



IMPORTANT BUSINESS TRANSACTIONS IN THE FIRST QUARTER 2021

The coronavirus pandemic continues to pose enormous challenges to the economy, to our daily business activities and to our customers, business partners and employees. As init group, we are taking all necessary steps to avoid any risk to our business partners and employees and to minimise any adverse effects as far as possible.

Impacts on business operations, the supply chain, ongoing projects and maintenance work have been successfully minimised in recent months. Further impacts cannot be ruled out in the future. It will depend on the success of vaccination campaigns and therefore on avoiding further lockdowns.

The International Monetary Fund (IMF) has revised its economic outlook for 2021 upwards. According to the

IMF, the global economy will grow by 6.0 per cent in the current year. The global economy is therefore recovering more strongly than initially expected. The main growth driver will be the USA. The American economy is expected to grow particularly strongly at 6.4 per cent. The German government also raised its economic outlook for 2021 to 3.5 per cent at the end of April 2021.

Orders

Overall, init acquired new orders of EUR 50.4m in the first quarter (Q1 2020: EUR 44.0m). Incoming orders are therefore above the previous year's figure. Incoming orders for Q1 2021 include several small and medium-sized projects.

In accordance with German Accounting Standard No. 20 (GAS 20), the init group no longer uses incoming orders as a key performance indicator. Due to strong end-of-period fluctuations and increasing general economic forecast uncertainty, incoming orders are no longer considered to be a key performance indicator relevant for controlling purposes. Accordingly, a short-term forecast has not been made.

The order backlog as of 31 March 2021 is approximately EUR 138m, which is below the previous year's level of around EUR 156m on the basis of the balance sheet date.

In April 2021, a major order for an ID-based fare collection system was signed with METRO Houston. The order is worth almost USD 30m in volume. The press release for this was published on 19 April 2021.

Earnings position

The distribution of revenues within the init group is traditionally uneven over the course of the financial year, with the first quarter generally the weakest in terms of revenues and the fourth quarter the strongest in terms of revenues.

Revenues of EUR 40.5m were generated in the first quarter of 2021 (Q1 2020: EUR 40.3m). Revenues were slightly above the previous year's figure and in line with our expectations.

Breakdown of revenues by region for the first three months:

in million EUR	01/01-31/03/2021	%	01/01-31/03/2020	%
Germany	12.0	29.6	9.7	24.1
Rest of Europe	8.8	21.7	8.2	20.3
North America	15.3	37.8	17.8	44.2
Other countries (Australia, UAE)	4.4	10.9	4.6	11.4
Total	40.5	100.0	40.3	100.0

Revenues based on customer's location.

The **gross profit** amounts to EUR 13.4m and was therefore below the previous year's figure (Q1 2020: EUR 14.3m). At around 33 per cent, the gross margin decreased by around 2 per cent (Q1 2020: around

35 per cent). Adjusted gross profit excluding the DResearch Fahrzeuglektronik Group (DVS/DFE) amounts to EUR 12.5m. The adjusted gross margin is 33.5 per cent. The reduction in the gross margin is attributable to project-related fluctuations.

Sales and administrative expenses increased by EUR 0.8m to EUR 8.5m compared with the previous year. The acquisition of the DResearch Fahrzeuglektronik Group (DVS/DFE), which was not included in the previous year's quarter, accounted for the majority of this increase.

Research and development expenses increased by EUR 0.1m to EUR 2.8m compared with the previous year.

Foreign exchange gains (EUR 0.0m; previous year: foreign exchange losses of EUR 1.0m) mainly contain unrealised exchange rate gains and losses from the valuation of receivables and liabilities in foreign currencies.

Earnings before interest and taxes (EBIT) totaled EUR 2.9m, which was below the previous year's figure (Q1 2020: EUR 3.4m) due to the usual fluctuations in the project business. The development is in line with our projections for 2021.

Net interest results (balance of interest income and interest expense) amounts to EUR -0.3m and is in line with the previous year's level (Q1 2020: EUR -0.3m).

Net profit as of 31 March 2021 amounts to EUR 1.8m, which was EUR 0.4m below the previous year (Q1 2020: EUR 2.2m). Accordingly, the earnings per share are EUR 0.19 (Q1 2020: EUR 0.22).

The **total comprehensive income** increased to EUR 3.7m (Q1 2020: EUR 2.3m) due to unrealised gains from foreign currency translation of foreign companies, in particular from CAD and USD currencies.

The **cash flow from operating activities** amounts to EUR 11.4m (Q1 2020: EUR 6.5m) and increased significantly compared to the previous year. This was mainly due to the lower increase in inventories compared to the previous year's quarter and the reduction in contract assets (previous year: increase in contract assets).

Cash flow from investing activities amounts to EUR -0.7m (Q1 2020: EUR -1.1m) and results mainly from investments in replacement and expansion investments.

The **equity ratio** amounts to 42.7 per cent (Q1 2020: 44.2 per cent) and is below the previous year's figure. As a result of the acquisition of the DResearch Fahrzeugelektronik Group (DVS/DFE) as of 1 April 2020, total assets increased compared to the previous year. Details are provided in the Annual Report 2020 on pages 40 et seq. under the section "Net assets".

Equity increased to EUR 94.3m as of 31 March 2021 (Q1 2020: EUR 87.3m).

Personnel

On average the init group counted in the first three months of 2021 1,050 employees (Q1 2020: 910) including temporary workers, research assistants and students carrying out thesis work. Part of this increase is due to the acquisition of the DResearch Fahrzeugelektronik Group with 69 employees, which were not included in the group's figures until after the first quarter of 2020. The number of part-time employees also increased. In the first quarter of 2021, 170 employees were employed on a part-time basis (previous year: 130).

Number of employees by region:

	<u>31/03/2021</u>	<u>31/03/2020</u>
Germany	813	694
Rest of Europe	53	47
North America	141	140
Other countries	43	29
Total	1,050	910

Opportunities and risks

The opportunities and risks which can have a crucial impact on the assets, financial and earnings positions of the group are set out in our Annual Report 2020 on page 45 et seq.

The opportunities and risks described in the Annual Report 2020 remain largely unchanged. In our opinion,

there are no risks capable of jeopardising the continued existence of the company.

Forecast and outlook

Based on the first three months 2021, init is well on its way to achieving its targets for the year. The key figures are in line with our expectations. We are therefore standing by our **existing forecast** with regard to **revenues of around EUR 180m** and earnings before interest and taxes (**EBIT**) of **EUR 18-20m**, in line with our plan for the 2020 financial year.

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 revenues and EBIT may differ substantially from the forecast numbers if new risk factors occur or assumptions upon planning become retrospectively incorrect.



CONSOLIDATED INCOME STATEMENT (IFRS)

from 1 January 2021 to 31 March 2021 (unaudited)

EUR '000	01/01 to 31/03/2021	01/01 to 31/03/2020
Revenues	40,530	40,308
Cost of sales	-27,121	-26,045
Gross profit	13,409	14,263
Sales and marketing expenses	-4,656	-4,268
General administrative expenses	-3,843	-3,383
Research and development expenses	-2,831	-2,710
Other operating income	871	570
Other operating expenses	-62	-65
Foreign currency gains and losses	26	-975
Earnings before interest and taxes (EBIT)	2,914	3,432
Interest income	6	11
Interest expenses	-275	-283
Earnings before taxes (EBT)	2,645	3,160
Income taxes	-820	-980
Net profit	1,825	2,180
Thereof attributable to equity holders of the parent company	1,842	2,186
Thereof non-controlling interests	-18	-6
Earnings per share in EUR	0.19	0.22
Average number of floating shares	9,930,484	10,000,215

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

from 1 January 2021 to 31 March 2021 (unaudited)

EUR '000	01/01 to 31/03/2021	01/01 to 31/03/2020
Net profit	1,825	2,180
Items to be reclassified to the income statement:		
Changes on currency translation	1,839	145
Total other comprehensive income	1,839	145
Total comprehensive income	3,664	2,325
Thereof attributable to equity holders of the parent company	3,682	2,331
Thereof non-controlling interests	-18	-6



CONSOLIDATED BALANCE SHEET (IFRS)

from 1 January 2021 to 31 March 2021 (unaudited)

EUR '000	31/03/2021	31/03/2020	31/12/2020
Cash and cash equivalents	38,088	28,576	32,211
Marketable securities and bonds	41	37	40
Trade accounts receivable	26,754	30,441	38,650
Contract assets	21,790	25,196	22,174
Receivables from related parties	94	74	174
Inventories	34,401	31,505	32,626
Income tax receivable	0	896	966
Other current assets	4,035	4,182	3,207
Current assets, total	125,203	120,907	130,048
Property, plant and equipment	57,126	50,287	57,363
Investment property	1,400	1,462	1,401
Goodwill	12,488	9,035	12,488
Other intangible assets	18,047	9,033	18,582
Interests in associated companies	570	390	570
Deferred tax assets	3,214	3,048	3,102
Other non-current assets	3,146	3,336	3,091
Non-current assets, total	95,991	76,591	96,597
Assets, total	221,194	197,498	226,645
Bank loans	13,536	14,431	17,480
Trade accounts payable	7,597	9,861	7,541
Contract liabilities	8,993	13,619	15,246
Advance payments received	2,375	1,990	1,360
Income tax payable	144	0	1,011
Provisions	9,571	10,647	11,627
Other current liabilities	22,549	19,106	19,924
Current liabilities, total	64,765	69,654	74,189
Bank loans	19,991	14,231	19,979
Deferred tax liabilities	6,316	3,754	5,793
Pensions accrued and similar obligations	11,941	11,158	11,767
Provisions	2,465	1,623	2,439
Other non-current liabilities	8,060	0	8,060
Lease liabilities	13,319	9,740	13,896
Non-current liabilities, total	62,092	40,506	61,934
Liabilities, total	126,857	110,160	136,123
Attributable to equity holders of the parent company			
Subscribed capital	10,040	10,040	10,040
Additional paid-in capital	6,810	5,688	6,619
Treasury stock	-2,467	-1,066	-2,384
Surplus reserves and consolidated unappropriated profit	82,213	72,640	80,327
Other reserves	-2,429	-127	-4,268
	94,167	87,175	90,334
Non-controlling interests	170	163	188
Shareholders' equity, total	94,337	87,338	90,522
Liabilities and shareholders' equity, total	221,194	197,498	226,645



CONSOLIDATED CASHFLOW STATEMENT

from 1 January 2021 to 31 March 2021 (unaudited)

EUR '000	01/01 to 31/03/2021	01/01 to 31/03/2020
Cash flow from operating activities		
Net income	1,825	2,180
Amortisation and depreciation	2,435	1,921
Gains or losses on the disposal of fixed assets	-23	-2
Change in provisions and accruals	-2,052	847
Change in inventories	-1,221	-3,581
Change in trade accounts receivable and contract assets	14,570	9,627
Change in other assets, not provided by / used in investing or financing activities	137	-667
Change in trade accounts payable	-674	1,570
Change in advanced payments received and contract liabilities	-5,589	-1,743
Change in other liabilities, not provided by / used in investing or financing activities	900	-4,759
Amount of other non-cash income and expenses	1,116	1,138
Net cash from operating activities	11,424	6,531
Cash flow from investing activities		
Payments received on disposal of property, plant and equipment	36	3
Investments in property, plant, equipment and other intangible assets	-778	-1,154
Net cash flows used in investing activities	-742	-1,151
Cash flow from financing activities		
Cash payments for the purchase of treasury stock	-667	-807
Payments received from bank loans incurred	1,132	4,101
Redemption of bank loans	-5,064	-5,510
Change in current and non-current lease liabilities	-873	-734
Net cash flows used in financing activities	-5,472	-2,950
Net effects of currency translation and consolidation changes in cash and cash equivalents	667	-28
Changes in cash and cash equivalents	5,877	2,402
Cash and cash equivalents at the beginning of the period	32,211	26,174
Cash and cash equivalents at the end of the period	38,088	28,576



FINANCIAL CALENDAR 2021

Q2

19 **May**

Annual General Meeting 2021 (virtual)

Q3

11 **August**

Publication Half-Year Financial Report 2021

Q4

10 **November**

Publication Quarterly Statement 3/2021

22/23 **November**

Equity Forum (one-on-one-meetings)

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
www.initse.com

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