



init

new
dimensions

_ Half-Year Financial Report 2023

CONTENT

Group Key Figures.....	3
To the Shareholders.....	4
Group Management Report for the First Half of the Year.....	6
Macroeconomic environment.....	6
Sector specific developments	7
Changes to the Managing Board.....	9
Changes to the Supervisory Board of init SE	9
Report on financial performance, financial position and cash flows.....	9
Personnel.....	12
Opportunities and risks.....	12
Related party transactions	12
Forecast and outlook	12
Additional information.....	13
Responsibility statement.....	13
Half-Year Financial Statements	14
Notes to the Consolidated Half-Year Financial Statements	19
Financial Calendar 2023	25



GROUP KEY FIGURES

GROUP KEY FIGURES

according to IFRS

EUR'000	2023	2022
Balance Sheet (30/06/)		
Balance sheet total	259,499	218,809
Shareholders' equity	108,641	99,929
Equity ratio (in %)	41.9	45.7
Non-current assets	108,027	94,836
Current assets	151,472	123,973
Income Statement (01/01 – 30/06/)		
Revenues	89,628	80,657
Gross profit	31,440	28,520
EBIT	1,648	2,866
EBITDA	7,162	7,775
Consolidated net profit	1,243	1,782
Earnings per share (in EUR)	0.14	0.19
Dividend (in EUR) - paid in the reporting period	0.60	0.55
Special dividend (in EUR) - paid in the reporting period	0.10	0.00
Cash Flow (01/01 - 30/06/)		
Cash flow from operating activities	-6,902	-2,350
Share (01/04 – 30/06/)		
Issue price (in EUR)	5.10	5.10
Peak share price (in EUR)	32.90	38.10
Bottom share price (in EUR)	28.00	21.70



TO THE SHAREHOLDERS



“AI IS NOT REALLY A NEW TECHNOLOGY FOR INIT. WE HAVE BEEN USING AI FOR MANY YEARS TO SUCCESSFULLY OPTIMISE OUR PLANNING AND DISPATCH PROCESSES.”

TO THE SHAREHOLDERS

Dear Shareholders,

According to futurologists, the fight against climate change and the shift towards digital transformation driven by the use of artificial intelligence (AI) are the decisive processes of our age – for both business and society at large.

During our daily work at init we are both conscious and proud of the fact that we make a sustainable contribution to both of these processes. The need to combat climate change will set the agenda in our market for integrated solutions for planning, dispatching, telematics and ticketing solutions for buses and trains for years to come. Investment programs with the goal of reducing greenhouse gas emissions and furthering the transition to sustainable mobility will reach far into the future and open up sustainable growth opportunities. This is because our digital solutions support public transport carriers to reach their climate goals and foster the climate neutrality they are working towards.

This explains why we are in a position to benefit from the increase in investment into green technologies. Following our previous record-setting year in 2022, this trend is reflected in our figures for the first half of 2023, despite the sluggish growth of the global economy. Our revenue, for instance, has grown by 11 per cent to almost EUR 90m and even our order intake of EUR 110m is once again slightly above the record set in the previous year. In light of the fact that the figures reported for the first half of 2023 correspond with the



TO THE SHAREHOLDERS

expectations set by the Managing Board, we maintain our revenue forecast of EUR 200m to 220m and EBIT of EUR 20m to 25m for the current financial year.

However, what these figures do not yet show are the multitude of international calls for tender for digitalisation and climate protection projects, some of which extend into nine-figure sums. With our suite of hardware and software products, we believe the future looks promising for init in this area. These products include our MOBILE-ITCS nextGen intermodal transport control system which offers many new tools to help reduce the climate impact of all operating processes, or our software modules that help transition vehicle fleets to electromobility. The volume of upcoming tenders in Europe alone extends into the billions. We are on the brink of a watershed moment in this field: we can now even license our solution for optimized electric vehicle charging (Smart Charging) to manufacturers of charging stations. This has already given us access to new markets such as in Belgium and Spain, where we can base our marketing around our technological expertise. However, this not only applies to solutions that help transition to green mobility in the fight against climate change but also to equipping buses and trains with audiovisual, digital safety and security technology. One such example is the production of our digital cameras which has tapped into new market potential in the United States.

AI helps us and our clients make our portfolio of products and services more efficient, more service-oriented and more diverse than ever before. AI is not really a new technology for init. We have been using AI for many years to successfully optimise our planning and dispatch processes. One current example is our MOBILE-PERDIS nextGEN web and cloud-based personnel assignment system which uses machine learning to draw up driver rosters and scheduling for the entire transport operation at the touch of a button and keeps schedules consistently up-to-date. This not only increases flexibility, but also ensures driver satisfaction which is essential when operators face staff shortages.

To retain our competitive edge using digitalisation, init will continue to be active in the areas of research and development. Although this will entail higher spending in the short term, which is also reflected in the figures for the first half-year, it nevertheless opens up sustainable, value-added potential. We therefore view the investment programmes initiated in Germany, the European Union and the United States to create more environmentally friendly transport infrastructure with optimism and anticipate that growth rates will accelerate in the medium term.

We have created new structures and assigned new responsibilities at our headquarters to equip us for this growth. In Dr. Marco Ferber we now have a Chief Financial Officer who not only possesses considerable professional expertise, but also contributes his wealth of experience gained in many multinational corporations. Furthermore, by appointing Jörg Munz as Chief Human Resources Manager, we have addressed the increasingly vital task of recruiting professional employees.

How we shape the transformation process that is currently ushering in a new era depends not only on our existing workforce but on the employees we recruit in the future. We very much hope that you, our valued shareholders, will continue to support us on this journey.

Many thanks for the faith you have placed in us.

On behalf of the Managing Board,

A handwritten signature in blue ink, appearing to be 'G. Greschner', written over a light blue horizontal line.

Dr. Gottfried Greschner, CEO



GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF THE YEAR

Macroeconomic environment

The economic impacts resulting from Russia's war against Ukraine and the ensuing restrictions on trade, coupled with a combination of high inflation and rapidly rising interest rates, placed a significant burden on the macro-economic environment in the reporting period. As a result, even though the global economy continued to improve in the first half of 2023, global recovery remains rocky and is fraught with uncertainty. From a regional perspective, economic development varies widely. The core markets of the init Group on the North American continent are comparatively robust, while the economic indicators for the euro zone, specifically for Germany and the United Kingdom point downwards.

The International Monetary Fund (IMF) anticipates a worldwide fall in inflation rates over the coming months and lower than average growth in most national economies. It therefore forecasts global economic growth of 3.0 per cent for 2023 and 2024 in its World Economic Outlook (WEO) issued in July 2023 and an average inflation rate of 6.8 per cent (2023) and 5.2 per cent (2024). In comparison to the forecast issued in April 2023, this represents a slight improvement of growth prospects (up 0.2 percentage points).

At a country level, the IMF has only made minor adjustments, with growth forecasts for most industrial nations being raised slightly.

In its outlook, the IMF perceives a number of downward risks: tighter refinancing conditions for both the banking sector and the real economy due to the rise in interest rates could burden the economy as could further fragmentation of the global economy into geopolitical blocks with an associated weakening of global trade, along with persistently high core inflation.

The euro zone would be particularly affected by a slowdown. The early warning indicators in this region have deteriorated. Fiscal stimulus packages for private households and companies are due to expire in the wake of easing energy and consumer prices. This will lead to a loss of their stabilising effect. At the same time, high prices and interest rates are dampening both consumption and investment. The European Central Bank (ECB) has raised interest rates by a total of 400 base points in the meantime, with a further hike in interest rates possible in September. According to IMF experts, growth will fall to 0.9 per cent this year before recovering to 1.5 per cent in 2024.

The German economy, which represents the home market for init solutions, plays a significant role in these trends. After two successive quarters of contraction, Germany is technically in recession. Consequently, the IMF is forecasting a reduction in economic output of 0.3 per cent for 2023 as a whole. This represents a downwards adjustment of 0.2 percentage points on the previous forecast. For 2024, by contrast, growth has been adjusted upwards by 0.2 percentage points to 1.3 per cent.

According to economic experts, the prospects for the United Kingdom, which has been an important market for init systems in the past, have improved for the current year, with weak growth of 0.4 per cent forecast and 1.0 per cent in 2024. This represents an improvement on the April forecast issued by the IMF (of 0.7 percentage points for 2023).

The sharp rise in inflation led to more restrictive monetary policies being pursued by almost all nations across the entire globe. The Federal Reserve, for instance, has raised its key lending rate by a total of 500 base points since March 2022, most recently from 5.0 to 5.25 per cent. In light of persistently high (core) inflation, it is still too early to speculate about a possible lowering of interest rates in 2023. Nevertheless, the expectations expressed by some economic experts that the US economy would slide into recession proved to



GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF THE YEAR

be unfounded. On the contrary, the US economy grew by 2.1 per cent in 2022 and is projected to remain on an upwards trajectory, with growth of 1.8 per cent in 2023 and 1.0 per cent in 2024. According to IMF experts, the growth prospects for 2023 have therefore improved by 0.2 percentage points. This trend is being primarily driven by private consumption as disposable income rises in real terms as the inflation rate falls. The robust development of the labour market is contributing to growth.

Canada is also an important market for init, in addition to the United States. Due to its close trading relationship with the United States and the similarity of the underlying currents affecting its economy, economic experts have adjusted their projections here in similar fashion. The Canadian economy is therefore projected to grow by 1.7 per cent in 2023 and by 1.4 per cent in 2024.

According to the IMF, fiscal policies are expected to play an active role worldwide although they should be less expansive in many countries this year and more needs to be done to regain fiscal headroom. On the other hand, targeted support should be aimed at the vulnerable in society who are most affected by inflation. At the same time, economic growth should be stimulated through appropriate investment.

In the view of the IMF experts, such investment programs could include intelligent infrastructure, digitalisation and climate protection. Correspondingly, on 30 January 2023, 133 countries – accounting for approximately 91.0 per cent of global economic output and approximately 83.0 per cent of global emissions – adopted net-zero carbon emission goals. A report was presented to the UN climate conference in Bonn in June by which industrial nations could mobilise an annual amount of 100 billion US dollars to finance climate protection initiatives by 2025. This includes investment to reduce emissions and measures to promote green technologies aimed at expanding sustainable public transport systems.

Sector specific developments

The need to combat climate change will set the agenda on the market for integrated solutions for planning, dispatching, telematics and ticketing solutions for buses and trains for years to come. Investment programs with the goal of reducing greenhouse gas emissions and furthering the transition to sustainable transport will reach far into the future and open up sustainable growth opportunities.

At a global level, investments to reduce emissions and promote green technologies should be ramped up. This creates opportunities to drive forward the required digitalisation and to implement new technologies, such as those init offers, in the public transport sector.

The Green Deal of the European Union requires the transport sector to reduce its greenhouse gas emissions by 90 per cent by 2050. All 27 EU member states have committed to making the EU the first climate neutral continent by 2050. Correspondingly, transport operators are expected to choose low-emission or zero-emission vehicles when making purchases for their fleets. This will be supported by measures taken by the member states of the EU to establish the corresponding charging and refuelling infrastructure.

In addition, the EU is supporting the digital transformation of the public transport sector in order to meet the higher demands of passengers. The total budget set aside by the EU for local mobility solutions and urban transport comes to approximately 2 trillion euros for the period up to 2027.

The EU eBRT2030 project coordinated by UTIP, the International Association of Public Transport, is a major milestone in electric mobility that seeks to support sustainable urban transport by proposing innovative solutions for electric Bus Rapid Transit (BRT). In addition, the European Commission announced a legislative initiative to promote multimodal digital mobility services (MDMS).

The German government has also earmarked several billion euros for the digitalisation and expansion of public transport networks as part of its climate protection program, in addition to stepping up its regular regional funding to finance public transport by 1.5 billion euros (to over 10 billion euros) from 2023 onwards.



GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF THE YEAR

As a result, the funds assigned within the framework of the GVFG [“Bundes-Gemeindeverkehrs-Finanzierungsgesetz”: Federal-Municipal Transportation Financing Act] were increased to 1 billion euros per year. From 2025, funding will be increased to 2 billion euros per year and rise by 1.8 per cent per year from 2026 onwards. In addition, assistance will be provided to larger municipal infrastructure projects with a volume of 30 million euros or more (for rail-associated projects and “cleaner” transport). Further assistance of up to 250 million euros is available until 2024 for lighthouse projects aimed at improving public transport (“Model projects to strengthen public transport” funding program). Since the beginning of the year, a number of model projects have been supported with funding of up to 150 million euros until the end of 2025, with a focus on rural areas.

With its open technology, “Funding Guideline for Alternative Powertrains in Public Transport” the Federal Ministry for Digital and Transport (BMDV) is subsidizing the acquisition of buses powered by batteries, fuel-cells, hybrid battery-overhead transmission systems, and bio-methane and the associated infrastructure as well as feasibility studies. The volume of funding currently planned under the program comes to roughly 1.75 billion euros. Based on the first applications, funding assistance has so far been provided for approximately 4,200 buses and to more than 120 public transport operators. In its 3rd round, this funding program has recently been extended to 5,000 buses.

Furthermore, the BMDV has selected Hamburg as a “Metropolitan Mobility Model Region”. init has implemented the eMOBILE-ITCS system in the city, which allows all electric vehicles to be modelled and vehicles of all types to be monitored in one system, making it an element of a best practice solution that shows the way for the rest of Germany.

In addition, HanseCom, a wholly owned subsidiary of init, offers the HandyTicket Deutschland in the city, which is currently the most comprehensive mobility platform for public transport in Germany. With its new Deutschland-Ticket app, users have secure digital access to a simple and easy-to-use Deutschland-Ticket. This allows passengers to travel on public transport anywhere in Germany with a single low-cost ticket without having to deal with the complications of local fare structures.

Smart ticketing projects such as the nationwide Deutschland-Ticket are a game changer in the development of public transport and new mobility solutions (“Mobility as a Service”) and are becoming increasingly popular. Following the successful introduction of the Deutschland-Ticket on 1 May 2023, interested municipalities, transport associations and public transport operators can continue to apply for subsidies for their innovative model public transport projects. The Federal Ministry for Digital and Transport (BMDV) has set aside a further 160 million euros until 2026 for this purpose.

Smart ticketing is also an element of the innovations that the US government will promote under its Infrastructure Investment and Jobs Act (IIJA) that has assigned 108.2 billion US dollars to the development of public transport. In addition, the US Congress has approved climate protection spending of around 400 billion US dollars.

In addition, almost 1.7 billion US dollars has been allocated for the modernization of aging vehicle fleets and to convert them to low-emission and zero-emission buses. Under this initiative, the number of zero-emission buses on American roads should almost double. In June the U.S. Department of Transportation’s Federal Transit Administration (FTA) released almost 1.7 billion US dollars from the government’s infrastructure program for the purchase of approximately 1,700 low-emission vehicles in 46 federal states.

In addition, in 2023, more than 2.2 billion US dollars will be awarded to various infrastructure projects throughout the country under the “Rebuilding American Infrastructure with Sustainability and Equity” (RAISE) program.

In Canada too, the government intends to fund the expansion of the public transport network to the tune of 14.9 billion Canadian dollars in its “2030 Emissions Reduction Plan”. To this end, 5.9 billion Canadian dollars



GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF THE YEAR

will be provided to assist with the expansion of urban transport systems, the electrification of bus fleets and transit solutions for rural centres.

Similar programs have been and will be initiated in other parts of the world. These initiatives place the focus on public transport systems and sustainable urban mobility using zero-emission vehicles. This trend has led to an increasing number of calls to tender for digitalisation and climate protection projects, some of which have reached nine-figure sums.

Changes to the Managing Board

Dr. Marco Ferber was appointed the CFO of init SE, effective 1 March 2023.

Effective 1 May 2023, Jörg Munz was appointed Chief Human Resources Officer (CHRO). This new position on the Managing Board was created to address the growing requirements placed upon human resources, especially with regard to the complexity of the work environment and the need to win and retain talented and motivated employees. The scarcity of qualified professionals on the labour market represents a major challenge in the coming years.

As a result, the Managing Board of init SE has been composed of five members since 1 May 2023.

Changes to the Supervisory Board of init SE

At the Annual General Meeting, Prof. Michaela Dickgießer and Dr. Johannes Haupt were elected as additional members to the Supervisory Board of init SE.

By increasing the size of the Supervisory Board, init is responding to the development of the Company and the task of corporate governance. Revenue has risen steadily. Likewise, the number of employees and the requirements of good corporate governance are rising constantly. This brings with it greater responsibility and additional growth fields than was the case just a few years ago. Over recent years, most of the responsibility lay with the shoulders of the Chairman of the Supervisory Board. For this reason, the Supervisory Board has decided to broaden its base.

As a result, the Supervisory Board of init SE has been composed of six members since 25 May 2023.

Report on financial performance, financial position and cash flows

General business performance

In the first six months of 2023, the init group generated revenue of EUR 89.6m. This is around 11 per cent above the previous year's figure of EUR 80.7m and is in line with our expectations.

Earnings before interest and taxes (EBIT) decreased to EUR 1.6m. In the same period of the previous year, EBIT amounted to EUR 2.9m. The result is in line with our expectations.

Order situation

New contracts amounting to EUR 40.9m were acquired in the second quarter (Q2 2022: EUR 45.5m). Incoming orders are therefore 10 per cent down on the previous year's quarter. This order intake, however, does not include framework agreements signed during the quarter with call-downs over time. The expected volume of these orders is in the low double-digit millions.

As of 30 June 2023, incoming orders amount to EUR 110.5m and are up on the previous year (30 June 2022: EUR 108.3m).



GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF THE YEAR

The order backlog as of 30 June 2023 comes to around EUR 184m and is therefore significantly up on the previous year's figure of EUR 170m.

Financial performance

Revenue of EUR 51.1m was generated in the second quarter of 2023 (Q2 2022: EUR 45.1m). Revenue in the first half-year 2023 for the init group increased to EUR 89.6m and is approximately 11 percent higher than the previous year's figure (first half-year 2022: EUR 80.7m). The development of revenue is in line with our expectations.

Breakdown of revenue by region for the first half-year:

in million EUR	01/01-30/06/2023	%	01/01-30/06/2022	%
Germany	29.5	32.9	23.3	28.9
Rest of Europe	16.5	18.4	15.6	19.3
North America	30.7	34.2	31.6	39.2
Other countries (Australia, UAE)	13	14.5	10.2	12.6
Total	89.7	100.0	80.7	100.0

The revenue information given above is based on the customer's location.

The **gross profit** amounts to EUR 31.4m and has increased by around 10 per cent compared to the previous year (first half of 2022: EUR 28.5m). The gross margin amounts to 35.1 per cent (first half of 2022: 35.4 per cent) and has thus, deteriorated by 0.3 percentage points. The slight decrease in the gross margin is a result of seasonal fluctuations in the project business.

Sales and administrative expenses of EUR 24.3m are around EUR 4.2m higher in the first half of 2023 than the previous year's figure of EUR 20.1m. The increase in costs is mainly due to personnel, travel and consultancy costs.

Research and development expenses amounted to EUR 6.3m in the first half of 2023 slightly lower than the previous year's figure of EUR 6.4m. Furthermore, development expenses of EUR 2.4m were recognised as internally generated intangible assets (EUR 0.9m for the first time in the previous year). Approximately 10 per cent of revenue is therefore invested in research and development.

Exchange losses of EUR 0.5m were made in the first half of 2023 (first half of 2022: exchange losses of EUR 0.2m) and mainly consist of unrealised exchange gains and losses from the translation of receivables and liabilities denominated in foreign currency.

Earnings before interest and taxes (EBIT) in the first half of 2023 decreased to EUR 1.6m compared with EUR 2.9m in the first half of 2022. The result is in line with our expectations. The change was particularly evident in the first quarter of 2023.

Net interest income (balance of interest income and interest expenses) comes to EUR -0.5m (first half of 2022: EUR -0.3m). Interest expenses increased compared to the same period last year due to both higher interest rates and higher borrowings.

The **net profit of the group** as of 30 June 2023 decreased in comparison to the same period of the previous year to EUR 1.2m (first half of 2022: EUR 1.8m). This corresponds to earnings per share of EUR 0.14 (first half of 2022: EUR 0.19).



GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF THE YEAR

The **comprehensive income of the group** as at 30 June 2023 decreased to EUR 0.7m (first half of 2022: EUR 5.1m) due to the lower consolidated net income and the unrealised losses from the currency translation of the foreign companies (mainly from the US dollar and the Canadian dollar).

Financial position and cash flows

Total assets have increased by EUR 13.8m compared to 31 December 2022 to EUR 259.5m.

Cash and cash equivalents including **securities and bonds** came to EUR 36.8m on the reporting date (31 December 2022: EUR 40.1m).

The increase of **contract assets** to EUR 21.6m (31 December 2022: EUR 14.8m) can be primarily attributed to an increase in revenue and outstanding milestone payments.

Inventories increased by EUR 3m as of 30 June 2023 to EUR 45.1m (31 December 2022: EUR 42.1m).

Current and non-current liabilities to banks of EUR 57.8m (31 December 2022: EUR 38.0m) primarily relate to loans to finance the purchase of real estate and corporate acquisitions, the new ERP system, shares in DResearch Fahrzeugelektronikgruppe (DVS/DFE), the purchase of the outstanding shares in iris-GmbH, innovation loans and short-term euro loans as part of our active liquidity management. Delayed cash receipts due to project milestone shifts and restrictive payment schedules in major projects sometimes require elevated levels of pre-financing.

Equity amounts to EUR 108.6m and is therefore down compared to the end of the previous year (31 December 2022: EUR 116.6m). This was mainly due to the payment of the dividend approved by the Annual General Meeting on 25 May 2023. The **equity ratio** also decreased to 41.9 per cent (31 December 2022: 47.4 per cent).

Cash flow from operating activities amounted to EUR -6.9m (first half of 2022: EUR -2.4m) and decreased significantly compared to the previous year. This was mainly due to a stronger increase in trade accounts receivable and contract assets, only partially offset by an increase in contract payables.

Cash flow from investing activities amounts to EUR -5.3m (first half of 2022: EUR -4.1m) and originates mainly from investments in replacements and business expansion as well as higher investments for self-developed software.

Cash flow from financing activities amounts to EUR 9.3m (first half of 2022: EUR 3.8m) and consists primarily of taking out long-term loans, short-term euro loans, the payment of dividends and the repayment of existing loans.



GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF THE YEAR

Personnel

On average, the init group employed 1,118 staff in the first six months of the year (first half of 2022: 1,061) including temporary staff, scientific assistants and graduate students. The number of part-time workers declined slightly. 195 employees are employed on a part-time basis as of the end of the first half of 2023 (first half- year 2022: 197). The increase in the headcount serves the purpose of meeting current projects on time and reinforcing the organisation to cope with planned growth.

Number of employees by region:

	30/06/2023	30/06/2022
Germany	881	850
Rest of Europe	65	49
North America	146	116
Other countries	26	46
Total	1,118	1,061

Opportunities and risks

The opportunities and risks which can have a significant impact on the financial performance, financial position and cash flow of the init group are set out in our Annual Report 2022 on pages 49 and thereafter. The opportunities and risks described in the Annual Report 2022 remain largely unchanged.

We still assess the risks on the procurement market associated with the shortage of materials, disruptions to supply chains for various raw materials and components, geopolitical tensions, and rising prices to be high to very high.

We perceive an increasing risk in the intensifying competition on the labour market for qualified specialists to fill vacant positions, IT specialists in particular.

All foreseeable risks are regularly analysed and corresponding measures initiated. In our opinion, there are no risks capable of jeopardising the continued existence of the company.

Related party transactions

Transactions with related parties are set out in the Notes under “Other Disclosures” on page 23.

Forecast and outlook

After the first six months of 2023 the init group is well on its way to achieving the targets set for the full year. The key financials for the first half of 2023 are in line with the expectations of the Managing Board. We are therefore reiterating our existing forecast for the current financial year. The **revenue target** for the financial year 2023 remains at **EUR 200m to 220m**. **Operating profit before interest and tax (EBIT)** is expected to reach **EUR 20m to 25m**, despite high investments in research and development.

Based on the current situation, which we described in the section on macroeconomic and sector-specific developments, we see further opportunities to offer new technologies and IT solutions to our customers in the future. Climate policy goals and the Covid pandemic have strengthened the demand for intelligent solutions in this area.

init will continue to strongly focus on research and development activities in order to further advance current trends such as digital transformation, electromobility, mobility as a service, and autonomous driving.



GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF THE YEAR

We see substantial potential for further growth in the digital transformation of public transport infrastructure and the growing acceptance of integrated system solutions based on innovative technologies. We view the investment programs initiated in Germany, the European Union and the United States to create more environmentally friendly transport infrastructure with optimism and anticipate that growth rates will accelerate in the medium term, a trend that we have already prepared for.

Additional information

This half-year financial report and the information contained are unaudited.

Overall, we still see major uncertainties in the development of the economy over the next few months, which could have a particular impact on the awarding of contracts in tenders.

The actual results in terms of revenue and EBIT can differ substantially from the forecasted figures if new risk factors occur or assumptions about planning become retrospectively incorrect.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the consolidated half-year financial statements give a true and fair view of the financial performance, financial position and cash flow of the init group. The consolidated half-year Management Report of the init group includes a fair review of the development and performance of the business and the position of the init group, together with a description of the material opportunities and risks associated with the expected development of the init group for the remaining months of the financial year.

Karlsruhe, 10 August 2023

The Managing Board

Dr. Gottfried Greschner

Dr. Jürgen Greschner

Dr. Marco Ferber

Matthias Kühn

Jörg Munz



HALF-YEAR FINANCIAL STATEMENTS

HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

from 1 January 2023 to 30 June 2023 (IFRS) with comparative values (unaudited)

EUR'000	01/04 to 30/06/2023	01/04 to 30/06/2022	01/01 to 30/06/2023	01/01 to 30/06/2022
Revenues	51,104	45,080	89,628	80,657
Cost of sales	-31,773	-28,696	-58,188	-52,137
Gross profit	19,331	16,384	31,440	28,520
Sales and marketing expenses	-7,341	-5,905	-12,955	-11,108
General administrative expense	-6,193	-4,665	-11,361	-9,017
Research and development expenses	-2,865	-3,010	-6,259	-6,414
Other operating income	559	810	1,373	1,473
Other operating expenses	-157	-78	-109	-398
Foreign currency gains and losses	-758	-1,182	-481	-190
Earnings before interest and taxes (EBIT)	2,576	2,354	1,648	2,866
Interest income	61	2	131	5
Interest expenses	-401	-165	-600	-288
Earnings before taxes (EBT)	2,236	2,191	1,179	2,583
Income taxes	823	-797	64	-801
Net profit	3,059	1,394	1,243	1,782
thereof attributable to equity holders of parent company	3,033	1,439	1,339	1,901
thereof non-controlling interests	26	-45	-96	-119
Earnings and diluted earnings per share in EUR	0.31	0.14	0.14	0.19
Average number of floating shares	9,897,152	9,935,484	9,889,801	9,935,241

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

from 1 January 2023 to 30 June 2023 (IFRS) with comparative values (unaudited)

EUR'000	01/04 to 30/06/2023	01/04 to 30/06/2022	01/01 to 30/06/2023	01/01/ bis 30/06/2022
Net income	3,058	1,394	1,243	1,782
Items to be reclassified to the income statement:				
Net gains (+) / losses (-) on currency translation	632	2,837	-499	3,272
Total other comprehensive income	632	2,837	-499	3,272
Total comprehensive income	3,690	4,231	744	5,054
thereof attributable to equity holders of the parent company	3,664	4,276	840	5,173
thereof non-controlling interests	26	-45	-96	-119



HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

as of 30 June 2023 (IFRS) with comparative values (unaudited)

EUR'000	30/06/2023	30/06/2022	31/12/2022
Cash and cash equivalents	36,733	26,429	40,050
Marketable securities and bonds	29	30	29
Trade accounts receivable	40,337	32,739	35,222
Contract assets	21,559	22,475	14,763
Receivables from related parties	55	0	0
Inventories	45,125	37,095	42,091
Income tax receivable	1,521	761	1,551
Other current assets	6,113	4,444	3,976
Current assets, total	151,472	123,973	137,682
Property, plant and equipment	63,822	55,657	65,037
Investment property	1,336	1,367	1,352
Goodwill	12,488	12,488	12,488
Other intangible assets	21,266	17,099	20,045
Interests in associated companies	634	841	778
Deferred tax assets	4,969	4,121	4,849
Other assets	3,512	3,263	3,516
Non-current assets, total	108,027	94,836	108,065
Assets, total	259,499	218,809	245,747
Bank loans	24,441	29,240	18,460
Trade accounts payable	9,971	6,879	9,747
Contract liabilities	15,067	8,633	9,745
Advance payments received	1,666	2,024	1,171
Income tax payable	2,339	0	3,947
Provisions	5,837	6,976	6,625
Lease liabilities ¹⁾	3,675	3,253	3,336
Other liabilities ¹⁾	19,339	19,111	20,533
Current liabilities, total	82,335	76,116	73,564
Bank loans	33,323	12,427	19,575
Deferred tax liabilities	5,223	5,447	5,172
Pensions accrued and similar obligations	7,647	11,137	7,336
Provisions	2,027	1,880	2,373
Other financial liabilities	20,113	11,873	21,172
Lease liabilities	190	0	0
Non-current liabilities, total	68,523	42,764	55,628
Liabilities, total	150,858	118,880	129,192
Attributable to equity holders of the parent company			0
Subscribed capital	10,040	10,040	10,040
Additional paid-in capital	5,790	5,747	6,575
Treasury shares	-4,276	-2,918	-3,517
Surplus reserves and consolidated unappropriated profit	92,349	83,789	98,369
Other reserves	4,392	3,171	4,891
	108,295	99,829	116,358
Non-controlling interests	346	100	197
Shareholders' equity, total	108,641	99,929	116,555
Liabilities and shareholders' equity, total	259,499	218,809	245,747

1) In former accounting periods current lease liabilities were presented under other liabilities.



HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

from 1 January 2023 to 30 June 2023 (IFRS) with comparative values (unaudited)

EUR '000	01/01 to 30/06/2023	01/01 to 30/06/2022
Cash flow from operating activities		
Net income	1,243	1,782
Amortisation and depreciation	5,514	4,909
Gains or losses on the disposal of fixed assets	-7	-16
Change in provisions and accruals	-783	-2,088
Change in inventories	-3,341	-1,758
Change in trade accounts receivable and contract assets	-12,762	1,338
Change in other assets, not provided by / used in investing or financing activities	-2,134	1,280
Change in trade accounts payable	474	-700
Change in advanced payments received and contract liabilities	6,001	863
Change in other liabilities, not provided by / used in investing or financing activities	-1,665	-6,887
Amount of other non-cash income and expenses	558	-1,073
Net cash from operating activities	-6,902	-2,350
Cash flow from investing activities		
Payments received on disposal of property, plant and equipment	9	302
Investments in property, plant, equipment and other intangible assets	-4,424	-3,294
Investment in associated companies	144	0
Investment in subsidiaries less acquired cash	-1,073	-1,110
Net cash flows used in investing activities	-5,344	-4,102
Cash flow from financing activities		
Dividend paid out	-6,923	-5,460
Payments received from equity contributions	245	0
Cash payments for purchase of treasury shares	-1,578	-1,213
Payments received from bank loans	26,848	18,379
Redemption of bank loans	-7,119	-6,052
Change in current and non-current lease liabilities	-2,181	-1,833
Net cash flows used in financing activities	9,292	3,821
Net effects of currency translation and consolidation changes in cash and cash equivalents	-363	902
Changes in cash and cash equivalents	-3,317	-1,729
Cash and cash equivalents at the beginning of the period	40,050	28,158
Cash and cash equivalents at the end of the period	36,733	26,429



HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as of 30 June 2023 (IFRS) with comparative values (unaudited)

EUR '000	Attributable to equity holders of		
	Subscribed capital	Additional paid-in capital	Treasury share
Status as of 31/12/2021	10,040	7,587	-2,467
Net income			
Other comprehensive income			
Total comprehensive income			
Dividend paid out			
Share-based payments		-1,840	761
Acquisition of subsidiaries			
Acquisition of treasury share			-1,212
Rounding			
Status as of 30/06/2022	10,040	5,747	-2,918
Status as of 31/12/2022	10,040	6,575	-3,517
Net profit			
Other comprehensive income			
Total comprehensive income			
Dividend paid out			
Share-based payments		-785	820
Acquisition of subsidiaries			
Acquisition of treasury share			-1,579
Rounding			
Status as of 30/06/2023	10,040	5,790	-4,276



HALF-YEAR FINANCIAL STATEMENTS

the parent company					Non-controlling interests	Shareholders' equity total
Other reserves						
Surplus reserves and consolidated unappropriated profit	Difference from pension valuation	Difference from currency translation	Securities marked to market	Total		
87,344	-3,540	3,441	-1	102,404	220	102,624
1,901				1,901	-120	1,781
-17		3,271		3,254		3,254
1,884		3,271		5,155	-120	5,035
-5,465				-5,465		-5,465
25				-1,054		-1,054
				-1,212		-1,212
1				1		1
83,789	-3,540	6,712	-1	99,829	100	99,929
98,369	-1,059	5,951	-1	116,358	197	116,555
1,340				1,340	-96	1,244
15		-499		-484		-484
1,355		-499		856	-96	760
-6,923				-6,923		-6,923
				35		35
-451				-451	245	-206
				-1,579		-1,579
-1				-1		-1
92,349	-1,059	5,452	-1	108,295	346	108,641



NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

Explanations to the half-year financial statements

The init group is an international system house for intelligent transportation systems (ITS). init innovation in traffic systems SE, Karlsruhe, is a listed company (ISIN DE0005759807) and has been in the regulated market (Prime Standard) since 1 January 2003. The half-year financial statements as of 30 June 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU and meet the requirements of IAS 34. The consolidated half-year financial statements are presented in euros. All figures have been rounded to the nearest thousand euros (k EUR) unless stated otherwise. The half-year group status report and half-year consolidated financial statements as of 30 June 2023 have not been reviewed by auditors. The half-year financial report was submitted to the Supervisory Board for review on 31 July 2023. The Managing Board approved the report on 9 August 2023.

Accounting policies

The half-year financial statements have been prepared using the same accounting policies used to prepare the consolidated financial statements as of 31 December 2022, which are described in detail in the notes to the consolidated financial statements. The accounting standards to be applied for the first time in the first six months of 2023 did not have any material impact on the consolidated financial statements.

Consolidated group

Further shares in CarMedialab GmbH were acquired in April 2023. This brings the stake in this company to 74.4875 per cent.

Revenue

EUR '000	30/06/2023	30/06/2022
Revenues from the application of the POC-method and delivery projects	54,995	50,422
Revenues from maintenance contracts	22,106	18,531
Revenues from subsequent and replacement deliveries	12,527	11,704
Total	89,628	80,657

Inventories

Impairment losses of EUR 20k were recognised on inventories through profit or loss (30/06/2022: reversals of impairments of EUR 86k). The expense is included in the cost of sales in the income statement.

Trade accounts receivable

Write-downs on receivables came to EUR 744 (30/06/2022: EUR 1,553k). Thereof, EUR 106 were posted through profit or loss (30/06/2022: EUR -89k) in the current financial year.



NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

Property, plant and equipment and intangible assets

Property, plant and equipment mainly comprises the office buildings at Kaeppelestrasse 4 and 4a in Karlsruhe, and the building in Chesapeake, USA as well as office and technical equipment. Capital expenditure for replacement stood at EUR 1,723k (30/06/2022: EUR 1,232k). In the period under review, advance payments of EUR 7k (30/06/2022: EUR 559k) were made for assets under construction.

In the reporting period, development costs of EUR 2,415k (30/06/2022: EUR 863k) were capitalised as own work.

The scheduled depreciation totalled EUR 3,490k (30/06/2022: EUR 3,071k). Sales of property, plant and equipment generated profit of EUR 8k (30/06/2022: EUR 18k). As of 30 June 2023 depreciation of the right-of-use assets pursuant to IFRS 16 comes to EUR 2,011 k (30/06/2022: EUR 1,830k).

Liabilities

Liabilities are carried at amortised acquisition cost. The current liabilities to banks of EUR 24.4m (31/12/2022: EUR 18.5m) mainly concern the short-term part of the real estate financing of Kaeppelestrasse 4, 8/8a, 10 as well as short-term euro loans to improve financial flexibility.

Non-current liabilities to banks of EUR 33.3 m (31/12/2022: EUR 19.6m) relate to the long-term portion of real estate financing and acquisition financing as well as long-term innovation loans.

Shareholders' equity

Subscribed capital

The capital stock consists of 10,040,000 no-par bearer shares with an imputed share in the capital stock of EUR 1 per share. The shares have been issued and are fully paid in.

Conditional capital

The annual shareholders' meeting on 19 May 2021 passed a resolution creating contingent capital totalling EUR 5,000,000. The capital stock of the company may be increased by up to EUR 5,000,000 by issuing up to 5,000,000 new no-par bearer shares. The contingent capital increase serves solely to grant shares upon the exercise of warrants or conversion rights, or upon fulfilment of option or conversion obligations, to the holders of the warrants or convertible bonds in accordance with the authorisation issued by the annual shareholders' meeting on 19 May 2021.

Authorised capital

By resolution of the annual general meeting of the company on 15 May 2019, the Managing Board is authorised, with the consent of the Supervisory Board, to increase the company's share capital by up to a total of 1,004,000.00 by issuing new no-par value bearer shares with or without voting rights (authorised capital 2019), on one or more occasions or in partial amounts, in the period up to 15 May 2024. The capital increases may be achieved with contributions in cash and/or contributions in kind. The Managing Board is further authorised, with the consent of the Supervisory Board, to exclude the statutory subscription right of shareholders in particular in the following cases:

- for a capital increase in return for a cash contribution, up to a total of 10 per cent of the existing share capital, provided that the issue price of the new shares is not significantly lower than the stock exchange price of shares of the same class and features that are already listed
- to the extent that it is necessary to grant a subscription right to new shares to the extent to which they would be entitled after exercising their conversion and/or option rights or after fulfilling their conversion and/or option obligations



NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

- for fractional amounts resulting from the subscription ratio
- in order to open up additional capital markets
- for a capital increase of contributions in kind for the acquisition of companies, parts of companies or equity interests in companies or other assets (even if a purchase price component is paid out in cash in addition to the shares) or in the context of company mergers or acquisitions
- to transfer up to 250,000 new shares as employee shares

Additional paid-in capital

As of 30 June 2023, additional paid-in capital came to EUR 5,790k, comprising EUR 3,141k from the premium on shares sold in the IPO and the 2002 capital increase. A further EUR 2,920k was allocated for share scheme expenses for the years 2005 to 2022. In 2023, there was a change in the amount of EUR -785k. Additional paid-in capital was increased by EUR 514k through the sale of treasury stock in 2007.

Treasury stock

As of 1 January 2023, treasury stock comprised 140,185 shares. In the first half-year of 2023, 31,830 shares were transferred to the incentive scheme for members of the Managing Board, managing directors and key personnel with a five-year lock up period. By resolution of the annual general meeting on 26 June 2020 the company has been authorised to buy treasury shares. A resolution was passed on 16 January 2023 to repurchase up to 35,000 shares for a maximum total purchase price of EUR 950,000. As a result, 27,667 shares were repurchased for a total price of EUR 801,686.28 between 17 January and 24 February 2023 at an average share price of EUR 28.98. In addition, the resolution of 26 April 2023 resulted in a further buy-back of a total of 35,000 own shares as of 27 April. Of these, a total of 25,401 shares were acquired at an average price of EUR 30.57 by 30 June 2023. Consequently, treasury stock totalled 161,423 shares on 30 June 2023. Treasury stock is valued at acquisition cost of EUR 4,276 k (cost method) (31 December 2022: EUR 3,517k) and deducted from shareholders' equity. As of 30 June 2023, the 161,423 shares have an imputed share in capital stock of EUR 161,423 (1.61 %). The average repurchase price of this total stock was EUR 26.51 per share. Treasury stock was purchased for use as a consideration in mergers and acquisitions of other companies or parts of companies, to gain access to new capital markets, or to be issued to staff or members of the Managing Board.

Paid dividends

EUR '000

Dividend for FY 2022: 60 cents per share distributed on 31 May 2023	5,934
Special dividend for FY 2022: 10 cents per share distributed on 31 May 2023	989
Dividend for FY 2021: 55 cents per share distributed on 23 May 2022	5,465



NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

Legal disputes

init SE and other group companies are involved in legal disputes connected with ongoing business operations that may have an impact on the group's financial situation. Litigation involves a number of variables, and the outcome of individual lawsuits cannot be reliably predicted. The affected group companies have recognised provisions for risks in legal disputes in the balance sheet for events prior to the reporting date that are likely to result in a liability which can be estimated with reasonable accuracy. We do not anticipate any other significant negative outcomes from legal disputes that would have a long-term effect on the financial performance, financial position and cash flows of the init group. We also refer to the chapter "Opportunities and risks" in the consolidated half-year management report.

Financial instruments

The fair value of the listed securities and bond issues (available for sale) was determined using their respective market value. The fair value of the derivative financial instruments and the loans was calculated by discounting the expected future cash flow using the prevailing market interest rates. Given the short maturities of cash and cash equivalents, trade accounts receivable, other assets, trade accounts payable, and other liabilities, it is assumed that their fair value is equal to the book value.

EUR '000	30/06/2023	31/12/2022
ASSETS		
Financial assets at amortised cost	100,028	90,035
Cash and cash equivalents	36,733	40,050
Trade accounts receivable	40,337	35,222
Accounts receivable due to related parties	55	0
Future receivables from production orders	21,559	14,763
Other financial assets (current)	1,344	0
Other financial assets (non-current)	0	0
Financial assets at fair value through other comprehensive income	29	29
Marketable securities and bonds	29	29
Financial assets at fair value through profit or loss	0	6
Derivative financial assets	0	6
LIABILITIES		
Financial liabilities recognised at amortised cost	70,692	50,185
Bank loans (current and non-current)	57,764	38,035
Trade accounts payable	9,971	9,747
Other liabilities (current)	2,767	2,403
Other liabilities (non-current)	190	0
Financial liabilities at fair value through profit or loss	0	0
Derivative financial instruments	0	0



NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

Hierarchy of fair values pursuant to IFRS 13

The group uses the following hierarchy to determine and report the fair value:

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets.

Level 2: Techniques in which all input parameters with a material impact on the calculated fair value are directly or indirectly observable.

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

In the first half of 2023 and in the reporting period of 2022, there were neither reclassifications between the fair value categories of Level 1 and Level 2 nor any reclassifications into or out of the fair value category of Level 3. Following a review of the classification at the end of each reporting period (based on the lowest level input that is significant to the fair value measurement as a whole) of the acquired assets and liabilities, it is determined whether there have been any reclassifications between the levels. The fair value measurement of Level 2 financial instruments in the previous year involved the following valuation technique: Derivative financial instruments are measured by discounting their expected future cash flows over the residual term of the contract and using their respective closing prices.

OTHER DISCLOSURES

Related party transactions

The associated companies included in the consolidated financial statements are listed in the section "Consolidated group" as well as in the annual report 2022.

EUR '000	Associated companies		Other related parties and persons	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Trade accounts receivable and other income	1,056	315	0	0
Trade accounts payable and other expenses	341	136	340	290
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Receivables	55	0	0	0
Payables	0	0	0	0

Associated companies

Receivables of EUR 55k (31/12/2022: EUR 0) result from operating receivables from maBinso Software GmbH (Hamburg) and have a remaining term of less than one year. They are shown in the balance sheet under receivables from related parties.

Other transactions with related parties

init SE rents 67.39 per cent of an office building in Karlsruhe from Dr. Gottfried Greschner GmbH & Co. Vermögens-Verwaltungs KG, Karlsruhe and the remaining 32.61 per cent from Eila Greschner. The monthly rental payments are approximately EUR 54k (total annual rent: EUR 642k). The rent is contractually fixed until 31 December 2042. Total payments of EUR 5k (30/06/2022: EUR 5k) made to family members of a Managing Board member were recognised under personnel expenses in the first six months.



NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

Terms and conditions of business transactions with related parties

Sales and acquisitions with related parties are executed at market rates. No guarantees exist for receivables and payables in relation to related parties. In the report period as of 30 June 2023, the group had not set aside any valuation allowances for receivables from related parties.

Notifications under Section 26 (1) WpHG (German Securities Trading Act)

In the first half of 2023, init SE did not receive any notifications pursuant to Section 21 (1) of the German Securities Trading Act (WpHG).

The voting rights notifications are available on the internet at <https://www.initse.com/ende/investors/the-share/>.

Karlsruhe, 10 August 2023

The Managing Board

Dr. Gottfried Greschner

Dr. Jürgen Greschner

Dr. Marco Ferber

Matthias Kühn

Jörg Munz



FINANCIAL CALENDAR 2023

FINANCIAL CALENDAR 2023

Q4

9 November

Publication Quarterly Statement 3/2023

27/28 November

Equity Forum, Frankfurt (One-on-one Meetings)

Contact:

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

P.O. Box 3380
76019 Karlsruhe
Germany

Ph. +49.721.6100.0
Fax +49.721.6100.399

ir@initse.com
www.initse.com

Disclaimer:

This half-year financial report 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 half-year financial report is not an offer for the purchase or subscription of shares.

This report contains future-related statements, which are based on current estimates of the company with regard to future developments. Such statements are inherently subject to risks and uncertainties, as they may be affected by factors that are neither controllable nor foreseeable by init, such as on the development of the future market environment and economic conditions, the behaviour of other market participants and government measures. If one of these uncontrollable or unforeseeable factors occurs, respectively changes or the assumptions on which these statements are based prove inaccurate, actual developments and results could differ materially from the results cited explicitly or contained implicitly in these statements.