transport infrastructure. This leads to an increase in tenders for projects and a high propensity to invest on the part of transport companies.

As network expansion is generally problematic and time-consuming, the efficient utilisation of existing systems and the multimodal networking of all forms of transport on a "mobility platform" are constantly becoming more important. The RegioMOVE project in Karlsruhe demonstrates how these platforms can operate. In the future, all existing mobility services, from bicycle rental to bus and rail connections, will be linked via a central portal.

RegioMOVE is a worldwide landmark project for the trend "Mobility as a Service" (MaaS). MaaS was therefore intensively discussed at the biennial UITP Congress in Stockholm in June. init presented its latest mobility platform, which combines public and private providers into a passenger-friendly door-to-door service.

The growing global impact of climate change has led to new initiatives in the reporting period to reduce climate-damaging emissions. Politicians and transport companies are currently focusing on the zero-emission vehicles and electric vehicles being used in public transport. In response to the "Clean Vehicles Directive" adopted by the Council of the European Union, the Association of Automobile Manufacturers (ACEA) and the World Transport Association (UITP) have jointly called on EU member states to invest in infrastructure for alternative powered buses.

The Clean Vehicles Directive establishes targets for public procurement of zero-emission and low-emissivity vehicles

in each of the EU Member States for the period up to 2025 and 2030 - according to ACEA and UITP, these targets cannot be achieved without the necessary bus-specific infrastructure. In June, the associations invited Member States to invest more in infrastructure for buses with alternative propulsion systems.

Municipal and public transport companies are being confronted with a number of new challenges in the planning, operation and workshop management of their vehicle fleets. In an integrated system, all functionalities must be considered, from the information basis for fundamental decisions, loading management and range prognosis up to adaptations in the existing information systems. This and new technological developments such as "autonomous driving" encourage the demand for platform solutions and a powerful system architecture with the possibility of integrating new partners and their data smoothly and as quickly as possible.

For the intermodal use of transport systems, convenient and easily accessible purchase of tickets by passengers ("smart ticketing") and the clearing of payment transfers between the participating transport modes are of major importance. Consistent, reliable bookings and payments must be guaranteed, while the associated sales processes and expenses have to be optimised. This requires an efficient background system that includes price management, distribution of revenues, simple integration of third-party systems and various identification methods (credit cards, smart cards) as well as the implementation of a multimodal mobility platform.

"Smart" ticketing systems are a major part of init's product portfolio. The software of the init subsidiary HanseCom already manages the fare collection for the largest public transportation companies in the German-speaking region, for example in Berlin, Hamburg, Munich and Vienna. Smart ticketing" is also recording high international growth rates, for example by introducing an account-based fare management system. In this segment, init achieved a leading position in North America, in particular, which has been emphasised by several tender wins in the reporting period.

In this context, a new offer requested by an increasing number of init customers is the assumption of the technical operation of the delivered systems by init. In the same manner, promising earnings perspectives for init are associated with European research projects such as Aim4it, in which a public transportation system is being developed

that enables barrier-free access for passengers with special mobility needs. A pilot project derived from this (MAVIS) was recently successfully introduced in Singapore, and won the UITP Award (Award of the World Association of Public Transport) in the category "Diversity & Inclusion" as well as the Asia Pacific Special Recognition Award. The core of MAVIS (short for "Mobility Assistance for the Visually Impaired and Selected Users") is a smartphone app developed by init.

Industry-related future projects such as MAVIS and RegioMOVE are increasingly characterising the mobility market. Participating in these projects and helping to design these trends generates significant potential for init.

Report on earnings, asset and financial position

General business performance

In the first six months of 2019, revenues of EUR 77.1m were achieved. The revenue level of approximately 30 per cent above the previous year's level (EUR 59.3m) exceeds our expectations.

Earnings before interest and taxes (EBIT) increased to EUR 8.1m (first half year of 2018: EUR 1.1m). init has therefore already achieved the EBIT target of EUR 7.5m which had been set for 2019. The main reasons are the growth of revenues, where projects could be progressed more faster, and the follow-up business increased more strongly than planned. The implemented measures to increase the efficiency had as well a positive impact on the development of earnings.

Order situation

All in all, init managed to acquire new orders in the amount of EUR 44.9m in the second quarter (Q2 2018: EUR 44.3m). The volume of incoming orders is therefore up slightly on the same quarter of the previous year.

As of 30 June 2019 the volume of incoming orders totaled around EUR 114,0m and increased significantly over previous year level (30 June 2018: around EUR 73m).

The order backlog amounted to around EUR 175.0m as of 30 June 2019 and was therefore markedly above the previous year's level of EUR 130.0m as of the balance sheet date.

Earnings position

Revenues of EUR 41.7m were generated in the second quarter of 2019 (Q2 2018: EUR 29,9m). In the first half of 2019, revenues in the init group of EUR 77.1m were already significantly higher than in the previous year (first half of 2018: EUR 59.3m). Revenues were thus around 30 per cent higher than in the previous year and exceeded our expectations.

Breakdown of revenues by region for the first half-year:

in million EUR	01/01-30/06/2019		01/01-30/06/2018	
		%		%
Germany	19.6	25.4	16.1	27.2
Rest of Europe	17.9	23.2	12.5	21.1
North America	30.7	39.9	22.8	38.4
Other countries (Australia, UAE)	8.9	11.5	7.9	13.3
Total	77.1	100.0	59.3	100.0

The revenue information given above is based on the customer's location.

The **gross profit** amounted to EUR 26.6m (1st half-year 2018: EUR 18.8m). The gross margin improved by around 3 percentage points to 34.6 per cent (1st half-year 2018: 31.6 per cent), due to cost savings and efficiency improvement measures that have already been implemented.

Sales and administrative expenses as of 30 June 2019 were EUR 14.3m, around EUR 0.8m higher than in the previous year. The cost increase is in line with our expectations.

Research and development expenses at EUR 5.8m as of 30 June 2019 were EUR 1.3m higher than in the previous year and concentrate on several new developments and implementation of new trends, particularly in the field of digitalisation. This development is also in line with our planning for the current business year.

Foreign currency gains and losses amounted to EUR 0.6m (1st half-year 2018: EUR -0.1m) relating mainly

to unrealised exchange gains and losses from valuation of receivables and payables in foreign currencies.

Owing to the aforementioned effects, **earnings before interest and taxes (EBIT)** increased significantly in the first half of 2019 to EUR 8.1m compared to the first half of 2018 (EUR 1.1m). The init group has already exceeded its earnings targets for 2019 in the first half of the year. The significant change results from the aforementioned effects.

Net interest income (balance of interest income and interest expenses) totaled EUR -0.3 m (1st half-year 2018: EUR -0.4m). Interest expenses declined compared to the previous year even though increased expenses resulted from the application of the new IFRS 16 standard for leases (additional expenses of EUR 54k).

Overall, **net profit** as of 30 June 2019 increased significantly compared with the prior-year period to EUR 5.3m (1st half-year 2018: EUR 0.4m). This corresponds to earnings per share of EUR 0.52 (1st half-year 2018: EUR 0.04).

Due to unrealised gains from the currency translation of foreign companies (in particular from the US-dollar and the Canadian dollar), the **total comprehensive income** as of 30 June 2019 rose to EUR 5.3m (first half of 2018: EUR 1.0m).

Assets and financial position

Compared with 31 December 2018, **balance sheet total** increased by EUR 24.6m to EUR 193.1m. The increase is mainly due to the following effects.

Cash and cash equivalents including **marketable securities and bonds** amounted to EUR 22.8m on the reporting date (31 December 2018: EUR 20.6m).

The increase in **contract assets** to EUR 32.6m (31 December 2018: EUR 26.2m) is mainly related to the progress of certain project milestones being realised faster than scheduled, which is also reflected in the revenues.

Inventories increased to EUR 31.5m as of 30 June 2019 (31 December 2018: EUR 27.9m). This resulted from the increased demand for follow-up deliveries of our hardware components, requiring appropriate stock.

Owing to the first-time application of the leasing standard IFRS 16, **rights of use leased assets** were capitalised as of 1 January 2019. As of 30 June 2019, the capitalised right of use amounted to EUR 12.0m. The majority of the rights of use relates to leased buildings.

Current and non-current liabilities to banks of EUR 35.4m (31 December 2018: EUR 35.8m) primarily relate to real estate and acquisition financing as well as short-term euro loans as part of our active liquidity management. Delayed incoming payments due to postponements of project milestones and restrictive payment plans in major projects require a large degree of prefinancing.

Our available **guarantee and credit lines** fully ensure solvency and funding for all business activities and their expansion.

Equity stood at EUR 79.8m and was thus higher than in the previous year (first half of 2018: EUR 73.5m).

The **equity ratio** was 41.3 per cent (first half of 2018: 44.2 per cent), slightly below the level at the balance sheet date. Adjusted for the effects of the application of IFRS 16, the equity ratio amounts to 44.1 per cent and is at the level of the previous year..

Cash flow from operating activities amounted to EUR 7.3m (1st half-year 2018: EUR 4.0m) and increased by EUR 3.3m compared with the previous year. Mainly caused by the strong consolidated result. Counteracting effects were the increase in receivables and inventories.

Cash flow from investing activities was EUR -2.3m (first half of 2018: EUR -1.2m) and resulted mainly from expenditure on replacement and expansion investments.

Cash flow from financing activities was EUR -2.9m (first half of 2018: EUR -3.8m) and comprises mainly of the payment of the dividends and the repayment of existing loans.

Personnel

On average, the init group counted 857 employees in the first six months of the year (1st half-year 2018: 771), including temporary workers, research assistants and diploma candidates. Of these, 124 are employed on a part-time basis. This increase is to ensure current projects completion as well as strengthening further growth.

Number of employees by region:

	01/01/-30/06/2019	01/01/-30/06/2018
Germany	678	616
Rest of Europe	39	30
North America	119	108
Other countries	21	17
Total	857	771

OPPORTUNITIES AND RISKS

The opportunities and risks which can have a crucial impact on the asset, financial and earnings position of the init group are set out in our Annual Report 2018 on pages 36 et seq. The opportunities and risks described in the Annual Report 2018 remain largely unchanged.

All foreseeable risks are regularly analysed and corresponding measures initiated. In our opinion, there are no risks capable of jeopardising the continued existence of the company.

EVENTS AFTER THE REPORTING DATE

No events of special note that had a significant effect on the asset, earnings and financial position of the company occurred after the reporting date.

RELATED PARTY TRANSACTIONS

Transactions with related parties are set out in the Notes under "Other Disclosures" on page 25.

FORECAST AND OUTLOOK

The first half of 2019 exceeded our expectations. As a result of the already achieved results as of June 2019, we are raising our forecast for the current financial year. We anticipate the new revenue target for the 2019 to be EUR 150 to 160m (original planning: around EUR 145m) and EBIT of around EUR 15m (original planning: EUR 7.5m). We expect strong revenue and profit performance in the fourth quarter and a lower third quarter.

This applies also to the order backlog: as of June 2019, incoming orders amounted to EUR 114m. This means that init will probably reach its target of EUR 150m to 160m in incoming orders for 2019 - despite the persistent global economic uncertainties.

We expect continued acceleration of growth in the future, particularly in the ticketing business, in the new operating business segment and in passenger counting.

Similarly, init is closely involved in research and development in relation to current trends such as electromobility, mobility as a service, autonomous driving, and digitisation. The technological developments in this segment have high potential for further growth for the init group.

ADDITIONAL INFORMATION

This half-year statement and the information contained are unaudited.

Overall, we still see major uncertainties in the development of the economy over the next few months, which could have a particular impact on the awarding of contracts in tenders.

The incoming orders planning is based on assumptions that the tenders will not be delayed, that they can be won according to the planned scope and that price pressure will not be intensified. The actual results in terms of revenue, EBIT and incoming orders may differ substantially from the forecast numbers if new risk factors occur or assumptions upon planning become retrospectively incorrect.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the consolidated half-year financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the init group, and the consolidated half-year Management Report of the init group includes a fair review of the development and performance of the business and the position of the init group, together with a description of the material opportunities and risks associated with the expected development of the init group for the remaining months of the financial year.

Karlsruhe, 8 August 2019

The Managing Board



Dr. Gottfried Greschner



Dr. Jürgen Greschner



Jennifer Bodenseh



Matthias Kühn

HALF-YEAR FINANCIAL STATEMENTS

Consolidated Income Statement

from 1 January 2019 to 30 June 2019 (IFRS) with comparative values (unaudited)

EUR'000	01/04 to 30/06/2019	01/04 to 30/06/2018	01/01 to 30/06/2019	01/01 to 30/06/2018
Revenues	41,708	29,858	77,054	59,317
Cost of sales	-25,652	-19,500	-50,430	-40,560
Gross profit	16,056	10,358	26,624	18,757
Sales and marketing expenses	-4,085	-3,901	-8,006	-8,167
General administrative expense	-3,206	-2,871	-6,270	-5,356
Research and development expenses	-2,866	-3,208	-5,812	-4,518
Other operating income	674	488	1,273	881
Other operating expenses	-39	-87	-75	-129
Foreign currency gains and losses	492	-60	594	-111
Expenses and income from associated companies	-70	-79	-233	-271
Earnings before interest and taxes (EBIT)	6,956	640	8,095	1,086
Interest income	46	-6	60	23
Interest expenses	-223	-298	-393	-472
Earnings before taxes (EBT)	6,779	336	7,762	637
Income taxes	-2,205	-104	-2,509	-197
Net profit	4,574	232	5,253	440
thereof attributable to equity holders of parent company	4,519	232	5,233	440
thereof non-controlling interests	55	0	20	0
Earnings and diluted earnings per share in EUR	0.45	0.02	0.52	0.04
Average number of floating shares	10,007,890	9,988,661	10,008,302	10,006,148

Consolidated Statement of Comprehensive Income

from 1 January 2019 to 30 June 2019 (unaudited) IFRS

EUR'000	01/04 to 30/06/2019	01/04 to 30/06/2018	01/01 to 30/06/2019	01/01/ bis 30/06/2018
Net profit	4,574	232	5,253	440
Items to be reclassified to the income statement:				
Changes from currency translation	-579	1,686	82	589
Total Other comprehensive income	-579	1,686	82	589
Total comprehensive income	3,995	1,918	5,335	1,029
thereof attributable to equity holders of the parent company	3,940	1,918	5,315	1,029
thereof non-controlling interests	55	0	20	0



Consolidated Balance Sheet

as of 30 June 2019 (unaudited) IFRS

EUR'000	30/06/2019	31/12/2018
Cash and cash equivalents	22,801	20,620
Marketable securities and bonds	34	28
Trade accounts receivable	27,855	26,120
Contract assets	32,625	26,215
Receivables from related parties	221	95
Inventories	31,512	27,909
Income tax receivable	0	2,212
Other current assets	4,465	3,153
Current assets, total	119,513	106,352
Property, plant and equipment	36,208	35,643
Right of use leased assets	11,959	0
Investment property	1,884	1,898
Goodwill	9,035	9,035
Other intangible assets	9,229	9,772
Interests in associated companies	522	749
Deferred tax assets	1,898	2,442
Other non-current assets	2,802	2,770
Non-current assets, total	73,537	62,109
Assets, total	193,050	168,461
Bank loans	20,861	18,390
Trade accounts payable	9,554	9,417
Contract liabilities	8,084	6,188
Liabilities due to related parties	11	10
Advance payments received	1,887	1,430
Income tax payable	356	1,056
Provisions	9,690	9,042
Other current liabilities	17,844	12,184
Lease liabilities	2,324	0
Current liabilities, total	70,611	57,717
Bank loans	14,579	17,442
Deferred tax liabilities	3,094	2,579
Pensions accrued and similar obligations	9,897	9,505
Provisions	1,673	1,566
Other non-current liabilities	3,742	3,890
Lease liabilities	9,654	0
Non-current liabilities, total	42,639	34,982
Liabilities, total	113,250	92,699
Attributable to equity holders of the parent company	0	0
Subscribed capital	10,040	10,040
Additional paid-in capital	5,262	5,262
Treasury stock	-592	-510
Surplus reserves and consolidated unappropriated profit	64,498	60,479
Other reserves	407	326
	79,615	75,597
Non-controlling interests	185	165
Shareholders' equity, total	79,800	75,762
Liabilities and shareholders' equity, total	193,050	168,461



Consolidated Cash Flow Statement

from 1 January 2019 to 30 June 2019 (unaudited) IFRS

EUR '000	01/01 to 30/06/2019	01/01 to 30/06/2018
Cash flow from operating activities		
Net income	5,253	440
Depreciation	3,496	2,231
Gain/loss on the disposal of fixed assets	-31	-37
Change in provisions and accruals	1,084	-320
Change in inventories	-3,577	-44
Change in trade accounts receivable and future receivables from production orders	-7,848	10,921
Change in other assets, not provided by / used in investing or financing activities	893	1,239
Change in trade accounts payable	-238	-3,590
Change in advanced payments received and liabilities from PoC method	2,425	-3,944
Change in other liabilities, not provided by / used in investing or financing activities	4,694	-2,365
Amount of other non-cash income and expenses	1,183	-1,334
Adjustment IFRS 15 modified retrospective method	0	757
Net cash from operating activities	7,334	3,954
Cash flow from investing activities		
Payments received on disposal of tangible fixed assets	38	209
Investments in property, plant, equipment and other intangible assets	-2,333	-1,077
Investment in subsidiaries less acquired cash	0	-356
Net cash flows used in investing activities	-2,295	-1,224
Cash flow from financing activities		
Dividend paid out	-1,200	-2,208
Cash payments for purchase of treasury stock	-201	0
Payments received from bank loans incurred	7,508	15,373
Redemption of bank loans	-7,903	-17,012
Change in short and long term lease liabilities	-1,072	0
Net cash flows used in financing activities	-2,868	-3,847
Net effects of currency translation and consolidation changes in cash and cash equivalents	10	-111
Decrease in cash and cash equivalents	2,181	-1,228
Cash and cash equivalents at the beginning of the period	20,620	19,763
Cash and cash equivalents at the end of the period	22,801	18,535



Consolidated Statement of Changes in Equity

from 1 January 2019 to 30 June 2019 (unaudited) IFRS

EUR '000	Attributable to equity holders of		
	Subscribed capital	Additional paid-in capital	Treasury stock
Status as of 31/12/2017	10,040	5,397	-926
Net profit			
Other comprehensive income			
Total comprehensive income			
Dividend paid out			
Share-based payments		-281	300
			600
Acquisition of treasury stock			1
Status as of 30/06/2018	10,040	5,116	-25
Status as of 31/12/2018	10,040	5,262	-510
Net profit			
Other comprehensive income			
Total comprehensive income			
Dividend paid out			
Share-based payments			119
Acquisition of treasury stock			-200
Rounding			-1
Status as of 30/06/2019	10,040	5,262	-592

the parent company					Non-controlling interests	Shareholders' equity total
Surplus reserves and consolidated un-appropriated profit	Other reserves			Total		
	Difference from pension valuation	Difference from currency translation	Securities marked to market			
59,869	-2,887	1,651	-1	73,143	166	73,309
440				440		440
-2		589		587		587
438		589		1,027		1,027
-2,208				-2,208		-2,208
				19		19
757				757		757
				600		600
-1		1		1	-1	
58,855	-2,887	2,241	-1	73,339	165	73,504
60,479	-2,816	3,143	-1	75,597	165	75,762
5,233				5,233	20	5,253
5		81		86		86
5,238		81		5,319	20	5,339
-1,200				-1,200		-1,200
-19				100		100
				-200		-200
				-1		-1
64,498	-2,816	3,224	-1	79,615	185	79,800

Notes to the Consolidated Half-Year Financial Statements

EXPLANATIONS TO THE HALF-YEAR FINANCIAL STATEMENTS

The init group is an international system house for intelligent transportation systems (ITS). init innovation in traffic systems SE, Karlsruhe, is a listed company (ISIN DE0005759807) and has been in the regulated market (Prime Standard) since 1 January 2003. The half-year financial statements as of 30 June 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU and meet the requirements of IAS 34. The consolidated half-year financial statements are presented in euros. All figures have been rounded to the nearest thousand euros (k EUR) unless stated otherwise. The half-year group status report and half-year consolidated financial statements as of 30 June 2019 have not been reviewed by auditors. The half-year financial statements were submitted to the Supervisory Board on 29 July 2019.

Principles of accounting and valuation

The half-year financial statements have been prepared using the same principles of accounting and valuation used to produce the consolidated financial statements as at 31 December 2018, which are described in detail in the notes to the consolidated financial statements. Significant changes resulted from the first-time application of the new leasing standard IFRS 16. The new standard determines the recognition, measurement, presentation and disclosure of leasing relationships. As a transitional provision, init applies the modified retrospective approach. This means that the cumulative effects of the first-time application were taken over as an adjustment in the opening balance sheet with of EUR 30k. The lease is therefore, measured at the outstanding lease payments at the time of first application. The right of use asset leased is thus, equated with the lease liability. The average marginal borrowing rate on 30 June 2019 was 1.17 per cent. Due to the application of the leasing standard IFRS 16, the balance sheet has been extended accordingly by the capitalised rights of use.

The transition of the off-balance sheet lease obligations as of 31 December 2018 to the balance sheet

lease liabilities due to the application of IFRS 16 as of 1 January 2019 is as follows:

in '000 EUR	01/01/2019
Off-balance sheet lease and rental liabilities as of 31/12/2018	13,066
Short term leases	-200
Leases of low-value assets	-74
Variable payments	0
Leases already concluded as of 31/12/18 which will commence in 2019	3,746
Other	-452
Off-balance sheet leases and rental liabilities at 01/01/2019	8,594
Off-balance sheet leases and rental liabilities as of 01/01/2019 discounted	8,587
Sufficiently secure renewal and termination option	187
Residual value guarantee	0
Non-leasing components	-2
Leases due to the first-time application of IFRS 16 as of 01/01/2019	8,772
Lease liabilities from finance leases as of 01/01/2019	0
Total lease liabilities as of 01/01/2019	8,772

Further information provided in the section on property, plant and intangible assets.

Consolidated group

Effective from 1 January 2019 TQ Systems US Inc, US, our supplier has participated in a capital increase in SQM, US, of USD 333k, and therefore, holds a share of 25 % of SQM,US.

iris-GmbH infrared & intelligent sensors, Berlin (iris-GmbH), of which INIT Innovative Informatikanwendungen in Transport-, Verkehr- und Leitsystemen GmbH (INIT GmbH) has a share of 74.5 per cent, has founded a further subsidiary located in Melbourne,

Australia on 16 July 2019. The capital stock of AUD 1 has not yet been paid in as of the reporting date. The foundation took place in order to assure a further strategic growth of the company.

Revenues

Revenues consist of the following amounts:

EUR '000	30/06/2019	30/06/2018
Revenues from the application of the POC-method on delivery projects	47,915	37,945
Revenues from maintenance contracts	15,966	10,327
Revenues from additional and replacement deliveries	13,173	11,045
Total	77,054	59,317

Inventories

An impairment loss of EUR 98k (30/06/2018: EUR 0k) was recognised in the income statement on inventories. The expense is included in cost of sales in the income statement.

Trade accounts receivable

Write-downs on receivables came to EUR 3,867k (30/06/2018: EUR 3,361k). Thereof, EUR 225k were recognised in the income statement (30/06/2018: EUR 234k) in the current financial year.

Property, plant, equipment and other intangible assets

Tangible fixed assets essentially refer to the administration buildings on Kaeppelestrasse 4 and 4a in Karlsruhe, the building in Chesapeake, USA as well as office and technical equipment. Capital expenditure for replacement stood at EUR 1,393k (30/06/2018: EUR 908k). In the period under review, advance payments of EUR 666k (30/06/2018: EUR 0k) were made for assets under construction. Due to the application of IFRS 16 EUR 13,167k right of use assets leased were capitalised as of 30 June 2019 which essentially result from rented buildings.

The scheduled depreciation totaled EUR 2,268k (30/06/2018: EUR 2,215k). Sales of tangible fixed assets generated profit of EUR 26k (30/06/2018: EUR 37k). On 30 June 2019 depreciation of the right of use assets leased consists of EUR 1,216k.

Investment property

Investment property as defined in IAS 40 – property and buildings that are not used for commercial operations – refers to the acquisition of the neighbouring properties on Kaeppelestrasse 8/8a in Karlsruhe in 2012 as well as the apartments of iris. Rental income was EUR 167k as of 30 June 2019 (30/06/2018: EUR 160k). The scheduled depreciation is EUR 16k (30/06/2018: EUR 16k).

Liabilities

Liabilities are carried at amortised acquisition cost. The current liabilities to banks of EUR 20.9m (31/12/2018: EUR 18.4m) mainly concern the short-term part of the real estate financing of Kaeppelestrasse 4, 4a, 8/8a, 10 as well as short-term euro loans to improve financial flexibility. The interest change risk arising from variable real estate financing was hedged by an interest rate swap transaction.

The long-term liabilities to banks of EUR 14.6m (31/12/2018: EUR 17.4m) relate to the long-term part of the real estate financing and acquisition financing as well as long-term investment financing.

EUR 12.0m lease liabilities were reported due to the application of IFRS 16. Further information can be found under accounting and valuation principles.

Shareholders' equity

Subscribed capital

The capital stock consists of 10,040,000 no-par bearer shares with an imputed share in the capital stock of EUR 1 per share. The shares have been issued and are fully paid in.

Conditional capital

The annual shareholders' meeting on 21 July 2016 passed a resolution creating contingent capital totaling EUR 5,000,000. The capital stock of the company may be increased by up to EUR 5,000,000 by issuing up to 5,000,000 new no-par bearer shares. The contingent capital increase serves solely to grant shares upon the exercise of warrants or conversion rights, or upon fulfilment of option or conversion obligations, to the holders of the warrants or convertible bonds in accordance with the authorisation issued by the annual shareholders' meeting on 21 July 2016.

Authorised capital

By resolution of the annual general meeting of the company on 15 May 2019, the Management Board is authorised, with the consent of the Supervisory Board, to increase the company's share capital by up to a total of 1,004,000.00 by issuing new no-par value bearer shares with or without voting rights ("authorised capital 2019"), on one or more occasions or in partial amounts, in the period up to 15 May 2024. The capital increases may be achieved with contributions in cash and/or contributions in kind. The Management Board is further authorised, with the consent of the Supervisory Board, to exclude the statutory subscription right of shareholders in particular in the following cases:

- for a capital increase of a cash contribution, up to a total of 10 percent of the existing share capital, provided that the issue price of the new shares is not significantly lower than the stock exchange price of the already listed shares of the same class and features.
- to the extent that it is necessary to grant a subscription right to new shares to the extent to which they would be entitled after exercising their conversion and/or option rights or after fulfilling their conversion and/or option obligations;
- for fractional amounts resulting from the subscription ratio;
- in order to open up additional capital markets;

- for a capital increase of contributions in kind for the acquisition of companies, parts of companies or equity interests in companies or other assets (even if a purchase price component is paid out in cash in addition to the shares) or in the context of company mergers or acquisitions;
- to transfer up to 250,000 new shares as employee shares.

Additional paid-in capital

As of 30 June 2019, additional paid-in capital was EUR 5,262k, comprising EUR 3,141k from the premium on shares sold in the IPO and the 2002 capital increase. A further EUR 1,607k was allocated for share scheme expenses for the years 2005 to 2018. There was no change in 2019. Additional paid-in capital was increased by EUR 514k through the sale of treasury stock in 2007.

Treasury stock

As of 1 January 2019, treasury stock comprised 29,143 shares. In the first half year of 2019, 6,788 shares were transferred to the incentive scheme for members of the Managing Board, managing directors and key personnel with a five-year lock up period. By resolution of the annual general meeting on 13 May 2015 the company has been authorised to buy new shares. The repurchase of share of up to 38,000 shares was decided on 9 April 2019. 15,164 shares have been repurchased from 10 to 16 April 2019 with an average price of EUR 13.22. Consequently, treasury stock totaled 37,519 shares on 30 June 2019. Treasury stock is valued at acquisition cost EUR 592k (cost method) at (31/12/2018: EUR 510k) and deducted from shareholders' equity. As of 30 June 2019, the 37,519 shares have an imputed share in capital stock of EUR 37,519 (0.37 %). The average repurchase price was EUR 15.77 per share. Treasury stock was purchased for use as a consideration in mergers and acquisitions of other companies or parts of companies, to gain access to new capital markets, or to be issued to staff or members of the Managing Board.

Paid dividends

EUR '000	
Dividend for 2018: 12 Cent per share distributed on 20 May 2019	1,200
Dividend for 2017: 22 Cent per share distributed on 22 May 2018	2,208

Contingent liabilities/assets

The contingent liabilities or assets as on 31 December 2018 still exist. No new issues have arisen.

Legal disputes

init SE and other group companies are involved in legal disputes connected with ongoing business operations that may have an impact on the group's financial situation. Litigation involves a number of variables, and the outcome of individual lawsuits cannot be reliably predicted. The affected group companies have recognised provisions for risks in legal disputes in the balance sheet for events prior to the reporting date that are likely to result in a liability which can be estimated with reasonable accuracy. In our opinion, no significant negative effects with a long-term impact on the net assets, financial position and results of operations of the init group are to be anticipated. We also refer to the chapter "Opportunities and risks" in the consolidated half-year management report.

Financial instruments

The fair value of the listed securities and bond issues (available for sale) was determined using their respective market value. The fair value of the derivative financial instruments and the loans was calculated by discounting the expected future cash flow using the prevailing market interest rates. Given the short maturities of cash and cash equivalents, trade accounts receivable, other assets, trade accounts payable, and other liabilities, it is assumed that their fair value is equal to the book value.

EUR '000	30/06/2019	31/12/2018
ASSETS		
Loans and receivables	85,054	73,891
Cash and cash equivalents	22,801	20,620
Trade accounts receivable	27,855	26,120
Accounts receivable due to related parties	221	95
Contract assets	32,625	26,215
Other financial assets (current)	1,552	841
Other financial assets (non-current)	0	0
Financial assets available for sale	34	28
Marketable securities and bonds	34	28
Financial assets reported at fair value through profit or loss	95	137
Derivative financial assets	95	137
LIABILITIES		
Financial liabilities recognised at cost	51,482	50,411
Bank loans (current and non-current)	35,440	35,832
Trade accounts payable	9,554	9,417
Accounts payable due to related parties	11	10
Other liabilities (current)	2,735	1,262
Other liabilities (non-current)	3,742	3,890
Financial liabilities reported at fair value through profit or loss	112	259
Derivative financial instruments	112	259

Hierarchy of fair values to IFRS 13

The group uses the following hierarchy to determine and report the fair value:

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets.

Level 2: Techniques in which all input parameters with a material impact on the calculated fair value are directly or indirectly observable.

Level 3: Techniques using input parameters that have a material impact on the calculated fair value but which are not based on observable market data.

EUR '000	30/06/2019			31/12/2018			
	Total	Level 1	Level 2	Total	Level 1	Level 2	Level 3
Financial assets available for sale							
Marketable securities and bonds	34	34		28	28		
Financial assets reported at fair value through profit or loss							
Derivative financial assets	95	95		137	137		
Financial liabilities reported at fair value through profit or loss							
Derivative financial instruments	112	112		259	259		

In the reporting period ending 30 June 2019 and the reporting period ending 31 December 2018, there were neither reclassifications between the fair value categories of Level 1 and Level 2 nor any reclassifications into or out of the fair value category of Level 3. Through a review of the classification (based on the lowest level input that is significant to the fair value measurement as a whole) of the acquired assets and liabilities is determined whether transfers between the levels have occurred at the end of each reporting period. The measurement of fair value at Level 2 in the current financial year and the prior year is as follows: derivative financial instruments are determined by discounting the expected future cash flows over the remaining term of the contract at the closing rate.

Other disclosures

Related party and persons transactions

The associated companies included in the consolidated financial statements are listed in the section entitled "Consolidated group" as well as in the annual report 2018.

EUR '000	Associated companies		Other related parties and persons	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
Trade accounts receivable and other income	133	131	0	0
Trade accounts payable and other expenses	52	137	289	291
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Receivables	221	95	0	0
Payables	10	10	0	0

Associated companies

Receivables totalling EUR 221k (31/12/2018: EUR 95k) essentially result from receivables from Bytemark, from a loan to maBinso Software GmbH, Hamburg, as well as other receivables and have a residual term of less than one year. The item is recognised under current receivables from related parties in the balance sheet.

Other transactions with related parties and persons

init SE rents an office building in Karlsruhe with 67.39 per cent from Dr. Gottfried Greschner GmbH & Co. Vermögens-Verwaltungs KG, Karlsruhe and with 32.61 per cent from Eila Greschner. The monthly rent payments are approximately EUR 46k (total annual rent: EUR 547k). The rent is contractually fixed until 30 June 2026. Total payments of EUR 4k (30/06/2018: EUR 7k) made to family members of a Managing Board member were recognised under personnel expenses in the first six months.

Terms and conditions of business transactions with related parties and persons

Sales and acquisitions with related parties and persons are executed at market rates. No guarantees exist for receivables and payables in relation to related parties. In the report period as of 30 June 2019, the group had not set aside any valuation allowances for receivables from related parties.

FINANCIAL CALENDAR 2019

Q4

7 November

Publication
Quarterly Statement 3/2019

25-26 November
**Equity Forum in Frankfurt
am Main**

Contact:

init
innovation in traffic systems SE
Kaeppelstraße 4-10
76131 Karlsruhe
Germany

P.O. Box 3380
76019 Karlsruhe
Germany

Tel. +49.721.6100.0
Fax +49.721.6100.399
info@initse.com

Disclaimer:

This half-year financial report and any information contained therein must not be brought into, or transferred to, the United States of America (USA), or distributed or transferred to US-American persons (including legal persons) and publications with general distribution in the USA. Any breach of this restriction may constitute a violation of the US-American securities law. Shares of init SE are not offered for sale in the USA. This half-year financial report is not an offer for the purchase or subscription of shares.