> Half-Year Financial Report 2022

init

Content

Gender note:

For better readability, we use the masculine spelling for personal references in the following texts. We do this in a non-judgemental manner and do not wish to express any gender discrimination or violation of the principle of equality.

GROUP KEY FIGURES

according to IFRS

EUR'000	2022	2021
Balance Sheet (30/06)		
Balance sheet total	218,809	218,374
Shareholders' equity	99,929	91,645
Equity ratio (in %)	45.7	42.0
Non-current assets	94,836	95,129
Current assets	123,973	123,245
Income Statement (01/01 – 30/06)		
Revenues	80,657	84,680
Gross profit	28,520	30,270
EBIT	2,866	8,297
EBITDA	7,775	13,165
Consolidated net profit	1,782	5,165
Earnings per share (in EUR)	0.19	0.52
Dividend (in EUR) - paid in the reporting period	0.55	0.55
Cash Flow (01/01 - 30/06/)		
Cash flow from operating activities	-2,350	7,957
Share (01/04 – 30/06)		
Issue price (in EUR)	5.10	5.10
Peak share price (in EUR)	38.10	43.10
Bottom share price (in EUR)	21.70	33.20

"Materials shortages were largely controlled in the first half of 2022 thanks to intelligent, forward-looking stockpiling."

f.l.t.r. Dr. Gottfried Greschner, Matthias Kühn, Dr. Jürgen Greschner

LETTER TO THE SHAREHOLDERS

Dear shareholders,

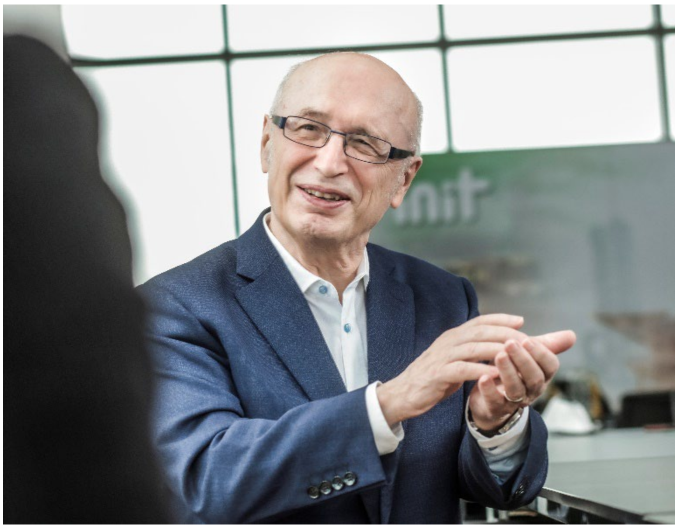
The war forced on Ukraine with its far-reaching consequences, has come to dominate all our lives. We are confronted with accounts of incredible human suffering and inconceivable hardship on a daily basis. Things we take for granted such as the supply of food, energy and essential goods for our households, companies and national economies, are now at stake. It is a turning point with immeasurable repercussions for the economy and for society as a whole, a crisis that not only affects the region and Europe, but the entire world.

Beyond the humanitarian aid that is required and that we as a company provide with our employees, this unexpected development has presented us with new tasks during the reporting period. The global disruption to supply and delivery chains directly affects the provision of our services. However, in the first half of 2022, we have been able to control shortages as much as possible with intelligent forecasting and stockpiling of materials. With a multi-pillar procurement policy, we hope to be able to overcome this issue in the future. However, sharp cost increases are now commonplace. We invest a considerable amount of time in discussions with our customers in order to achieve an assumption of these unexpected additional costs.

Unfortunately, the reliability of our suppliers' commitments has also decreased significantly and there is a sudden need for scheduling in many places.

It has paid off for init that as an international company with locations across four continents and in various currency regimes, we have been able to overcome many local supply bottlenecks. In addition, our broad customer base of over 1,000 transport companies worldwide enables us to cope with short-term volatility in regional markets and to work on value-added orders and projects, which then positively impact our earnings.

The fact that we almost managed to reach our revenue and earnings targets in the reporting period despite all the supply related challenges and COVID related staff shortages and difficulties within the labour market is good reason for us to be satisfied. Due to our business cycle, the distribution of revenue and earnings across the quarters is uneven, which is also reflected in our history. Earnings in the second quarter were largely in line with our forecasts, which had already anticipated a weak quarter.



In the past six months we have continued investing in research and development, paving the way for the positive development of our company in the future. Our international outlook has also helped us in this respect. For example, we were able to counter the shortage of skilled workers in Germany by stepping up R&D activities at our subsidiaries and partners in Finland, Ireland, Austria and Portugal.

This is also necessary because hundreds of billions of euros are being made available worldwide for the digitization of public transport and, in particular, for the conversion of vehicle fleets to electromobility, which results in high growth potential for our company. With our integrated software product suite eMOBILE, we can optimise all processes that are associated with electromobility for transport companies, from the planning of services and processes, through depot and charging management, to range forecasting and consumption analysis.

eMOBILE is an important part of our nextGen innovation initiative, which we presented at the IT-TRANS trade show in Karlsruhe, Germany in May and which will enable our customers - transport operators worldwide - to take major steps towards digitization. But it also includes many other elements such as the cloud- and browser-based planning and dispatching module MOBILE-Perdis, MOBILEguide for controlling and optimising vehicle utilisation, the database-independent control system MOBILE-ITCSnextGen and RESPONSEassist for incident management. It also includes our new solutions in the field of electronic ticketing (e-ticketing or smart ticketing) and the new Ticketing as a Service (TaaS) offer for transportation companies of all sizes.

The response to these init innovations makes us very confident. On the one hand, this can be seen in the large number of enquiries and requests to tender for projects in which our technologies are in demand. On the other hand, we are already seeing this in incoming orders and in the progress of our projects. In the past few months, we have successfully installed an innovative contactless ticketing system in Nottingham, UK, signed a master agreement for a TaaS (ticketing as a service) solution for the entire US state of California, introduced the next generation of electronic fare collection for the wider Seattle region in Washington, US, and received the green light from the municipal transport operators of Rhein-Nahe GmbH, Bad Kreuznach, and Hameln-Pyrmont mbH (VHP), both in Germany, for an integrated solution for operations control and ticketing.

In addition, there are current tenders, which are looking very positive. However, the unprecedented developments described at the beginning, which are beyond our control, are becoming increasingly difficult to manage. We currently assume that our original planned forecast, which details revenue of between EUR 190 and 200m and EBIT of between EUR 15 and 20m, is still achievable. However, should the situation deteriorate due to the crisis and, in particular, due to the shortage of materials, our company will not be left completely unscathed.

No one can predict what surprises the global political situation has in store and what consequences it will have for the international community and our coexistence in the long term.

So far, we have been able to counter this by diversifying our procurement and personnel processes and in particular thanks to the stability and diversity of our customer base. Our employees have adapted quickly and flexibly to the new challenges. Despite all the difficulties, we are therefore cautiously optimistic about the second half of the year.

We hope that you, too, can look to the future with optimism and we thank you for your trust in us.

Yours sincerely,

Dr. Gottfried Greschner, CEO

init innovation in traffic systems SE

MANAGING BOARD OF INIT SE

Dr.-Ing.
Gottfried Greschner

Chief Executive Officer (CEO)

Year of birth: 1946
Nationality: German

Vita
- Since 1983 Managing Director at INIT GmbH
- Since 2001 Chief Executive Officer (CEO)

Task Area
- Business Development
- Production
- Purchasing
- Strategy

Dipl.-Kfm. Dr.
Jürgen Greschner

Chief Sales Officer (CSO) and Deputy Chief Executive Officer

Year of birth: 1961
Nationality: German

Vita
- Since 2004 Managing Director at INIT GmbH
- Since 2004 Chief Sales Officer (CSO)
- Since 2015 Deputy Chief Executive Officer
- As of 1 July 2022 interim CFO (division sharing)

Task Area
- Human Resources
- Legal Management
- Projects and System Design
- Research and Technology
- Sales and Marketing
- Support and Operations

B.A.
Jennifer Bodenseh

Chief Financial Officer (CFO until 30 June 2022)

Year of birth: 1986
Nationality: German

Vita
- from 2018 until 30 June 2022 Chief Financial Officer (CFO)

Task Area
- Compliance
- Controlling and Logistics
- Data Protection
- ESG
- Financial Services
- Investor Relations
- M&A
- Quality Management
- Risk Management

Dipl.-Ing. (FH)
Matthias Kühn

Chief Operating Officer (COO)

Year of birth: 1973
Nationality: German

Vita
- Since 2015 Managing Director at INIT GmbH
- Since 2016 Chief Operating Officer (COO)
- As of 1 July 2022 interim CFO (division sharing)

Task Area
- Back-Office ITCS Operations
- Back-Office Ticketing
- IT
- Maintenance and Installation
- Mobility as a Service
- Real-Time Systems
- Telematic Devices

SUPERVISORY BOARD OF INIT SE

Dipl.-Kfm.
Hans-Joachim Rühlig

Chairperson

About
- Year of birth: 1948
- Place of residence: Ostfildern/Germany
- Nationality: German
- First appointment: 2011
- Term of office: until 2023
- Independent within the meaning of the GCGC C6

Audit committee
- Chairperson since 2021
- Specialising in accounting

Vita
- Independent management consultant
- Former CFO of Ed. Züblin AG, Stuttgart, Germany
- Member of the Advisory Board of DResearch Fahrzeugelektronik GmbH, Berlin, Germany
- Board Member of Stiftung Bauwesen, Stuttgart, GER

Dipl.-Ing.
Ulrich Sieg

Member and Deputy Chairperson

About
- Year of birth: 1949
- Place of residence: Jork/Germany
- Nationality: German
- First appointment: 2014
- Term of office: until 2023
- Independent within the meaning of the GCGC C6

Vita
- Consultant specialising in public transportation
- Former Deputy CEO and COO of Hamburger Hochbahn AG, GER
- Member of the Advisory Board of HanseCom Public Transport Ticketing Solutions GmbH, Hamburg, GER
- Member of the Board of VDV Foundation for Young Leaders

Other Supervisory Board
- Member of the Supervisory Board of SECURITAS Holding GmbH, Düsseldorf, GER

Dipl.-Ing. (FH), M.A.
Christina Greschner

Member

About
- Year of birth: 1977
- Place of residence: Karlsruhe/Germany
- Nationality: German
- First appointment: 2019
- Term of office: until 2023
- Not independent within the meaning of the GCGC C6

Audit committee
- Member since 2021
- Specialising in auditing

Vita
- Advisory activity
- Various management positions at init group since 2007
- Extensive knowledge of the init group
- International experience
- “Qualified Supervisory Board” exam taken at Deutsche Börse
- “Qualified Supervisory Board Member in the Audit Committee” exam taken at Deutsche Börse

Dipl.-Ing.
Andreas Thun

Member

About
- Year of birth: 1955
- Place of residence: Wandlitz/Germany
- Nationality: German
- First appointment: 2022
- Term of office: until 2023
- Not independent within the meaning of the GCGC C6

Vita
- Independent entrepreneur
- Former managing director and Shareholder of iris-GmbH infrared & intelligent sensors, Berlin, GER
- Sole shareholder and general manager of Landsensor GmbH, partner of iris-GmbH infrared & intelligent sensors
- Deputy Chairperson of the Advisory Board of DResearch Fahrzeugelektronik GmbH, Berlin, GER

THE SHARE

STOCK MARKET SLUMP PUTS TECHNOLOGY STOCKS UNDER PRESSURE - INIT USES SHARE PRICE WEAKNESS FOR SHARE BUYBACK

The leading international capital markets experienced historic price slumps in the first half of 2022. The war in Ukraine with its repercussions for the supply of energy and raw materials in industrialized countries, the resulting economic pessimism and a hike in inflation, all of which the central banks attempted to combat by raising key interest rates, have contributed to a slump in markets.

With these factors having a significant impact on both turnover and corporate profits, as well as on liquidity on the stock markets, there have been revaluations across the board, particularly among technology stocks. For example, the German DAX share index lost more than 20 percent, and the index of leading German technology shares, the TecDAX, fell by almost 28 percent (measured in each case by the price indices).

In particular, high-growth stock companies such as init suffered price losses because with expected high growth rates, they are particularly sensitive to interest rate increases and economic downturns. Accordingly, the init share price fluctuated from EUR 33.75 at the beginning of the year to a high of EUR 37 at the end of March to EUR 22.15 at the end of the reporting period. In the long term however (more than three years), init shares performed better than DAX or TecDAX shares.

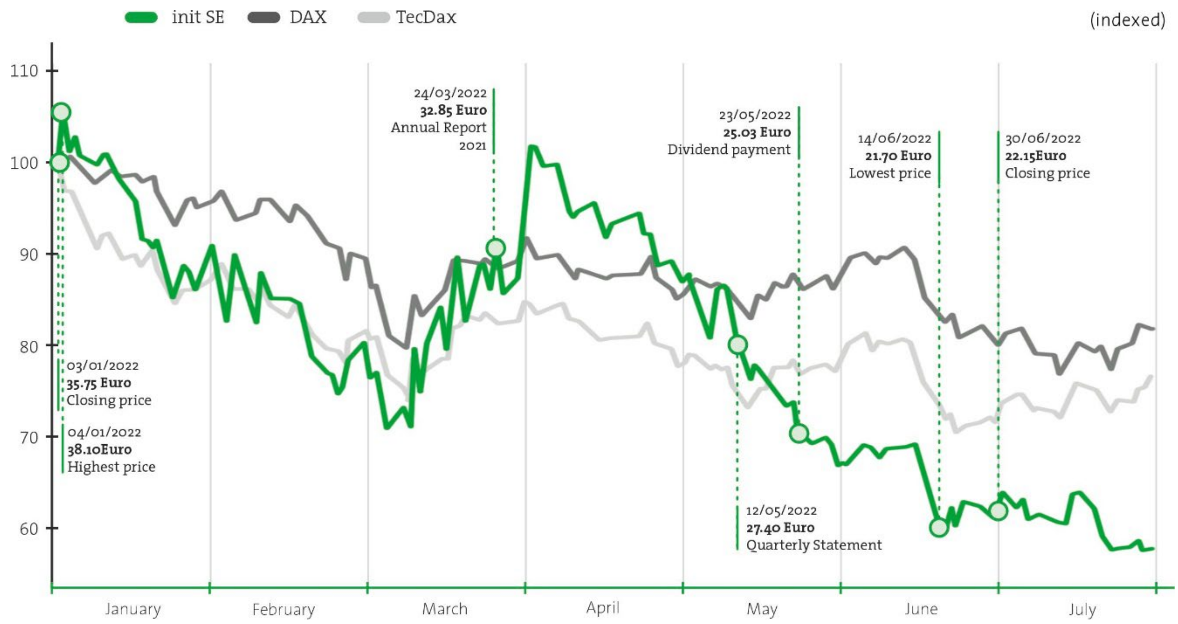
Analysts who have been following init for some time, maintained their long-term positive assessment of the company for the reporting period. They currently see target prices for init shares in the range of EUR 40,00 to EUR 52.50.

Share buyback program in several phases

The first share buyback program started in March of this year. The init Managing Board took advantage of the weakness in the share price, particularly in June, to launch a further share buyback program. The shares were bought back via the stock exchange. A total of 51,047 shares have therefore been repurchased in the financial year 2022 so far, at an average price of EUR 28.25.

The repurchased shares are to be used for existing and future employee participation programs, for management motivational programs and/or sold to third parties for cash.

Share performance



MANAGING BOARD APPROVED BY 100 PERCENT AT VIRTUAL SHAREHOLDERS' MEETING

The growth strategy and figures presented by the Managing Board met with the approval of the shareholders who attended the virtual Shareholders' Meeting on 18 May 2022. The actions of the Managing Board were approved with 100 percent. The proposal of the Supervisory Board - based on the recommendation of its Audit Committee - to appoint the auditor (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart) was also approved with 99.97 percent.

The resolution on the appropriation of the balance sheet profit was passed with 99.98 percent. init innovation in traffic systems SE shareholders received a dividend of EUR 0.55 per no-par value share. As a result, a total of around EUR 5.5m was distributed.

SHAREHOLDERS' MEETING ELECTS NEW SUPERVISORY BOARD: ANDREAS THUN SUCCEEDS HANS RAT

There was one change in the scheduled election of the Supervisory Board. Hans Rat, the former Secretary General and Honorary Secretary General of the International Association of Public Transport (UITP), stood down as candidate for the supervisory body, of which he had been a member since 2012. The init innovation in traffic systems SE Supervisory Board and Managing Board thanked Hans Rat for his dedication and were pleased to hear that he will continue to support the company with his expertise, in an advisory capacity.

The shareholders' meeting appointed an experienced entrepreneur Dipl.-Ing. Andreas Thun, as his successor, to the Supervisory Board. The former managing director and founding shareholder of iris-GmbH infrared & intelligent sensors (iris-GmbH) has worked alongside init for decades as a business partner and together with the company, implemented a large number of successful international automatic passenger counting projects. He also has extensive experience in the infrared sensors market and has been involved in long-term research projects in the field of public transport automation since leaving iris-GmbH in September 2020.

Capital market based figures	01/01-30/06/2022	01/01-30/06/2021
High (EUR)	**38.10**	43.10
Low (EUR)	**21.70**	30.40
Start price (EUR)	**35.75**	32.00
Closing price (EUR)	**22.15**	39.80
Market capitalisation (EURm)	**222**	400
Dividend per common share (EUR)	**0.55**	0.55
Earnings per share (EUR)	**0.19**	0.52

Shareholder structure as of 30 June 2022	percent
Dr. Gottfried Greschner (directly and indirectly held, parties related to him)	41.99
Corporate bodies	4.80
Employee shares (locked up)	0.47
Treasury shares init SE	1.13
Free float	51.61

GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF THE YEAR

GENERAL ECONOMIC CONDITIONS

Macroeconomic conditions deteriorated significantly in the reporting period. The risks of a global recession have increased. Many commentators speak of a historical turning point and the end of decades of growth. Russia's war against Ukraine and its repercussions on the global flows of energy, raw materials and goods are dampening the global economy as a whole. The same holds true of the disruptions to value chains, which can be primarily attributed to the lockdowns imposed by the Chinese government, and the slow-down in growth, which extends far beyond China.

Prices for energy, raw materials and upstream products but also for food and industrial goods are rising rapidly and this is reflected in inflation rates of 8 per cent to 9 per cent, a level not seen in industrial nations for four decades. National governments are attempting to counter this trend with government assistance for companies and households, coupled with restrictive monetary measures by central banks. The Federal Reserve in the United States already announced a change in its interest policy in March. The ECB terminated its asset purchase programme on 1 July and thereafter raised interest rates by 50 basis points as a first step. Further tightening of monetary policies in industrial nations is likely.

The mix of high inflation, runaway national debt and rising interest rates is fueling fears of stagflation, i.e. galloping inflation coupled with stagnation, with the focus here mainly on Europe. Corresponding expectations have already led to distortions on the foreign exchange markets with the euro depreciating massively and returning to parity with the dollar as a consequence, resulting in a further increase in import prices for the euro zone.

Against this backdrop, the International Monetary Fund (IMF) had already revised its growth projections for the global economy downwards in April 2022 and repeated the process again in its latest World Economic Outlook (WEO, 26 July 2022) with a view towards a pending recession. The largest western economies are particularly impacted by high energy prices, a loss of consumer confidence and sustained supply issues for raw materials and upstream products.

For Germany and the euro zone, a number of economic experts fear that a collapse of gas and energy supplies due to restricted supplies from Russia could result not only in a recession but a sustained stagflationary phase. For the euro zone as a whole, the economic experts have identified massive impacts of the Ukraine war and adjusted their growth expectations for the current year downwards by 1.3 percentage points to 2.6 per cent. Economic growth in the EU could be further weighed down by rising prices for energy and commodities, as the IMF announced in a publication on 19 July 2022 ("How a Russian Natural Gas Cutoff Could Weigh on Europe's Economies", IMF News). For this reason, growth in the euro zone in 2023 is now expected to fall to 1.2 per cent, worse than expected in April.

In the latest WEO of the IMF from 26 July 2022 Germany is the largest loser of the world's largest economies. No other major economy is as heavily affected by the latest development of the crisis than Germany. The economists at the IMF cut 1.9 percentage points off their estimates for GDP growth in Germany in the year 2023 to just 0.8 per cent. For the current year, they expect growth of just 1.2 per cent (down 0.9 percentage points on the forecast from April 2022).

According to the assessments of the IMF, the United Kingdom, another important market for init in recent years, will also suffer heavily from the changing conditions in the global economy. Both private consumption and investment will be weaker than expected as a result of inflation. In April, the IMF already lowered its growth forecast for 2022 by 1 percentage point to 3.7 per cent and by 1.1 percentage points for 2023 to just 1.2 per cent. In its July WEO, the IMF revised these figures downwards once again to 3.2 per cent for the current year and 0.5 per cent for the coming year.

The economies of the United States and North America as a whole, which is currently the most important growth region for init products and services, is considered to be much more robust by the IMF, but the signs of an economic downturn are increasing here too. Canada is viewed more positively than the United States. Growth of 3.8 per cent is anticipated for 2022 and 1.8 per cent for 2023, although, here too, higher growth rates were projected back in April.

In its July WEO, the IMF forecast GDP growth of just 2.3 per cent in the United States, down 1.4 percentage points compared to April 2022. The downwards adjustment for 2023 is similarly severe. Instead of growth of 2.3 per cent, the economy is expected to grow by just one per cent and only if no further risks to the global economy materialise. The IMF counts additional outbreaks of COVID in China, rising prices for food, which could result in social unrest, and a new wave of nationalism that could impede free trade between countries and continents among such risks.

In the WEO from April 2022, the IMF had already revised its growth forecasts for the global economy downwards by 0.8 percentage points to 3.6 per cent for 2022 (compared to 6.1 per cent in 2021) and by 0.2 percentage points to 3.6 per cent for 2023. These prospects became decidedly more gloomy by July 2022. Although the IMF is still forecasting growth of 3.2 per cent in the global economy for the current year and 2.9 per cent in the coming year, inflation could rise and growth slow even further if, for example, Russian supplies of natural gas to Europe are shut down. In this scenario growth in the United States and in the euro zone would tend to zero, which would have a spill over effect for the rest of the world.

The Director of the IMF, Kristalina Georgieva, currently identifies combating inflation as the most important task to be undertaken by central banks, which should synchronise their monetary policies so as to avoid a loss of people's living standards and placing any additional burden on the economy. This should be supported by fiscal policies aimed at reducing debt levels yet at the same time provide targeted measures to support vulnerable households.

Moreover, fresh impetus for global cooperation to confront the multiple crises the world is facing is of vital importance. The IMF has created a new instrument for this purpose, the Resilience and Sustainability Trust (RST), and pledged almost USD 40 billion to its funding. This should help vulnerable member countries to address longer-term structural challenges, especially those related to climate change.

In the opinion of the IMF, scaling up financial resources to combat climate change as well as clear political signals from national governments to decarbonise their economies are critical for the future. This extends to investment in intelligent transport infrastructure and the creation and expansion of zero-emission public transport infrastructure.

SECTOR-SPECIFIC DEVELOPMENTS

The challenges facing mobility systems and the transport operators that run them have continued to grow over the reporting period. In addition to the sustained megatrends such as population growth, urbanisation, digital transformation and the development of smart cities, it was most of all the impacts of the COVID pandemic and the more intensive measures taken at both national and international level to combat climate change that determined the agenda of the market for integrated planning, dispatch, telematics and ticketing solutions for buses and trains.

The COVID pandemic primarily led to declining passenger numbers and a corresponding fall in revenues for transport operators. In this regard, national assistance programmes offered some compensation to prevent a collapse of public transport systems and maintain the performance levels of transport operators.

Furthermore, additional investment programmes poured billions into measures to protect the climate and reduce greenhouse gases and induce a sustained transformation in public transport (under the motto of decarbonisation). In the United States alone, the Infrastructure Investment and Jobs Act (IIJA) earmarked USD 108.2 billion for investment in public transport systems. In Canada, the government is also planning to spend CAD 14.9 billion on expanding public transport to better connect the countryside and reduce carbon dioxide emissions at the same time. This programme includes new metro lines, light rail and trams, electric buses, intelligent transport infrastructure and the development of new mass transit systems. From 2026 an annual amount of CAD 3 billion is to be provided (News release, 17 February 2022 – Department of Finance Canada).

The Green Deal of the European Union requires the transport sector to reduce its greenhouse gas emissions by 90 per cent by the year 2050. The decarbonisation of the transport sector and multimodal travel using sustainable modes of transport lie at the heart of the plan. All 27 EU member states have committed to making the EU the first climate neutral continent by 2050. To this end, they have agreed to reduce their emissions by at least 55 per cent by 2030, compared to the baseline of 1990. Correspondingly, transport operators must rely on low or zero-emission vehicles for their new fleet acquisitions. Since 2 August 2021, public transport companies have been required to meet a quota of at least 45 per cent of low-emission or zero-emission vehicles when procuring new vehicles. From 2025 until the end of 2030, this quota is set to increase to 65 per cent.

By offering low-emission and increasingly zero-emission mobility solutions, public transport operators can make a contribution towards reaching the European climate goals. The EU Commission has announced that it will support the development of an infrastructure for alternative fuels and the use of bus charging and refuelling infrastructures accordingly.

This transformation places completely new demands on operational control and requires, above all, optimised charging management. For this purpose, init developed the integrated eMOBILE software suite which, beginning with the simulation and planning of services and schedules, optimises all the processes associated with depot and charging management, through to operational management, forecasts of vehicle range and analyses of energy consumption. Two of the largest fleets of e-buses in Europe and a first major customer in the United States already rely on this sector-leading technology.

For 2023 the European Commission announced a legislative initiative to promote multimodal digital mobility services (MDMS). These comprise such services as route planners, apps and distribution platforms with which existing mobility offerings from bike rentals through to bus and train connections can be linked together via a central portal. This entails a shared data platform that provides all the information in real time and over which payment transactions can be made reliably. The regiomove solution used in Karlsruhe, where init is based, is a lighthouse project for such an initiative and the trend towards Mobility as a Service (MaaS). The regiomove app bundles mass transport solutions and alternative sharing solutions without the user having to switch between apps, not even for payments. The user merely enters their intended route and the app automatically delivers the most suitable mode of transport along with the best connections and the latest offers. regiomove is a blueprint for other European cities that would like to be seen as examples of climate-neutral intelligent transport hubs offering multimodal, clean and environmentally friendly mobility solutions.

The German government has also earmarked several billion euros for the digital transformation and expansion of the public transport network as part of its climate protection programme. As a result, the funds assigned within the framework of the Federal Climate Protection Programme (GVFG ["Bundes-Gemeindeverkehrs-Finanzierungsgesetz": Federal-

Municipal Transportation Financing Act]) were increased to EUR 1 billion per year. From 2025 the funding will be increased to EUR 2 billion per year and rise by 1.8 per cent per year from 2026 onwards. In addition, assistance is provided to larger infrastructure projects in communities with a volume of EUR 30m or more each (for rail-connected projects and "cleaner" transport). Further assistance of up to EUR 250m is available until 2024 for lighthouse projects aimed at improving public transport. The Federal Minister of Transport, Volker Wissing, also announced a programme to expand and improve the quality of public transport within the course of the immediate climate action programme for the transport sector to ensure that public transport gains appeal in comparison to other transport solution providers (BMVI press release from 13 July 2022).

In the United Kingdom, another major European market for init, the government intends to provide GBP 18 billion for transport services and infrastructure within the framework of a new strategy for buses and rail transport (Bus Back Better, The Williams-Shapps Plan), followed by annual allotments of GBP 13 billion.

Similar programmes are also being initiated in other parts of the world. This is resulting in an increasing number of calls for tender for digital transformation projects, some of which reach volumes in the range of three-digit millions. As a result, as one of the leading worldwide specialists in the field of digital transformation for buses and trains, init sees itself in a very good starting position as a result.

CHANGES TO THE MANAGING BOARD

The Chief Financial Officer (CFO) of init innovation in traffic systems SE, Ms. Jennifer Bodenseh, left the company by mutual agreement on 30 June 2022 in order to devote herself to new professional challenges. The executive search for a replacement to fill the position of Chief Financial Officer at init SE has already begun. In the meantime, two other members of the Managing Board, Jürgen Greschner (CSO) and Matthias Kühn (COO) will assume the management tasks.

REPORT ON FINANCIAL PERFORMANCE, FINANCIAL POSITION AND CASH FLOWS

General business performance

In the first six months of 2022, the init group generated revenues of EUR 80.7m. This is around 5 per cent below the previous year's figure of EUR 84.7m and is in line with our expectations.

Earnings before interest and taxes (EBIT) decreased to EUR 2.9m. In the same period of the previous year, EBIT amounted to EUR 8.3m. The result is in line with our expectations.

Order situation

New contracts amounting to EUR 45.5m were acquired in the second quarter (Q2 2021: EUR 50.0m). Incoming orders are therefore 9 per cent down on the previous year's quarter.

As of 30 June 2022, incoming orders amount to EUR 108.3m and are up on the previous year (30 June 2021: EUR 100.4m).

The order backlog as of 30 June 2022 amounts to around EUR 170m and is therefore significantly up on the previous year's figure of EUR 143m.

Financial performance

Revenues of EUR 45.1m were generated in the second quarter of 2022 (Q2 2021: EUR 44.2m). Revenues in the first half-year 2022 for the init group increased to EUR 80.7m and are approximately 5 per cent down on the previous year's level (first half-year 2021: EUR 84.7m). The development of revenues is in line with our expectations.

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

in EURm	01/01-30/06/2022	%	01/01-30/06/2021	%
Germany	23.3	28.9	24.5	28.9
Rest of Europe	15.6	19.3	18.7	22.1
North America	31.6	39.2	31.9	37.7
Other countries (Australia, UAE)	10.2	12.6	9.6	11.3
Total	**80.7**	**100.0**	**84.7**	**100.0**

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

The **gross profit** amounts to EUR 28.5m and has decreased by around 6 per cent compared to the previous year (first half of 2021: EUR 30.3m). The gross margin amounts to 35.4 per cent (first half of 2021: 35.7 per cent) and has 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 20.1m as of 30 June 2022 are around EUR 2.3m higher than the previous year's figure of EUR 17.8m. Cost increases originate primarily from personnel expenses.

Research and development expenses amounted to EUR 6.4m as of 30 June 2022, around EUR 0.4m higher than the previous year's figure of EUR 6.0m. The increased expenses concentrate on new developments in the area of digitalisation. Development expenses of EUR 0.9m were recognised as internally generated intangible assets for the first time in the financial year. Approximately 9 per cent of revenues is therefore invested in research and development, up on the previous year figure of approximately 7 per cent.

Exchange losses of EUR -0.2m were made in the first half of 2022 (first half of 2021: exchange gains of EUR 0.5m) 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 2022 decreased to EUR 2.9m compared with EUR 8.3m in the first half of 2021. The result is generally in line with our expectations. The change is due to the aforementioned effects.

Net interest income (balance of interest income and interest expenses) comes to EUR -0.3m (first half of 2021: EUR -0.6m). Interest expenses have decreased in comparison to the same period of the previous year.

The **net profit of the group** as of 30 June 2022 decreased in comparison to the same period of the previous year to EUR 1.8m (first half of 2021: EUR 5.2m). This corresponds to earnings per share of EUR 0.19 (first half of 2021: EUR 0.52).

The **comprehensive income of the group** as at 30 June 2022 decreased to EUR 5.1m (first half of 2021: EUR 6.5m) due to the decline in the net profit of the group and the contrary rise in unrealised gains on foreign currency translation of foreign operations (in particular from items denominated in USD and CAD).

Financial position and cash flows

Total assets have increased by EUR 1.9m compared to 31 December 2021 to EUR 218.8m.

Cash and cash equivalents including **securities and bonds** came to EUR 26.4m on the reporting date (31 December 2021: EUR 28.2m) and are therefore down by EUR 1.8m (6 per cent).

The increase of EUR 0.9m in **contract assets** (4 per cent) to EUR 22.5m (31 December 2021: EUR 21.6m) can be primarily attributed to an increase in revenues and outstanding milestone payments.

Inventories increased by EUR 2.8m (8 per cent) as of 30 June 2022 to EUR 37.1m (31 December 2021: EUR 34.3m).

Current and non-current liabilities to banks of EUR 41.7m (31 December 2021: EUR 29.3m) primarily relate to loans to finance the purchase of real estate and corporate acquisitions, the new ERP system, shares in DResearch Fahrzeugelektronik-gruppe (DVS/DFE), the purchase of the outstanding shares in iris-GmbH and the bridge financing of project business.

Equity amounts to EUR 99.9m and is therefore down compared to the end of the previous year (31 December 2021: EUR 102.6m). The **equity ratio** also decreased to 45.7 per cent (31 December 2021: 47.3 per cent).

Cash flow from operating activities amounted to EUR -2.4m (first half of 2021: EUR 8.0m) and decreased significantly in comparison to the previous year. Generally, the decline is attributable to an increase of trade accounts receivable (first half of 2021: significant decrease) and a simultaneous increase in contract liabilities (first half of 2021: significant decrease).

The **cash flow from investing activities** amounts to EUR -4.1m (first half of 2021: EUR -3.0m) and originates mainly from investments in replacements and business expansion, the capitalisation of development cost, the pro rata purchase price payment to acquire DResearch Fahrzeugelektronikgruppe (DVS/DFE) and the payment of the related earn-out.

The **cash flow from financing activities** amounts to EUR 3.8m (first half of 2021: EUR -6.0m) and consists primarily of the short-term euro loans taken out, the payment of dividends and the repayment of existing loans.

Personnel

On average, the group employed 1,061 staff in the first six months (first half of 2021: 1,036). The number of part-time workers has increased by 26. Of these, 197 are employed on a part-time basis as of the end of the first half of 2022 (first half-year 2021: 171). The increase in the headcount serves the purpose of meeting current projects on time, expanding research and development activities and reinforcing the organisation to cope with the planned growth.

Number of employees by region:

	30/06/2022	30/06/2021
Germany	850	802
Rest of Europe	49	52
North America	116	139
Other countries	46	43
Total	**1,061**	**1,036**

OPPORTUNITIES AND RISKS

The opportunities and risks which can have a crucial impact on the financial performance, financial position and cash flows of the init group are set out in our Annual Report 2021 on pages 45 and thereafter. The opportunities and risks described in the Annual Report 2021 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 27.

FORECAST AND OUTLOOK

After the first six months of 2022 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 2022 are generally in line with the expectations of the Managing Board. We currently assume that our original planned forecast for revenues of **between EUR 190 and 200m and EBIT of between EUR 15 and 20m** is still achievable. However, should the situation deteriorate due to the crisis and, in particular, due to the shortage of materials, our company will not be left completely unscathed.

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 virus 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 the 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 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 revenues 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 flows 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 2022

The Managing Board

Dr. Gottfried Greschner   Dr. Jürgen Greschner

Matthias Kühn

HALF-YEAR FINANCIAL STATEMENTS

Consolidated Income Statement

from 1 January 2022 to 30 June 2022 (IFRS) with comparative values (unaudited)

EUR'000	01/04 to 30/06/2022	01/04 to 30/06/2021	01/01 to 30/06/2022	01/01 to 30/06/2021
Revenues	45,080	44,151	80,657	84,680
Cost of sales	-28,696	-27,290	-52,137	-54,410
Gross profit	**16,384**	**16,861**	**28,520**	**30,270**
Sales and marketing expenses	-5,905	-4,698	-11,108	-9,354
General administrative expenses	-4,665	-4,628	-9,017	-8,471
Research and development expenses	-3,010	-3,148	-6,414	-5,979
Other operating income	810	642	1,473	1,513
Other operating expenses	-78	-124	-398	-186
Foreign currency gains and losses	-1,182	478	-190	504
Earnings before interest and taxes (EBIT)	**2,354**	**5,383**	**2,866**	**8,297**
Interest income	2	11	5	16
Interest expenses	-165	-301	-288	-576
Earnings before taxes (EBT)	**2,191**	**5,093**	**2,583**	**7,737**
Income taxes	-797	-1,752	-801	-2,572
Net profit	**1,394**	**3,341**	**1,782**	**5,165**
thereof attributable to equity holders of parent company	1,439	3,311	1,901	5,153
thereof non-controlling interests	-45	30	-119	12
Earnings and diluted earnings per share in EUR	0.14	0.34	0.19	0.52
Average number of floating shares	9,935,484	9,933,314	9,935,241	9,933,208

Consolidated Statement of Comprehensive Income

from 1 January 2022 to 30 June 2022 (IFRS) with comparative values (unaudited)

EUR'000	01/04 to 30/06/2022	01/04 to 30/06/2021	01/01 to 30/06/2022	01/01/ bis 30/06/2021
Net income	**1,394**	**3,341**	**1,782**	**5,165**
Items to be reclassified to the income statement:				
Net gains (+) / losses (-) on currency translation	2,837	-546	3,272	1,293
Total other comprehensive income	**2,837**	**-546**	**3,272**	**1,293**
Total comprehensive income	**4,231**	**2,795**	**5,054**	**6,458**
thereof attributable to equity holders of the parent company	4,276	2,765	5,173	6,446
thereof non-controlling interests	-45	30	-119	12

Consolidated Balance Sheet

as of 30 June 2022 (IFRS) with comparative values (unaudited)

EUR'000	30/06/2022	30/06/2021	31/12/2021
Cash and cash equivalents	26,429	31,714	28,158
Marketable securities and bonds	30	41	39
Trade accounts receivable	32,739	24,004	32,038
Contract assets	22,475	27,991	21,628
Receivables from related parties	0	50	3
Inventories	37,095	36,026	34,338
Income tax receivable	761	0	2,805
Other current assets	4,444	3,419	3,523
Current assets, total	**123,973**	**123,245**	**122,532**
Property, plant and equipment	55,657	56,699	55,668
Investment property	1,367	1,377	1,360
Goodwill	12,488	12,488	12,488
Other intangible assets	17,099	17,574	16,783
Interests in associated companies	841	570	841
Deferred tax assets	4,121	3,292	3,926
Other assets	3,263	3,129	3,302
Non-current assets, total	**94,836**	**95,129**	**94,368**
Assets, total	**218,809**	**218,374**	**216,900**
Bank loans	29,240	21,747	14,061
Trade accounts payable	6,879	7,406	6,932
Contract liabilities	8,633	7,738	7,075
Advance payments received	2,024	3,681	2,468
Income tax payable	0	202	3,444
Provisions	6,976	9,231	8,609
Other current liabilities	22,364	23,823	24,281
Current liabilities, total	**76,116**	**73,828**	**66,870**
Bank loans	12,427	17,555	15,279
Deferred tax liabilities	5,447	6,146	5,284
Pensions accrued and similar obligations	11,137	12,121	10,822
Provisions	1,880	2,451	2,403
Other financial liabilities	0	1,192	1,214
Lease liabilities	11,873	13,436	12,404
Non-current liabilities, total	**42,764**	**52,901**	**47,406**
Liabilities, total	**118,880**	**126,729**	**114,276**
Attributable to equity holders of the parent company			
Subscribed capital	10,040	10,040	10,040
Additional paid-in capital	5,747	6,810	7,587
Treasury shares	-2,918	-2,467	-2,467
Surplus reserves and consolidated unappropriated profit	83,789	80,037	87,344
Other reserves	3,171	-2,975	-100
	99,829	**91,445**	**102,404**
Non-controlling interests	100	200	220
Shareholders' equity, total	**99,929**	**91,645**	**102,624**
Liabilities and shareholders' equity, total	**218,809**	**218,374**	**216,900**

Consolidated Cash Flow Statement

from 1 January 2022 to 30 June 2022 (IFRS) with comparative values (unaudited)

EUR '000	01/01 to 30/06/2022	01/01 to 30/06/2021
Cash flow from operating activities		
Net income	1,782	5,165
Amortisation and depreciation	4,909	4,868
Gains or losses on the disposal of fixed assets	-16	20
Change in provisions and accruals	-2,088	-2,110
Change in inventories	-1,758	-3,027
Change in trade accounts receivable and contract assets	1,338	10,558
Change in other assets, not provided by / used in investing or financing activities	1,280	823
Change in trade accounts payable	-700	-811
Change in advanced payments received and contract liabilities	863	-5,478
Change in other liabilities, not provided by / used in investing or financing activities	-6,887	-2,949
Amount of other non-cash income and expenses	-1,073	898
Net cash from operating activities	**-2,350**	**7,957**
Cash flow from investing activities		
Payments received on disposal of property, plant and equipment	302	281
Investments in property, plant, equipment and other intangible assets	-3,294	-1,753
Investment in subsidiaries less acquired cash	-1,110	-1,528
Net cash flows used in investing activities	**-4,102**	**-3,000**
Cash flow from financing activities		
Dividend paid out	-5,460	-5,483
Cash payments for purchase of treasury shares	-1,213	-667
Payments received from bank loans	18,379	13,835
Redemption of bank loans	-6,052	-11,982
Change in current and non-current lease liabilities	-1,833	-1,715
Net cash flows used in financing activities	**3,821**	**-6,012**
Net effects of currency translation and consolidation changes in cash and cash equivalents	902	558
Changes in cash and cash equivalents	**-1,729**	**-497**
Cash and cash equivalents at the beginning of the period	28,158	32,211
Cash and cash equivalents at the end of the period	**26,429**	**31,714**

Consolidated Statement of Changes in Equity

from 1 January 2022 to 30 June 2022 (IFRS) with comparative values (unaudited)

EUR '000	Subscribed capital	Additional paid-in capital	Treasury shares
	Attributable to equity holders of		
Status as of 31/12/2020	**10,040**	**6,619**	**-2,384**
Net income			
Other comprehensive income			
Total comprehensive income			
Dividend paid out			
Share-based payments		190	584
Acquisition of treasury shares			-667
Rounding		1	
Status as of 30/06/2021	**10,040**	**6,810**	**-2,467**
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 treasury shares			-1,212
Rounding			
Status as of 30/06/2022	**10,040**	**5,747**	**-2,918**

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		
80,327	**-4,246**	**-21**	**-1**	**90,334**	**188**	**90,522**
5,153				5,153	12	5,165
23		1,293		1,316		1,316
5,176		1,293		6,469	12	6,481
-5,467				-5,467		-5,467
				774		774
				-667		-667
1				2		2
80,037	**-4,246**	**1,272**	**-1**	**91,445**	**200**	**91,645**
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**

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 2022 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 2022 have not been reviewed by auditors. The half-year financial statements were transmitted to the audit committee on 2 August 2022 and to the Supervisory Board on 4 August 2022.

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 2021, 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 2022 did not have any material impact on the consolidated financial statements.

The recognition criteria of IAS 38 are fulfilled for the first time in the 2022 financial year. Accordingly, development costs were capitalised as intangible assets in accordance with IAS 38.

With regard to software, any development expenses directly allocable to the development and testing of identifiable individual software products over which the group has control are recognised as intangible assets in keeping with the standard, if the following criteria are met:

- Completion of the software product is technically feasible
- Management has the intention to complete the software product and has an ability to use or sell it
- There is an ability to use or sell the software product
- It can be demonstrated that the software product is likely to result in future economic benefits
- Adequate technical, financial and other resources are available to complete the development and to use or sell the software product
- The expenses allocable to the software product during its development can be reliably measured

The costs directly allocable to the software product include personnel expenses of those employees directly involved in the development and an appropriate portion of the corresponding overheads. In addition, development expenses include the costs for services provided directly for the software product by third-party service providers.

Development expenses that do not meet the recognition criteria are expensed in the period in which they incurred. Development expenses that have already been expensed may not be subsequently capitalised. Development expenses for software that are recognised as internally generated intangible assets are amortised from the date of the product's completion.

Consolidated group

There were no changes in the consolidated group compared with 31 December 2021.

Revenues

EUR '000	30/06/2022	30/06/2021
Revenues from the application of the POC-method an delivery projects	50,422	58,401
Revenues from maintenance contracts	18,531	18,560
Revenues from subsequent and replacement deliveries	11,704	7,719
Total	**80,657**	**84,680**

Inventories

Impairment losses of EUR 86k were recognised on inventories through profit or loss (30 June 2021: reversals of impairments of EUR 81k). The expense is included in the cost of sales in the income statement of the previous year.

Trade accounts receivable

Write-downs on receivables came to EUR 1,553k (30 June 2021: EUR 4,834k). Thereof, EUR 89k was posted through profit or loss (30 June 2021: EUR 132k) in the current financial year.

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 1,232k (30 June 2021: EUR 1,300k). In the period under review, advance payments of EUR 559k (30 June 2021: EUR 63k) were made for assets under construction.

The scheduled depreciation totalled EUR 3,071k (30 June 2021: EUR 3,071k). Sales of property, plant and equipment generated profit of EUR 18k (30 June 2021: EUR 35k). As of 30 June 2022 depreciation of the right-of-use assets pursuant to IFRS 16 comes to EUR 1,830k (30 June 2021: EUR 1,719k).

Investment property

Investment property as defined in IAS 40 – property and buildings that are not used for commercial operations – refers to the acquisition of the neighbouring properties on Kaeppelestrasse 8/8a in Karlsruhe in 2012 as well as the apartments of iris. Rental income was EUR 147k as of 30 June 2022 (30 June 2021: EUR 159k). The scheduled depreciation is EUR 11k (30 June 2022: EUR 31k).

Liabilities

Liabilities are carried at amortised acquisition cost. The current liabilities to banks of EUR 29.2m (31 December 2021: EUR 14.1m) 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 12.4m (31 December 2021: EUR 15.3m) relate to the long-term portion of real estate financing and acquisition financing as well as long-term investment 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 Management 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
- 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 2022, additional paid-in capital came to EUR 5,747k, comprising EUR 3,141k from the premium on shares sold in the IPO and the 2002 capital increase. A further EUR 3,932k was allocated for share scheme expenses for the years 2005 to 2021. In 2022, there was a change in the amount of EUR -1,840k. Additional paid-in capital was increased by EUR 514k through the sale of treasury stock in 2007.

Treasury stock
As of 1 January 2022, treasury stock comprised 104,037 shares. In the first half-year of 2022, 22,791 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 8 March 2022 to repurchase up to 40,000 shares for a maximum total purchase price of EUR 1,000,000. As a result, 31,047 shares were repurchased for a total price of EUR 999,980.25 between 9 March and 20 April 2022 at an average share price of EUR 32.21. In addition, based on a resolution dated 14 June 2022, a further 20,000 treasury shares were repurchased in the period from 15 June to 18 July 2022. Of these, a total of 9,520 shares were repurchased by 30 June 2022 for an average price of EUR 22.35. The employees of the init group were offered shares in init SE as a profit participation within the framework of an employee incentive programme. The eligible employees received 7,890 shares in April 2022 with a minimum holding period of two years. Consequently, treasury stock totalled 113,923 shares on 30 June 2022. Treasury stock is valued at acquisition cost of EUR 2,918k (cost method) (31 December 2021: EUR 2,467k) and deducted from shareholders' equity. As of 30 June 2022, the 113,923 shares have an imputed share in capital stock of EUR 113,923 (1.13 per cent). The average repurchase price was EUR 25.62 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.

Dividends paid

EUR '000	
Dividend for 2021: 55 Cent per share distributed on 23 May 2022	5,465
Dividend for 2020: 40 Cent per share distributed on 25 May 2021	5,467

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 significant negative outcomes 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	30/06/2022	31/12/2021
ASSETS		
Financial assets at amortised cost	**83,101**	**82,752**
Cash and cash equivalents	26,429	28,158
Trade accounts receivable	32,739	32,038
Accounts receivable due to related parties	0	3
Future receivables from production orders	22,475	21,628
Other financial assets (current)	1,458	925
Financial assets available for sale	**30**	**39**
Marketable securities and bonds	30	39
Financial assets at fair value through profit or loss	**0**	**28**
Derivative financial assets	0	28
LIABILITIES		
Financial liabilities recognised at amortised cost	**52,236**	**44,949**
Bank loans (current and non-current)	41,667	29,340
Trade accounts payable	6,879	6,932
Other liabilities (current)	3,690	7,463
Other liabilities (non-current)	0	1,214
Financial liabilities at fair value through profit or loss	**24**	**114**
Derivative financial instruments	24	114

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.

EUR '000	30/06/2022	Level			31/12/2021	Level		
	Total	1	2	3	Total	1	2	3
Financial assets available for sale								
Marketable securities and bonds	**30**	30			39	39		
Financial assets reported at fair value through profit or loss								
Derivative financial assets	**0**		0		28		28	
Financial liabilities reported at fair value through profit or loss								
Derivative financial instruments	**24**		24		114		114	

In the reporting period ending 30 June 2022 and the reporting period ending 31 December 2021, 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 reporting year and also 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 2021.

EUR '000	Associated companies		Other related parties and persons	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
Trade accounts receivable and other income	**315**	667	**0**	0
Trade accounts payable and other expenses	**136**	222	**290**	289
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Receivables	**0**	3	**0**	0
Payables	**0**	0	**0**	0

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, Karslruhe and the remaining 32.61 per cent from Eila Greschner. The monthly rental payments are approximately EUR 46k (total annual rent: EUR 547k). The rent is contractually fixed until 30 June 2026. Total payments of EUR 5k (30 June 2021: EUR 4k) made to family members of a Managing Board member were recognised under personnel expenses in the first six months.

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 2022, the group had not set aside any valuation allowances for receivables from related parties.

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

For the first half-year 2022, one notification of changes in the voting rights of init SE pursuant to Sec. 21 (1) WpHG was reported.

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

Karlsruhe, 10 August 2022

The Managing Board

Dr. Gottfried Greschner   Dr. Jürgen Greschner

Matthias Kühn

> Financial Calendar 2022

10 November
Publication Quarterly Statement 3/2022

28-29 November
Equity Forum (one-on-one meetings)

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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.