



## IMPORTANT BUSINESS UPDATE THIRD QUARTER 2022

### Current Orders

In the third quarter, init acquired new orders to the value of EUR 33.8m (Q3 2021: EUR 37.8m). Incoming orders for the third quarter is EUR 4.0m below the previous year's level. Cumulated analysis shows improved incoming orders of EUR 142.2m as of 30 September 2022; an increase of EUR 4.0m compared to the previous year's figure (30 September 2021: EUR 138.2m).

The order backlog as of 30 September 2022 amounts to approximately EUR 159m and is EUR 16m above the previous year's level (30 September 2020: EUR 143m).

### Earnings Position

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

In 2022, the third quarter has so far been the strongest in terms of revenue. We expect a significant increase in revenue again in the fourth quarter.

In the third quarter of 2022, the init group generated revenues of EUR 50.5m which corresponds to an increase of EUR 10.1m or 25 per cent compared to the previous year's quarter (Q3 2021: EUR 40.4m). Accordingly, revenue in the first nine months of 2022 amounted to EUR 131.1m and was EUR 6.0m or approximately 5 per cent above the previous year's figure (30 September 2021: EUR 125.1m).

**Breakdown of revenue by region from a nine-month perspective:**

in millions EUR	01/01-30/09/2022	%	01/01-30/09/2021	%
Germany	35.6	27.2	36.9	29.5
Rest of Europe	27.2	20.7	27.5	22.0
North America	52.1	39.7	46.4	37.1
Other countries (Australia, UAE)	16.2	12.4	14.3	11.4
<b>Total</b>	<b>131.1</b>	<b>100.0</b>	<b>125.1</b>	<b>100.0</b>

Revenue based on customer's location.

The **gross profit** as of 30 September 2022 amounted to EUR 49.7m, an increase of EUR 6.0m or 13.7 per cent above the previous year's level (30 September 2021: EUR 43.7m). The gross margin of 37.9 per cent is also above the previous year's figure of 34.9 per cent. The change in gross margin is mainly due to the significantly increased follow-up business.

**Sales and administrative expenses** amounts to EUR 31.0m as of 30 September 2022 at EUR 4.9m above the previous year (30 September 2021: EUR 26.1m). The increase in costs is mainly due to higher personnel costs, advertising and travel costs that are normalising after the pandemic, as well as consulting costs in connection with regulatory requirements. The cost increase in this sector is in line with our expectations.

**Research and development expenses** amounts to EUR 9.8m as of 30 September 2022 at EUR 0.6m above the already very high previous year's figure of EUR 9.2m. In the reporting period, the init group focused on innovative developments in the digitalisation sector. The increase in expenses is in line with our expectations.

**Foreign exchange losses** amounts to EUR 114k as of 30 September 2022 (30 September 2021: foreign exchange gains of EUR 48k). This relates mainly to unrealised exchange rate gains and losses from the valuation of receivables and liabilities in foreign currencies as at the reporting date.

**Earnings before interest and taxes (EBIT)** fell slightly by EUR 0.3m or 2.9 per cent to EUR 10.2m as of 30 September 2022 (30 September 2021: EUR 10.5m). The main drivers are personnel costs and increased procurement costs due to the ongoing global shortage of materials. As an innovative IT company, we are affected by the current labour market situation combined with the shortage of highly qualified IT specialists, which leads to disproportionately rising personnel costs. The EBIT is therefore in line with our expectations.

**Net interest income** (balance of interest income and interest expenses) amounted to EUR -0.5m and is above the previous year's figure despite the rising interest rate level (30 September 2021: EUR -0.8m).

**Net profit** amounted to EUR 6.8m as of 30 September 2022 (30 September 2021: EUR 7.3m). This corresponds to earnings per share of EUR 0.69 (30 September 2021: EUR 0.74).

Due to unrealised gains from the currency translation of foreign companies, in particular from the USD and CAD currencies, the **total comprehensive income** as of 30 September 2022 increased to EUR 13.6m (30 September 2021: EUR 9.3m).

Compared to the previous year's period, **cash flow from operating activities** as of 30 September 2022 increased to EUR 9.2m (30 September 2021: EUR 6.9m). The rising was mainly due to the increase in contract liabilities and the decrease in contract assets. This was partly offset by the increase in trade accounts receivables.

**Cash flow from investing activities** as of 30 September 2022 amounted to EUR -7.2m (Q3 2021: EUR -2.5m) and results mainly from investments in intangible assets and property, plant and equipment, which essentially relate to furniture, fixtures and office equipment.

**Cash flow from financing activities** as of 30 September 2022 amounts to EUR 1.1m (30 September 2021: EUR -7.7m) and mainly includes bank loans and, in the opposite direction, the dividend payment.

**Equity** amounts to EUR 108.3m, which is above the previous year's figure of EUR 94.5m. **Equity ratio** increased to 47.4 per cent (30 September 2021: 43.7 per cent).

## Personnel

On average, the init group employed 1,086 employees in the first nine months of the year (30 September 2021: 1,054) including temporary workers, research assistants and diploma students. The proportion of part-time employees also increased. Of the 1,086 employees, 199 are employed on a part-time basis (30 September 2021: 177). The increase in personnel serves to expand development activities and thus to secure and strengthen our planned growth.

### Number of employees by region:

	01/01/-30/09/2022	01/01/-30/09/2021
Germany	854	821
Rest of Europe	50	51
North America	138	139
Other countries	44	43
<b>Total</b>	<b>1,086</b>	<b>1,054</b>

## Opportunities and Risk

The opportunities and risks which can have a crucial impact on the assets, financial and earnings position of the init group are set out in our Annual Report 2021 on pages 43 and following. The opportunities and risks described in the Annual Report 2021 remain largely unchanged.

We continue to assess the risks as high to very high on the procurement market due to material shortages, disruptions in the supply chains for various raw materials and components, among other things due to geopolitical upheavals, as well as rising price levels.

Due to increased competition for skilled workers, especially IT specialists, we foresee a growing difficulty in filling vacancies.

All foreseeable risks are regularly analysed and corresponding measures initiated or precautions

taken. In our opinion, there are no risks capable of jeopardising the continued existence of the company.

## Changes to the Managing Board

The Supervisory Board of init innovation in traffic systems SE has appointed a new Chief Financial Officer. Dr. Marco Ferber will take up this position with effect from 1 March 2023, succeeding Jennifer Bodenseh who left the company by mutual agreement on 30 June 2022 to pursue new professional opportunities. In the meantime, two other members of the Managing Board, Jürgen Greschner (CSO) and Matthias Kühn (COO) will assume the management tasks.

## Forecast and Outlook

The expansion of the global economy has almost come to a standstill under the impact of high inflation, stubborn supply bottlenecks and great uncertainty. Real wages are falling significantly in many countries and dampening private consumption. Financial conditions have deteriorated after central banks tightened their policies, in some cases significantly. Against this backdrop, the outlook for the global economy has deteriorated further. Global output growth is expected to be only 2.9 per cent this year. The global economic development in the third quarter of 2022 was characterised by bottlenecks on commodity markets and delays in supply chains for the manufacturing industry. This had a direct impact on procurement prices and led to cuts in production at many companies. Against this backdrop, leading economic researchers again downgraded their forecasts for global growth in 2022. Consumer price inflation has continued to increase worldwide in recent months. In the euro area, the rate of inflation climbed to 9.1 per cent in August, and in the United Kingdom the threshold of 10 per cent was even exceeded during July (Source: (Konjunkturbericht IfW Kiel Q3 2022).

In the short term, init, as a globally active company, was also unable to avoid this general trend. Nevertheless, sustainable growth factors such as

ongoing digitisation and new investment programmes for public transport continue to have an impact. In the third quarter, this was reflected in positive revenue and profit compared with the previous year's quarter. Furthermore, we are recording an increase in incoming orders and order backlog.

We were able to significantly increase our results in the third quarter of 2022 compared to the same quarter last year, despite difficult conditions. The EBIT is at the upper end of our expectations. However, due to the uncertainties in the development of revenue as well as increased procurement costs and the difficult personnel situation, a reliable forecast remains difficult.

After the first nine months of the 2022 financial year, the init group is well on its way to achieving the targets set for the year as a whole. Overall, the key figures achieved for the nine months to September 2022 are in line with the expectations of the Managing Board.

In order to further advance current trends such as digitalisation, electromobility, mobility as a service, and autonomous driving, init will continue to expand its research and development activities in the fourth quarter. We continue to see considerable potential for further growth in the digitalisation of transport infrastructure and the expansion of integrated system solutions with innovative technologies. We are confident about investment programmes launched in Germany, the European Union and the USA for an environmentally compatible transport infrastructure and expect an acceleration of growth in the medium term, for which the course is already being set.

Based on these findings, we continue to assume that it will be able to achieve our original planning target corridor for revenue between **EUR 190 and EUR 200m** and **EBIT between EUR 15m and EUR 20m** can still be achieved.

Despite the difficult conditions in our market segment, we continue to see very high growth potential in our sector, thanks to investment programmes in the digitalisation of transport

infrastructure that have been announced and are already in the process of implementation.

### Additional Information

This quarterly statement and the information contained is 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 forecast figures if new risk factors occur or assumptions about planning become retrospectively incorrect.



## CONSOLIDATED INCOME STATEMENT

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

EUR'000	01/07 to 30/09/2022	01/07 to 30/09/2021	01/01 to 30/09/2022	01/01 to 30/09/2021
Revenues	50,481	40,376	131,139	125,056
Cost of sales	-29,265	-26,965	-81,403	-81,375
<b>Gross profit</b>	<b>21,216</b>	<b>13,411</b>	<b>49,736</b>	<b>43,681</b>
Sales and marketing expenses	-6,043	-4,991	-17,150	-14,345
General administrative expenses	-4,837	-3,302	-13,854	-11,773
Research and development expenses	-3,433	-3,206	-9,846	-9,185
Other operating income	728	892	2,200	2,405
Other operating expenses	-361	-117	-759	-303
Foreign currency gains	77	-456	-114	48
<b>Earnings before interest and taxes (EBIT)</b>	<b>7,347</b>	<b>2,231</b>	<b>10,213</b>	<b>10,528</b>
Interest income	3	2	8	19
Interest expenses	-213	-241	-501	-818
<b>Earnings before taxes (EBT)</b>	<b>7,137</b>	<b>1,992</b>	<b>9,720</b>	<b>9,729</b>
Income taxes	-2,093	148	-2,894	-2,424
<b>Net profit</b>	<b>5,044</b>	<b>2,140</b>	<b>6,826</b>	<b>7,305</b>
thereof attributable to equity holders of parent company	5,033	2,090	6,934	7,243
thereof non-controlling interests	11	50	-108	62
Earnings and diluted earnings per share in EUR	0.51	0.22	0.69	0.74
Average number of floating shares	9,929,489	9,932,411	9,929,010	9,934,137

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

EUR'000	01/07 to 30/09/2022	01/07 to 30/09/2021	01/01 to 30/09/2022	01/01 to 30/09/2021
<b>Net income</b>	<b>5,044</b>	<b>2,140</b>	<b>6,826</b>	<b>7,305</b>
<b>Items to be reclassified to the income statement:</b>				
Net gains (+) / losses (-) on currency translation	3,534	689	6,805	1,983
<b>Total other comprehensive Income</b>	<b>3,534</b>	<b>689</b>	<b>6,805</b>	<b>1,983</b>
<b>Total comprehensive Income</b>	<b>8,578</b>	<b>2,829</b>	<b>13,631</b>	<b>9,288</b>
thereof attributable to equity holders of the parent company	8,567	2,779	13,739	9,226
thereof non-controlling interests	11	50	-108	62



# CONSOLIDATED BALANCE SHEET

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

EUR'000	30/09/2022	30/09/2021	31/12/2021
Cash and cash equivalents	33,081	29,654	28,158
Marketable securities and bonds	29	41	39
Trade accounts receivable	37,739	27,906	32,038
Contract assets	18,209	25,825	21,628
Receivables from related companies	0	17	3
Inventories	38,186	36,149	34,338
Income tax receivable	0	0	2,805
Other current assets	3,716	2,562	3,523
<b>Current assets, total</b>	<b>130,960</b>	<b>122,154</b>	<b>122,532</b>
Property, plant and equipment	56,905	56,059	55,668
Investment property	1,380	1,362	1,360
Goodwill	12,488	12,488	12,488
Other intangible assets	18,215	17,174	16,783
Interests in associated companies	664	570	841
Deferred tax assets	4,235	3,293	3,926
Other non-current assets	3,302	3,123	3,302
<b>Non-current assets, total</b>	<b>97,189</b>	<b>94,069</b>	<b>94,368</b>
<b>Assets, total</b>	<b>228,149</b>	<b>216,223</b>	<b>216,900</b>
Bank loans	25,894	22,948	14,061
Trade accounts payable	7,875	6,019	6,932
Contract liabilities	11,199	6,934	7,075
Advance payments received	77	2,767	2,468
Income tax payable	1,394	167	3,444
Provisions	6,645	8,446	8,609
Other current liabilities	23,409	25,156	24,281
<b>Current liabilities, total</b>	<b>76,493</b>	<b>72,437</b>	<b>66,870</b>
Bank loans	14,202	15,559	15,279
Deferred tax liabilities	4,346	4,792	5,284
Pensions accrued and similar obligations	11,299	12,297	10,822
Provisions	1,935	2,653	2,403
Other non-current liabilities	0	1,192	1,214
Lease liabilities	11,618	12,797	12,404
<b>Non-current liabilities, total</b>	<b>43,400</b>	<b>49,290</b>	<b>47,406</b>
<b>Liabilities, total</b>	<b>119,893</b>	<b>121,727</b>	<b>114,276</b>
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	-3,148	-2,467	-2,467
Surplus reserves and consolidated unappropriated profit	88,801	82,149	87,344
Other reserves	6,705	-2,285	-100
	<b>108,145</b>	<b>94,247</b>	<b>102,404</b>
Non-controlling interests	111	249	220
<b>Shareholders' equity, total</b>	<b>108,256</b>	<b>94,496</b>	<b>102,624</b>
<b>Liabilities and shareholders' equity, total</b>	<b>228,149</b>	<b>216,223</b>	<b>216,900</b>



# CONSOLIDATED CASH FLOW STATEMENT

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

EUR '000	01/01 to 30/09/2022	01/01 to 30/09/2021
<b>Cash flow from operating activities</b>		
Net income	6,826	7,305
Amortisation and depreciation	7,545	7,348
Gains or losses on the disposal of fixed assets	-31	32
Change in provisions and accruals	-2,450	-2,593
Change in inventories	-1,881	-2,857
Change in trade accounts receivable and contract assets	3,829	9,848
Change in other assets, not provided by / used in investing or financing activities	2,814	1,719
Change in trade accounts payable	,471	-2,582
Change in advanced payments received and contract liabilities	1,154	-7,285
Change in other liabilities, not provided by / used in investing or financing activities	-5,822	-3,469
Amount of other non-cash income and expenses	-2,278	-616
<b>Net cash from operating activities</b>	<b>9,235</b>	<b>6,850</b>
<b>Cash flow from investing activities</b>		
Payments received on disposal of property, plant and equipment	342	280
Investments in property, plant, equipment and other intangible assets	-6,649	-2,740
Investment in subsidiaries less acquired cash	-1,110	0
Investment in associated companies	177	0
<b>Net cash flows used in investing activities</b>	<b>-7,240</b>	<b>-2,459</b>
<b>Cash flow from financing activities</b>		
Dividend paid out	-5,456	-5,456
Cash payments for purchase of treasury shares	-1,442	-667
Payments received from bank loans	15,943	18,397
Redemption of bank loans	-5,186	-17,339
Change in current and non-current lease liabilities	-2,782	-2,618
<b>Net cash flows used in financing activities</b>	<b>1,077</b>	<b>-7,683</b>
Net effects of currency translation and consolidation changes in cash and cash equivalents	1,851	735
<b>Decrease in cash and cash equivalents</b>	<b>4,923</b>	<b>-2,557</b>
Cash and cash equivalents at the beginning of the period	28,158	32,211
<b>Cash and cash equivalents at the end of the period</b>	<b>33,081</b>	<b>29,654</b>

## FINANCIAL CALENDAR 2022/2023

# Q4

2022

**28 November 1:30 pm CET**

Room: Hong Kong  
Equity Forum

# Q1

2023

**30 March**

Publication Annual Report 2022 /  
Press and Analyst Conference

# Q2

2023

**11 May**

Publication of Quarterly Statement 1/2023

**25 May**

Annual General Meeting 2023

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