



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 DRResearch 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 DRResearch 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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