




# REMUNERATION REPORT ACC. § 162 AKTG

**init innovation in traffic systems SE, Karlsruhe**



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## 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 cor-

respond 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' service contracts that applied during the reporting period provide for remuneration owed in accordance with the income statement:

1. 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).

Name of Managing Board member	Fixed salary and incidental benefits FY 2021 in EUR '000	Fixed salary and incidental benefits FY 2020 in EUR '000
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.

2. 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 8 m. The STI provides uniform incentives for members of the Man-

aging 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 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%

3. 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 8 m 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 1 m of profit that exceeds the amount of

EUR 8 m up to EUR 15 m, another 150/300 shares are granted as a bonus. Further, for each EUR 1 m of profit that exceeds the amount of EUR 15 m, 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. Also no remuneration was granted by third parties.

The earnings before taxes of init SE in accordance with the German Commercial Code (HGB) amounted to EUR 14.7 m in the 2021 financial year (previous year: EUR 3.6m). The EBIT of the init group amounted to EUR 17.6m as of 31 December 2021 (previous year: EUR 19.6 m) 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:

## Remuneration Report

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%

4. 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

5. 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

6. 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).

Name of Managing Board member	Additional benefit commitments FY 2021 in EUR '000	Additional benefit commitments FY 2020 in EUR '000
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

7. 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).

Name of Managing Board member	Contributions FY 2021 in EUR '000	Contributions FY 2020 in EUR '000
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 8 m 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:

Name of Supervisory Board member	Fixed component FY 2021 in EUR '000	Variable component FY 2021 in EUR '000
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

Please find the report on the following pages.



**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

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Wirtschaftsprüfer  
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