



## IMPORTANT BUSINESS TRANSACTIONS IN THE THIRD QUARTER 2023



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### Orders

In the third quarter, init acquired new orders to the value of EUR 38.3m (Q3 2022: EUR 33.8m). Incoming orders for the third quarter are EUR 4.5m above the previous year's level. Cumulated analysis shows improved incoming orders of EUR 148.7m as of 30 September 2023; an increase of EUR 6.5m compared to the previous year's figure (30 September 2022: EUR 142.2m).

The order backlog as at 30 September 2023 amounts to approximately EUR 166m and is EUR 7m above the previous year's level (30 September 2022: EUR 159m).

### Earnings position

Traditionally, over the course of the financial year, the init group's revenue distribution fluctuates, with the first three quarters generally being weaker in terms of revenue and the fourth quarter being the strongest.

In the third quarter of 2023, the init group generated revenues of EUR 53.4m (Q3 2022: EUR 50.5m) which corresponds to an increase of 5.8 per cent compared to an increase of around 11 per cent in the first half of the year. This comparatively small increase was slightly below management's expectations. It is mainly due to delays in the progress of individual projects in the US, caused by the pending certification of supplier components and delays in project acceptance.

As a result, revenues in the first nine months of the year totaled EUR 143.0m, around 9 per cent above the previous year's figure (EUR 131.1m). Management assumes that the project delays can be made up in the current financial year and that the revenue forecast can still be achieved.



## IMPORTANT BUSINESS TRANSACTIONS IN THE THIRD QUARTER 2023

### Breakdown of revenues by region for the first nine months:

| in million EUR                   | 01/01-30/09/2023 | %            | 01/01-30/09/2022 | %            |
|----------------------------------|------------------|--------------|------------------|--------------|
| Germany                          | 49.0             | 34.3         | 35.6             | 27.2         |
| Rest of Europe                   | 25.5             | 17.8         | 27.2             | 20.7         |
| North America                    | 49.1             | 34.3         | 52.1             | 39.7         |
| Other countries (Australia, UAE) | 19.4             | 13.6         | 16.2             | 12.4         |
| <b>Total</b>                     | <b>143.0</b>     | <b>100.0</b> | <b>131.1</b>     | <b>100.0</b> |

Revenues based on customer's location.

**Gross profit** in the third quarter of 2023 amounted to EUR 19.7m (Q3 2022: EUR 21.2m). The gross margin of 36.8 per cent is below the previous year's level of 42.0 per cent. In the third quarter, the delay in the projects described above and the associated delay in revenue recognition, combined with inflation-related cost increases, were particularly noticeable. This was compounded by a slightly less favourable project mix and a number of positive project completions and one-off effects in the comparative quarter of 2022. The cumulative gross profit of EUR 51.1m is still slightly above the previous year's level (30 September 2022: EUR 49.7m).

**Sales and administrative expenses** in Q3 2023 amount to EUR 11.6m (Q3 2022: EUR 10.9m). In the current year to 30 September 2023, sales and administrative expenses are approximately EUR 4.9m higher than in the previous year at EUR 35.9m (30 September 2022: EUR 31.0m). The cost increases in Q3 are mainly the result of slightly higher depreciation on right-of-use assets and increased sales-related travel.

**Research and development expenses** in the third quarter of 2023 amounted to EUR 3.3m (Q3 2022: EUR 3.4m). In addition, EUR 1.2m were capitalised as development costs in the third quarter of 2023 (Q3 2022: EUR 0.7m). In the first three quarters of 2023, research and development expenses amounted to EUR 9.5m, approximately EUR 0.3m below the previous year's level of EUR 9.8m. However, an additional EUR 4.9m were capitalised as development costs during the year (EUR 1.6m for the first time in the previous year). In the current financial year, approximately 10 per cent of revenue was invested in research and development.

**Foreign exchange gains** amount to EUR 0.0m (Q3 2022: EUR 0.1m) in the third quarter of 2023. As at 30 September 2023, accumulated foreign exchange losses amount to EUR -0.5m (30 September 2022: foreign exchange losses of EUR -0.1m). The movement is mainly related to unrealised exchange rate gains and losses from the valuation of receivables and liabilities in foreign currencies.

**Earnings before interest and tax (EBIT)** for the third quarter of 2023 were EUR 5.5m (Q3 2022: EUR 7.3m) and decreased year on year to EUR 7.1m for the year running until 30 September 2023 (30 September 2022: EUR 10.2m). The decrease in the quarter was mainly due to the gross profit effects described above, as well as the increase in travel expenses and higher depreciation charges. EBIT for the third quarter was not in line with management's expectations due to the delay in revenue recognition. However, management considers the recovery in earnings within the current financial year to be achieved.

**Net interest income** (balance of interest income and interest expense) amounted to EUR -0.5m in the third quarter 2023 (Q3 2022: EUR -0.2m) and has deteriorated on both a quarterly and a year-to-date basis (30 September 2023: EUR -1.0m; 30 September 2022: EUR -0.5m) due to higher interest rates as well as an increased credit volume.



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**Net profit** for the third quarter of 2023 amounts to EUR 3.8m (Q3 2022: EUR 5.0m). As at 30 September 2023, the accumulated profit is EUR 5.0m (30 September 2022: EUR 6.8m). This corresponds to earnings per share of EUR 0.51 (30 September 2022: EUR 0.69).

**Total comprehensive income** for the third quarter of 2023 amounts to EUR 6.3m (Q3 2022: EUR 8.6m), as at 30 September 2023 it decreased to EUR 7.0m (30 September 2022: EUR 13.6m) due to the lower net profit and lower unrealised gains from the currency translation of the foreign companies, in particular from the USD and CAD currencies.

**Cash flow from operating activities** in the third quarter of 2023 amounts to EUR 2.9m (Q3 2022: EUR 11.6m). Compared to the same period of the previous year, i.e., until 30 September 2023, cash flow from operating activities also decreased significantly to EUR -3.9m (30 September 2022: EUR 9.2m). In addition to the lower operating earnings, the decrease is mainly due to a higher increase in trade accounts receivables, contract assets and inventories, driven by the delays in project delivery, as presented above, partially offset by higher prepayments, a lower contribution from provisions and a positive balance of other non-cash income and expenses, mainly from currency effects in other comprehensive income.

**Cash flow from investing activities** in the third quarter 2023 amounts to EUR -2.1m (Q3 2022: EUR -3.1m). For the full year 2023, cash flow from investing activities amounts to EUR -7.5m (30 September 2022: EUR -7.2m) and results mainly from expenditure for replacement and expansion investments as well as the capitalisation of own work.

**Cash flow from financing activities** in the third quarter 2023 amounts to EUR -5.7m (Q3 2022: EUR -2.7m). As at 30 September 2023, cash flow from financing activities amounts to EUR 3.6m (30 September 2022: EUR 1.1m) and mainly includes the raising of long-term loans, short-term euro loans, the payment of the dividend and the repayment of existing loans.

**Equity** amounts to EUR 114.8m and decreased compared to the end of the year (31 December 2023: EUR 116.6m). The **equity ratio** fell to 44.3 per cent (31 December 2022: 47.4 per cent).

### Personnel

In the first nine months of 2023, the init group counted on average 1,128 employees (30 September 2022: 1,086) including temporary workers, research assistants, and students doing thesis work. The proportion of part-time employees also increased. Of the 1,128 employees, 210 are employed on a part-time basis (30 September 2022: 199). The increase in personnel serves to secure and strengthen our planned growth.

#### Number of employees by region:

|                 | 01/01/-30/09/2023 | 01/01/-30/09/2022 |
|-----------------|-------------------|-------------------|
| Germany         | 873               | 854               |
| Rest of Europe  | 73                | 50                |
| North America   | 161               | 138               |
| Other countries | 21                | 44                |
| <b>Total</b>    | <b>1,128</b>      | <b>1,086</b>      |

### 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 47 and thereafter. The opportunities and risks described in the Annual Report 2022 remain largely unchanged.



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We still assess the risks on the procurement market associated with the shortage of materials, supply difficulties for various raw materials, and rising prices to be high.

As competition for specialists, particularly IT specialists, continues to intensify, we see an increasing risk in filling vacancies.

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

### Forecast and outlook

The growth prospects of init innovation in traffic systems SE were confirmed in the third quarter of the financial year by the further increase in incoming orders. In addition, the fourth quarter is usually the strongest in terms of earnings and revenue.

Against this backdrop, the Managing Board considers the growth targets set for the full year to be achievable, despite the slightly lower than expected results for the third quarter. Our expectation is that the earnings shortfall due to project delays in the third quarter will be recouped later in the year. This assumes that there are no further delays in the supply chain or in project acceptance. We therefore confirm our previous outlook for the current financial year: our **revenue** target remains in the range of **EUR 200-220 million**, while **EBIT** is expected to be in the range of **EUR 20-25 million**, despite high investments in research and development.

Based on the macroeconomic and sector-specific developments, we see further opportunities to offer new technologies and IT solutions to our customers in the future. We are encouraged by the decision announced in October by the Metropolitan Atlanta Rapid Transit Authority ("MARTA") to award init group the largest contract in the company's 40-year history.

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. 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 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, a trend for which we have already prepared.

### Additional information

This quarterly statement and the information contained therein are unaudited.

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

The actual results in terms of revenue and EBIT may differ substantially from the forecasted figures if new risk factors occur or assumptions about planning prove to be incorrect.



IMPORTANT BUSINESS TRANSACTIONS IN THE THIRD QUARTER 2023

## CONSOLIDATED INCOME STATEMENT

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

| EUR'000  | 01/07 to<br>30/09/2023 | 01/07 to<br>30/09/2022 | 01/01 to<br>30/09/2023 | 01/01 to<br>30/09/2022 |
|--|------------------------|------------------------|------------------------|------------------------|
| Revenue  | 53,410                 | 50,481                 | 143,038                | 131,139                |
| Cost of sales  | -33,735                | -29,265                | -91,924                | -81,403                |
| <b>Gross profit</b>                                      | <b>19,675</b>          | <b>21,216</b>          | <b>51,114</b>          | <b>49,736</b>          |
| Sales and marketing expenses                             | -5,729                 | -6,043                 | -18,685                | -17,150                |
| General administrative expense                           | -5,853                 | -4,837                 | -17,214                | -13,854                |
| Research and development expenses                        | -3,283                 | -3,433                 | -9,542                 | -9,846                 |
| Other operating income                                   | 849                    | 728                    | 2,222                  | 2,200                  |
| Other operating expenses                                 | -161                   | -361                   | -269                   | -759                   |
| Foreign currency gains                                   | 2                      | 77                     | -479                   | -114                   |
| <b>Earnings before interest and taxes (EBIT)</b>         | <b>5,500</b>           | <b>7,347</b>           | <b>7,147</b>           | <b>10,213</b>          |
| Interest income  | 64                     | 3                      | 196                    | 8                      |
| Interest expenses  | -588                   | -213                   | -1,188                 | -501                   |
| <b>Earnings before taxes (EBT)</b>                       | <b>4,976</b>           | <b>7,137</b>           | <b>6,155</b>           | <b>9,720</b>           |
| Income taxes   | -1,218                 | -2,093                 | -1,154                 | -2,894                 |
| <b>Net profit</b>  | <b>3,758</b>           | <b>5,044</b>           | <b>5,001</b>           | <b>6,826</b>           |
| thereof attributable to equity holders of parent company | 3,701                  | 5,033                  | 5,040                  | 6,934                  |
| thereof non-controlling interests                        | 57                     | 11                     | -39                    | -108                   |
| Earnings and diluted earnings per share in EUR           | 0.37                   | 0.51                   | 0.51                   | 0.69                   |
| Average number of floating shares                        | 9,889,894              | 9,929,489              | 9,883,254              | 9,929,010              |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

| EUR'000  | 01/07 to<br>30/09/2023 | 01/07 to<br>30/09/2022 | 01/01 to<br>30/09/2023 | 01/01 to<br>30/09/2022 |
|--|------------------------|------------------------|------------------------|------------------------|
| <b>Net income</b>  | <b>3,758</b>           | <b>5,044</b>           | <b>5,001</b>           | <b>6,826</b>           |
| <b>Items to be reclassified to the income statement:</b>     |                        |                        |                        |                        |
| Net gains (+) / losses (-) on currency translation           | 2,515                  | 3,534                  | 2,016                  | 6,805                  |
| <b>Total other comprehensive Income</b>                      | <b>2,515</b>           | <b>3,534</b>           | <b>2,016</b>           | <b>6,805</b>           |
| <b>Total comprehensive Income</b>                            | <b>6,273</b>           | <b>8,578</b>           | <b>7,017</b>           | <b>13,631</b>          |
| thereof attributable to equity holders of the parent company | 6,216                  | 8,567                  | 7,056                  | 13,739                 |
| thereof non-controlling interests                            | 57                     | 11                     | -39                    | -108                   |



IMPORTANT BUSINESS TRANSACTIONS IN THE THIRD QUARTER 2023

## CONSOLIDATED BALANCE SHEET

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

| EUR'000   | 30/09/2023     | 30/09/2022     | 31/12/2022     |
|---|----------------|----------------|----------------|
| Cash and cash equivalents                               | 32,300         | 33,081         | 40,050         |
| Marketable securities and bonds                         | 28             | 29             | 29             |
| Trade accounts receivable                               | 38,715         | 37,739         | 35,222         |
| Contract assets   | 21,663         | 18,209         | 14,763         |
| Receivables from related companies                      | 36             | 0              | 0              |
| Inventories   | 49,178         | 38,186         | 42,091         |
| Income tax receivable                                   | 1,927          | 0              | 1,551          |
| Other current assets                                    | 5,382          | 3,716          | 3,976          |
| <b>Current assets, total</b>                            | <b>149,229</b> | <b>130,960</b> | <b>137,682</b> |
| Property, plant and equipment                           | 64,891         | 56,905         | 65,037         |
| Investment property                                     | 1,336          | 1,380          | 1,352          |
| Goodwill  | 12,488         | 12,488         | 12,488         |
| Other intangible assets                                 | 21,713         | 18,215         | 20,045         |
| Interests in associated companies                       | 634            | 664            | 778            |
| Deferred tax assets                                     | 5,470          | 4,235          | 4,849          |
| Other non-current assets                                | 3,491          | 3,302          | 3,516          |
| <b>Non-current assets, total</b>                        | <b>110,023</b> | <b>97,189</b>  | <b>108,065</b> |
| <b>Assets, total</b>                                    | <b>259,252</b> | <b>228,149</b> | <b>245,747</b> |
| Bank loans  | 24,886         | 25,894         | 18,460         |
| Trade accounts payable                                  | 6,615          | 7,875          | 9,747          |
| Contract liabilities                                    | 11,016         | 11,199         | 9,745          |
| Advance payments received                               | 3,538          | 77             | 1,171          |
| Income tax payable                                      | 2,799          | 1,394          | 3,947          |
| Provisions  | 6,204          | 6,645          | 6,625          |
| Lease liabilities <sup>1)</sup>                         | 3,717          | 3,266          | 3,336          |
| Other liabilities <sup>1)</sup>                         | 20,555         | 20,143         | 20,533         |
| <b>Current liabilities, total</b>                       | <b>79,330</b>  | <b>76,493</b>  | <b>73,564</b>  |
| Bank loans  | 28,698         | 14,202         | 19,575         |
| Deferred tax liabilities                                | 5,584          | 4,346          | 5,172          |
| Pensions accrued and similar obligations                | 7,802          | 11,299         | 7,336          |
| Provisions  | 2,094          | 1,935          | 2,373          |
| Other non-current liabilities                           | 20,759         | 11,618         | 21,172         |
| Lease liabilities                                       | 196            | 0              | 0              |
| <b>Non-current liabilities, total</b>                   | <b>65,133</b>  | <b>43,400</b>  | <b>55,628</b>  |
| <b>Liabilities, total</b>                               | <b>144,463</b> | <b>119,893</b> | <b>129,192</b> |
| Attributable to equity holders of the parent company    |                |                |                |
| Subscribed capital                                      | 10,040         | 10,040         | 10,040         |
| Additional paid-in capital                              | 5,817          | 5,747          | 6,575          |
| Treasury shares   | -5,359         | -3,148         | -3,517         |
| Surplus reserves and consolidated unappropriated profit | 96,981         | 88,801         | 98,369         |
| Other reserves  | 6,907          | 6,705          | 4,891          |
|   | <b>114,386</b> | <b>108,145</b> | <b>116,358</b> |
| Non-controlling interests                               | 403            | 111            | 197            |
| <b>Shareholders' equity, total</b>                      | <b>114,789</b> | <b>108,256</b> | <b>116,555</b> |
| <b>Liabilities and shareholders' equity, total</b>      | <b>259,252</b> | <b>228,149</b> | <b>245,747</b> |

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



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## CONSOLIDATED CASHFLOW STATEMENT

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

| EUR '000   | 01/01 to 30/09/2023 | 01/01 to 30/09/2022 |
|--|---------------------|---------------------|
| <b>Cash flow from operating activities</b>   |                     |                     |
| Net income   | 5,001               | 6,826               |
| Depreciation   | 8,390               | 7,545               |
| Losses on the disposal of fixed assets   | -8                  | -31                 |
| Change in provisions and accruals  | -265                | -2,450              |
| Change in inventories  | -6,835              | -1,881              |
| Change in trade accounts receivable and contract assets                                    | -9,851              | 3,829               |
| Change in other assets, not provided by / used in investing or financing activities        | -1,717              | 2,814               |
| Change in trade accounts payable   | -3,562              | -471                |
| Change in advanced payments received and contract liabilities                              | 3,547               | 1,154               |
| Change in other liabilities, not provided by / used in investing or financing activities   | -489                | -5,822              |
| Amount of other non-cash income and expenses   | 1,834               | -2,278              |
| <b>Net cash from operating activities</b>  | <b>-3,955</b>       | <b>9,235</b>        |
| <b>Cash flow from investing activities</b>   |                     |                     |
| Payments received on disposal of tangible fixed assets                                     | 328                 | 342                 |
| Investments in property, plant and equipment   | -2,940              | -3,436              |
| Investments in other intangible assets   | -3,921              | -3,213              |
| Investment in associated companies   | -1,072              | -1,110              |
| Investment in subsidiaries less acquired cash  | 144                 | 177                 |
| <b>Net cash flows used in investing activities</b>   | <b>-7,461</b>       | <b>-7,240</b>       |
| <b>Cash flow from financing activities</b>   |                     |                     |
| Dividend paid out  | -6,920              | -5,456              |
| Payments received from equity contributions  | 245                 | 0                   |
| Cash payments for purchase of treasury shares  | -1,874              | -1,442              |
| Payments received from bank loans  | 32,214              | 15,943              |
| Redemption of bank loans   | -16,665             | -5,186              |
| Payment of repayment portion of lease liabilities <sup>1)</sup>                            | -3,238              | -2,667              |
| Interest payment from lease liabilities <sup>1)</sup>                                      | -187                | -115                |
| <b>Net cash flows used in financing activities</b>   | <b>3,575</b>        | <b>1,077</b>        |
| Net effects of currency translation and consolidation changes in cash and cash equivalents | 91                  | 1,851               |
| <b>Decrease in cash and cash equivalents</b>   | <b>-7,750</b>       | <b>4,923</b>        |
| Cash and cash equivalents at the beginning of the period                                   | 40,050              | 28,158              |
| <b>Cash and cash equivalents at the end of the period</b>                                  | <b>32,300</b>       | <b>33,081</b>       |

1) Presentation has been changed from the previous year. In the previous year the figures were shown as a single item.



## FINANCIAL CALENDAR 2023

# Q4

**27/28 November**

*One-on-one Meetings - Equity Forum, Frankfurt*

**28 November 1:30pm**

**the Hong Kong room**

*Presentation - Equity Forum, Frankfurt*

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