



IMPORTANT BUSINESS TRANSACTIONS IN THE FIRST QUARTER 2023

The conflict between Russia and Ukraine is still ongoing. In addition, we observe turbulences in the financial sector, high inflation rates and rising interest rates across the world. Moreover, the consequences of the COVID pandemic continue to put pressure on global supply chains.

Against this backdrop, the International Monetary Fund ("IMF") most recently lowered its global growth outlook for 2023 to +2.8 percent after early signs of an easing in January (January: +2.9 percent, 2022: +3.4 percent).

For the advanced economies, the IMF forecasts a GDP growth of +1.3 percent in 2023, down significantly from the rate in 2022 (+2.7 percent). For Germany, the IMF even predicts a decline in economic output (-0.1 percent after +0.1 percent in the January forecast). The IMF

additionally points to the challenges of simultaneously restoring price stability and avoiding a slide into recession.

In a more conservative scenario, growth could further shrink to +2.5 percent globally and below 1.0 percent in the advanced economies.

At the same time, the situation with regard to the global COVID pandemic continues to normalize. In numerous countries, the emergency situation and accompanying restrictions have been lifted. Demand for public transport remains stable and should be supported, especially in Germany, by government support and political actions such as the Deutschland-Ticket.



Orders

In the first quarter 2023, init received new orders totalling EUR 69.5m (Q1 2022: EUR 62.9m). Thus, order intake has significantly increased over previous year's figures. Incoming orders for Q1 2023 include several small and medium-sized projects. In particular, the business in the USA and the optical components subsidiaries contributed strongly to this development.

The order backlog as of 31 March 2023 amounts to approximately EUR 195m and is therefore higher than the previous year's figure of EUR 164m.

Earnings position

Over the course of the financial year, the init group's revenue fluctuates, with the first quarter generally being weakest in terms of revenue and the fourth quarter the strongest.

During the first quarter of 2023, init generated revenues of EUR 38.5m (Q1 2022: EUR 35.6m). Revenue was thus 8.3 percent higher than the previous year's figure caused by an increase in the domestic core market.

Breakdown of revenues by region for the first three months:

in million				
EUR	01/01-31/03/2023	%	01/01-31/03/2022	%
Germany	12.0	31.2	9.8	27.5
Rest of Europe	6.5	16.9	6.5	18.3
North America	14.3	37.1	14.6	41.0
Other countries (Australia, UAE)	5.7	14.8	4.7	13.2
Total	38.5	100.0	35.6	100.0

Revenues based on customer's location.

Gross profit amounted to EUR 12.1 m and was on a par with previous year's figure (Q1 2022: EUR 12.1 m). At around 31 percent, the gross margin is down on the previous year (Q1 2022: around 34 percent). This is mainly due to a slightly more favorable business mix and a number of successful project completions in Q1 2022.

Sales and administrative expenses have increased by EUR 1.2m to EUR 10.8m compared to the previous year (Q1 2022: EUR 9.6m). Next to inflation-related increases, the increase is also due to positive special one-off effects in Q1 2022. The development is in line with our expectations for the first quarter 2023.

Research and development costs remained stable compared to the previous year at EUR 3.4 m (Q2 2022: EUR 3.4m). In addition, init capitalized EUR 0.9m for internally generated software, following the same approach as in fiscal year 2022. This development is also in line with our expectations.

Foreign exchange gains decreased in the reporting period (EUR 0.3m; previous year: EUR 1.0m). This position mainly includes unrealized gains and losses on the valuation of receivables and liabilities in foreign currencies.

Earnings before interest and taxes (EBIT) of EUR -0.9m are below the previous year's figure (Q1 2022: EUR 0.5m). This is due to the effect from the business mix described above and the expected cost increases as well as to the above mentioned currency effects. The development is in line with our forecast for the financial year 2023.

Net interest income (balance of interest income and interest expense) amounts to EUR -0.1m and is at previous year's level (Q1 2022: EUR -0.1m).

Consolidated net profit amounted to EUR -1.8m as of 31 March 2023 and is below the prior-year figure (Q1 2022: EUR 0.4 m) due to the lower operating result. Earnings per share amount to EUR -0.17 (Q1 2022: EUR 0.05).

Total comprehensive income amounts to EUR -2.9m (Q1 2022: EUR 0.8m). The decrease is a result of the lower net profit as well as losses from currency translation in other comprehensive income.

Cash flow from operating activities amounted to EUR 3.6 m (Q1 2022: EUR 1.3 m) and was thus significantly higher than in the previous year. This was mainly due to an increase in contract liabilities and advance payments received. In addition to the lower net profit, this was offset by the increase in inventories and lower collection of trade receivables.



Cash flow from investing activities amounted to EUR -2.5 m (Q1 2022: EUR -0.4 m) and, next to replacement and expansion investments also includes the capitalization of internally generated software already described under the item “research and development costs”.

Equity increased to EUR 114.8m as of 31 March 2023 (Q1 2022: EUR 103.3m).

The equity ratio as of 31 March 2023 amounts to 46.5 percent (Q1 2022: 48.5 percent) and thus remains at the level at the end of 2022 (31 December 2022: 47.4 percent).

Personnel

On average, the init group employed 1,126 staff in the first three months of 2023 (Q1 2022: 1,072), including temporary workers, research assistants and students writing their thesis. There was also an increase in the number of employees working part-time. In the first quarter of 2023, 203 employees were employed on a part-time basis (Q1 2022: 186).

Number of employees by region:

	31/03/2023	31/03/2022
Germany	889	842
Rest of Europe	65	49
North America	148	136
Other countries	24	45
Total	1,126	1,072

Opportunities and risks

Opportunities and risks are presented in our Annual Report 2022 on pages 47 et seqq. and in particular from p. 50 et seqq. onwards. The opportunities and risks described in the Annual Report 2022 remain valid with no relevant change.

In line with the IMF's perspective (see above), init still sees considerable uncertainty regarding the economic development in the coming months, which could have an influence in particular on of contract awards and tenders.

All risks are regularly analyzed and appropriate measures are initiated or precautions taken. To our best

assessment, there are no risks, that could jeopardize init's going concern.

Forecast and outlook

The key figures for the first quarter of 2023 are in line with Managing Board expectations. init group results are within the target corridor set out for the year 2023. We are therefore **confirming the guidance** with regard to **group revenue of around EUR 200m – 220m** and operating earnings before interest and taxes (**EBIT**) of **around EUR 20m - 25m**. init remains confident to return to sustainable growth of 10-15 per cent annually in the full year 2023.

Actual results may deviate considerably from the forecast figures if new risks arise or if assumptions underlying the planning subsequently prove to be incorrect.

Additional information

init acquired a total of 27,667 treasury shares at a purchase price of EUR 801,686.28 (excluding incidental costs) in the period from 17 January 2023 to 24 February 2023 inclusive.

This quarterly statement and the information contained therein are unaudited.



CONSOLIDATED INCOME STATEMENT

from 1 January 2023 to 31 March 2023 (IFRS, unaudited)

EUR '000	01/01 to 31/03/2023	01/01 to 31/03/2022
Revenues	38,524	35,577
Cost of sales	-26,415	-23,441
Gross profit	12,109	12,136
Sales and marketing expenses	-5,614	-5,202
General administrative expense	-5,168	-4,352
Research and development expenses	-3,393	-3,403
Other operating income	814	662
Other operating expenses	48	-320
Foreign currency gains and losses	277	991
Expenses from associated companies	0	0
Earnings before interest and taxes (EBIT)	-927	512
Interest income	70	2
Interest expenses	-199	-123
Earnings before taxes (EBT)	-1,056	391
Income taxes	-759	-3
Net profit	-1,815	388
thereof attributable to equity holders of parent company	-1,693	462
thereof non-controlling interests	-122	-74
Earnings and diluted earnings per share in EUR	-0.17	0.05
Average number of floating shares	9,885,031	9,935,475

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

from 1 January 2023 to 31 March 2023 (IFRS, unaudited)

EUR '000	01/01 to 31/03/2023	01/01/ bis 31/03/2022
Net profit	-1,815	388
Items to be reclassified to the income statement:		
Net gains (+) / net losses (-) on currency translation	-1,131	435
Total other comprehensive income	-1,131	435
Total comprehensive income	-2,946	823
Thereof attributable to equity holders of the parent company	-2,824	897
Thereof non-controlling interests	-122	-74



CONSOLIDATED BALANCE SHEET

as of 31 March 2023 (IFRS, unaudited)

EUR '000	31/03/2023	31/03/2022	31/12/2022
Cash and cash equivalents	38,662	33,081	40,050
Marketable securities and bonds	27	32	29
Trade accounts receivable	32,544	21,864	35,222
Future receivables from production orders from PoC method	14,867	24,924	14,763
Receivables from related parties	0	0	0
Inventories	45,293	36,236	42,091
Income tax receivable	978	299	1,551
Other assets	6,790	3,908	3,976
Current assets, total	139,161	120,344	137,682
Property, plant and equipment	64,576	54,207	65,037
Investment property	1,342	1,359	1,352
Goodwill	12,488	12,488	12,488
Other intangible assets	20,486	16,464	20,045
Interests in associated companies	778	841	778
Deferred tax assets	4,634	4,016	4,849
Other assets	3,455	3,226	3,516
Non-current assets, total	107,759	92,601	108,065
Assets, total	246,920	212,945	245,747
Bank loans	18,816	20,594	18,460
Trade accounts payable	9,705	6,357	9,747
Accounts payable from PoC method	13,495	7,102	9,745
Advance payments received	2,752	311	1,171
Income tax payable	4,123	0	3,947
Provisions	5,680	6,689	6,625
Lease liabilities	3,434	3,150	3,336
Other liabilities	20,836	21,396	20,533
Current liabilities, total	78,841	65,599	73,564
Bank loans	18,174	13,878	19,575
Deferred tax liabilities	5,017	5,319	5,172
Pensions accrued and similar obligations	7,492	10,975	7,336
Provisions	1,926	2,148	2,373
Lease liabilities	20,460	11,694	21,172
Other financial liabilities	190	0	0
Non-current liabilities, total	53,259	44,014	55,628
Liabilities, total	132,100	109,613	129,192
Attributable to equity holders of the parent company			
Subscribed capital	10,040	10,040	10,040
Additional paid-in capital	6,752	7,599	6,575
Treasury stock	-3,499	-2,586	-3,517
Surplus reserves and consolidated unappropriated profit	97,692	87,798	98,369
Other reserves	3,760	335	4,891
	114,745	103,186	116,358
Non-controlling interests	75	146	197
Shareholders' equity, total	114,820	103,332	116,555
Liabilities and shareholders' equity, total	246,920	212,945	245,747



CONSOLIDATED CASHFLOW STATEMENT

from 1 January 2023 to 31 March 2023 (IFRS, unaudited)

EUR '000	01/01 to 31/03/2023	01/01 to 31/03/2022
Cash flow from operating activities		
Net income	-1,815	388
Amortisation and depreciation	2,794	2,437
Gains on the disposal of fixed assets	-8	-1
Change in provisions and accruals	-1,229	-2,076
Change in inventories	-3,494	-1,692
Change in trade accounts receivable and future receivables from production orders	3,278	7,474
Change in other assets, not provided by / used in investing or financing activities	-2,025	2,222
Change in trade accounts payable	-735	-657
Change in advanced payments received and liabilities from PoC method	5,488	-2,199
Change in other liabilities, not provided by / used in investing or financing activities	801	-4,684
Amount of other non-cash income and expenses	532	59
Net cash from operating activities	3,587	1,271
Cash flow from investing activities		
Payments received on disposal of property, plant and equipment	10	31
Investments in property, plant, equipment and other intangible assets	-2,497	-397
Capital contributions and loans to associated companies	1	0
Net cash flows used in investing activities	-2,486	-366
Cash flow from financing activities		
Cash payments for the purchase of treasury stock	-802	-498
Payments received from bank loans incurred	3,855	9,011
Redemption of bank loans	-4,901	-3,880
	-1,047	-869
Change in current and non-current lease liabilities	-70	-38
Net cash flows used in financing activities	-2,965	3,726
Net effects of currency translation and consolidation changes in cash and cash equivalents	476	292
Changes in cash and cash equivalents	-1,388	4,923
Cash and cash equivalents at the beginning of the period	40,050	28,158
Cash and cash equivalents at the end of the period	38,662	33,081



FINANCIAL CALENDAR 2023

Q2

25 **May**
Annual General Meeting
2023 Karlsruhe

Q3

10 **August**
Publication
Half-Year Financial Report 2023

Q4

9 **November**
Publication
Quarterly Statement
3/2023

27-29 **November**
Equity Forum
(One-on one Meetings)



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