

> Invitation

Virtual Shareholders' Meeting

on Wednesday, 18 May 2022 10:00 am



**NEXT
LEVEL**

OF MOBILITY

init

innovation in traffic systems SE
WKN 575980

Virtual Shareholders' Meeting 2022

Imprint

Contact

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The invitation to Shareholders is originally
drafted in German: This is a courtesy
translation only. In case of doubt, the German
version shall prevail.

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Overview including information according to Section 125 of the German Stock Corporation Act (AktG) in conjunction with table 3 of the Implementing Regulation (EU) 2018/1212

A. Content of the notification

1. GMETIXX00522 --- Virtual Shareholders' Meeting of init SE 2022
2. Convening the Shareholders' Meeting

B. Details of issuer

1. ISIN: DE0005759807
2. Name of issuer: init innovation in traffic systems SE

C. Details of the Shareholders' Meeting

1. Date of the Shareholders' Meeting: 18 May 2022
2. Start: 10:00 (CEST) 8:00 (UTC)
3. Form of the Shareholders' Meeting: virtual Shareholders' Meeting without the shareholders or their proxies being physically present
4. Venue of the Shareholders' Meeting:
<https://www.initse.com/ende/investors/shareholders-meeting/>
Pursuant to AktG: Registered office of the company, Kaeppelestr. 4-10, 76131 Karlsruhe, Germany
5. Technical record date: 27 April 2022, 0:00 (CEST)/26 April 2022, 22:00 (UTC)
Technically relevant record date is the end of 26 April 2022
6. Website for the Shareholders' Meeting:
<https://www.initse.com/ende/investors/shareholders-meeting/>

Overview of the agenda

Agenda item 1: Presentation of the adopted annual financial statements, the approved consolidated financial statements and the combined management report as well as the report of the Supervisory Board and the report of the Managing Board including explanations on the disclosures pursuant to Sections 289 (4) and 315 (4) of the German Commercial Code (HGB) for the financial year 2021

Agenda item 2: Resolution on the appropriation of retained earnings 2021

Agenda item 3: Resolution on the exoneration of the members of the Managing Board for the financial year 2021

Agenda item 4: Resolution on the exoneration of the members of the Supervisory Board for the financial year 2021

Agenda item 5: Resolution on the appointment of the auditor and group auditor for the financial year 2022

Agenda item 6: Resolution on the election of new members of the Supervisory Board

Agenda item 7: Resolution on the approval of the amended remuneration system for the Managing Board members

Agenda item 8: Resolution on the confirmation of the amended remuneration system for the Supervisory Board members

Agenda item 9: Resolution on the remuneration of the members of the Supervisory Board

Agenda item 10: Resolution on the approval of the remuneration report

init innovation in traffic systems SE

with its registered office in Karlsruhe

ISIN DE0005759807

WKN 575 980

Dear shareholders,

We herewith invite you to attend the Shareholders' Meeting of init innovation in traffic systems SE (init SE) on Wednesday, 18 May 2022, 10:00 (CEST), which will take place as virtual Shareholders' Meeting without shareholders or their proxies being physically present.

However, shareholders can follow the entire Shareholders' Meeting (in German language only) that will be broadcast in audio and video in our Shareholders' Meeting portal in the [Investor Relations/Shareholders' Meeting](#) section on the website at www.initse.com. Shareholders who have duly registered will receive a voting card including further information on the exercise of rights instead of a conventional admission ticket. The voting card includes the access code shareholders can use to access the company's web-based online portal (Shareholders' Meeting portal) via the website.

I. Agenda

Agenda item 1: Presentation of the adopted annual financial statements, the approved consolidated financial statements and the combined management report as well as the report of the Supervisory Board and the report of the Managing Board including explanations on the disclosures pursuant to Sections 289 (4) and 315 (4) of the German Commercial Code (HGB) for the financial year 2021

The aforementioned documents can also be downloaded from the [Investor Relations/Shareholders' Meeting](#) section of the website www.initse.com.

According to the legal requirements, no resolution has to be passed on this agenda item since the annual financial statements and consolidated financial statements prepared by the Managing Board were approved and hence adopted by the Supervisory Board.

Agenda item 2: Resolution on the appropriation of retained earnings 2021

The Managing Board and the Supervisory Board propose to appropriate the retained earnings of init SE for financial year 2021 amounting to EUR 30,442,337.93 as follows:

Distribution of a dividend of EUR 0.55

per no-par value share with dividend entitlement	EUR	5,465,691.00
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Transfer to retained earnings	EUR	---
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Profit carryforward	EUR	24,976,646.93
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Retained earnings	EUR	30,442,337.93
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Pursuant to Section 58 (4) Sentence 2 AktG, shareholders are entitled to the dividend on the third business day after the resolution of the Shareholders' Meeting, i.e. Monday, 23 May 2022.

The amounts mentioned in the above proposal on the appropriation of profits relate to the capital stock with dividend entitlement at the end of the trading day on 25 March 2022 amounting to EUR 9,937,620.00, taking treasury shares into account. In the run-up to the Shareholders' Meeting on 18 May 2022, the number of shares with dividend entitlement may decrease or increase due to the purchase or sale of treasury shares that are not entitled to dividends pursuant to Section 71b AktG. Should the number of no-par value shares with dividend entitlement for the past financial year 2021 change in the run-up to the Shareholders' Meeting, an adjusted proposal will be put forward for resolution at the Shareholders' Meeting, which provides for an unchanged dividend of EUR 0.55 per no-par value share with dividend entitlement as well as adjusted amounts for dividend distribution and profit carryforward.

Agenda item 3: Resolution on the exoneration of the members of the Managing Board for the financial year 2021

The Managing Board and the Supervisory Board propose to exonerate the members of the Managing Board for financial year 2021.

Agenda item 4: Resolution on the exoneration of the members of the Supervisory Board for the financial year 2021

The Managing Board and the Supervisory Board propose to exonerate the members of the Supervisory Board for financial year 2021.

Agenda item 5: Resolution on the appointment of the auditor and group auditor for the financial year 2022

Upon the recommendation of the audit committee, the Supervisory Board proposes to elect PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as the auditor and group auditor for the financial year 2022 as well as for the review of the interim financial statements 2022 if such a review is performed.

The recommendation of the audit committee of the Supervisory Board was preceded by a selection proceeding in accordance with Article 16 of Regulation (EU) No 537/2014 (EU Audit Regulation). Subsequently, the audit committee of the Supervisory Board recommended PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, and BDO AG Wirtschaftsprüfungsgesellschaft, Stuttgart, to the Supervisory Board, stating the reasons, indicating a substantiated preference for PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart.

The Supervisory Board declared that its recommendation was free from undue influence by third parties and that its choice was not restricted by a clause within the meaning of Article 16 (6) of the EU Audit Regulation (Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding the statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC).

Agenda item 6: Resolution on the election of new members of the Supervisory Board

According to Article 17 SE Implementation Act and Article 8 (1) of the articles of incorporation of init SE, the Supervisory Board of init SE consists of members who are elected by the Shareholders' Meeting.

Upon expiry of this year's Shareholders' Meeting, the term of office of all Supervisory Board members ends.

Drs. Hans Rat is not standing for re-election as member of the Supervisory Board at the Shareholders' Meeting 2022.

The Supervisory Board proposes to elect the following persons as members of the Supervisory Board before the end of the Shareholders' Meeting that decides on the exoneration for the financial year 2022:



6.1)
Dipl.-Kfm.
Hans-Joachim Rühlig

6.2)
Dipl.-Ing.
Ulrich Sieg

6.3)
Dipl.-Ing. (FH), M.A.
Christina Greschner

6.4)
Dipl.-Ing.
Andreas Thun

About

- Year of birth: 1948
- Place of residence: Ostfildern/Germany
- Nationality: German
- First-time appointment: 2011
- Term of office: until 2022
- Independent within the meaning of the German Corporate Governance Code C6

About

- Year of birth: 1949
- Place of residence: Jork/Germany
- Nationality: German
- First-time appointment: 2014
- Term of office: until 2022
- Independent within the meaning of the German Corporate Governance Code C6

About

- Year of birth: 1977
- Place of residence: Karlsruhe/Germany
- Nationality: German
- First-time appointment: 2019
- Term of office: until 2022
- Not independent within the meaning of the German Corporate Governance Code C6 (daughter of the Chairperson of the Managing Board)

About

- Year of birth: 1955
- Place of residence: Wandlitz/Germany
- Nationality: German
- Not independent within the meaning of the German Corporate Governance Code C6 (business relationship)

Audit committee

- Chairperson since 2021
- Specialising in accounting

Audit committee

- Member since 2021
- Specialising in audit

Vita

- Independent management consultant
- Former CFO of Ed. Züblin AG, Stuttgart, Germany
- Member of the Advisory Board of DResearch Fahrzeugelektronik GmbH, Berlin, Germany
- Board Member of Stiftung Bauwesen, Stuttgart, Germany

Vita

- Consultant specialising in public transportation
- Former Deputy Chairman of the Management Board and Member of the Management Board, Technology of Hamburger Hochbahn AG
- Member of the Advisory Board of HanseCom Public Transport Ticketing Solutions GmbH, Hamburg, Germany
- Member of the Board of VDV Foundation for Young Leaders

Other Supervisory Board mandate

- Member of the Supervisory Board of SECURITAS Holding GmbH, Düsseldorf, Germany

Vita

- Advisory activity
- Various management positions at init group since 2007
- Extensive knowledge of the init group
- International experience
- “Qualified Supervisory Board” exam at Deutsche Börse
- “Qualified Supervisory Board Member in the Audit Committee” exam at Deutsche Börse

Vita

- Independent entrepreneur
- Former managing director and Shareholder of iris-GmbH infrared & intelligent sensors
- Sole shareholder and general manager of Landsensor GmbH, partner of iris-GmbH infrared & intelligent sensors
- Deputy Chairperson of the Board of DResearch Fahrzeugelektronik GmbH, Berlin, Germany
- Member of the Board of iris Infrared & Intelligent Sensors NA Inc., Atlanta, Georgia, USA.

If Andreas Thun is elected, he will resign from his office as member of the Board of iris Infrared & Intelligent Sensors NA Inc., before he accepts the election.

Furthermore, the Supervisory Board proposes to elect the following substitute member for all Supervisory Board members who will replace the first Supervisory Board member to leave:



6.5)
Dr.-Ing.
Gottfried Greschner

About

- Year of birth: 1946
- Place of residence: Karlsruhe/Germany
- Nationality: German
- Not independent within the meaning of the German Corporate Governance Code C6

Vita

- Chief Executive Officer of init SE
- Managing Director of the subsidiary INIT GmbH, Karlsruhe, Germany
- Managing Director of the subsidiary IMMS GmbH, Karlsruhe, Germany
- Chairperson of the Board of Directors of the subsidiary INIT Inc., Chesapeake, Virginia, USA

In accordance with Section 100 (2) Sentence 1 No. 4 AktG, this election proposal is based on a proposal made by shareholders holding more than 25 per cent of the voting rights in init SE. If elected, Dr. Gottfried Greschner will make sure that the term of his offices as CEO of the company and as legal representative or any role comparable to a Supervisory Board member in all companies dependent on init SE ends before he replaces someone on the Supervisory Board.

According to C13 of the German Corporate Governance Code, the Supervisory Board, in its election proposals to the Shareholders' Meeting, must disclose the personal and business relationships of every candidate with the company, the governing bodies of the corporation and any shareholders with a material interest in the corporation. The disclosure recommendation is limited to information and circumstances that, in the appraisal of the Supervisory Board, an

objectively judging shareholder would consider decisive for their election decision.

Andreas Thun is the sole shareholder of Landsensor GmbH, which maintains a business relationship with a subsidiary of init SE.

Dipl.-Kfm. Christina Greschner is the daughter of the Chief Executive Officer of init SE.

Such business relationships which are considered to be significant exist between Dr. Gottfried Greschner and the company. As of 31 March 2022 Dr. Gottfried Greschner held 3,385,100 shares in init SE (some of them indirectly), which is equivalent to 33.7 per cent of the capital stock.

In addition, init SE rents the office building in Kaeppelestrasse 6 in Karlsruhe from Dr. Gottfried Greschner GmbH & Co. Vermögens-Verwaltungs KG, Karlsruhe, that is controlled by Dr. Gottfried Greschner.

The members of the Supervisory Board are to be elected individually.

The election proposal takes into account the competence profile for the composition of the body as a whole, which was agreed on by the Supervisory Board.

The Supervisory Board has ensured that the persons proposed for election are able to spend the expected amount of time needed to fulfil their mandate.

If Dipl.-Kfm. Hans-Joachim Rühlig is re-elected, it is intended to nominate him again as Chairperson of the Supervisory Board. The Chairperson of the Supervisory Board will be elected immediately after the Shareholders' Meeting.

If the alternate member succeeds to the Supervisory Board, he will be proposed to the Supervisory Board members as Chairperson of the Supervisory Board. The immediate admission to the Supervisory Board and the planned takeover as Chairperson of the Supervisory Board after his membership of the Managing Board ends allow Dr. Gottfried Greschner, in his position as supervisor and advisor of the Managing Board, to capitalise on his decades of experience in managing the company and his extensive knowledge of the technologies used by the company for the benefit of the company.

The CVs of the individual members of the Supervisory Board, their rules of procedure as well as the competence profile in its entirety are available on the [website](#) of the company.

Agenda item 7: Resolution on the approval of the amended system for the remuneration of the Managing Board members

According to Section 120a AktG, the Shareholders' Meeting of a listed company must pass a resolution on any significant amendment (but at least every four years) on the approval of the remuneration system for the Managing Board members passed by the Supervisory Board in accordance with Section 87a AktG.

A system for the remuneration of the Managing Board was already approved at the Shareholders' Meeting 2021. In connection with the renewal of the Managing Board members' service contracts, the Supervisory Board decided to present an amended system of Managing Board remuneration.

The main changes are the cap on the cash bonus (STI), the comments regarding the duration of the Managing Board members' service contracts, an improved designation of the peer group, and the cash inflow principle for the company pension plan.

The Supervisory Board proposes to approve the amended system for the remuneration of the Managing Board members presented in "II Additional information on the agenda items".

Agenda item 8: Resolution on the confirmation of the amended system for the remuneration of the Supervisory Board members

According to Section 113 (3) Sentence 1 and 2 AktG, the Shareholders' Meeting of a listed company shall pass a resolution on any significant amendment (but at least every four years) on the confirmation of the remuneration system for the Supervisory Board members passed by the Supervisory Board in accordance with Section 113 AktG.

A system for the remuneration of the Supervisory Board was already approved at the Shareholders' Meeting on 19 May 2021. In connection with a significant change of the reference values used for the variable remuneration – specification of higher minimum values – and the payment of remuneration for committee members, the Supervisory Board decided to present an amended system.

The Supervisory Board proposes to confirm the amended system for the remuneration of the Supervisory Board members presented in "II Additional information on the agenda items".

Agenda item 9: Resolution on the remuneration of the members of the Supervisory Board

The Managing Board and the Supervisory Board propose to pay the members of the Supervisory Board, subject to the approval of agenda item 8, in addition to the reimbursement of their expenses and any VAT to be paid on their remuneration and expenses, the following remuneration from the Shareholders' Meeting 2022 onwards:

The annual remuneration of members of the Supervisory Board comprises a fixed and a variable component. The fixed component totals EUR 25k for the members of the Supervisory Board and EUR 50k for the Chairperson. The variable component depends in equal parts of 50 per cent on the share price and of 50 per cent on EBIT, whereby a share price of EUR 28.00 and EBIT of EUR 12m are used as reference values. The variable component is only granted if EBIT reaches a minimum of EUR 12m.

On this basis, the variable component of the remuneration of the Supervisory Board is calculated according to the following formula:

$$V = \left[\left(0.5 \times \frac{\text{Share price}}{\text{EUR 28.00}} + 0.5 \times \frac{\text{Earnings before interest and taxes (EBIT)}}{\text{EUR 12m}} \right) - 1 \right] \times \text{fixed component.}$$

In this formula, the share price is the average price of the respective financial year based on the daily closing rates or, if no closing rates are determined, the most recently recorded prices of the day of the share traded on XETRA (or equivalent successor system) at the Frankfurt Stock Exchange while EBIT is the respective earnings before interest and taxes. Moreover, the variable component of the remuneration is limited to 200 per cent of the fixed component of the remuneration. Where "V" is less than zero, the variable component does not apply and only the fixed component of the remuneration is payable.

The Supervisory Board of init SE formed an audit committee for the first time as of 1 October 2021. The Chairperson of the audit committee receives fixed remuneration of EUR 20k p.a., while the other committee members receive fixed remuneration of EUR 10k p.a.

The above remuneration agreement for the Supervisory Board applies until the Shareholders' Meeting decides otherwise.

Agenda item 10: Resolution on the approval of the remuneration report

Following the amendment of the Stock Corporation Act due to the implementation of the Shareholder Rights Directive II (SRD II), in future, a remuneration report pursuant to Section 162 AktG has to be prepared by the Managing Board and the Supervisory Board and to be presented to the Shareholders' Meeting for approval in accordance with Section 120 a (4) AktG.

In accordance with Section 162 (3) AktG, the remuneration report was audited by the auditor to determine whether the disclosures required by Section 162 (1) and (2) AktG have been made. The report on the audit of the remuneration report is attached to the remuneration report.

The Supervisory Board and the Managing Board propose to approve the audited remuneration report for the financial year 2021 under "II Additional information on the agenda items".

II. Additional information on the agenda items

Additional information on agenda item 7: Resolution on the approval of the amended remuneration system for members of the Managing Board

General information

The Supervisory Board developed the remuneration system for the Managing Board members with the objective of aligning it to the strategy and the goals of the company within the regulatory environment. It is intended to link the remuneration of the Managing Board closely to the success of our company.

A system for the remuneration of the Managing Board was already approved at the Shareholders' Meeting 2021. In connection with the renewal of the Managing Board members' contracts, the Supervisory Board decided to present an amended system of Managing Board remuneration.

The main changes are the cap on the cash bonus (STI), the comments regarding the duration of the Managing Board members' service contracts, an improved designation of the peer group, and the cash inflow principle for the company pension plan.

The remuneration system is to take account of the demanding task of leading a global company in a highly innovative and dynamic industry, which the members of our Managing Board have assumed. At the same time, it is meant to allow an internationally competitive remuneration to support init in the global competition for highly qualified executives as well as to meet the specific challenges in the hardware and software industry.

We continue to see growth potential for init and want to provide the Managing Board with sustainable and forward-looking incentives for dedicated and successful work, which allow for an appropriate participation in the successful exploitation of this growth potential. In this way, it can be ensured that the interests of the shareholders are aligned with those of the Managing Board.

Regarding the design of the remuneration system and the decisions on the structure and the amount of the remuneration of the individual members of the Managing Board, the Supervisory Board particularly considers the following principles:

- The remuneration of the Managing Board members as a whole contributes significantly to promoting the business strategy.
- The amount and the structure of the remuneration of the Managing Board members are in line with the market and take account of the size, the complexity and the economic situation of the company. When the remuneration system was being established a peer group

comparison was conducted which considered companies comparable in respect of key criteria (owner structure, industry, size, country). Companies operating in the field of local public transport were also included. The findings from a market study conducted by a business consulting firm were considered as well.

- The remuneration of the Managing Board members takes into account the remuneration structure that generally applies within the company. For this purpose, the remuneration of the Managing Board is compared to the remuneration of init executives and init employees and proportionality within init is ensured.

Methods for determination and review

The Supervisory Board is responsible by law for determining, implementing and reviewing the remuneration and the remuneration system for the Managing Board members.

The Supervisory Board decided against considering non-financial performance criteria with regard to the variable component as sustainability criteria are already prescribed by init's product portfolio and the purpose of the company.

Using the previous remuneration system as a basis, the present remuneration system was developed for new contracts and renewals of contracts.

In the course of determining this remuneration system, the remuneration of init's executives was taken into consideration to ensure the above-mentioned proportionality within init.

With respect to the remuneration system, a distinction is made between two groups of Managing Board members:

- Managing Board group 1: Managing Board in general (V1)
- Managing Board group 2: Chairperson of the Managing Board and his/her deputy (V2)

Individual remuneration components (see below) are structured in different ways and different ranges are set for each Managing Board group. The specific remuneration agreements must be within the specified ranges.

On this basis, the Supervisory Board will decide on the specific total compensation in the case of future new appointments and reappointments of Managing Board members, taking the requirements of the AktG and this remuneration system into account. Within this framework, the Supervisory Board determines the further details which are laid down in the specific agreements with the Managing Board members.

The remuneration of the Managing Board members and the remuneration system are subject to annual review by the Supervisory Board in its meeting. In particular, the appropriateness of the total remuneration of the individual Managing Board members is reviewed and benchmarked. If

necessary, the Supervisory Board will change the remuneration system and the amended system will be presented to the Shareholders' Meeting for approval.

Components of the remuneration of the Managing Board

The remuneration of the Managing Board members comprises non-performance-based and performance-based components. These are presented in the following table:

Basic structure of the remuneration

Non-performance-based remuneration	Performance-based remuneration
Fixed remuneration	STI Short Term Incentive - cash management bonus
Fringe benefits	LTI Long Term Incentive - subscription of shares
Pension scheme	

1. Non-performance-based remuneration

a. Fixed remuneration

The fixed remuneration is paid in twelve equal instalments in euro. A special payment (e.g. Christmas bonus) may be agreed which will also be deemed part of the fixed remuneration. The Supervisory Board reviews the fixed remuneration annually and determines pay rises effective as of April each year. The pay rises follow the general average development of salaries within the init group.

b. Fringe benefits

The fixed remuneration is supplemented by contractually agreed fringe benefits. These mainly relate to the usual additional benefits of init SE, which also apply to employees and executives, such as childcare subsidies, insurance and non-cash benefits such as private use of the company car. In the case of the present Chairperson of the Managing Board, his vehicle taxes are borne by the company.

If members of the Managing Board have their habitual abode outside Germany, suitable arrangements appropriate to the situation can be made, such as assumption of tax advisory costs, relocation costs, etc.

c. Pension scheme

The members of the Managing Board participate in the employee benefit plans of the init core companies and in the employer-financed pension scheme agreed there. Where models exist from prior periods of employment, they are continued. New members of the Managing Board are admitted according to the models in place at the company at the time. They are classified in the same way as managing directors and authorized signatories.

Furthermore, there is additional financial protection due to the function as member of the Managing Board. Essentially, this is a defined contribution payment into a superannuation scheme on an annual basis. The amounts of the contributions are contractually agreed every year and may differ. At the same time, occupational disability cover is provided by a defined benefit plan or a defined contribution plan.

Only if a pension scheme has existed and been maintained for years in the form of a direct commitment, will this be continued accordingly and replaces what has been described above.

Furthermore, there is a supplementary accident insurance.

If other insurance is offered to all employees of the company, this also applies for members of the Managing Board.

2. Performance-based remuneration

a. Short Term Incentive (STI)

The STI is a short-term, annually determined performance-based remuneration component which is granted annually in case of success. The STI provides uniform incentives for members of the Managing Board to achieve important targets from managing the init group which are reflected in the consolidated EBIT of init SE. Accordingly, the amounts payable under the STI are determined on the basis of financial performance criteria.

A minimum EBIT (after deduction of costs for the bonuses of all employees of the group) must be achieved. After that, the management bonus is determined according to a percentage of EBIT.

The cash management bonus must not exceed 40 per cent of the fixed remuneration under 1 a).

Payment is always made after the consolidated financial statements have been approved by the Supervisory Board in the current calendar year. Achieving this performance target

requires a continuous performance contribution by the participants to the company's earnings.

b. Long Term Incentive (LTI)

The LTI is a long-term, multi-year performance-based remuneration distributed in the form of init shares. In this way, the LTI provides uniform incentives for the members of the Managing Board to achieve important long-term strategic planning targets.

Moreover, the LTI rewards members of the Managing Board for the performance of the share price of init and thus ensures the alignment with the shareholders' interests.

Shares are issued every year. To this end, a minimum EBIT (after deduction of costs for all bonuses of all employees in the group) must be achieved, after which a share distribution is made which is linked to the level of EBIT achieved. The maximum number of shares is limited. Differentiations may be made between the individual members of the Managing Board; in this case, the above-mentioned Managing Board groups V1 and V2 are decisive.

Taxes and duties for the share bonus are borne by the company. In case of extraordinary success, the maximum cap for the value of all shares paid out to members of the Managing Board in one year, including taxation thereon, is nonetheless not higher than 10 per cent of EBIT.

The minimum holding period is five years.

The issue/transfer always takes place after the consolidated financial statements have been approved by the Supervisory Board in the current calendar year.

Issuing these shares is intended to motivate and retain the eligible members of the Managing Board and serves as an incentive to increase the quoted price of the share in the long term, which is also in the interest of the shareholders. Achieving this performance target requires a continuous performance contribution by the participants to the company's earnings. Moreover, during the holding period participants have a significant incentive to further increase the share price of the company through their own performance. The motivational effect of this program is designed to encourage participating members of the Managing Board to invest their energy in our company in the long term and decide and act as entrepreneurs in the interest of the company and all shareholders.

3. Start of contract during the year, end of contract during the year

If a contract starts during the year or a contract ends during the year, the fixed remuneration, the STI and the LTI are paid or granted on a pro-rata basis.

In the event of death, there are transitional arrangements and limited surviving dependants' benefit payments.

With respect to newly admitted members, the Supervisory Board reserves the right to grant payments into special pension schemes on a pro rata temporis basis. Otherwise, an inflow is granted in full for the respective current financial year.

In the event of illness, the non-performance-based remuneration and the performance-based remuneration continue to be paid for a limited period of time.

4. Structure and amount of the remuneration of the Managing Board

The remuneration system is intended to provide init with the necessary leeway to allow us to continue to offer internationally competitive remuneration in the future.

5. Maximum remuneration

From the Supervisory Board's perspective, all remuneration components are appropriately proportionate to one another. Section 87a AktG prescribes that the proportion of the remuneration components to the maximum remuneration must be documented.

The maximum remuneration is the maximum total amount of remuneration that may be paid to a member of the Managing Board for one financial year. It amounts to EUR 2.6m for members of the Managing Board group V1 and to EUR 5.0m for members of the Managing Board group V2.

The Supervisory Board points out that these amounts are merely an absolute limit which can be achieved in the very best case, given an optimum achievement of targets and an enormous price increase of the init share. This means an extremely high EBIT must be achieved and the share price must be exceptionally high at a level of more than EUR 100.00.

6. Structure of the remuneration of the Managing Board in the case of maximum remuneration

Taking the maximum remuneration based on the very best case performance of the company as a basis for all remuneration components, the proportion between the performance-based remuneration and the non-performance-based remuneration is as follows:

Managing Board group V1:

The non-performance-based remuneration corresponds to approximately 16 per cent and the performance-based remuneration to 84 per cent of the total remuneration, of which the STI accounts for approximately 6 percentage points and the LTI for 78 percentage points (rounded figures).

Managing Board group V2:

The non-performance-based remuneration corresponds to approximately 15 per cent and the performance-based remuneration to 85 per cent of the total remuneration, of which the STI accounts for approximately 5 percentage points and the LTI for 80 percentage points (rounded figures).

Within the maximum remuneration the ratios shift for STI and LTI if the earnings values change.

7. Determination of the specific remuneration for individual Managing Board members

The amount of the fixed remuneration and the target amounts of the STI and LTI for each Managing Board member may vary within the specified ranges. Differences result from the tasks they assume, the qualification and experience of the Managing Board member, the performance of the Managing Board member and the market conditions.

With respect to the term, we adhere to legal requirements as well as to the recommendations of the GCGC. In addition, the content is in line with previous contracts and the economic situation of the company. Variable remuneration components and the related financial performance criteria are reviewed by the Supervisory Board at inception of a contract and the parameters are re-defined if necessary.

Vertical comparisons including assessments of the customary level of remuneration with other companies are made.

8. Special contractual clauses

a. Clawback clause

Parts of the shares issued within the scope of the LTI distribution must be returned in the event of a criminal conviction if init SE has suffered a loss as a result.

b. Recognition of intragroup remunerations

The assumption of intragroup activities, particularly the acceptance of offices, is covered by the Managing Board remuneration.

c. Remuneration-related transactions

i. Employment contracts for Managing Board members

The basic arrangements regarding the remuneration of the Managing Board are contractually agreed with the Managing Board members in their employment contracts. The term of the employment contracts for Managing Board members corresponds to the period of their appointment. Generally, the Managing Board contract is renewed at the end of the period of appointment (conclusion of a new contract) within the framework of the legal provisions.

ii. Terms and conditions of the STI/LTI

The terms and conditions included in the employment contract for Managing Board members govern the annual STI and LTI tranches.

iii. Termination and other cancellation

Summary termination is permissible if an appropriate situation exists.

iv. Termination bonuses

Termination bonuses are regulated in the contracts. In the event of early termination, except termination without notice, any claim for a termination bonus is limited to the value of the total compensation (basic salary, management bonus and fringe benefits) for two years or, if less, the remaining term of the employment contract.

Additional information on agenda item 8: Resolution on the confirmation of the amended system for the remuneration of the Supervisory Board members

The system for the remuneration of the Supervisory Board was already approved at the Shareholders' Meeting on 19 May 2021. In connection with a significant change of the reference values used for the variable remuneration – specification of higher minimum values – and the payment of remuneration for committee members, the Supervisory Board decided to present an amended system.

The annual remuneration of members of the Supervisory Board comprises a fixed and a variable component. The fixed component totals EUR 25,000.00 for the members of the Supervisory Board and EUR 50,000.00 for the Chairperson. The variable component depends in equal parts of 50 per cent on the share price and of 50 per cent on EBIT, whereby a share price of EUR 28.00 and EBIT of EUR 12m are used as reference values. The variable component is only granted if EBIT reaches a minimum of EUR 12m.

On this basis, the variable component of the remuneration of the Supervisory Board is calculated according to the following formula:

$$V = \left[\left(0.5 \times \frac{\text{Share price}}{\text{EUR 28.00}} + 0.5 \times \frac{\text{Earnings before interest and taxes (EBIT)}}{\text{EUR 12m}} \right) - 1 \right] \times \text{fixed component.}$$

In this formula, the share price is the average price of the respective financial year based on the daily closing rates or, if no closing rates are determined, the most recently recorded prices of the day of the share traded on XETRA (or equivalent successor system) at the Frankfurt Stock Exchange while EBIT is the respective earnings before interest and taxes. Moreover, the variable component of the remuneration is limited to 200 per cent of the fixed component of the remuneration. Where "V" is less than zero, the variable component does not apply and only the fixed component of the remuneration is payable.

The Supervisory Board of init SE formed an audit committee for the first time as of 1 October 2021. The Chairperson of the audit committee receives fixed remuneration of EUR 20k p.a., while the other committee members receive fixed remuneration of EUR 10k p.a.

Remuneration system for the Supervisory Board including the information according to Sections 113 (3) Sentence 3 and 87a (1) Sentence 2 AktG

General information

The Supervisory Board members of init SE receive basic remuneration, the amount of which depends on the Supervisory Board tasks the members assume. Moreover, a variable component for all Supervisory Board members was approved, which depends in equal parts of 50 per cent on the achievement of earnings before interest and taxes (EBIT) and of 50 per cent on the share price, based on reference values. The Supervisory Board takes the view that through a variable component and by also pegging the Supervisory Board remuneration to the key performance indicators and the share price performance, a special contribution to supervision and consulting activities for the long-term development of the company can be achieved that reflects the complexity of the business of init SE.

Specific form

In detail, remuneration is composed according to the following criteria:

1. Each member of the Supervisory Board receives annual basic remuneration of EUR 25k. The Chairperson of the Supervisory Board receives annual basic remuneration of EUR 50k. A larger amount of time is not required by the Deputy Chairperson of the init Supervisory Board, therefore, he/she is not granted a higher basic remuneration.
 - a) The variable component depends in equal parts of 50 per cent on the share price and of 50 per cent on EBIT.
 - b) The variable component depending on the share price is determined based on the difference between a reference value to be specified in the respective resolution of the Shareholders' Meeting and the average price of the respective financial year in which the remuneration was granted. The average price is calculated based on the daily closing rates or, if no closing rates are determined, based on the most recently recorded prices of the day, of the share traded on XETRA (or a comparable successor system) at Frankfurt Stock Exchange.

- c) The variable component depending on EBIT is determined based on the difference between a reference value to be specified in the respective resolution of the Shareholders' Meeting and the group's EBIT of the financial year of the grant.
- d) The determined variable components each account for 50 per cent of the calculation amount of the variable remuneration. This amount is multiplied by the basic remuneration amount.
- e) The variable component is only granted if EBIT reaches at least the specified reference value. Where the determined amount is less than zero, the variable component will not be paid either.
- f) The upper limit of the remuneration of the Supervisory Board members results from the respective sum of the basic remuneration and variable component which is capped at 200 per cent of the respective basic remuneration.

The Managing Board and the Supervisory Board are of the opinion that variable remuneration promotes the Supervisory Board members' long-term commitment to the company that reflects the complexity of the business of init SE. The variable component is also focused on a sustainable development of the company as the current basis of calculation is always based on significant decisions of the past.

- 2. The Chairperson of the audit committee receives fixed annual remuneration of EUR 20k, while the other committee members receive fixed annual remuneration of EUR 10k.
- 3. Supervisory Board members who have not been in office for the entire financial year receive one twelfth of their basic remuneration for each month of membership commenced. The variable component is also calculated on a pro-rata basis.
- 4. The remuneration is payable at the end of a financial year, namely after the adoption of the annual financial statements and the approval of the consolidated financial statements of init SE.
- 5. The members of the Supervisory Board are covered by a D&O insurance for members of corporate bodies maintained by the company. The premiums for this insurance are paid by the company. Moreover, the company reimburses all Supervisory Board members for their expenses and any applicable value added tax payable on their remuneration.

Procedure

The remuneration system for the Supervisory Board is resolved by the Shareholders' Meeting, based on a proposal put forward by the Managing Board and the Supervisory Board. On a regular basis, but at least every four years, the Managing Board and the Supervisory Board review if the amount and form of the remuneration are still in line with the market and proportional to the tasks of the Supervisory Board as well as the situation of the company.

Due to the special nature of the remuneration granted for the work on the Supervisory Board, which is fundamentally different from the work of the employees of init SE, a vertical comparison with the remuneration of employees cannot be considered when reviewing and determining the remuneration.

Any conflicts of interest in the review of the remuneration system are counteracted by the statutory system of competences as the final decision-making authority regarding the remuneration of the Supervisory Board lies with the Shareholders' Meeting and this proposed resolution is submitted by both the Managing Board and the Supervisory Board meaning that a system of mutual control is already provided by law.

Additional information on agenda item 10: Resolution on the approval of the remuneration report

REMUNERATION OF THE MANAGING BOARD AND SUPERVISORY BOARD

The Managing Board and Supervisory Board prepare a remuneration report each year in accordance with the statutory provisions of Section 162 of AktG. The Shareholders' Meeting will pass a resolution on the approval of the remuneration report for the preceding financial year for the first time from 2022 and every year thereafter in the form of a recommendation.

The remuneration report and the auditor's opinion thereon can be found in the Shareholders' Meeting section of the company's website.

The contracts of init SE's Managing Board members have been concluded for three years and end as of 31 March 2022. The Shareholders' Meeting on 19 May 2021 approved the remuneration system of the Managing Board. However, the remuneration system and the recommendations of the Corporate Governance Code only apply upon appointment or the extension of the term of office.

The Shareholders' Meeting on 19 May 2021 confirmed the Supervisory Board's remuneration system, which meant that it could be applied for the 2021 financial year.

Remuneration report Managing Board 2021

The salaries for members of the Managing Board are set by the Supervisory Board. The remuneration of the Managing Board is determined by the size of the company, its economic and financial situation, the amount and structure of remuneration at comparable

companies as well as its relationship to the salaries paid to staff.

The Managing Board members' contracts have terms until 31 March 2022, as a result of which the Management Board remuneration shown below does not correspond in all respects to the remuneration system approved by the Shareholders' Meeting. The members of the Managing Board of init SE have been re-appointed as of 1 April 2022.

The Managing Board members' contracts that applied during the reporting period provide for remuneration owed in accordance with the income statement:

A non-performance-based salary component payable on a pro rata basis in 12 monthly instalments. The non-performance-based component of the Managing Board members' remuneration consists of fixed remuneration including incidental benefits, which amounted to EUR 1,782k in 2021 (previous year: EUR 1,692k).

<u>Name of Managing Board member</u>	<u>Fixed salary and incidental benefits FY 2021 in EUR '000</u>	<u>Fixed salary and incidental benefits FY 2020 in EUR '000</u>
Gottfried Greschner (CEO)	751	693
Jürgen Greschner (CSO)	514	502
Jennifer Bodenseh (CFO)	226	218
Matthias Kühn (COO)	291	279

The main incidental benefits are pension commitments, company cars, allowances for childcare and Christmas bonuses.

With regard to performance-based remuneration, a variable component (STI – Short-Term Incentive) is paid out that is linked to the group's earnings before interest and

taxes but after the deduction of all bonuses and employee profit participations, and applies on a percentage basis over a threshold for group earnings before interest and taxes of EUR 8m. The STI provides uniform incentives for members of the Managing Board to achieve important targets from managing the init group which are reflected in the consolidated EBIT of init SE. Accordingly, the amounts payable under the STI are determined on the basis of financial performance criteria. The management bonus is limited to 25 per cent of the total compensation package excluding the share bonuses under item 3. The variable component of the Managing Board members' remuneration in 2021 totalled EUR 212k (previous year: EUR 240k).

Name of Managing Board member	Cash bonus FY 2021 in EUR '000	Cash bonus FY 2020 in EUR '000
Gottfried Greschner (CEO)	53	60
Jürgen Greschner (CSO)	53	60
Jennifer Bodenseh (CFO)	53	60
Matthias Kühn (COO)	53	60

Name of Managing Board member	Target achievement STI in per cent
Gottfried Greschner (CEO)	40%
Jürgen Greschner (CSO)	46%
Jennifer Bodenseh (CFO)	100%
Matthias Kühn (COO)	79%

Another bonus (LTI – Long-Term Incentive) that forms part of the performance-based remuneration for 2021 is paid out in the form of 750/1,500 shares provided the group's earnings before interest and taxes and after the deduction of all bonuses amount to EUR 8m or more. The LTI is long-term, multi-year performance-based remuneration distributed in the form of init shares. In this way, the LTI provides uniform incentives for

the members of the Managing Board to achieve important long-term strategic planning targets (EBIT). Moreover, the LTI rewards members of the Managing Board for the performance of the share price of init and thus ensures the alignment with the shareholders' interests. Furthermore, for each EUR 1m of profit that exceeds the amount of EUR 8m up to EUR 15m, another 150/300 shares are granted as a bonus. Further, for each EUR 1m of profit that exceeds the amount of EUR 15m, another 250/500 shares are granted as a bonus. The number of shares is limited to 10,000/20,000. If the EBIT target is not achieved, no shares are granted. These shares are subject to a vesting period of five years. The income tax on the financial benefit relating to the share transfer is borne by the company. The variable component of the Managing Board members' share-based remuneration amounts to EUR 828k as of the reporting date (previous year: EUR 1,008k). The fair value of this remuneration including income tax payable on it totalled EUR 923k for the past financial year (previous year: EUR 1,136k).

Some of the shares issued as part of the LTI distribution have to be returned in the event of a criminal conviction if init SE has suffered a loss as a result (clawback clause). In financial year 2021, the clawback clause did not have to be applied and no remuneration was granted by third parties.

Earnings before taxes of init SE according to the German Commercial Code (HGB) amounted to EUR 14.7m for the financial year 2021 (previous year: EUR 3.6m). As of 31 December 2021, EBIT of the init group amounted to EUR 17.6m (previous year: EUR 19.6m) resulting in the following values for LTI remuneration:

Name of Managing Board member	Share-based bonus FY 2021 in EUR '000	Share-based bonus FY 2020 in EUR '000
Gottfried Greschner (CEO)	276	336
Jürgen Greschner (CSO)	276	336
Jennifer Bodenseh (CFO)	138	168
Matthias Kühn (COO)	138	168

The share-based bonuses in the above overview are measured at the share price as of 31 December 2021 and 31 December 2020, respectively.

The total numbers of shares are as follows:

Name of Managing Board member	Number of shares FY 2021	Number of shares FY 2020
Gottfried Greschner (CEO)	4,600	5,600
Jürgen Greschner (CSO)	4,600	5,600
Jennifer Bodenseh (CFO)	2,300	2,800
Matthias Kühn (COO)	2,300	2,800

On 23 March 2021, shares were transferred at a price of EUR 32.70 per share to the members of the Managing Board as performance-based remuneration for financial year 2020.

The granted shares correspond to 23 per cent of the maximum target achievement.

The remuneration of the Managing Board members can be allocated to the fixed and variable components as follows:

Name of Managing Board member	Fixed salary FY 2021	STI FY 2021	LTI FY 2021
Gottfried Greschner (CEO)	69.6%	4.9%	25.5%
Jürgen Greschner (CSO)	61.0%	6.2%	32.8%
Jennifer Bodenseh (CFO)	54.3%	12.6%	33.1%
Matthias Kühn (COO)	60.4%	10.9%	28.7%

Pension commitments exist for one of the four members of the Managing Board as well as

for two former members. The increase in pension provisions (DBO) for these three persons was EUR 242k in 2021 (previous year: EUR 212k). This change is due to the discount rate. The pension provision relates to the present value pursuant to HGB.

Name of Managing Board member	Increase pension commitments FY 2021 in EUR '000	Increase pension commitments FY 2020 in EUR '000
Gottfried Greschner (CEO)	226	196
Wolfgang Degen (former Board member)	6	6
Joachim Becker (former Board member)	10	10

Instead of a direct pension commitment, there are defined contribution plans or frozen benefit commitments in place for three Managing Board members and one former member. The expenses for this amounted to EUR 21k in 2021 (previous year: EUR 27k).

Name of Managing Board member	Benefit commitments FY 2021 in EUR '000	Benefit commitments FY 2020 in EUR '000
Jürgen Greschner (CSO)	9	9
Jennifer Bodenseh (CFO)	6	5
Matthias Kühn (COO)	6	6
Bernhard Smolka (former Board member)	0	7

An additional defined contribution plan exists for three members of the Managing Board as well for two former members of the Managing Board. The expenses for this amounted to EUR 116k in 2021 (previous year: EUR 122k).

<u>Name of Managing Board member</u>	<u>Additional benefit commitments FY 2021 in EUR '000</u>	<u>Additional benefit commitments FY 2020 in EUR '000</u>
Jürgen Greschner (CSO)	50	48
Jennifer Bodenseh (CFO)	11	11
Matthias Kühn (COO)	19	18
Joachim Becker (former Board member)	25	24
Bernhard Smolka (former Board member)	11	21

Separate occupational disability insurance plans are also in place for three Managing Board members. The expenses for this amounted to EUR 4k in 2021 (previous year: EUR 4k).

<u>Name of Managing Board member</u>	<u>Contributions FY 2021 in EUR '000</u>	<u>Contributions FY 2020 in EUR '000</u>
Jürgen Greschner (CSO)	2	2
Jennifer Bodenseh (CFO)	1	1
Matthias Kühn (COO)	1	1

No benefits payable to members leaving the Managing Board have been agreed. However, a severance payment may be specified in an individual termination agreement. No severance payment was made in 2021 or in the previous year.

Remuneration report for the Supervisory Board 2021

The applicable remuneration of the Supervisory Board was decided at the Shareholders' Meeting of 15 May 2019, based on a proposal put forward by the Managing Board and the Supervisory Board.

In addition to the reimbursement of out-of-pocket expenses, the annual remuneration of members of the Supervisory Board comprises a fixed and a variable component. The fixed component totals EUR 25k p.a. for the members of the Supervisory Board and

EUR 50k p.a. for the Chairperson. The variable component depends in equal parts of 50 per cent on the share price and of 50 per cent on EBIT. A share price (annual average value) of EUR 8.00 and a group EBIT of EUR 8m are used as reference values. The variable component is limited to 200 per cent of the fixed component and is calculated using the following formula:

$$V = ((0.5 \times \text{share price} / \text{EUR } 8 + 0.5 \times \text{EBIT} / \text{EUR } 8\text{m}) - 1) \times \text{fixed component}$$

Where V (variable component) is less than zero, the variable component does not apply and only the fixed component of the remuneration is payable.

The following is a breakdown of the remuneration of the Supervisory Board in the 2021 financial year:

<u>Name of Supervisory Board member</u>	<u>Fixed component FY 2021 in EUR '000</u>	<u>Variable component FY 2021 in EUR '000</u>
Hans-Joachim Rühlig	50	100
Ulrich Sieg	25	50
Christina Greschner	25	50
Drs. Hans Rat	25	50

COMPARISON OF CHANGES IN INCOME AND CHANGES IN REMUNERATION

In accordance with Section 162 (1) Sentence 2 AktG, the figure below shows the changes in the income of the init group alongside the annual remuneration paid to the members of the Managing Board and Supervisory Board, as well as the annual change in employees' average compensation on an FTE basis for the last five financial years.

The changes in income are shown on the basis of group revenues and group EBIT. While these are both key performance indicators, it is EBIT that affects the performance-related component of remuneration.

The remuneration owed to the members of the Managing Board and Supervisory Board in the respective financial year is presented in accordance with the income statement.

The employees' average compensation is shown based on the workforce at the Karlsruhe location (excluding trainees). The Karlsruhe location comprises init SE, INIT GmbH and IMSS GmbH. An average of 526 FTEs were employed there in the 2021 financial year.

The average compensation paid to employees consists of personnel expenses for wages and salaries, including ancillary expenses for the employer's contributions to social security as well as variable remuneration components.

Changes in income

EUR '000	2021
Revenues	176,659
Variance to previous year	-2.2%
Earnings before interest and taxes (EBIT)	17,566
Variance to previous year	-11.7%

Changes in employees' average remuneration

EUR '000	2021
Average remuneration at the Karlsruhe location	64
Variance to previous year	0.9%

Remuneration of the Managing Board

EUR '000	2021
Gottfried Greschner (CEO)	1,079
Variance to previous year	-0.6%
Jürgen Greschner (CSO)	842
Variance to previous year	-5.9%
Jennifer Bodenseh (CFO)	416
Variance to previous year	-6.2%
Matthias Kühn (COO)	481
Variance to previous year	-4.5%

Remuneration for former Managing Board members

No remuneration was paid out to former members of the Managing Board in the 2021 financial year.

Remuneration of the Supervisory Board (fixed and variable components)

EUR '000	2021
Hans-Joachim Rühlig	150
Variance to previous year	2.7%
Ulrich Sieg	75
Variance to previous year	2.7%
Christina Greschner	75
Variance to previous year	2.7%
Drs. Hans Rat	75
Variance to previous year	2.7%

OUTLOOK FOR THE 2022 FINANCIAL YEAR

Dr. Gottfried Greschner, Dr. Jürgen Greschner, Matthias Kühn and Jennifer Bodenseh have been re-appointed as members of init SE's Managing Board with effect as of 1 April 2022.

An amended remuneration system is being presented to the Shareholders' Meeting 2022 for approval. The main changes relate to the cap on the cash bonus (STI), which is set at 40 per cent of the fixed remuneration, the term of the Managing Board members' contracts, which is no longer than five years, an improved designation of the peer group, and the cash inflow principle for the company pension plan, which defines a payment for the current financial year.

An amended system of remuneration for the Supervisory Board is also being presented to the 2022 Shareholders' Meeting for approval. The main changes relate to the reference values used for the variable remuneration – specification of higher minimum values – as well as the remuneration payable for committee members.

REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO SECTION 162 (3) AKTG

To init innovation in traffic systems SE

Opinion

We have audited the formal aspects of the remuneration report of init innovation in traffic systems SE, Karlsruhe, for the financial year from 1 January 2021 to 31 December 2021 to determine whether the disclosures required by Section 162 (1) and (2) AktG [“Aktengesetz”: German Stock Corporation Act] have been made therein. In accordance with Section 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required by Section 162 (1) and (2) AktG have been made in the accompanying remuneration report in all material respects. Our opinion does not cover the content of the remuneration report.

Basis for the opinion

We conducted our audit of the remuneration report in accordance with Section 162 (3) AktG and in compliance with the IDW Auditing Standard: Audit of the Remuneration Report in Accordance with Section 162 (3) AktG (IDW AuS 870). Our responsibilities under this provision and standard are further described in the “Responsibilities of the auditor” section of our report. As an audit firm, we applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1). We complied with the professional obligations pursuant to the WPO [“Wirtschaftsprüferordnung”: German Law Regulating the Profession of Wirtschaftsprüfer (German Public Auditor)] and the BS WP/vBP [“Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer”: Professional Charter for German Public Accountants/German Sworn Auditors]

including the requirements regarding independence.

Responsibilities of the Managing Board and Supervisory Board

The Managing Board and Supervisory Board are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of Section 162 AktG. In addition, they are responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud or error.

Responsibilities of the auditor

Our objectives are to obtain reasonable assurance about whether the disclosures required by Section 162 (1) and (2) AktG are made in the remuneration report in all material respects and to express an opinion thereon in a report.

We planned and performed our audit so as to determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we have not audited the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

Stuttgart, 22 March 2022

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Werling Kresin

Wirtschaftsprüfer Wirtschaftsprüfer

III. Additional information and remarks

Shareholders' Meeting without physical presence of the shareholders

With the approval of the Supervisory Board pursuant to Section 1 (1) and (2) of the Act concerning measures under the law of companies, cooperative societies, associations, foundations and commonhold property to combat the effects of the COVID-19 pandemic (COVID-19 Act) of 27 March 2020 and the regulation for extension from 10 September 2021 until 31 August 2022 as well as in light of the spread of the coronavirus SARS-CoV-2 and the COVID-19 disease caused thereby, the existing or future regulations for the protection against health risks related to the virus and the planning uncertainty associated thereto, the Shareholders' Meeting is to be held in the form of a virtual meeting without the need for shareholders or their authorised representatives to be physically present, in which the shareholders cast their votes particularly by means of electronic means of communication. The Shareholders' Meeting takes place at the company's premises in Karlsruhe, Kaeppelestrasse 4a.

The shareholders or their proxies may not physically attend the Shareholders' Meeting. Therefore, the shareholders or their proxies exercise their voting right exclusively by means of electronic postal vote or by authorising the proxies designated by the company.

Holding the Shareholders' Meeting 2022 as virtual Shareholders' Meeting requires modifications to the processes of the Shareholders' Meeting as well as the shareholders' rights. There will be a video and audio transmission of the entire Shareholders' Meeting in our Shareholders' Meeting portal in the [Investor Relations/Shareholders' Meeting](#) section on the website at www.initse.com on Wednesday, 18 May 2022 at 10:00 (CEST). Shareholders who want to attend the virtual Shareholders' Meeting must register in advance. It will be possible for shareholders to exercise their voting right by means of electronic communication (postal vote) and authorisation of proxies, shareholders will be given the opportunity to ask questions by means of electronic communication and shareholders who have exercised their voting right may object to resolutions of the Shareholders' Meeting by means of electronic communication.

This year, we ask our shareholders to pay attention to the following notes concerning the registration for the Shareholders' Meeting, the exercise of voting rights and other shareholder rights.

Prerequisites for participation in the Shareholders' Meeting and exercise of the voting right

Registration for the virtual Shareholders' Meeting

According to Section 15 (4) of our articles of incorporation, those shareholders who have registered for the Shareholders' Meeting in advance are entitled to attend and exercise their voting rights. The registration must be in text form (Section 126b of the German Civil Code (BGB)) and submitted in German or English.

Proof of the right to attend the Shareholders' Meeting and to exercise the voting right has to be furnished. A written certificate in German or English issued by a German or foreign intermediary is sufficient proof. Proof must relate to the beginning of the 21st day prior to the Shareholders' Meeting, i.e. 27 April 2022, 00:00 (CEST).

Proof of the right to attend and the registration must be received by the company no later than 7 days prior to the Shareholders' Meeting, i.e. before 11 May 2022, 24:00 (CEST), at the following address:

init innovation in traffic systems SE
c/o Link Market Services
Landshuter Allee 10
80637 Munich
Fax: + 49 (0) 89 21027 289
e-mail: inhaberaktien@linkmarketservices.de

The company has the right to request additional proof in case of any doubt concerning the accuracy or authenticity of the documentation. If this proof is not furnished in due form, the shareholder may be rejected by the company.

Instead of a conventional admission ticket, voting rights cards with further information on the exercise of rights will be sent to duly registered shareholders. The voting rights card includes the access code which shareholders can use to access the Shareholders' Meeting portal. The Shareholders' Meeting portal is expected to be available at www.initse.com in the [Investor Relations/Shareholders' Meeting section](#) from 27 April 2022.

The company only considers shareholders entitled to participate in the meeting and to exercise the voting right if they furnished proof of shareholding. The right to participate and the scope of voting rights depend exclusively on the shareholding on the record date. The record date does not involve any lock-up period for the shares. Sales after the record date do not affect the seller's right to participate or to exercise voting rights. The same applies to the purchase of additional

shares in the company after the record date. Any person who does not own shares at the record date and becomes a shareholder only after that date is not entitled to participate and cast votes. After receipt of the registration and the proof of shareholdings, the registration office will send a voting rights card for the Shareholders' Meeting to the shareholders instead of admission tickets.

Procedure for casting of votes by electronic postal vote

Shareholders can cast their vote by electronic postal vote exclusively via the Shareholders' Meeting portal. Only those shareholders who are registered in due time according to the conditions specified under "Registration for the virtual Shareholders' Meeting" are entitled to exercise their voting right by means of electronic postal vote. After registration, our Shareholders' Meeting portal is available for you in the [Investor Relations/Shareholders' Meeting section](#) at www.initse.com to exercise your voting right by means of electronic postal vote until immediately prior to the start of voting at the virtual Shareholders' Meeting on 18 May 2022.

Procedure for casting of votes by proxy

Shareholders who do not want to attend the Shareholders' Meeting in person can also exercise their voting right in the Shareholders' Meeting by proxy, e.g. an intermediary, an association of shareholders, other intermediaries or persons covered by Section 135 AktG, a person of their choice or by proxies appointed by the company in accordance with their instructions. Here too, a timely registration and proof of shareholding according to the above provisions is required.

The proxy authorisation must be granted or revoked, and proof of the proxy authorisation must be provided to the Company in text form (Section 126b BGB). Proof of such proxy authorisation can be furnished by sending the proof by post, fax or electronically by e-mail no later than 17 May 2022, 18:00 (CEST) (date of receipt) to the following address:

init innovation in traffic systems SE
c/o Link Market Services
Landshuter Allee 10
80637 Munich
Fax: + 49 (0) 89 21027 289
e-mail: inhaberaktien@linkmarketservices.de

If authorisation is only granted after the expiration of this period, the proxy does not have to be registered but can exercise the shareholder's voting right without being personally registered, provided that the shareholder was registered in due time and passes on the access code for the Shareholders' Meeting portal to the proxy. In this case, the proxy does not have to be granted in writing. The use of the access code by the proxy is also accepted as proof of the proxy

authorisation.

A proxy form will be sent to those duly registered for the Shareholders' Meeting on the voting card.

The aforementioned provisions about the form of proxies do not apply to the form of the granting, revocation thereof and the proof of proxies to intermediaries, associations of shareholders or other intermediaries or persons covered by Section 135 AktG. Special provisions may apply here; in such instances, shareholders are requested to consult with the proxy in good time on the type of proxy to be granted.

Furthermore, shareholders can make use of the possibility to authorise the proxies appointed by the company, Alexandra Wirthmann and David Frerking, to vote according to the shareholders' instructions. This can particularly be of interest to shareholders if the intermediary refuses to vote by proxy in the Shareholders' Meeting. In order to authorise the proxies designated by the company, shareholders need a voting rights card. Shareholders should order voting rights cards as soon as possible from the intermediary for each securities account. If you use the voting card for authorisation, it has to be sent exclusively to the above-mentioned postal address, fax number or e-mail address of the registration office and must be received by the registration office by 17 May 2022, 18:00 (date of receipt). If several statements are received, the statement received last takes precedence.

Here too, the Shareholders' Meeting portal in the [Investor Relations/Shareholders' Meeting section](http://www.initse.com) at www.initse.com is available and can be used to grant and make changes to the proxy and instructions to the proxies appointed by the company until immediately prior to the start of voting in the virtual Shareholders' Meeting on 18 May 2022.

Please note that the proxies appointed by the company will not accept instructions on motions, neither prior to nor during the virtual Shareholders' Meeting. Likewise, the proxies appointed by the company will not accept orders or instructions to object to resolutions of the Shareholders' Meeting or to ask questions.

It is not obligatory to use the forms provided by the company to grant authorisation or give instructions to the proxies of the company.

Shareholders' rights

Motions for amendments to the agenda according to Article 56 SE regulation, Section 50 (2) SE Implementation Act, Section 122 (2) AktG

Shareholders whose shares amount in aggregate to one twentieth of the capital stock or a proportionate amount of capital stock of EUR 500,000 when the motion is made, may request

that items are added to the agenda and announced.

An explanatory statement or proposed resolution must be submitted with each new agenda item. The request has to be directed in writing to the Managing Board of init SE and must be received by the company by 17 April 2022, 24:00 (CEST) at the latest. Please send such requests to the following address:

Managing Board
init innovation in traffic systems SE
Kaeppelestrasse 4 - 10
76131 Karlsruhe

Amendments to the agenda that are required to be announced are published in the Bundesanzeiger [German Federal Gazette] immediately upon receipt of the motion, unless they have already been announced upon convening the Shareholders' Meeting. In addition, they will be published online at www.initse.com/hauptversammlung and announced to the shareholders. Such motions for requests to amend the agenda are treated as if they had been put forward verbally in the Shareholders' Meeting.

Shareholders' motions and nominations according to Sections 126 (1), 127 AktG

Shareholders' motions against a proposal of management regarding a certain agenda item according to Sec. 126 (1) AktG and proposals for the election of members of the Supervisory Board or auditors according to Section 127 AktG are to be exclusively addressed to:

init innovation in traffic systems SE
Investor Relations
Kaeppelestrasse 4 - 10
76131 Karlsruhe
Fax: +49 (0) 721 6100 130
E-Mail: ir@initse.com

Shareholders' motions regarding agenda items and nominations for members of the Supervisory Board or auditors, including explanatory statements, which have been received by the company at the above mentioned address no later than 14 days prior to the Shareholders' Meeting, i.e. by 3 May 2022, 24:00 (CEST), will be published in the [Investor Relations/Shareholders' Meeting section](#) at www.initse.com immediately after receipt. Shareholders' nominations for members of the Supervisory Board or auditors do not require an explanatory statement. Motions sent to other addresses will not be considered. Any statements by the management on the motions are also published under the mentioned internet address.

The company may refrain from publishing a countermotion and the relating explanatory statement if one of the reasons according to Section 126 (2) Sentence 1 No. 1 to 7 AktG applies, for instance because the countermotion would lead to a resolution of the Shareholders' Meeting that is against the law or contrary to the articles of incorporation. An explanatory statement attached to a countermotion does not have to be made accessible if it contains more than 5,000 characters. Except for the cases specified in Sec. 126 (2) AktG, the Managing Board does not need to make shareholders' election proposals accessible, even if they do not contain the information according to Section 124 (3) AktG (name, professional occupation and place of residents, in the case of audit firms name and registered office).

A countermotion or nomination that has to be made accessible according to Sections 126 and 127 AktG is considered to have been made in the virtual Shareholders' Meeting if the shareholder making the request is duly registered for the Shareholders' Meeting. During the virtual Shareholders' Meeting, no countermotions can be made and no nominations submitted.

Shareholders' right to ask questions according to Section 131 (1) AktG in conjunction with Section 1 (2) Sentence 1 No. 3, Sentence 2 COVID-19 Act

Shareholders have the possibility to ask questions. To do so, shareholders must register in advance (see below "Registration for the virtual Shareholders' Meeting"). Questions asked in foreign languages will not be considered. The Managing Board reserves the right to answer questions in advance on the company's website. The shareholders' questions must be drafted in German and received via the web-based portal in the [Investor Relations/Shareholders' Meeting section](#) at www.initse.com no later than one day prior to the meeting, i.e. no later than Monday, 16 May 2022, 24:00 (CEST) (time of receipt). Any other way of submission is excluded. During the virtual Shareholders' Meeting, no questions can be asked. When answering questions, it is planned to generally name the person asking a question unless that person has expressly objected to being named.

Objection to a resolution of the Shareholders' Meeting

Shareholders or their proxies who have exercised the voting right may request their objection to a resolution of the Shareholders' Meeting according to Section 245 No. 1 AktG in conjunction with Section 1 (2) Sentence 1 No. 4 COVID-19 Act to be recorded from the beginning of the virtual Shareholders' Meeting until the end of the Shareholders' Meeting on 18 May 2022 via the Shareholders' Meeting portal in the [Investor Relations/Shareholders' Meeting section](#) at www.initse.com.

Information pursuant to Section 124a AktG and further explanations on the company's website

This invitation to the Shareholders' Meeting, the documents that have to be made accessible to the Shareholders' Meeting, including the required information pursuant to Section 124a AktG, shareholders' motions and further explanations regarding shareholders' rights pursuant to Article 56 SE regulation, Section 50 (2) SE Implementation Act, Section 122 (2) AktG, Section 126 (1), Section 127 and Section 131 (1) AktG are available in the Investor Relations/Shareholders' Meeting section of the website www.initse.com upon convening the Shareholders' Meeting.

After the Shareholders' Meeting, the voting results are published under the same internet address.

Total number of shares and voting rights on the date of convening the Shareholders' Meeting

As of the date the Shareholders' Meeting is convened, the capital stock of the company amounts to EUR 10,040,000.00 and is divided into 10,040,000 no par value shares with an imputed share in the capital stock of EUR 1.00 each. Each no par value share carries one vote in the Shareholders' Meeting. At the end of the trading day on 25 March 2022, the company holds 102,380 treasury shares, so that the total number of voting rights at this time amounts to 9,937,620.

Information on data privacy for shareholders

For information on the processing of personal data in connection with the Shareholders' Meeting we refer to the [Investor Relations/Shareholders' Meeting section](#) at www.initse.com.

Karlsruhe, April 2022

init innovation in traffic systems SE

The Managing Board

> Financial Calendar 2022



Q2

12 May

Publication Quarterly Statement 1/2022

18 May

Annual General Meeting 2022 (virtual)



Q3

10 August

Publication Half-Year Financial Report 2022



Q4

10 November

Publication Quarterly Statement 3/2022

28-29 November

Equity Forum (one-on-one meetings)