



IMPORTANT BUSINESS TRANSACTIONS IN THE FIRST QUARTER 2018

As of 1 January 2018, init acquired a 100 per cent stake in Mattersoft Oy with its registered office in Tampere (Finland). This acquisition will expand the range of products of the init group, particularly by a central light signaling trigger. Know-how will be won in the areas of IoT (Internet of Things), SaaS (Software as a Service) as well as web-based offers. Besides, Mattersoft Oy will give access to qualified developer capacities at the University location of Tampere.

On 21 March, 2018, init founded a subsidiary in Dublin, Ireland. Aim of Init Innovations in Transportation Limited is to carry out development services and access IT development capacities in Ireland. In the second quarter, the equity capital of EUR 100k will be paid in.

Orders

All in all, init managed to acquire new orders to the value of EUR 28.5m in the first quarter (Q1 2017: EUR 41.8m). The volume of incoming orders is below the previous year as a large project including the transition

of existing systems with over 250 vehicles was incorporated in the prior year quarter. There are still further tenders which will be decided shortly.

We believe we are well on our way to achieving our target in 2018 for incoming orders of between EUR 140m and EUR 150m. However, this depends on whether we win more large tenders in which we are currently participating and whether the resulting orders are placed this year.

Order backlog as of 31 March 2018 is at around EUR 111m and is thus below the level achieved on the previous year's balance-sheet date of around EUR 116m. The reduction of order backlog can be assigned to the fact that significantly fewer contracts were acquired in the first quarter of 2018 than in the prior year period.

Earnings position

The distribution of revenues within the init group is traditionally uneven over the course of the financial

year, with the first three quarters usually weaker, and the fourth quarter the strongest.

Revenues of EUR 29.5m (Q1 2017: EUR 27.5m) were generated in the first quarter of 2018. In the first three months 2018, revenues of the init group were roughly 7 per cent higher than the figure from the previous year.

Breakdown of revenues by region for the first three months:

in Million EUR	01/01-31/03/2018	%	01/01-31/03/2017	%
Germany	8.5	28.8	8.0	29.1
Rest of Europe	5.2	17.6	7.6	27.6
North America	10.6	36.0	10.3	37.5
Other countries (Australia, UAE)	5.2	17.6	1.6	5.8
Total	29.5	100.0	27.5	100.0

Revenues based on customer's location.

The operating result in the first quarter is on the same level as the prior year and within our plan. The most meaningful earnings benchmark for init is earnings before interest, taxes, depreciation and amortisation (EBITDA). The figure for 31 March 2018 stands at EUR 1.5m (Q1 2017: EUR 1.4m) and is thus at the previous year's level.

A similar picture is also seen regarding the EBIT, which stands at EUR 0.4m corresponding to the previous year level.

Cash flow from operations stood at EUR 1.0m (Q1 2017: EUR -3.2m) and lies significantly above the prior year. The increase compared to the previous year is primarily due to the small decrease of inventories and lower tax payments and due to high incoming payments on trade accounts receivable. We expect the operating cash flow to improve over the further course of business as a result of agreed payment receipts for running projects.

The cash flow from investing activities stood at EUR -0.6m (Q1 2017: EUR -2.9m) and this financial year results mostly from replacement and expansion investments as well as from the purchase of the shares in Mattersoft Oy.

Not all valuation relevant facts and circumstances are available at the time of purchase for the purchase of the

shares in Mattersoft Oy. The final purchase price allocation will take place in the current financial year.

Personnel

On average the init group counted in the first three months of 2018 756 employees (Q1 2017: 728) including temporary workers, research assistants and students doing thesis work.

Number of employees by region:

	31/03/2018	31/03/2017
Germany	607	598
Rest of Europe	27	14
North America	105	100
Other countries	17	16
Total	756	728

Opportunities and risks

The opportunities and risks which can have a crucial impact on the asset, financial and earnings position of the Group are set out in our Annual Report 2017 on page 35 et seq.

The opportunities and risks described in the Annual Report 2017 remain largely unchanged. In our opinion, there are no risks capable of jeopardizing the continued existence of the company.

Forecast and outlook

After the first three months of the 2018 financial year, the init group is on its way to achieving the targets set for the year as a whole. The key figures achieved largely correspond to the expectations of the Management Board. For this reason, we are sticking to the current forecast regarding revenues (EUR 135 to 145m) and EBIT (between EUR 10 and 12 m).

This also applies to the order situation. Incoming orders at the end of March 2018 were approximately EUR 28.5m (Q1 2017: EUR 41.8m). init is very likely to reach the target of incoming orders between EUR 140m and EUR 150m for 2018 with the currently outstanding tenders.

Consolidated INCOME STATEMENT (IFRS)

from 1 January 2018 to 31 March 2018 (unaudited)

EUR '000	01/01 to 31/03/2018	01/01 to 31/03/2017
Revenues	29,459	27,541
Cost of sales	-21,060	-19,926
Gross profit	8,399	7,615
Sales and marketing expenses	-4,266	-3,807
General administrative expense	-2,485	-2,221
Research and development expenses	-1,310	-1,382
Other operating income	393	449
Other operating expenses	-43	-31
Foreign currency gains and losses	-51	79
Expenses from associated companies	-192	-251
Earnings before interest and taxes (EBIT)	445	451
Interest income	29	32
Interest expenses	-174	-135
Earnings before taxes (EBT)	300	348
Income taxes	-93	-216
Net profit	207	132
thereof attributable to equity holders of parent company	207	137
thereof non-controlling interests	0	-5
Earnings and diluted earnings per share in EUR	0.02	0.01
Average number of floating shares	9,988,505	9,984,245

Consolidated STATEMENT OF COMPREHENSIVE INCOME (IFRS)

from 1 January 2018 to 31 March 2018 (unaudited)

EUR '000	01/01 to 31/03/2018	01/01/ bis 31/03/2017
Net profit	207	132
Items to be reclassified to the income statement:		
Net gains (+) / net losses (-) on currency translation	-1,096	-618
Total other comprehensive income	-1,096	-618
Total comprehensive income	-889	-486
Thereof attributable to equity holders of the parent company	-889	-481
Thereof non-controlling interests	0	-5

Consolidated BALANCE SHEET (IFRS)

as of 31 March 2018 (unaudited)

EUR '000	31/03/2018	31/12/2017
Cash and cash equivalents	16,533	19,763
Marketable securities and bonds	28	27
Trade accounts receivable	21,557	34,472
Future receivables from production orders from PoC method	32,823	27,417
Receivables from related parties	88	168
Inventories	24,628	25,953
Income tax receivable	543	1,677
Other current assets	2,729	3,137
Current assets, total	98,929	112,614
Property, plant and equipment	35,140	35,817
Investment property	1,901	1,918
Goodwill	8,987	8,987
Other intangible assets	10,219	9,681
Interests in associated companies	2,519	2,783
Deferred tax assets	3,622	2,410
Other non-current assets	2,595	2,595
Non-current assets, total	64,983	64,191
Assets, total	163,912	176,805
Bank loans	23,744	24,599
Trade accounts payable	7,846	11,030
Accounts payable from PoC method	5,896	7,115
Advance payments received	1,647	1,431
Income tax payable	0	958
Provisions	10,220	11,211
Other current liabilities	10,661	14,127
Current liabilities, total	60,014	70,471
Bank loans	14,905	17,559
Deferred tax liabilities	1,954	2,277
Pensions accrued and similar obligations	9,542	9,390
Other non-current liabilities	3,793	3,799
Non-current liabilities, total	30,194	33,025
Liabilities, total	90,208	103,496
Attributable to equity holders of the parent company		
Subscribed capital	10,040	10,040
Additional paid-in capital	5,116	5,397
Treasury stock	-625	-926
Surplus reserves and consolidated unappropriated profit	61,341	59,869
Other reserves	-2,333	-1,237
	73,539	73,143
Non-controlling interests	165	166
Shareholders' equity, total	73,704	73,309
Liabilities and shareholders' equity, total	163,912	176,805

Consolidated CASHFLOW STATEMENT

from 1 January 2018 to 31 March 2018 (unaudited)

EUR '000	01/01 to 31/03/2018	01/01 to 31/03/2017
Cash flow from operating activities		
Net income	207	132
Amortisation and depreciation	1,080	986
Gains on the disposal of fixed assets	-6	-34
Change in provisions and accruals	-734	-245
Change in inventories	1,110	-3,877
Change in trade accounts receivable and future receivables from production orders	6,428	3,426
Change in other assets, not provided by / used in investing or financing activities	1,519	1,224
Change in trade accounts payable	-2,448	3,167
Change in advanced payments received and liabilities from PoC method	-944	-751
Change in other liabilities, not provided by / used in investing or financing activities	-4,382	-8,838
Amount of other non-cash income and expenses	-1,557	1,607
Adjustment IFRS 15 modified retrospective method	757	0
Net cash from operating activities	1,030	-3,203
Cash flow from investing activities		
Payments received on disposal of property, plant and equipment	74	58
Investments in property, plant, equipment and other intangible assets	-468	-2,909
Investment in subsidiaries less acquired cash	-248	0
Net cash flows used in investing activities	-642	-2,851
Cash flow from financing activities		
Payments received from bank loans incurred	6,939	5,756
Redemption of bank loans	-10,248	-2,807
Net cash flows used in financing activities	-3,309	2,949
Net effects of currency translation and consolidation changes in cash and cash equivalents	-309	-168
Changes in cash and cash equivalents	-3,230	-3,273
Cash and cash equivalents at the beginning of the period	19,763	23,920
Cash and cash equivalents at the end of the period	16,533	20,647

FINANCIAL CALENDAR 2018

Q2

16 May

Annual General Meeting 2018
Congress Centre Karlsruhe

Q3

9 August

Publication
Half-Year Financial Report 2018

Q4

8 November

Publication
Quarterly Statement
3/2018

26-

28

November

Equity Forum
in Frankfurt am Main

Contact:

init
innovation in traffic systems SE
Kaeppelestraße 4-10
76131 Karlsruhe (Germany)

P.O. Box 3380
76019 Karlsruhe (Germany)

Tel. +49.721.6100.0
Fax +49.721.6100.399

info@initse.com
www.initse.com

This quarterly statement and any information contained therein must not be brought into, or transferred to, the United States of America (USA), or distributed or transferred to US-American persons (including legal persons) and publications with general distribution in the USA. Any breach of this restriction may constitute a violation of the US-American securities law. Shares of init SE are not offered for sale in the USA. This quarterly statement is not an offer for the purchase or subscription of shares.