



## IMPORTANT BUSINESS TRANSACTIONS IN THE THIRD QUARTER 2020

### Order situation

In the third quarter, init was able to acquire new orders in total of EUR 31.7m (Q3 2019: EUR 19.3m). Considered individually, incoming orders for the third quarter are above the previous year's level. Cumulated analysis shows incoming orders as of 30 September 2020 of EUR 119.2m in total, below the level of the previous year (30 September 2019: EUR 133.4m).

The planned signing of the contract for the Houston project (ad hoc announcement dated 27 February 2020) has been postponed due to corona. We still expect the contract to be signed before the end of this financial year. The project includes an account-based fare management system with a contract volume exceeding USD 30m.

With the planned order from Houston, the incoming orders at the reporting date would be higher than in the previous year.

We still consider the planned target of EUR 180 - 190m to be achievable. The contract award for the Houston

project has been taken into account. In the event of further delays, the incoming orders could be deferred to the following year.

The order backlog as of 30 September 2020 is around EUR 139m, which is also below the previous year's level (EUR 162m) due to the above-mentioned situation.

### Earnings position

Distribution of revenues in the init group is traditionally unevenly spread throughout the financial year. The first three quarters are usually lower in revenues and the fourth quarter the strongest.

The init group generated revenues of EUR 49.6m in the third quarter of 2020 (Q3 2019: EUR 35.8m). Accordingly, revenues in the first nine months of 2020 amounted to EUR 130.9m and were around 16 per cent up on the previous year (30 September 2019: EUR 112.8m). The achieved results are in line with our expectations.

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

in million EUR	01/01-30/09/2020	%	01/01-30/09/2019	%
Germany	32.3	24.7	30.5	27.0
Rest of Europe	28.5	21.7	25.4	22.5
North America	56.9	43.4	42.3	37.6
Other countries (Australia, UAE)	13.2	10.2	14.6	12.9
<b>Total</b>	<b>130.9</b>	<b>100.0</b>	<b>112.8</b>	<b>100.0</b>

Revenues based on customer's location.

The **gross profit** as of 30 September 2020 amounts to EUR 43.2m and is significantly above the previous year (EUR 38.7m). This improvement compared to the previous year is a result of increase in revenues. The gross margin was 33.0 per cent slightly below the previous year of 34.3 per cent. The previous year had been affected by exceptionally high follow-up business in the second quarter.

**Sales and administrative expenses** as of 30 September 2020 were EUR 23.8m, approximately EUR 1.2m above the previous year (30 September 2019: EUR 22.6m). The increase mainly relates to the new acquisition of the DResearch Fahrzeugelektronikgruppe (DVS/DFE) as of 1 April 2020. Adjusted, the expenses are at the previous year's level.

**Research and development expenses** as of 30 September 2020 are EUR 7.9m, and about EUR 0.7m below the previous years level of EUR 8.6m. In the reporting period, the init group focused on the processing of customer projects.

**Foreign exchange losses** amounted to EUR 0.8m as of 30 September 2020 (30 September 2019: foreign exchange gain of EUR 0.4m). This relates mainly to unrealized exchange gains and losses from the valuation of receivables and liabilities in foreign currencies.

**Earnings before interest and taxes (EBIT)** increased significantly to EUR 12.4m as of 30 September 2020 (30 September 2019: EUR 10.4m). The EBIT has been increased due to the aforementioned effects. The result is in line with our expectations.

**Net interest income** (balance of interest income and interest expenses) amounts to EUR -0.6m and is therefore

at the same level as in the previous year (30 September 2019: EUR -0.6m).

Overall, **net profit** as of 30 September 2020 increased to EUR 8.0m (30 September 2019: EUR 6.8m). This corresponds to earnings per share of EUR 0.81 (30 September 2019: EUR 0.67).

Due to unrealised losses from currency translation of the foreign companies, in particular from USD and CAD, the **total comprehensive income** decreased to EUR 6.4m (30 September 2019: EUR 8.3m).

Compared to the prior-year period, **cash flow from operating activities** decreased to EUR 16.2m (30 September 2019: EUR 19.6m). This decline is due to the stronger build-up of inventories - in order to remain able to deliver even in the corona situation - as well as to accounting related changes within the projects. An opposite effect is the strong net income. We expect an improvement in cash flow from operating activities in the fourth quarter.

The **cash flow from investing activities** amounted to EUR -12.9m (30 September 2019: EUR -3.4m) and results mainly from the acquisition of the DResearch Fahrzeugelektronikgruppe (DVS/DFE) and the acquisition of the remaining shares in iris-GmbH.

The **cash flow from financing activities** was EUR 7.7m (30 September 2019: EUR -8.2m) and resulted mainly due to the raising of short and long-term liabilities for investment in the new acquisition of the DResearch Fahrzeugelektronikgruppe (DVS/DFE) as well as the purchase of the remaining shares in iris-GmbH. This was counterbalanced by the payment of the dividend.

**Equity** amounts to EUR 85.0m and is thus above the previous year's level of EUR 82.8m. **Equity ratio** amounts to 36.8 per cent (30 September 2019: 43.5 per cent) which is below the previous year. The balance sheet total increased mainly due to the initial consolidation of the DResearch Fahrzeugelektronikgruppe (DVS/DFE) as well as an increase in short and long-term bank liabilities.

## Personnel

On average, the init group counted 998 employees in the first nine months of the year (30 September 2019: 859) including temporary workers, research assistants and diploma candidates. Part of the increase in personnel is due to the acquisition of the DResearch Fahrzeugelektronikgruppe (DVS/DFE) as of 1 April 2020. As of 30 September 2020 an average of 60 employees were working here. The further increase in personnel is intended to ensure our continued growth.

Number of employees by region:

	01/01/-30/09/2020	01/01/-30/09/2019
Germany	775	678
Rest of Europe	51	39
North America	138	120
Other countries	34	22
<b>Total</b>	<b>998</b>	<b>859</b>

## OPPORTUNITIES AND RISKS

Opportunities and risks which can have a crucial impact on the asset, financial and earnings position of the init group are set out in our Annual Report 2019 on pages 35 and following. Opportunities and risks described in the Annual Report 2019 remain largely unchanged.

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

The corona crisis has increased the demand for our products. init has numerous products that support the observance of hygiene and distance regulations. In comparison, the direct effects in customer projects such as vehicle installation are low.

Negative effects have been recorded in the acquisition of personnel. The training of new employees from foreign countries is becoming more difficult, as travel to the head office in Karlsruhe was only possible for a limited period of time and is currently being stopped again due to the current situation.

No direct effects of the corona crisis on revenues and earnings planning have been identified to date, however, due to the extremely dynamic development, this may change shortly.

We currently see a direct impact in the delay in incoming orders, which can be postponed due to corona.

## FORECAST AND OUTLOOK

Following a successful first half of 2020, we were able to increase our earnings in the third quarter 2020. The third quarter was significantly stronger than in the previous year period. The main reason for this growth is the increase in revenues generated by customer projects. Achievements are in line with the expectations of the Managing Board. We therefore maintain our **existing forecast** for the current financial year. We still expect the **revenue target** for 2020 to be around **EUR 180m** and **EBIT of EUR 18-20m**. Revenue and earnings planning includes the full consolidation of the DResearch Fahrzeugelektronikgruppe (DVS/DFE) from April 2020.

Incoming orders amounted to around EUR 139m at the end of September 2020. We still expect to achieve our target of EUR 180 to 190m in incoming orders for 2020, despite continuing global economic uncertainty. The expected incoming order for the Houston project is included in the target. The incoming orders of the new acquisition of the DResearch Fahrzeugelektronikgruppe (DVS/DFE) from April 2020 are considered.

Based on the current situation, we see further opportunities to offer our customers new technologies and IT solutions in the future. The demand for intelligent solutions in this area has only been strengthened by the coronavirus pandemic. Contactless payment, passenger guidance (social distancing), and passenger counting are among the solutions that init implemented even before the pandemic.

Sustainability is one of the most important issues in public transport. init is already supporting the first customers in the field of electromobility with the implementation of the eMOBILE-ITCS product. For the future, we see a high growth potential, as well as in the areas of mobility as a service, digitalisation and autonomous driving.

Therefore, init will continue to be strongly involved in research and development in order to further advance these current trends. We see a high potential for further growth in these technological developments.

## ADDITIONAL INFORMATION

This quarterly statement and the information contained therein are unaudited.

From a general economic point of view, we continue to see major uncertainties for the development in the coming months, which could have a particular influence on the awarding of contracts in tenders.

Incoming order planning is based on the assumption that tenders will not be delayed, that they can be won to the extent planned and that price competition will not intensify. The actual figures for revenues, EBIT and incoming orders may deviate significantly from the forecasts if new risk factors arise or assumptions underlying the planning subsequently prove to be incorrect.

# CONSOLIDATED INCOME STATEMENT

from 1 January 2020 to 30 September 2020 (IFRS) with comparable figures (unaudited)

EUR '000	01/07 to 30/09/2020	01/07 to 30/09/2019	01/01 to 30/09/2020	01/01 to 30/09/2019
Revenues	49,562	35,757	130,948	112,812
Cost of sales	-32,099	-23,694	-87,797	-74,125
<b>Gross profit</b>	<b>17,463</b>	<b>12,063</b>	<b>43,151</b>	<b>38,687</b>
Sales and marketing expenses	-4,973	-4,212	-13,183	-12,218
General administrative expense	-3,692	-4,075	-10,605	-10,344
Research and development expenses	-2,591	-2,759	-7,888	-8,572
Other operating income	661	1,604	1,974	2,877
Other operating expenses	11	-66	-236	-141
Foreign currency gains and losses	-655	-234	-795	359
Expenses from associated companies	0	-39	0	-271
<b>Earnings before interest and taxes (EBIT)</b>	<b>6,224</b>	<b>2,282</b>	<b>12,418</b>	<b>10,377</b>
Interest income	43	20	71	80
Interest expenses	-173	-245	-670	-638
<b>Earnings before taxes (EBT)</b>	<b>6,094</b>	<b>2,057</b>	<b>11,819</b>	<b>9,819</b>
Income taxes	-2,113	-534	-3,850	-3,044
<b>Net profit</b>	<b>3,981</b>	<b>1,523</b>	<b>7,969</b>	<b>6,775</b>
thereof attributable to equity holders of parent company	3,954	1,450	8,027	6,683
thereof non-controlling interests	27	73	-58	92
Earnings and diluted earnings per share in EUR	0.40	0.14	0.81	0.67
Average number of floating shares	9,982,205	10,008,229	9,966,088	10,006,535

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

from 1 January 2020 to 30 September 2020 (IFRS) with comparable figures (unaudited)

EUR '000	01/07 to 30/09/2020	01/07 to 30/09/2019	01/01 to 30/09/2020	01/01 to 30/09/2019
<b>Net profit</b>	<b>3,981</b>	<b>1,523</b>	<b>7,969</b>	<b>6,775</b>
<b>Items to be reclassified to the income statement:</b>				
Changes from currency translation	-1,512	1,420	-1,615	1,502
<b>Total Other comprehensive income</b>	<b>-1,512</b>	<b>1,420</b>	<b>-1,615</b>	<b>1,502</b>
<b>Total comprehensive income</b>	<b>2,469</b>	<b>2,943</b>	<b>6,354</b>	<b>8,277</b>
thereof attributable to equity holders of the parent company	2,442	2,870	6,412	8,185
thereof non-controlling interests	27	73	-58	92

# CONSOLIDATED BALANCE SHEET

from 1 January 2020 to 30 September 2020 (IFRS) with comparable figures (unaudited)

EUR '000	30/09/2020	31/12/2019
Cash and cash equivalents	36,706	26,174
Marketable securities and bonds	39	37
Trade accounts receivable	40,064	43,025
Contract assets	24,186	22,099
Receivables from related parties	140	52
Inventories	32,480	27,783
Income tax receivable	0	810
Other current assets	3,682	3,734
<b>Current assets, total</b>	<b>137,297</b>	<b>123,714</b>
Property, plant and equipment	54,139	50,805
Investment property	1,458	1,480
Goodwill	12,488	9,035
Other intangible assets	18,697	8,765
Interests in associated companies	390	390
Deferred tax assets	3,127	3,017
Other non-current assets	3,384	3,192
<b>Non-current assets, total</b>	<b>93,683</b>	<b>76,684</b>
<b>Assets, total</b>	<b>230,980</b>	<b>200,398</b>
Bank loans	24,800	17,842
Trade accounts payable	9,770	8,560
Contract liabilities	14,474	16,435
Advance payments received	2,038	747
Income tax payable	2,456	3,040
Provisions	11,203	10,263
Other current liabilities	19,906	20,697
<b>Current liabilities, total</b>	<b>84,647</b>	<b>77,584</b>
Bank loans	21,626	12,228
Deferred tax liabilities	6,313	2,619
Pensions accrued and similar obligations	11,452	11,149
Provisions	2,472	1,204
Other non-current liabilities	8,060	0
Lease liabilities	11,368	10,067
<b>Non-current liabilities, total</b>	<b>61,291</b>	<b>37,267</b>
<b>Liabilities, total</b>	<b>145,938</b>	<b>114,851</b>
Attributable to equity holders of the parent company		
Subscribed capital	10,040	10,040
Additional paid-in capital	5,706	5,688
Treasury stock	-2,398	-582
Surplus reserves and consolidated unappropriated profit	73,471	70,505
Other reserves	-1,887	-272
	<b>84,932</b>	<b>85,379</b>
Non-controlling interests	110	168
<b>Shareholders' equity, total</b>	<b>85,042</b>	<b>85,547</b>
<b>Liabilities and shareholders' equity, total</b>	<b>233,980</b>	<b>200,398</b>

# CONSOLIDATED CASH FLOW STATEMENT

from 1 January 2020 to 30 September 2020 (IFRS) with comparable figures (unaudited)

EUR '000	01/01 to 30/09/2020	01/01 to 30/09/2019
<b>Cash flow from operating activities</b>		
Net income	7,969	6,775
Depreciation	6,681	5,260
Gain/loss on the disposal of fixed assets	-33	-41
Change in provisions and accruals	1,867	924
Change in inventories	-3,565	-2,509
Change in trade accounts receivable and future receivables from production orders	568	2,785
Change in other assets, not provided by / used in investing or financing activities	785	1,583
Change in trade accounts payable	787	-2,103
Change in advanced payments received and liabilities from PoC method	-193	3,987
Change in other liabilities, not provided by / used in investing or financing activities	195	1,232
Amount of other non-cash income and expenses	1,124	1,669
<b>Net cash from operating activities</b>	<b>16,185</b>	<b>19,562</b>
<b>Cash flow from investing activities</b>		
Payments received on disposal of tangible fixed assets	278	270
Investments in property, plant, equipment and other intangible assets	-5,411	-3,646
Investment in subsidiaries less acquired cash	-7,766	0
<b>Net cash flows used in investing activities</b>	<b>-12,899</b>	<b>-3,376</b>
<b>Cash flow from financing activities</b>		
Dividend paid out	-3,995	-1,200
Cash payments for purchase of treasury stock	-2,244	-201
Payments received from bank loans incurred	24,463	6,613
Redemption of bank loans	-8,109	-11,852
Change in short and long term lease liabilities	-2,376	-1,582
<b>Net cash flows used in financing activities</b>	<b>7,739</b>	<b>-8,222</b>
Net effects of currency translation and consolidation changes in cash and cash equivalents	-493	316
<b>Decrease in cash and cash equivalents</b>	<b>10,532</b>	<b>8,280</b>
Cash and cash equivalents at the beginning of the period	26,174	20,620
<b>Cash and cash equivalents at the end of the period</b>	<b>36,706</b>	<b>28,900</b>

# FINANCIAL CALENDAR

2020

**Q4**

**16 November 1:30 pm**

room Madrid  
Equity Forum / presentation

2021

**Q1**

**25 March**

Publication Annual Report 2020 /  
Press- und Analyst Conference

**Q2**

**11 May**

Publication of Quarterly Statement I/2021

**19 May**

Annual General Meeting 2021

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