



IMPORTANT BUSINESS TRANSACTIONS THIRD QUARTER 2021

Orders situation

In the third quarter, init acquired new orders to the value of EUR 37.8m (30 September 2020: EUR 31.7m). Incoming orders for the third quarter are above the previous year's level. Cumulated analysis also shows significantly improved incoming orders of EUR 138.2m as of 30 September 2021; an increase of EUR 19.0m compared to the previous year's figure (30 September 2020: EUR 119.2m).

The major order placed by METRO Houston, USA, for an ID-based fare collection system contributed to this significant increase. The order volume is valued at almost USD 30m.

The order backlog as of 30 September 2021 amounts to approximately EUR 143m and is slightly above the previous year's level (30 September 2020: EUR 139m).

Earnings position

Over the course of the financial year, the init group's revenue distribution fluctuates, with the first quarter generally being the weakest in terms of revenue and the fourth quarter the strongest.

In 2021, the second quarter has so far been the strongest in terms of revenue. However, we expect a significant increase in revenue in the fourth quarter.

In the third quarter of 2021, the init group generated revenues of EUR 40.4m (Q3 2020: EUR 49.6m). Accordingly, revenue in the first nine months of 2021 amounted to EUR 125.1m and was approximately 5 per cent below the previous year's figure (30 September 2020: EUR 130.9m).

Breakdown of revenue by region from a nine-month perspective:

| in million EUR | 01/01-30/09/2021 | % | 01/01-30/09/2020 | % |
|----------------------------------|------------------|--------------|------------------|--------------|
| Germany | 36.9 | 29.5 | 32.3 | 24.7 |
| Rest of Europe | 27.5 | 22.0 | 28.5 | 21.7 |
| North America | 46.4 | 37.1 | 56.9 | 43.4 |
| Other countries (Australia, UAE) | 14.3 | 11.4 | 13.2 | 10.2 |
| Total | 125.1 | 100.0 | 130.9 | 100.0 |

Revenue based on customer's location.

The **gross profit** as of 30 September 2021 amounts to EUR 43.7m and is slightly above the previous year's level (30 September 2020: EUR 43.2m). The gross margin of 34.9 per cent is also above the previous year's figure of 33.0 per cent. The increase in gross margin is primarily the result of high-margin, follow-up business.

Sales and administrative expenses were EUR 26.1m as of 30 September 2021, approximately EUR 2.3m above the previous year (30 September 2020: EUR 23.8m). The increase is mainly due to the acquisition of DResearch Fahrzeugelektronikgruppe (DVS/DFE), which was not included in the previous year's expenses until the second quarter of 2020. The cost increase in this sector is in line with our expectations.

Research and development expenses amounted to EUR 9.2m as of 30 September 2021; around EUR 1.3m higher than the previous year's figure of EUR 7.9m. In the reporting period, the init group focused on new developments in the digitisation sector. The increase in expenses is also in line with our expectations.

Foreign exchange gains amounted to EUR 48k as of 30 September 2021 (30 September 2020: foreign exchange losses of EUR -0.8 m). This relates mainly to unrealised exchange rate gains and losses from the valuation of receivables and liabilities in foreign currencies.

Earnings before interest and taxes (EBIT) decreased to EUR 10.5m as of 30 September 2021 (30 September 2020: EUR 12.4m). On the one hand, the decline is due to the development of revenue. On the other hand, procurement costs have increased, due to the global shortage of materials. The labour

market is also having a significant impact. EBIT is therefore not in line with our expectations.

Net interest income (balance of interest income and interest expenses) amounted to EUR -0.8m and was therefore below the previous year's level (30 September 2020: EUR -0.6m).

Net profit amounted to EUR 7.3m as of 30 September 2021 (30 September 2020: EUR 8.0m). This corresponds to earnings per share of EUR 0.74 (30 September 2020: EUR 0.81).

Due to unrealised gains from the currency translation of foreign companies, in particular from the USD and CAD currencies, the **total comprehensive income** as of 30 September 2021 increased to EUR 9.3m (30 September 2020: EUR 6.4m).

Compared to the previous year's period, **cash flow from operating activities** decreased to EUR 6.9m (30 September 2020: EUR 16.2m). The decrease is due to the stronger reduction of contract liabilities, trade accounts payables and provisions as well as the increase of inventories.

Cash flow from investing activities amounted to EUR -2.5m (30 September 2020: EUR -12.9m) and results mainly from expenditure on replacement and expansion investments and the payment of the earn-out for the acquisition of DResearch Fahrzeugelektronikgruppe (DVS/DFE).

Cash flow from financing activities amounted to EUR -7.7m (30 September 2020: EUR 7.7m) and mainly includes payment of the dividend and payment of bank liabilities.

Equity amounts to EUR 94.5m, which is above the previous year's figure of EUR 85.0m. **Equity ratio** increased to 43.7 per cent (30 September 2020: 36.8 per cent).

Personnel

On average, the init group employed 1,054 employees in the first nine months of the year (30 September 2020: 998) including temporary workers, research assistants and diploma students. The proportion of employees working part-time also increased. Of these, 177 employees are employed on a part-time basis (30 September 2020: 164). The

increase in personnel serves to secure and strengthen our continuous growth.

Number of employees by region:

| | 01/01/-30/09/2021 | 01/01/-30/09/2020 |
|-----------------|-------------------|-------------------|
| Germany | 821 | 775 |
| Rest of Europe | 51 | 51 |
| North America | 139 | 138 |
| Other countries | 43 | 34 |
| Total | 1,054 | 998 |

Opportunities and Risk

The opportunities and risks which can have a crucial impact on the assets, financial and earnings position of the init group are set out in our Annual Report 2020 on pages 43 and following. The opportunities and risks described in the Annual Report 2020 remain largely unchanged.

In the current financial year and in recent months, a global shortage of raw materials has resulted in frequent supply problems for processors, CPUs, micro-controllers and other components and raw materials. We are closely monitoring trends in the raw materials markets. By analysing demand and stocking up in good time, init is attempting to counteract this and therefore continues to guarantee the supply capability of our products. Nevertheless, we see an increased risk in the ability to supply init products. If the procurement market situation continues to deteriorate, this may have an impact on our ability to deliver and may impact the init group's revenue and profit performance.

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.

Forecast and Outlook

Global economic development in the third quarter of 2021 was characterised by shortages in raw material markets and supply bottlenecks for the manufacturing industry. This had a direct impact on procurement prices and also led to production constraints at many companies. In this context, leading economic researchers scaled back their forecasts for global growth in 2021. However, they essentially expect only a shift in orders, revenue and profits going into next year.

In the short term, init, as a globally active company, was also unable to distance itself from this general trend. Nevertheless, sustainable growth factors such as ongoing digitisation and new investment programmes for public transport continue to have an impact. In the third quarter, this was reflected in a decline in revenue and profit compared with the previous year's quarter but also in an increase in incoming orders and backlog.

Following a successful first half of 2021, we were able to further improve our profits in the third quarter of the financial year, but due to the development of revenue as well as increased procurement expenses and the difficult labour market, they remained below our expectations.

However, due to catch-up effects, we expect a strong increase in revenue and profits in the fourth quarter. In addition, many transport companies place more orders in the final quarter of the year. The Managing Board therefore sees our existing revenue target for 2021 of around EUR 180m, within reach. The ability to achieve the EBIT at the lower end of the target corridor of EUR 18 to 20m depends above all, on further developments in the procurement and labour market.

We continue to see great growth potential in our sector, thanks to investment programmes in public transport infrastructure that have been announced and are already in the process of implementation.

Demand for sustainable smart solutions and new technologies for public transport is further boosted by climate policy initiatives of governments worldwide.

Research and development is therefore very important to init. We wish to advance and shape current trends such as digitisation, electromobility, and autonomous driving. We continue to see significant potential for sustainable growth in this technological development.

Additional Information

This quarterly statement and the information contained is unaudited.

Overall, we still see major uncertainty 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 actual results in terms of revenue and EBIT may differ substantially from the forecast figures if new risk factors occur or assumptions about planning become retrospectively incorrect.

CONSOLIDATED INCOME STATEMENT

from 1 January 2021 to 30 September 2021 (IFRS) with comparative values (unaudited)

| EUR'000 | 01/07 to 30/09/2021 | 01/07 to 30/09/2020 | 01/01 to 30/09/2021 | 01/01 to 30/09/2020 |
|--|------------------------|------------------------|------------------------|------------------------|
| Revenues | 40,376 | 49,562 | 125,056 | 130,948 |
| Cost of Sales | -26,965 | -32,099 | -81,375 | -87,797 |
| Gross Profit | 13,411 | 17,463 | 43,681 | 43,151 |
| Sales and marketing expenses | -4,991 | -4,973 | -14,345 | -13,183 |
| General administrative expenses | -3,302 | -3,692 | -11,773 | -10,605 |
| Research and development expenses | -3,206 | -2,591 | -9,185 | -7,888 |
| Other operating income | 892 | 661 | 2,405 | 1,974 |
| Other operating expenses | -117 | 11 | -303 | -236 |
| Foreign currency gains and losses | -456 | -655 | 48 | -795 |
| Earnings before interest and taxes (EBIT) | 2,231 | 6,224 | 10,528 | 12,418 |
| Interest income | 2 | 43 | 19 | 71 |
| Interest expenses | -241 | -173 | -818 | -670 |
| Earnings before taxes (EBT) | 1,992 | 6,094 | 9,729 | 11,819 |
| Income taxes | 148 | -2,113 | -2,424 | -3,850 |
| Net profit | 2,140 | 3,981 | 7,305 | 7,969 |
| thereof attributable to equity holders of parent company | 2,090 | 3,954 | 7,243 | 8,027 |
| thereof non-controlling interests | 50 | 27 | 62 | -58 |
| Earnings and diluted earnings per share in EUR | 0.22 | 0.40 | 0.74 | 0.81 |
| Average number of floating shares | 9,932,411 | 9,982,205 | 9,934,137 | 9,966,088 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

from 1 January 2021 to 30 September 2021 (IFRS) with comparative values (unaudited)

| EUR'000 | 01/07 to 30/09/2021 | 01/07 to 30/09/2020 | 01/01 to 30/09/2021 | 01/01 to 30/09/2020 |
|--|------------------------|------------------------|------------------------|------------------------|
| Net profit | 2,140 | 3,981 | 7,305 | 7,969 |
| Items to be reclassified to the income statement: | | | | |
| Changes from currency translation | 689 | -1,512 | 1,983 | -1,615 |
| Total other comprehensive income | 689 | -1,512 | 1,983 | -1,615 |
| Total comprehensive income | 2,829 | 2,469 | 9,288 | 6,354 |
| thereof attributable to equity holders of the parent company | 2,779 | 2,442 | 9,226 | 6,412 |
| thereof non-controlling interests | 50 | 27 | 62 | -58 |



CONSOLIDATED BALANCE SHEET

as of 30 September 2021 (IFRS) with comparative values (unaudited)

| EUR'000 | 30/09/2021 | 30/09/2020 | 31/12/2020 |
|---|----------------|----------------|----------------|
| Cash and cash equivalents | 29,654 | 36,706 | 32,211 |
| Marketable securities and bonds | 41 | 39 | 40 |
| Trade accounts receivable | 27,906 | 40,064 | 38,650 |
| Contract assets | 25,825 | 24,186 | 22,174 |
| Receivables from related parties | 17 | 140 | 174 |
| Inventories | 36,149 | 32,480 | 32,626 |
| Income tax receivable | 0 | 0 | 966 |
| Other current assets | 2,562 | 3,682 | 3,207 |
| Current assets, total | 122,154 | 137,297 | 130,048 |
| Property, plant and equipment | 56,059 | 54,139 | 57,363 |
| Investment property | 1,362 | 1,458 | 1,401 |
| Goodwill | 12,488 | 12,488 | 12,488 |
| Other intangible assets | 17,174 | 18,697 | 18,582 |
| Interests in associated companies | 570 | 390 | 570 |
| Deferred tax assets | 3,293 | 3,127 | 3,102 |
| Other non-current assets | 3,123 | 3,384 | 3,091 |
| Non-current assets, total | 94,069 | 93,683 | 96,597 |
| Assets, total | 216,223 | 230,980 | 226,645 |
| Bank loans | 22,948 | 24,800 | 17,480 |
| Trade accounts payable | 6,019 | 9,770 | 7,541 |
| Contract liabilities | 6,934 | 14,474 | 15,246 |
| Advance payments received | 2,767 | 2,038 | 1,360 |
| Income tax payable | 167 | 2,456 | 1,011 |
| Provisions | 8,446 | 11,203 | 11,627 |
| Other current liabilities | 25,156 | 19,906 | 19,924 |
| Current liabilities, total | 72,437 | 84,647 | 74,189 |
| Bank loans | 15,559 | 21,626 | 19,979 |
| Deferred tax liabilities | 4,792 | 6,313 | 5,793 |
| Pensions accrued and similar obligations | 12,297 | 11,452 | 11,767 |
| Provisions | 2,653 | 2,472 | 2,439 |
| Other non-current liabilities | 1,192 | 8,060 | 8,060 |
| Lease liabilities | 12,797 | 11,368 | 13,896 |
| Non-current liabilities, total | 49,290 | 61,291 | 61,934 |
| Liabilities, total | 121,727 | 145,938 | 136,123 |
| Attributable to equity holders of the parent company | | | |
| Subscribed capital | 10,040 | 10,040 | 10,040 |
| Additional paid-in capital | 6,810 | 5,706 | 6,619 |
| Treasury stock | -2,467 | -2,398 | -2,384 |
| Surplus reserves and consolidated unappropriated profit | 82,149 | 73,471 | 80,327 |
| Other reserves | -2,285 | -1,887 | -4,268 |
| | 94,247 | 84,932 | 90,334 |
| Non-controlling interests | 249 | 110 | 188 |
| Shareholders' equity, total | 94,496 | 85,042 | 90,522 |
| Liabilities and shareholders' equity, total | 216,223 | 230,980 | 226,645 |



CONSOLIDATED CASH FLOW STATEMENT

from 1 January 2021 to 30 September 2021 (IFRS) with comparative values (unaudited)

| EUR'000 | 01/01 to 30/09/2021 | 01/01 to 30/09/2020 |
|--|---------------------|---------------------|
| Cash flow from operating activities | | |
| Net income | 7,305 | 7,969 |
| Depreciation | 7,348 | 6,681 |
| Gain/loss on the disposal of fixed assets | 32 | -33 |
| Change in provisions and accruals | -2,593 | 1,867 |
| Change in inventories | -2,857 | -3,565 |
| Change in trade accounts receivable and contract assets | 9,848 | 568 |
| Change in other assets, not provided by / used in investing or financing activities | 1,719 | 785 |
| Change in trade accounts payable | -2,582 | 787 |
| Change in advanced payments received and contract liabilities | -7,285 | -193 |
| Change in other liabilities, not provided by / used in investing or financing activities | -3,469 | 195 |
| Amount of other non-cash income and expenses | -616 | 1,124 |
| Net cash from operating activities | 6,850 | 16,185 |
| Cash flow from investing activities | | |
| Payments received on disposal of tangible fixed assets | 280 | 278 |
| Investments in property, plant, equipment and other intangible assets | -2,739 | -5,411 |
| Investment in subsidiaries less acquired cash | 0 | -7,766 |
| Net cash flows used in investing activities | -2,459 | -12,899 |
| Cash flow from financing activities | | |
| Dividend paid out | -5,456 | -3,995 |
| Cash payments for purchase of treasury stock | -667 | -2,244 |
| Payments received from bank loans incurred | 18,397 | 24,463 |
| Redemption of bank loans | -17,339 | -8,109 |
| Change in short and long-term lease liabilities | -2,618 | -2,376 |
| Net cash flows used in financing activities | -7,683 | 7,739 |
| Net effects of currency translation and consolidation changes in cash and cash equivalents | 735 | -493 |
| Change of cash and cash equivalents | -2,557 | 10,532 |
| Cash and cash equivalents at the beginning of the period | 32,211 | 26,174 |
| Cash and cash equivalents at the end of the period | 29,654 | 36,706 |

FINANCIAL CALENDAR 2021/2022

Q4

2021

23 November 10:30 am CET

room Madrid
Equity Forum / virtual presentation

Q1

2022

24 March

Publication Annual Report 2021 /
Press and Analyst Conference

Q2

2022

12 May

Publication of Quarterly Statement 1/2022

18 May

Annual General Meeting 2022

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