ANNUAL REPORT 2024

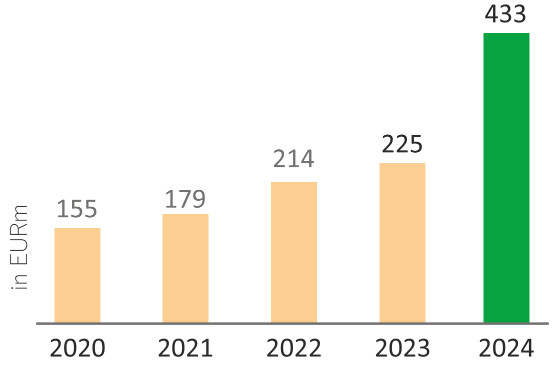
Annual Figures

of the init group (IFRS)

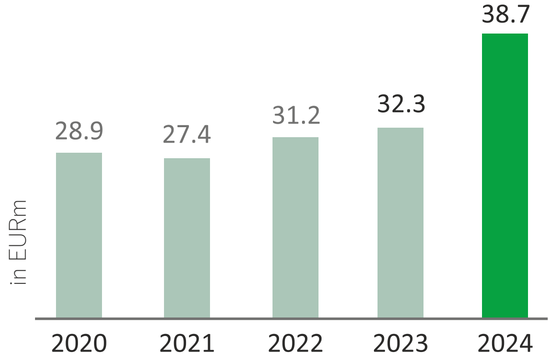
EURk	2024	2023	Difference in %
BALANCE SHEET (31/12)			
Balance Sheet Total	313,032	260,478	20.2
Shareholders' Equity	134,312	120,566	11.4
Subscribet Capital	10,040	10,040	0.0
Equity Ratio (in %)	42.9	46.3	–7.3
Debt Capital	178,720	139,912	27.7
Non-current Assets	135,067	112,608	19.9
Current Assets	177,965	147,870	20.4
Cash	23,523	27,303	–13.8
INCOME STATEMENT (01/01 – 31/12)			
Revenues	265,674	210,801	26.0
Gross Profit	98,407	80,392	22.4
EBIT	24,541	21,020	16.8
EBITDA	38,737	32,255	20.1
Consolidated Net Profit	15,183	15,151	0.2
Earnings per Share (in EUR)	1.57	1.54	1.9
Dividend (in EUR)	0.80*	0.70	14.3
CASH FLOW			
Cash Flow from operating activities	10,841	7,981	35.8
SHARE			
Issue Price (in EUR)	5.10	5.10	
Peak Share Price (in EUR)	42.20	32.90	
Bottom Share Price (in EUR)	28.40	23.80	

* dividend to be proposed to the AGM 2025

Order income EUR 433m



EBITDA EUR 38.7m



CONTENT

LETTER TO THE SHAREHOLDERS

From left to right: Dr. Gottfried Greschner, Jörg Munz, Dr. Marco Ferber, Matthias Kühn, Martin Timmann

Ladies and Gentlemen,

Dear shareholders,

Looking back on 2024 and recent social debates, one word has dominated: crisis. In Germany, in particular, this has been characterised by widespread complaints about political and economic developments.

We are pleased that, with this annual report, we can offer a counterpoint to this.

2024 was a very successful year for init innovation in traffic systems SE – with new records set for incoming orders, revenues and results. In addition, with our innovations and targeted investments, we have created the conditions for continued future success.

The most important developments in detail: Despite the general turmoil in the wider economy, revenue grew by 26 per cent, stronger than expected. With EBIT of EUR 24.5 million, we reached our growth target. However, the absolute highlight was our order intake. At EUR 433 million, it has grown to more than twice the size of last year's revenue. This is a testament to our international competitiveness and the expertise of our workforce.

Two major projects that we won via our US and UK subsidiaries were instrumental in this development: init signed contracts to deliver intelligent, state-of-the-art solutions to MARTA, the Metropolitan Atlanta Rapid Transit Authority, in the United States, and Transport for London (TfL), in the UK, two of the most modern urban public transport systems in the world. In Atlanta, init is installing an automated fare collection system (AFC 2.0) to provide contactless ticketing in all buses and trains in preparation for the Football World Cup in 2026. Every day, more than 500,000 passengers and football fans from abroad will be able to simply tap their smartphone, credit or debit card on the “Tap N Go” device to buy a ticket at any stop or in any of the system’s vehicles. The MARTA project is an important flagship project due to the global attention that the 2026 World Cup will attract. With a volume of over EUR 100 million, MARTA is the most extensive ticketing project ever conducted by init. From a technological perspective, we are also entering new dimensions with the contract from TfL for the delivery of on-board equipment and background systems for the next generation London iBus project. MOBILE-ITCS nextGen, init’s new background system, will manage the operation of around 700 bus routes and over 19,000 stops. To this end, we are equipping 8,000 buses with the latest init technology. The order volume for the investment and operation of these two projects over the next ten years amounts to several hundred million euros.

This project sets init ahead of the competition. We can attribute this lead to sustained high levels of investment into innovation, much of which is developed in projects with our customers. With this in mind, we have entered into development partnerships that allow us to test software innovations in a live operating environment and therefore bring them to market quicker.

Despite these very encouraging developments, we are not satisfied with the quality of earnings as measured by the EBIT margin: random effects such as the loss on foreign exchange positions, which was a major driver of the EBIT margin in the year under review, could not be offset. Liquidity was also significantly affected by the investments in innovation in 2024 described above. However, these investments are already paying off in the short term through licensing agreements. They will also help us to return to or even exceed our target margin of 10 percent in the upcoming financial year.

The reporting duties required by German and European lawmakers pose a constant challenge. In particular, the heavily discussed Supply Chain Due Diligence Act entails a massive additional cost burden and is affecting competition. Nevertheless, we are optimistic that the new German government and the EU will soon take steps to redress this imbalance.

Irrespective of this, digital transformation and the use of artificial intelligence are driving growth in our market. At init we have been using AI for a number of years. This is most visible in our forecasting systems where we combine historical and real-time data to make more accurate predictions to improve both passenger information and operational planning. This allows public transport operators to realise substantial productivity and revenue gains. At the same time, AI helps make public transport safer, more efficient and climate friendly. Together with the need to expand public transport for all, this is resulting in a high number of smart infrastructure projects being put out to tender worldwide. As one of the leading providers of this technology, we can benefit from this trend.

In addition to the growth of our "traditional" business, we see an opportunity for further growth momentum from our acquisition of DILAX Intelcom, a data management specialist. In addition to better access to new markets and customer groups, we have further strengthened our market position for passenger counting systems. We expect public investment in rail infrastructure to increase in this segment. The signs for 2025 are for an improvement in our profitability. Based on the record order backlog of over EUR 383 million, our revenues are expected to break the EUR 300 million barrier for the first time. Based on our current planning, EBIT will also pass the EUR 30 million mark for the first time. We are also optimistic about the years ahead and aim to achieve further growth of between 10 and 15 per cent.

We would like you, our shareholders, to share in these successes through an appropriate higher dividend.

Many thanks for the trust you have placed in us!

Warm greetings from Karlsruhe.

On behalf of the Managing Board,

Dr. Gottfried Greschner

Chairperson of the Managing Board

MANAGING BOARD

**Dr.-Ing.
Gottfried Greschner**

Chief Executive Officer
(CEO)

About

Year of birth: 1946

Nationality: German

Vita

- Since 1983 Managing Director at INIT GmbH
- Since 2001 CEO at init SE

Responsibility

- Business Development
- Legal Management
- Production
- Purchasing/Supply Chain
- Strategy

Awards

- 1989 Innovation award from the federal state of Baden-Wuerttemberg (Dr. Rudolf Eberle Preis)
- 2002 Entrepreneur of the Year, awarded by Ernst&Young
- 2014 Special Career Service Award as part of the Talent in Mobility Awards in Paris

**Dipl.-Ing. (FH)
Matthias Kühn**

Chief Operating Officer (COO)
and Deputy CEO

About

Year of birth: 1973

Nationality: German

Vita

- From 2015 to 2024 Managing Director at INIT GmbH
- Since 2016 COO at init SE
- Since 10/2024 Deputy CEO

Responsibility

- IT-Services & Cyber Security
- Key Projects
- Operations and Field Services
- Software and Hardware Engineering

The curriculum vitae of each Managing Board member, containing detailed information, are available on the company website under Investor Relations / Corporate Governance.

MANAGING BOARD

Dipl.-Kfm.
Dr. Marco Ferber
Chief Financial Officer (CFO)

About
Year of birth: 1974
Nationality: German

Vita
- From 2012 to 2015 Managing Director and CFO at Thomas Cook, Gent/Belgium
- From 2015 to 2023 Manager Accounting, Controlling & Tax, Bilfinger SE, Mannheim/Germany
- Since 2023 CFO at init SE

Responsibility
- Compliance
- Controlling
- Data Protection
- ESG-Reporting
- Financial Services
- Investor Relations
- M&A
- Quality Management
- Risk Management

Jörg Munz
Chief Human Resource Officer (CHRO)

About
Year of birth: 1980
Nationality: German

Vita
- From 2017 to 2024 group HR Manager
- Since 2023 CHRO at init SE

Responsibility
- Human Resources
- Organisational Development

Martin Timmann
Chief Revenue Officer (CRO)

About
Year of birth: 1967
Nationality: German

Vita
- From 2013 to 2024 Managing Direcor at HanseCom Public Transport Ticketing GmbH, Hamburg/Germany
- Since 10/2024 CRO at init SE

Responsibility
- Research & Product Marketing
- Sales and Marketing
- System Design
- Support

SUPERVISORY BOARD REPORT

Dear shareholders,

It is with great pleasure that I present to you this report of the Supervisory Board of init innovation in traffic systems SE and even more so, given that the 2024 financial year was particularly significant for our future business development.

The workforce and the Managing Board were able to overcome the challenges they faced throughout the year and keep our company on a growth trajectory, despite many adverse external influences. Not only that, but new records were achieved in incoming orders, revenues and earnings. The fact that international orders of more than EUR 433 million were won is particularly remarkable given the general economic situation and this provides a solid foundation for future business development.

All those involved in achieving this performance deserve our recognition and I would like to take this opportunity to thank our entire workforce all around the world.

As the body charged with the oversight of init innovation in traffic systems SE, the Supervisory Board places great importance on setting the right course in time to create value-added in future and to build on current successes. init will benefit from the fact that the market for intelligent public transport infrastructure is expected to be dominated in the coming years by such growth trends as digital transformation, artificial intelligence, intermodal systems, urbanisation and the need to combat climate change.

This latter factor will be decisive in 2025 with regard to the development of public transport in large parts of the world. In future, greater investment will be needed to expand the public transport network and exploit artificial intelligence. An increasing number of countries are recognising this and are undertaking the digital transformation of their public transport networks and providing greater assistance to programmes to mitigate climate change.

init has prepared itself for this through targeted investments. To make this more transparent for our shareholders and also in view of future legal developments, init has decided to draw up a group sustainability report for the 2024 financial year in accordance with the requirements of the Corporate Sustainability Directive ("CSRD" - EU Directive 2022/2464), the requirements of Sections 315b to 315c of the German Commercial Code (HGB) for a corporate non-financial statement and Art. 8 of Regulation (EU) 2020/852 with full reference to the ESRS as the acknowledged reporting framework pursuant to Sections 315c (3) in conjunction with Section 289d HGB. An important element of the Green Deal strategy is to make companies in the EU report more transparently on sustainability and to improve comparability. For this reason, the group sustainability report constitutes a separate section of the combined management report of this annual report and is structured into four sections: general information, environment, social and governance.

An important part of this reporting involves the presentation and assessment of risks. The Supervisory Board discussed these intensively with the Managing Board. One conclusion, among many, was to expand production at the facility in Chesapeake, USA, in anticipation of more extensive "Buy America" policies on the part of the new US government.

Below I would like to report in detail on personnel changes and how the Supervisory Board fulfils its tasks and how it advises and supervises the Managing Board.

Personnel changes

One change was made to the Supervisory Board during its regular election cycle at the 2024 Shareholders' Meeting. After serving on the Supervisory Board for 13 years, the Chairperson, Hans-Joachim Rühlig, decided not to put himself up for re-election. The Supervisory Board and the Managing Board thanked the departing Chairperson for his commitment and responsibility while working for the init group, especially his reliability and professionalism, ideas for good governance and his visionary decision-making.

All candidates standing for election to the Supervisory Board were elected with a large majority. At the constituent meeting, Andreas Thun accepted his election to Chairperson of the Supervisory Board. As a result, the Supervisory Board of init SE has had five members since 6 June 2024 and continues to meet the competence profile it has set for the full board.

There was also a change in the Managing Board of init SE on 30 September 2024. Dr. Jürgen Greschner, the long-standing Chief Sales Director and Deputy Chairperson of the Managing Board, resigned from the Board at his own volition. He has been responsible for sales and distribution since 2004 and played an instrumental role in the successful internationalisation of the init group. Jürgen Greschner will continue to serve the init group as a director in a sales-related function. His position as Chief Sales Director was taken over by Martin Timmann, the former CEO of HanseCom Public Transport Ticketing Solutions GmbH, Hamburg, a wholly owned subsidiary of init. Thanks to his qualifications and more than 20-years' experience in international sales of public transport software products, Martin Timman is a logical successor to the position of Chief Sales Officer. Matthias Kühn, Chief Operating Officer, has taken on the role of Deputy Chairperson of the Managing Board. As a result, the Managing Board of init SE continues to be composed of five members.

Responsibility of the Supervisory Board

Over the last year, the Supervisory Board of init SE obtained regular, timely and comprehensive reporting from the Managing Board in order to fulfil its duty to advise the Managing Board and monitor its management of the business. This took the form of verbal and written reports. The briefings and discussions at the Supervisory Board meetings included all the important issues and measures pertaining to the company and its business operations.

The Supervisory Board also actively supports the Managing Board during acquisitions, working in an advisory function and addressing organisational matters. The members of the Supervisory Board undertake training at their own initiative and with init's support. During training, the Board addressed such issues as reviewing the efficiency of its own activities and agreeing on corresponding procedures. Topics have been agreed on with the Managing Board that are relevant to the development and resilience of the company, including developing the locations of the group, long-term product strategy, artificial intelligence and cyber-security for products and processes.

The Chairperson of the Supervisory Board and the other members of the Supervisory Board were in close contact with the Managing Board throughout the financial year. Furthermore, all relevant transactions were communicated on an ad hoc basis. Between meetings, the Chairperson of the Supervisory Board informed the members of the Supervisory Board in a timely manner, orally and in writing, of any discussions with the Managing Board and its reports. Where the approval of the Supervisory Board was required by law or the articles of incorporation for the measures to be taken, these were always deliberated at the appropriate time and presented for a resolution.

Attendance at meetings

Meetings are convened at least once a quarter. There were a total of nine meetings of the Supervisory Board in 2024, of which four were ordinary meetings, three extraordinary meetings, plus a strategy focus and the constituent meeting to form the Board.

Name	Member since	Full board (9, of which 8 attending in person)	Personnel and nomination committee (3, of which 3 attending in person)	Audit committee (4, of which 4 attending in person)	Total attendance
Hans-Joachim Rühlig (Chair and member until the 2024 Shareholders' Meeting)	2011	4/4	-	2/2	100%
Andreas Thun (Chair since the 2024 Shareholders' Meeting)	2022	9[1]/9	-	4/4	100%
Ulrich Sieg	2014	8/9	3/3	4[2]/4	92%
Michaela Dickgießer	2023	8/9	3/3	4[2]/4	92%
Christina Greschner	2019	9/9	3/3	4/4	100%
Johannes Haupt	2023	9/9	-	4/4	100%

[1] of which one member attending by video conference call
[2] attending as a guest

The Supervisory Board also meets regularly without the Managing Board. The Chairperson of the Supervisory Board and the Chair of the personnel and nominations committee held a meeting with the works' council to discuss issues relevant to the employees of group entities.

Topics on the audit committee agenda

The audit committee prepares the decisions of the Supervisory Board on the annual and consolidated financial statements as well as quarterly statements during the year, the proposal to the Shareholders' Meeting to elect the auditor and the engagement agreement made with the auditor. Furthermore, the audit committee is responsible for inviting tenders for the audit of the annual and the consolidated financial statements. In addition, the audit committee monitors the independence of the external auditor, addresses any additional services rendered by the auditor and assesses the quality of the audit of the financial statements by discussing the audit risk, the audit strategy and planning, and the findings of the audit. It advises and monitors the Managing Board in issues related to financial reporting, the operating effectiveness of the internal control system, and the risk management system as well as compliance and sustainability. In particular, it ensures that the Managing Board incorporates social and ecological considerations into its strategy. The audit committee effectively supported the entire Supervisory Board in its work in the reporting year and reported on its preparatory work on the agreed-upon topics at the subsequent meeting.

Topics on the personnel and nomination committee agenda

The personnel and nomination committee focuses on the personnel issues relating to the Supervisory Board and the Managing Board and searches for successors to fill positions on the Managing Board and Supervisory Board. It submits proposals for the remuneration system of the Managing Board and the Supervisory Board and reviews this system at regular intervals. According to Article 8 (2) of the Supervisory Board's rules of procedure, the personnel and nomination committee only has an advisory function unless the Supervisory Board empowers it by resolution to make decisions on behalf of the full Supervisory Board. The committee reports on its preliminary work at the subsequent meeting of the Supervisory Board.

Topics discussed at Supervisory Board meetings

Based on reports from the Managing Board, the following matters were regularly discussed at Supervisory Board meetings: the economic situation including business and liquidity planning, incoming orders, order backlog, potential risks, compliance issues, the internal control system, sustainability, legal disputes, key business transactions, projects of particular importance, subsidiaries and the medium and long-term corporate strategy including organisational issues as well as human resources planning and development. In addition to corporate strategy, key topics included the major contracts that had been won, the associated need for action, the cultural transformation at the Karlsruhe location, cybersecurity and digital transformation in the wider sense and personnel changes on the Supervisory Board and Managing Board.

There was also a special focus on the following topics in the 2024 financial year:

- Strategic alignment and the group's understanding of its strategies in cooperation with the subsidiaries (setting a strategic framework and regular performance analyses)
- Progress report on the development of the internal control system
- Change to the allocation of Managing Board functions
- Discussion of the 2023 annual and consolidated financial statements as well as of the dependent company report and the separate consolidated non-financial report with the involvement of the auditor
- Ratification of the financial statements for 2023, approval of the consolidated financial statements for 2023, release of the separate consolidated non-financial report for 2023 as well as discussion of the Managing Board's proposal for the appropriation of profit and approval of the Report of the Managing Board on Relations with Affiliated Companies
- Proposal for the auditor for the 2024 financial year
- Adoption of the proposals for resolutions for the agenda for the 2024 Shareholders' Meeting and of the report of the Supervisory Board as well as the statement on corporate governance for 2023
- Resolution on the 2023 remuneration report pursuant to Section 162 AktG and the necessary auditing and preparatory activities
- Resolution on the remuneration system for the Managing Board pursuant to Section 87a AktG and other adjustments as well as the development of the remuneration system, taking account of the projected growth of the company

- Adjusted Declaration of Compliance with the German Corporate Governance Code in the version dated 28 April 2022
- Constituent meeting of the Supervisory Board following the elections at the 2024 Shareholders' Meeting as well as organisational and personnel matters and the way the Supervisory Board members view their functions.
- (Re-)Appointment of the members of the Managing Board of init SE (Dr. Gottfried Greschner/CEO, Matthias Kühn/COO and Deputy CEO, Martin Timmann/CRO)
- Resolution to convene a Shareholders' Meeting in 2025 with the shareholders in physical attendance
- Business requiring board approval: recognition of development work as internally-generated assets, approval of corporate acquisitions, capital increases at subsidiaries and new company formations
- Discussion of changes in the operative business and the development of long-term planning. In this context, the Supervisory Board convened an advisory meeting at the Hamburg location for the first time, placing a focus on corporate developments at the subsidiaries HanseCom and IMSS.

Audit of the annual and consolidated financial statements as well as of the combined management report

The annual financial statements and the combined management report of init innovation in traffic systems SE as of 31 December 2024 were prepared in accordance with the German Commercial Code (HGB). The consolidated financial statements dated 31 December 2024 were prepared according to Section 117 of the WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] on the basis of the International Financial Reporting Standards (IFRS) as adopted by the EU. For the first time, the combined management report also includes the group sustainability report, which has been drawn up in accordance with the requirements of the EU Corporate Sustainability Directive ("CSRD") (EU Directive 2022/2464 of the European Parliament and of the Council of 14 December 2022), Sections 315b to 315c HGB for a corporate non-financial statement and Art. 8 of Regulation (EU) 2020/852 with full reference to the ESRS as the acknowledged reporting framework pursuant to Sections 315c (3) in conjunction with Section 289d HGB. As the ESRS have not yet been applied for an extended time period, there were uncertainties when drawing up this first report concerning unresolved issues and the corresponding interpretations. The company has considered all the information that was available as of 18 March 2025.

All these documents were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, appointed by the Shareholders' Meeting as auditor of init innovation in traffic systems SE and group auditor. They all received unqualified independent auditor's reports. The annual financial statements, combined management report, consolidated financial statements and audit reports were provided to all members of the audit committee and the Supervisory Board in good time. The additionally commissioned voluntary audit of the group sustainability report in the combined management report and the separately commissioned formal audit of the remuneration report were concluded without any qualifications.

The annual financial statements, combined management report and consolidated financial statements as well as the independent auditor's reports and audit reports were discussed in detail with the Supervisory Board, the Managing Board and the auditor at the audit committee meeting on 17 March 2025. The independent auditors reported on the significant audit results and also on key audit matters, in particular. For the consolidated financial statements of init SE these included the recoverability of goodwill, revenue recognition in project business and the acquisition of the DILAX group. With regard to the separate financial statements of init SE, they also included the measurement of equity investments pursuant to German GAAP

(HGB). In addition, the auditor reported on the internal control and risk management system in relation to the financial reporting process, on services rendered in addition to the audit and on its independence as defined in the legal regulations. Detailed answers were given to questions raised by the audit committee and members of the Supervisory Board. Based on this evidence and its own examination, the audit committee came to the conclusion that the audit methodology used was reasonable and appropriate and that the figures and calculations contained in the financial statements had been adequately tested and were consistent. No objections were raised. The Supervisory Board therefore agrees with the results of the audit. The annual financial statements of init innovation in traffic systems SE prepared by the Management Board and the consolidated financial statements of the init group were approved; the annual financial statements of init innovation in traffic systems SE are therefore adopted.

The Managing Board has presented its proposal to the audit committee for the appropriation of profits. Under the proposal, the following appropriation of the retained earnings of init SE of EUR 28.194.490.71 will be recommended at the Shareholders' Meeting on 22 May 2025: distribution of a dividend of 80 cents per dividend-bearing no-par value share. The remaining amount is to be carried forward. The Supervisory Board endorsed this proposal.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as the auditor, also audited the report on the relationships with affiliated companies ("Dependent Company Report") prepared by the Managing Board in accordance with Section 312 AktG ["Aktiengesetz": German Stock Corporation Act]. The auditor issued the following independent auditor's report concerning the result:

"Based on the audit and assessment performed in accordance with our professional duties, we hereby confirm that

– the factual statements contained in the report are correct and
– the payments made by the company in connection with transactions detailed in the report were not unreasonably high."

The audit committee acknowledged the Managing Board's dependent company report and the results of the audit of the report by the auditor, examined both reports and discussed the results with the auditor. The audit committee endorsed the results of the audit of the dependent company report by the auditor. After the final results of the discussions and its own examination of the dependent company report by the audit committee and its report to the Supervisory Board, the Supervisory Board is of the opinion that the Managing Board's findings are appropriate and it therefore raises no objections to the Managing Board's declaration at the end of the report.

The Supervisory Board also adopted the report of the Supervisory Board at its meeting on 18 March 2025.

Corporate Governance Code

The Supervisory Board actively implemented and monitored compliance with the German Corporate Governance Code. Effective 6 June 2024, the Managing Board and the Supervisory Board jointly issued an updated Confirmation of Compliance with the German Corporate Governance Code pursuant to Section 161 AktG and made it permanently available to shareholders on the company's website.

Pursuant to Principle 23 of the German Corporate Governance Code, the Managing Board and the Supervisory Board report on corporate governance at init in the statement on corporate governance in this annual report.

Should any changes be made to this Declaration of Compliance with the Corporate Governance Code during the financial year, the Supervisory Board together with the Managing Board will immediately update this information and make it available to all shareholders on the init website.

The Supervisory Board would like to express its gratitude to all employees and the Managing Board for their motivation and commitment in the 2024 financial year. Special thanks also go to our shareholders, investors, customers and business partners for the trust they have placed in us.

Karlsruhe, 18 March 2025.

On behalf of the Supervisory Board,

Andreas Thun

Chairperson

SUPERVISORY BOARD

Dipl.-Ing. Andreas Thun

Chairperson

About
Year of birth: 1955
Nationality: German
First appointment: 2022
Term of office: until 2025

Audit Committee
Member since 6 June 2024

Vita
- Independent entrepreneur
- Sole shareholder and General Manager of Landsensor GmbH
- Founding shareholder and former Managing Director of iris-GmbH infrared & intelligent sensors in Berlin

Dipl.-Ing. Ulrich Sieg

Deputy Chairperson

About
Year of birth: 1949
Nationality: German
First appointment: 2014
Term of office: until 2025

Personnel and Nominating Committee
Chairperson since 1 July 2023

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

Additional Supervisory Board mandate
- Member of the Supervisory Board of SECURITAS Holding GmbH, Duesseldorf

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

Member

About
Year of birth: 1977
Nationality: German
First appointment: 2019
Term of office: until 2025

Audit Committee
Member since 6 June 2024 – specialising in audit

Personnel and Nominating Committee
Member since 1 July 2023

Vita
- Advisory activity
- 2007-2017 various management positions at init group
- 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

Prof.
Michaela Dickgießer
Member

About
Year of birth: 1960
Nationality: German
First appointment: 2023
Term of office: until 2025

Personnel and Nominating Committee
Member since 1 July 2023

Vita
- Head of Business Development, MRH Trowe AG Holding, specialising in international insurance solutions and M&A processes
- Music Professor at the Karlsruhe University of Music
- Former Managing Director of ITUS GmbH, Karlsruhe with focus on advising IT companies as well as banks and investment funds in the areas of international insurance concepts

Volunteer positions
- Member of the Foundation Council of the Lucerne Festival
- Managing Board member of the Kronberg Academy Foundation
- Managing Board member of the FEDORA, Paris/France
- Managing Board member of the Hilfe mit Plan Foundation
- Managing Board member of the Hildegard Zadek Foundation
- Member of the Music Committee of the Cultural Association of German Business

Awards
- Bearer of the Federal Cross of Merit on ribbon
- Velte Prize
- Honorary senator of the Karlsruhe University of Music

Dr. Johannes Haupt
Member

About
Year of birth: 1961
Nationality: German
First appointment: 2023
Term of office: until 2025

Audit Committee
Chairperson since 1 July 2023 - specialising in accounting

Vita
- Management consultant and shareholder and Chairperson of the Advisory Board of Regionique Produktfabrik GmbH, Ettlingen
- Chairperson of the Advisory Board of Baumann Maschinenbau Solms GmbH&Co.KG
- Former CEO of Blanc&Fischer family holding und Chairperson of the Board of the sub-groups

Additional Supervisory Board mandate
- Chairman of the Supervisory Board and Chairman of the Family Council of Lenze SE, Aerzen
- Deputy Chairperson of TAKKT AG, Stuttgart

Additional mandates in similar control committees
- Member of the Board of ACO Group SE, Büdelsdorf

The qualifications within the scope of the competence profile of the Supervisory Board of init SE are shown in the qualification matrix on page 24. The competence profile and the rules of procedure of the Supervisory Board are available on the company's website under Investor Relations / Corporate Governance.

CORPORATE GOVERNANCE REPORT

pursuant to Section 289f (2) HGB and Section 315d HGB

In this statement on corporate governance (Corporate Governance Report), init reports on the principles and practice of corporate governance. It contains the Declaration of Compliance with the German Corporate Governance Code, information on corporate governance practices, the description of the working methods of the Managing Board and the Supervisory Board as well as significant corporate governance structures.

With the Declaration of Compliance with the German Corporate Governance Code and the statement on corporate governance, init aims to provide a transparent and understandable picture of the principles of responsible and sound management ("corporate governance") applicable in Germany and of how they are put into practice at init, thus strengthening the shareholders' trust in the company.

Declaration of Compliance with the German Corporate Governance Code

Each year, in compliance with Section 161 of the German Stock Corporation Act (AktG), the Managing Board and the Supervisory Board of a listed stock corporation are required to declare compliance with the recommendations of the "Government Commission on the German Corporate Governance Code" (GCGC) published by the Federal Ministry of Justice in the official section of the official Federal Gazette and to disclose any deviation from these recommendations. The Declarations of Compliance with the GCGC are made available on the company's website for a minimum period of five years. Since the GCGC was introduced in 2002, our company has complied regularly with almost all its recommendations.

The Managing Board and Supervisory Board of init issued the most recent Declaration of Compliance pursuant to Section 161 AktG on 6 June 2024. The Declaration below relates to the GCGC in the version released on 28 April 2022, which was published in the Federal Official Gazette on 27 June 2022. Owing to the size of the firm and company-specific features, the Managing Board and Supervisory Board declare that the recommendations have been and are adhered to with the following exceptions:

B. Composition of the Managing Board

B.5 An age limit shall be specified for the members of the Management Board

The Managing Board should have a diverse age structure. No specific targets regarding the age of individual or all members of the Managing Board have been stipulated, as this would restrict the Supervisory Board in selecting suitable Managing Board members. init operates in a market that requires flexibility, specialist expertise and many years' experience.

C. Composition of the Supervisory Board

I General requirements

C.2 An age limit should be specified for the members of the Supervisory Board

The persons proposed for election to the Supervisory Board should provide assurance, based on their professional expertise, skills and experience, their integrity, their ethical conduct, independence and personality that they can responsibly carry out the duties of a supervisory board member in a leading international technology firm that operates in the mobility sector. The Supervisory Board of init SE is convinced that a strict general restriction on membership on the Supervisory Board which does not consider the respective Supervisory Board member individually, is not an appropriate method to further improve and professionalise the work of the Supervisory Board. Rather, the company's interests in searching for suitable candidates are better served by a flexible composition of the Supervisory Board with different terms of office and experience and practical consideration of a diverse age structure. The company has published the terms of office of each Supervisory Board member for some time, thus enabling the shareholders to decide for themselves about the individual suitability of the re-election of a member of the Supervisory Board.

C.10 The Chair of the Supervisory Board, the Chair of the Audit Committee, as well as the Chair of the committee that addresses Management Board remuneration, shall be independent from the company and the Management Board. The Chair of the Audit Committee shall also be independent from the controlling shareholder.

The Chair of the company's Supervisory Board, Andreas Thun, is the sole shareholder of Landsensor GmbH, which maintains a business relationship with a subsidiary of init SE.

From the perspective of the company, this circumstance does not create a conflict of interest nor does it impair the Chair of the Supervisory Board in the execution of his duties.

In all other respects, the recommendations of C.10 GCGC are complied with. The chair of the audit committee and the chair of the personnel and nomination committee of the Supervisory Board are independent in the sense of this recommendation.

More than half of the shareholder representatives shall be independent from the company and the Managing Board. The company considers the appointments to the Supervisory Board to be appropriate and the full Supervisory Board of init SE can be considered to be independent.

G. Remuneration of the Managing Board and Supervisory Board

I Remuneration of the Managing Board

G.1 The remuneration system shall define in particular, which financial and non-financial performance criteria are relevant for the granting of variable remuneration components

Variable remuneration components are granted on the basis of financial criteria. No variable remuneration components are set on the basis of non-financial criteria. Sustainability criteria are already covered by the product portfolio of init and its registered business activities.

G.7 Referring to the forthcoming financial year, the Supervisory Board shall establish the performance criteria for each Managing Board member covering all variable remuneration components; besides operating targets, the performance criteria shall be geared mainly towards strategic goals

It is the strategic target of the company to achieve average long-term revenue growth of 10-15 per cent per year. Additionally, it is intended to continuously increase EBIT in both absolute and relative figures. The company strives for a minimum EBIT margin of 10 per cent. The share price should increase appropriately. A focus on these objectives is obtained by means of the performance criteria used to measure variable remuneration components. The performance criteria apply for the entire term of the contract and are not reset each year. The performance criteria are based on the company's earnings before interest and tax (EBIT). Assuming a constant EBIT margin (with all other things being equal), average revenue growth of 10-15 per cent over the long term will lead to an increase in the absolute figure for EBIT and therefore higher variable remuneration components in accordance with the provisions. At the same time, an increase in the EBIT margin with revenue remaining constant (with all other things being equal) will result in higher variable remuneration components. The dividend distribution paid on shares with a minimum holding period of five years also places the focus on the share price and creates a long-term incentive. These arrangements therefore support reaching the operating and strategic goals.

II Remuneration of the Supervisory Board

G.17 The remuneration of Supervisory Board members shall take into account, in an appropriate manner, the higher time commitment of the Chair and the Deputy Chair of the Supervisory Board as well as of the Chair and the members of committees

The higher amount of time required of the Chairperson of the Supervisory Board was appropriately taken into account in the remuneration. The higher amount of time required does not apply to the Deputy Chairperson of the init Supervisory Board.

Corporate Governance Report

Managing Board

As the executive body of a listed European Company (Societas Europaea, SE), the Managing Board must act in the interests of the company and is obliged to raise its value sustainably. It manages the affairs of the company and is bound by the German Stock Corporation Act to uphold the interests and business policies of the company. The Managing Board provides the Supervisory Board with regular, timely and comprehensive information about all key issues relating to the company's business development and risks and agrees on corporate strategy with the Supervisory Board, including the company's ESG objectives. Furthermore, it ensures that legal rules, official regulations and internal company guidelines are adhered to and works with the Supervisory Board to ensure that all group employees comply with them.

The Managing Board is made up of the Chief Executive Officer (CEO), the Chief Revenue Officer (CRO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO) and Chief Human Resources Officer (CHRO). The Managing Board of init therefore has five members who together bear responsibility for corporate management.

All members of the Managing Board have many years' experience from and with various companies and their knowledge and professional skills complement each other in those sectors that are relevant to our projects and geographical distribution (also in terms of sustainability), also with regard to handling the significant impacts, risks and opportunities of the company. This is also reflected in the allocation of management functions, which indicates the competencies and, in particular, the experience of the Managing Board (no breakdown of experience by product or specific location has been made due to its irrelevance to init). This mix is already secured during the appointment process by means of professional recruiting guided by the Supervisory Board. In addition, the Supervisory Board has issued rules of procedure for the Managing Board, which are published under the Corporate Governance section of our website. These serve as an internal set of rules and complements the requirements laid out in the law and the articles of incorporation.

As the central task of corporate management, the Managing Board develops the strategic orientation of the company, ensures that the risks of business activities are handled responsibly by means of a comprehensive internal control and risk management system and ensures that legal requirements and internal guidelines are observed within the company. The system of internal controls and the risk management system include a compliance management system that is aligned to the risk exposures of the company.

The Managing Board is aware that social and environmental factors affect business outcomes and considers these when managing the company in its best interests. It also decides on the appointment of management positions and sets targets for female representation at the two mid-management levels below the Managing Board within the framework of the legal requirements. Diversity as a decision-making criterion is understood to mean complementary personal profiles, careers, and life experiences from an international perspective. Moreover, the Managing Board exhibits a mixed age structure. Diversity aspects are taken into account in the selection process, but the focus is on the professional and personal qualifications of the individuals.

The directors support the Managing Board of init SE. These individuals perform tasks for the Managing Board in their respective functions and provide the related support when it comes to monitoring the most significant impacts, risks and opportunities (IRO) and in the context of sustainability.

Supervisory Board

The Supervisory Board advises and monitors the Managing Board in the management of the company. Decisions of fundamental importance to the company are subject to the approval of the Supervisory Board and are set out in the Managing Board's rules of procedure. Transactions with related parties may, by law, require the prior approval of the Supervisory Board. The Supervisory Board's monitoring and advisory activities also extend to sustainability issues and impacts, risks and opportunities.

In addition, the Supervisory Board is responsible for appointing members of the Managing Board, determining their number in accordance with legal and statutory requirements and setting the target figure for the proportion of women on the Managing Board. The first appointment to the Managing Board is limited to a maximum of three years.

Together with the Managing Board, the Supervisory Board ensures that there is long-term succession planning in place. When screening candidates for a Managing Board position, the basic eligibility criteria from the Supervisory Board's perspective are their technical qualification for the area of special responsibility, they are going to manage, proven leadership skills, prior performance and their knowledge of the market and the company. As part of the assessment, the Supervisory Board also takes into account the personality that would best complement the panel of the Managing Board (diversity). The Supervisory Board understands diversity as an eligibility criteria to mean diverse and complementary profiles, professional and personal experience and international experience, as well as appropriate gender representation. The Supervisory Board considers the following aspects when making its decision:

- The members of the Managing Board should have many years' management experience and, as far as possible, should have experience in a broad range of professions
- One member of the Managing Board should possess knowledge of the main regions and markets in which the init group operates or intends to initiate new business
- One member of the Managing Board should have international management experience
- One member of the Managing Board should have a technical education
- One member of the Managing Board should have an education in business studies
- In its entirety, the Managing Board should have experience in the fields of technology (including information technology and digitalisation), commerce, law (including compliance) and research and development
- The Supervisory Board has set a target for the percentage of women in the Managing Board

The diverse professional, educational and personal experience (also in terms of sustainability) of the Managing Board members complement each other. The Managing Board should have a diverse age structure. No specific targets regarding the age of individual or all members of the Managing Board have been stipulated, as this would restrict the Supervisory Board in selecting suitable Managing Board members. init operates in a market that requires flexibility, specialist expertise and many years' experience.

In the assessment of the Supervisory Board, the composition of the Managing Board corresponds to the diversity concept in all regards except female representation on the board.

The Supervisory Board of init SE is composed of shareholder representatives and has five members, as laid out in the articles. They are appointed for one year. The Supervisory Board endeavours, in its entirety, to provide a competence profile that ensures that the Managing Board is supervised competently and given informed advice. Each member of the Supervisory Board also ensures that he or she has sufficient time to perform his or her duties. The Chairperson of the Supervisory Board is elected by the Supervisory Board from among its members. He coordinates the work of the Supervisory Board and represents the interests of the Supervisory Board externally.

The persons proposed for election to the Supervisory Board should provide assurance, based on their professional expertise, skills and experience, their integrity, their ethical conduct, independence and personality that they can responsibly carry out the duties of a supervisory board member in a leading international technology firm that operates in the mobility sector. The Supervisory Board of init SE is convinced that a strict general restriction on membership on the Supervisory Board which does not consider the respective Supervisory Board member individually, is not an appropriate method to further improve and professionalise the work of the Supervisory Board. Rather, the company's interests in searching for suitable candidates are better served by a flexible composition of the Supervisory Board with different terms of office and experience and practical consideration of a diverse age structure. The company has published the terms of office of each Supervisory Board member since 2014, thus enabling the shareholders to decide for themselves about the individual suitability of the re-election of a member of the Supervisory Board.

Potential conflicts of interest, the number of members of the Supervisory Board and diversity aspects are also given appropriate consideration when appointing members to the Supervisory Board. When nominations are made to the Shareholders' Meeting, the personal and business relationships of every candidate with the company, the governing bodies of the company and any shareholders with a material interest in the company are disclosed. A detailed CV is attached to every candidate proposal.

The Supervisory Board has drawn up a profile of skills and experience for the entire board, which is also taken into account for proposals to the Shareholders' Meeting and is published under the corporate governance section of the company's website. The Supervisory Board has issued rules of procedure, which are also published on the company's website.

The Supervisory Board members undertake training measures at their own initiative and with support from init SE. Apart from their orientation towards the purposes of the company, there are no restrictions on such training. In addition, the Supervisory Board regularly evaluates the efficiency of its activities in the form of a self-assessment of both the board itself and its committees, using a detailed guideline.

The corresponding competencies are assigned to the members of the Supervisory Board in a matrix of their qualifications, which is also used to ensure that the members' skills and experience complement each other in terms of sectors, products and geographical locations. In its current composition, the Supervisory Board meets all the qualification requirements referred to.

Details about the activities of the Supervisory Board members as well as their presentation are provided in the "Report of the Supervisory Board" section of this Annual Report.

Qualification matrix for the Supervisory Board

	Andreas Thun* (Chair)	Sieg** (Deputy Chair/ Chair PNC)	Michaela Dickgießer**	Christina Greschner*/**	Johannes Haupt* (Chair PC)
Member since/elected until	2022/2025	2014/2025	2023/2025	2019/2025	2023/2025
Independence	business relationship	independent	independent	personal relationship	independent
Gender	male	male	female	female	male
Year of birth	1955	1949	1960	1977	1961
Nationality	German	German	German	German	German
International experience	x	x	x	x	x
Knowledge of the mobility sector	x	x	x	x	
At least one member with professional knowledge of accounting					x
At least one member with professional knowledge of auditing			x	x	x
Knowledge of accounting principles	x		x	x	x
Knowledge of internal controls, risk management systems and M&A	x				x
Knowledge in the field of corporate governance and German stock corporation law	x	x	x	x	x
One member with professional knowledge of human resource management	x	x	x	x	x
One member with knowledge of the regions and markets in which init group operates or intends to initiate new business	x	x	x	x	
One member with experience in technology (including information technology and digital transformation/Cyber Security)	x	x	x		x
One member with knowledge of the significant sustainability issues for the company	x	x	x	x	x

* Member of the Audit Committee (AC)
** Member of the Personnel and Nominating Committee (PNC)

Audit committee

The audit committee prepares Supervisory Board decisions on the annual and consolidated financial statements as well as quarterly statements during the year, sustainability reporting, the proposal to the Shareholders' Meeting to elect the auditor and the engagement agreement with the auditor. In addition, the audit committee is responsible for inviting tenders for a new auditor for the audit of the annual and the consolidated financial statements. Moreover, the audit committee monitors the independence of the external auditor, addresses any additional services rendered by the auditor and assesses the quality of the audit of the financial statements by discussing the audit risk, the audit strategy and planning, and the findings of the audit. It advises and monitors the Managing Board on accounting issues, the appropriateness and effectiveness of the system of internal controls, the risk management system, the internal audit system, compliance and sustainability and discusses matters with the independent auditor in preparation for the annual audit, also without the Managing Board in attendance. The audit committee supports the entire Supervisory Board in its work and reports on its preparatory work on the agreed topics in the subsequent meeting.

One member of the audit committee must possess professional knowledge in the field of accounting and at least one other member professional knowledge in the field of auditing financial statements. Sustainability reporting and auditing of sustainability are also matters that lie within the field of accounting and external auditing. The audit committee meets these requirements in both its previous and its current composition.

Until he resigned on 6 June 2024, Hans-Joachim Rühlig was responsible for accounting matters, as he possessed the requisite knowledge due to his many years of service as the CFO. His successor is Dr. Johannes Haupt, who is also the chairperson of the audit committee. Due to his many years of experience as Managing Director and Chairman of the Board of various companies, he possesses special skills in the fields of accounting, sustainability reporting and financial statement audits. For this reason, he was also responsible for auditing until the resignation of Mr. Rühlig. Christina Greschner was reappointed to the audit committee on 6 June 2024. She has completed a course and examination certified by Deutsche Börse AG which qualifies her to act as "Professional oversight on the audit committee". She therefore has the necessary expertise in the audit of financial statements. In addition, this qualification qualifies her for sustainability reporting within the audit committee. Another member is Andreas Thun, who has knowledge of the basics of accounting.

Personnel and nomination committee

The personnel and nomination committee focuses on the personnel issues relating to the Supervisory Board and the Managing Board and searches for successors to fill positions on the Managing Board and Supervisory Board. It submits proposals for the remuneration system of the Managing Board and the Supervisory Board and reviews this system at regular intervals. According to Article 8 (2) of the Supervisory Board's rules of procedure, the personnel and nomination committee only has an advisory function unless the Supervisory Board empowers it by resolution to make decisions on behalf of the full Supervisory Board. The chairperson of the committee is Ulrich Sieg. Other members are Professor Michaela Dickgiesser and Christina Greschner. All members demonstrate a wealth of experience in typical personnel matters.

Cooperation within the Supervisory Board and with the Managing Board

As the holding company leading the group, init SE defines the corporate strategy and assumes the roles of top-level management, financing and communication with important target audiences in the corporate environment, in particular with the capital market and shareholders.

init SE is subject to a dual governance system consisting of the Managing Board and the Supervisory Board, which work closely together to the benefit of the company. They neither pursue personal interests in their decisions nor exploit for themselves business opportunities to which the company is entitled. The Managing Board members are subject to comprehensive non-competition arrangements.

The dual governance system assigns executive management to the Managing Board and oversight to the Supervisory Board. Both boards are obliged to ensure the continued existence of the company and sustained value creation by the company in accordance with the principles of a social market economy. These principles demand legality as well as ethically based and responsible conduct.

The Managing Board regularly provides the Supervisory Board with timely and comprehensive information on all relevant issues of corporate governance, in particular the strategy, planning, business performance, the risk situation, risk management, internal audit, compliance and sustainability.

The Chairperson of the Managing Board immediately informs the Chairperson of the Supervisory Board about important events that are of material importance for the assessment of the situation and development as well as for the management of the company. They are in active contact between the meetings.

The Supervisory Board also meets regularly without the Managing Board. If necessary, the Chairperson of the Supervisory Board convenes extraordinary meetings of the Supervisory Board.

In addition to the collaboration between the Supervisory Board and the Managing Board, there is regular exchange with the employee representatives (Works Council). The Works Council and the Managing Board meet regularly many times over the course of the year. In addition, there is one annual meeting held together with the Supervisory Board. In addition to these regular meetings, ad hoc meetings are held with the functional heads of the Managing Board.

Shareholders' Meeting and rights of shareholders

At the Shareholders' Meeting, shareholders exercise their rights, in particular their right to receive information, and their voting rights. The Shareholders' Meeting decides on all matters assigned to it by law, particularly the appropriation of profits, the discharge of the Managing Board and the Supervisory Board, the election of members to the Supervisory Board and the independent auditor. In addition, in its advisory capacity, the Shareholders' Meeting decides on the approval of the remuneration system for the Managing Board presented by the Supervisory Board, on the specific remuneration of the Supervisory Board and, by way of recommendation, on the approval of the remuneration report for the preceding financial year.

The Managing Board and Supervisory Board have decided in favour of holding the Shareholders' Meeting in Karlsruhe on 22 May 2025 with the shareholders in physical attendance unless extraordinary events necessitate a sudden change. As in the past, we intend to foster personal contact with our shareholders.

At the Shareholders' Meeting, shareholders have the opportunity to address the meeting on any items on the agenda, to raise relevant questions and to file motions. Shareholders can exercise their voting rights at the Shareholders' Meeting either in person, through a duly authorised representative, or by a proxy of init, subject to instructions. Each share carries one vote. To enable shareholders to prepare for the Shareholders' Meeting, the invitation, agenda and other information about the Shareholders' Meeting are available on the company's website. The voting results are also published on the website directly after the Shareholders' Meeting. The invitation to it will be sent to the shareholders in Germany and other countries via their custodian banks.

As a rule, the annual Shareholders' Meeting of init SE is held within the first six months of the financial year. Generally, the Supervisory Board Chairperson chairs the Shareholders' Meeting. He or she determines the order of the agenda items and the type and form of voting. The Chairperson is empowered to impose appropriate restrictions on the right to ask questions and to speak at the in-person event for the entire Shareholders' Meeting, for individual items on the agenda and/or for individual speakers.

Transparency and external reporting

Consistent, comprehensive and timely information is a fundamental principle at init. Shareholders, investors, analysts, journalists and interested members of the public are informed transparently and without delay about the performance of the company in the respective financial year by means of press releases, capital market information, annual reports, half-year financial reports, quarterly statements and sustainability reporting in both German and English.

The annual and consolidated financial statements and the combined management report are published within 90 days of the end of the financial year, the mandatory interim financial information is made publicly accessible within 45 days of the end of the reporting period.

The Supervisory Board and the Managing Board report on corporate governance in the Corporate Governance Report. The statements of the past five years are also accessible on the website.

At the time these documents are published, all the information also becomes available on the company's website and can be accessed at any time. Furthermore, the Investor Relations team maintains regular dialogue with capital market participants. In addition, shareholders and the public can find information about the organisational structure of init and about the members of the Managing Board and Supervisory Board on the website. The website includes a financial calendar covering all key dates.

Compliance and Ethical Guidelines

Compliance is an essential component of init's corporate values. With the code of conduct that applies across the group, init wishes to protect employees and companies as well as clients and business partners.

Our Ethical Guidelines comprise all applicable statutory and company requirements for our employees. They set out specific rules of conduct. The Ethical Guidelines form the binding code of conduct for the entire init group and apply without exception to all employees – across teams, hierarchy levels, countries and all individual companies within our group. They can be found on the website of the company.

According to the management's code of procedure, the CFO is responsible for compliance. The respective management as well as legal departments within the group coordinate compliance topics locally. Our flat hierarchies and the whistle-blower system implemented by the Managing Board enable us to react quickly to (suspected) compliance cases. The internal processes of our compliance management system ensure that any breaches of compliance are reported by lower management and the legal departments to the Managing Board. The Managing Board regularly informs the Supervisory Board about compliance issues, particularly in the case of serious breaches. The audit committee of the Supervisory Board monitors the appropriateness and effectiveness of the system of internal controls, advising the Managing Board on compliance issues at regular intervals and which also reports to the full Supervisory Board.

More information on social matters, the protection of human rights and combatting corruption and bribery can be found in our sustainability statement contained in the sustainability section of our combined management report.

Accounting and auditing

The auditor supports the Supervisory Board and, in advance, the audit committee in monitoring the management, particularly with regard to accounting issues, the operating effectiveness of the internal control system, the risk management system, the internal audit system, compliance and sustainability. The auditor's report informs the capital market about the correctness of the accounting.

The annual financial statements and the combined management report of init are prepared in accordance with the German Commercial Code (HGB). The consolidated financial statements are prepared according to Section 315e HGB based on the International Financial Reporting Standards (IFRS) as adopted by the EU. Due to the fact that the EU Directive 2022/2464 (Corporate Sustainability Reporting Directive - CSRD) has not yet been transposed into national law, but with a view to future legal developments, init has decided to prepare the consolidated sustainability report in accordance with the requirements of the EU Directive 2022/2464 'Corporate Sustainability Reporting Directive' (CSRD), §§ 315b to 315c HGB for a non-financial group declaration and Article 8 of Regulation (EU) 2020/852, with full reference to the ESRS as the recognised framework in accordance with §§ 315c (3) in conjunction with 289d HGB. The Supervisory Board has commissioned the voluntary audit of the Group Sustainability Report with limited assurance.

Following their preparation by the Managing Board, the separate annual financial statements and the consolidated financial statements are audited by the independent auditor, reviewed by the audit committee and subsequently adopted or approved by the Supervisory Board. Within the scope of the audit, the auditor immediately advises the audit committee of all significant findings and events that arise during the audit. The committee is also informed if, during the performance of the audit, any facts are identified that indicate that the Declaration of Compliance with the German Corporate Governance Code issued by the Managing Board and Supervisory Board is incorrect. The audit committee also monitors the independence of the auditor, evaluates the additional services provided by the auditor and assesses the quality of the audit.

The init Shareholders' Meeting on 6 June 2024 adopted the Supervisory Board's proposal to elect PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, as the independent auditor of the separate financial statements and consolidated financial statements for the 2024 financial year.

This audit firm was first engaged for the 2022 financial year. The engagement partners are Markus Nickel. (since the reporting cycle for financial year 2024) and Andrea Ehrenmann (since the reporting cycle for financial year 2022).

Remuneration of the Managing Board and Supervisory Board

The remuneration structure is aligned towards the sustainable and long-term development of the company.

The Supervisory Board decides on a transparent and understandable system for the remuneration of the Managing Board members and on the basis of this, determines the specific remuneration of the individual Managing Board members. In an advisory capacity, the Shareholders' Meeting will approve the remuneration system presented by the Supervisory Board at least every four years. The current remuneration system was approved at the Shareholders' Meeting on 6 June 2024.

The members of the Supervisory Board receive remuneration that is appropriate to their tasks and the status of the company. It is determined by resolution of the Shareholders' Meeting. In a binding capacity, the Shareholders' Meeting also approves the remuneration system for the Supervisory Board at least every four years. The init Shareholders' Meeting on 25 May 2023 approved the current remuneration system for the Supervisory Board.

The Managing Board and Supervisory Board prepare an annual remuneration report in accordance with legal requirements. The Shareholders' Meeting passes a resolution on the approval of the remuneration report for the preceding financial year on an annual basis in an advisory capacity.

The remuneration systems and the remuneration report of both bodies as well as the corresponding auditor's report are available in the Shareholders' Meeting section on the company's website.

Equal participation of women and men in management positions

When appointing the company's executives, the Managing Board considers the principle of diversity, and, in particular, endeavours to achieve an appropriate level of female representation. The Supervisory Board shares the opinion that it is necessary to increase the percentage of women in management positions in order to ensure that in future a higher number of suitable women are available.

Female representation on the Supervisory Board of init SE stands at 40 per cent, which therefore surpasses the set target of 25 per cent. With regard to the Managing Board, the set target, also of 25 percent, could not be met and currently lies at 0 per cent. It became apparent that winning the former managing director of HanseCom Public Transport Ticketing Solutions GmbH, Hamburg, which is a wholly owned subsidiary of init, for a position on the Managing Board made good sense. Thanks to his qualifications and more than 20-years' experience in international sales of public transport software products, Martin Timman is a logical successor to the position of Chief Sales Officer. This circumstance notwithstanding, it remains our objective to meet the target for female representation on the Managing Board when appointing new members to the Managing Board.

With regard to the top tier of mid-management underneath the Managing Board of init SE, female representation still only comes to 25 per cent (target: 20 per cent) due to an internal reorganisation. At the second level of mid-management, female representation also fell to 44 per cent for the same reason, yet still lies well above the target of 28 per cent. Female representation is frequently much lower in technical industries due to the lack of graduates in MINT (mathematics, IT, natural science and technology) careers and study programs, which are of most relevance to init. This effect has been accentuated by the reorganisation. However, the Managing Board seeks to remain above the target for the long term and will initiate suitable measures to this end.

Karlsruhe, March 2025

For the Managing Board	For the Supervisory Board
Dr. Gottfried Greschner	Andreas Thun
Chairperson	Chairperson

THE SHARE

Tech stocks drive stock markets to record heights

The year 2024 was an outstanding year for stock market participants who benefited from the excellent performance of many stocks. This was also true for the shareholders of init innovation in traffic systems SE. Many exchanges set new records during the reporting year, in spite of simmering international hotspots such as the war in Ukraine, geopolitical confrontation between China and the United States, renewed hostilities in the Middle East and the associated restriction on the flow of goods. Although these negative factors repeatedly led to turbulence and setbacks on the markets, on balance most stock markets recorded strong performance in 2024. Factors driving the booming stock markets were the interest rate cuts by central banks and the associated increase in liquidity, robust economic growth in the United States and the megatrend of artificial intelligence (AI).

The MSCI World Index, which includes 1,400 stocks from 23 industrial nations, grew by almost 20 per cent in 2024. However, most of this growth is attributable to a comparatively small number of market players, most of them tech stocks in the United States. Without U.S. stocks, the MSCI World would have grown by just five per cent. The renewed boom in U.S. stock exchanges is largely due to the performance of the "Magnificent 7", the seven largest corporations by market capitalization which now account for almost 34 per cent of the S&P 500. This very broad stock index gained 25 per cent in 2024.

By contrast, most European stock exchanges ended the year 2024 with decidedly more modest performance. Against the backdrop of a weaker economy, persistent inflation and declining corporate profits, a surprisingly positive trend emerged towards the end of the year. The STOXX 50, a standard European blue-chip stock index, recorded a gain of 8.8 per cent with the Euro STOXX 50, which excludes corporations outside the euro-zone, growing by 11.9 per cent.

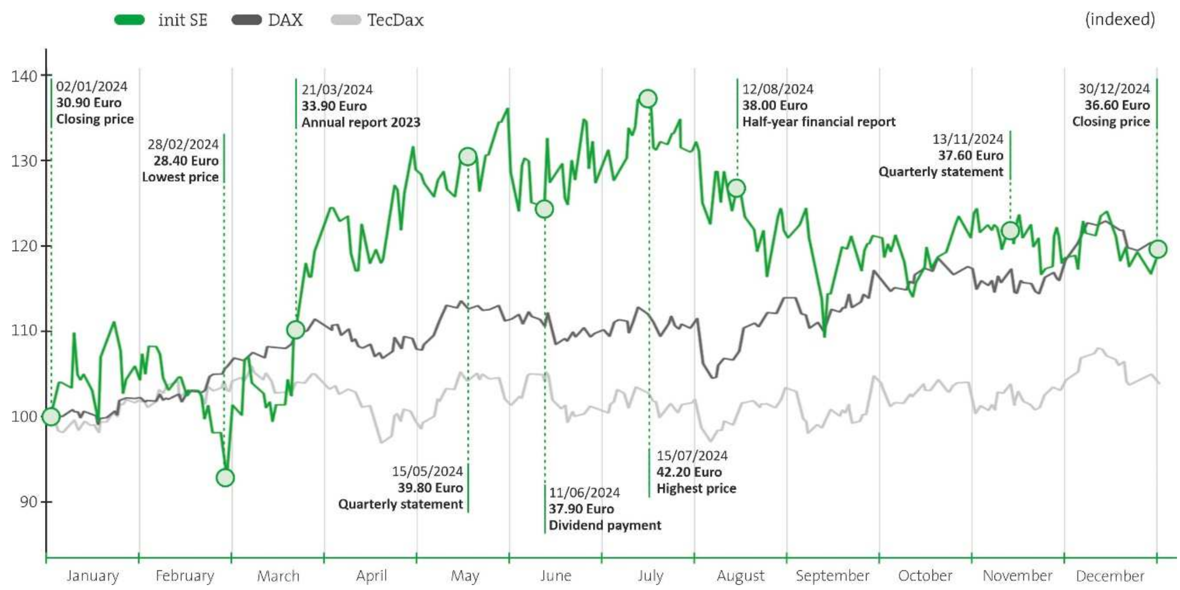
Performance of the init share: price up by 20 per cent

The fact that the DAX, Germany's blue chip index, closed the year 2024 with growth of almost 19 per cent, one of the best performances in all of Europe, is also due to the extraordinary performance (of up to +320 per cent) of just a few corporations that feature a strong international alignment. By contrast, the stocks of those corporations with their main focus of business in recession-plagued Germany suffered hefty losses in some cases. For example, the MDAX mid-cap index dropped by 5.7 per cent while the TecDAX was still up by 2.4 per cent.

By comparison, the share of init innovation in traffic systems SE outperformed these indexes, rising by 20 per cent. Demand for init shares rose strongly, especially in the period following publication of the business results for 2023 and the outlook for 2024. Buoyed by the good news and a corresponding revaluation of the company, the share price peaked as high as EUR 42.20 in the middle of July. A phase of profit-taking then ensued and the share price slipped back to EUR 33 in the wake of general pessimism about the German and European economies. Some investors took this opportunity to buy in again, which resulted in init's share price consolidating and ultimately outperforming the TecDAX and DAX for the full year.

THE SHARE

In light of the record order intake, market analysts and journalists who have followed init for a longer period see potential for further growth. They have consequently rated the share as a "buy" and set a target price range of between EUR 53 and EUR 55.



Capital market based figures	FY 2024	FY 2023
High (EUR)	42.20	32.90
Low (EUR)	28.40	23.80
Start price (EUR)	30.90	25.50
Closing price (EUR)	36.60	30.50
Market capitalisation (EURm)	367.5	306.2
Average daily trading volume (shares)*	6,334	5,840
Dividend per share (EUR)	0.80**	0.70
Earnings per share (EUR)	1.57	1.54

Shareholder structure (in %)	31/12/2024	31/12/2023
Dr. Gottfried Greschner (directly and indirectly held, parties related to him)	42.83	42.38
Corporate bodies	4.02	4.82
Employee shares (locked up)	0.53	0.50
Treasury shares init SE	1.63	1.99
Free float	50.99	50.31

*all German stock exchanges
**proposal to the next Shareholders' Meeting
(source: Bloomberg)

From the 2024 Annual Shareholders' Meeting

At the Annual Shareholders' Meeting held on 6 June 2024, the shareholders heartily applauded the growth strategy set by the Managing Board. Likewise, the proposals for the appropriation of profit and the increase in the regular dividend to EUR 0.70 per share met with widespread approval. The Managing Board and Supervisory Board justified their proposals with the solid result for 2023 and the intact prospects for future growth.

Upon stepping down from their positions, the long-standing Chief Sales Officer and Deputy Chairman of the Managing Board, Dr. Jürgen Greschner and the Chairman of the Supervisory Board, Hans-Joachim Rühlig, were also given an enormous round of applause. Both have played a key role in the success of init over recent decades and are stepping down from their respective boards at their own volition.

Andreas Thun (Dipl.-Ing.), who has been a member of the Supervisory Board since 2023, was appointed the new Chairman of the Supervisory Board at its constituent meeting and Ulrich Sieg (Dipl.-Ing.) was re-elected as the Deputy Chairman. The previous members, Prof. Michaela Dickgießer (Dipl.-Ing. (FH), M.A.), Christina Greschner and Dr. Johannes Haupt were also reappointed to the Board.

0.80

EUR dividend for FY 2024

Proposal to the Shareholders' Meeting 2025

Shareholders' Meeting 2025

The next shareholder's meeting will once again be held in Karlsruhe on 22 May 2025, with the shareholders invited to attend in person.

Based on the solid business performance with strong growth prospects and the sustainable profitability of the company, the Managing Board and the Supervisory Board will propose to the Shareholders' Meeting an increase in the dividend to EUR 0.80 for the financial year 2024. This will enable our shareholders to participate even more strongly in the company's success.

All of the required documents pertaining to the Shareholders' Meeting will be made available on the company's website from mid-April under the heading Shareholders' Meeting.

COMBINED MANAGEMENT REPORT

init innovation in traffic systems SE, Karlsruhe

BACKGROUND TO THE GROUP

Group business model

Organisational structure of the group

The init group (hereinafter also referred to as init) is one of the few providers of integrated planning, dispatching, telematics and ticketing solutions for buses and trains worldwide. Since 1983, init has been supporting public transport operators with the task of making public transport more attractive, more effective, more efficient and, last, but not least, climate neutral.

As a full-service provider, init develops, produces, integrates, installs and maintains hardware and software solutions for transport companies' important tasks. These include planning, management and optimisation of operations as well as fare management. The innovative software solution is the main focus and a crucial factor for success. Our strategy: init concentrates on innovative mobility concepts that secure a technological advantage for forward-looking transport companies.

init's products and services are designed to improve the quality of transport services in terms of customer orientation, punctuality, convenience, service, safety and shorter travel times. At the same time, transport operators can reduce their costs. With the help of our products, CO_2 emissions that are harmful to the climate are reduced and resources are conserved. With init solutions, public transport operators can respond to the increasing calls for mobility from society and beat the competition in an environment that is dominated by transformation.

The init group management report was combined with the management report of init innovation in traffic systems SE, Karlsruhe ("init SE") pursuant to Section 315 (5) of the German Commercial Code (HGB) in conjunction with Section 298 (2) HGB. The management report is therefore referred to below as the combined management report. The annual financial statements of init SE, which are compiled in accordance with the HGB accounting framework, and the combined management report will be published in the online Company Register simultaneously with the consolidated financial statements.

The consolidation group changed as follows: IRIS SMART TECHNOLOGIES SRL, a former permanent establishment DResearch GmbH, was founded on 10 July 2024. This entity is a wholly-owned subsidiary of iris GmbH infrared & intelligent sensors, based in Verona, Italy. Hansecom BY, based in Minsk, Belarus, and in liquidation since 1 December 2022, was deconsolidated effective 1 August 2024. Effective retroactively to 1 January 2024 the wholly-owned subsidiary DResearch Fahrzeugelektronik GmbH, Berlin, was merged with its parent company, iris-GmbH infrared & intelligent sensors, Berlin in the third quarter. On 6 September 2024, init SE acquired all of the shares in DILAX Intelcom GmbH, Berlin, (DILAX), an international data management specialist with a focus on developing and implementing hardware and software solutions for urban environments. The objectives underlying the acquisition are to reinforce the positioning on the railway market and exploit synergies in research and development as well as sales and distribution. DILAX Intelcom GmbH holds six subsidiaries, all of which are wholly owned by DILAX Intelcom GmbH and fully consolidated as a result.

Business processes

The value chain of the init group essentially includes development, production management, quality assurance, implementation and servicing as well as maintenance and operation of integrated hardware and software solutions for all key tasks within public transport. Hardware manufacturing is mainly outsourced to qualified producers who work closely as subcontractors with our init engineers. The quality we require is assured by having our own staff oversee each stage of the production process, from prototyping through to the test series and serial production.

init maintains two production firms in the United States to improve its sales chances under the "Buy America" initiative. The company Superior Quality Manufacturing LLC., Chesapeake, Virginia, USA (SQM) produces hardware from the init product range. With Total Quality Assembly LLC., Chesapeake, Virginia, USA (TQA), init has built up a cable production operation in partnership with a supplier.

Efficient production at multiple locations, securing the ability to meet customer orders and cost efficiency in production while simultaneously maintaining high quality standards reside among the primary management goals of the init group. Production processes are constantly monitored and optimised to meet the high requirements placed on production quality and satisfy customer expectations.

When selecting producers and service providers, init ensures that it can address fluctuations in demand with the greatest degree of flexibility without compromising on high quality standards. In the event that a business partner falls out of contention, init can generally switch to an alternative provider and quickly and reliably respond to any sudden rise in demand. This continues to be of great relevance, as supply chain bottlenecks can still arise for critical components, despite the easing of the situation on international supply chains recently observed. This situation is only made more difficult by the introduction of tariffs and emergence of possible trade wars. init was once again able to ensure that it met the orders for its products in 2024 by effectively analysing its needs and stocking-up in advance. The related risks are being reviewed in the risk section of the management report.

Key markets and competitive position

Our integrated system solutions for planning, dispatching, telematics and ticketing systems make us a partner to transport companies on four continents. init has successfully realised numerous projects for more than 1,400 public transport operators worldwide during a corporate history that spans more than 40 years. In addition to this project business, many other customers are won via the supplier business. To this end, init operates a global network of subsidiaries that deliver local support for projects and look after the needs of customers.

The annual average headcount of the group as a whole comes to 1,361, of which 1,041 employees work in Germany. The most significant operating entities in Germany are based in Karlsruhe, Berlin and Hamburg. These facilities develop software and hardware products and conduct research into new technologies before developing them and rolling out the solutions. Group headquarters are located at the Karlsruhe location and this is where corporate strategy is set.

Our foreign subsidiaries generally act as distribution companies and service providers to that market, install and maintain complex init solutions. The biggest group companies outside Germany are in North America, with a total of 173 employees, Ireland with 30 employees, Austria with 26, Dubai (United Arab Emirates) with 21 employees, Portugal with 20 employees and the UK with 17 employees. Included in the above, init maintains production companies in America with a total of 29 employees that produce for the local market.

The core sales markets are Europe, North America, Australia, New Zealand and the Arab region. The regional distribution of revenue volume is heavily dependent on large-scale projects and varies accordingly from year to year. Due to the Ukraine conflict, init withdrew from doing any business in Russia or Belarus.

In summary init holds a leading position in the worldwide market for planning, dispatching, telematics and ticketing solutions for public transport.

External factors

Public transport and its ecosystem is being affected by various megatrends: urbanisation, demographic change, decarbonisation and the transition to sustainable mobility. At the same time, public budgets are tightening as they face other priorities. These factors are encouraging public transport operators to introduce user-friendly ticketing systems, good quality passenger information and rapid connections in order to enhance the appeal and performance of its offering, while simultaneously raising efficiency levels and improving financial results. To reach these ambitious goals in Europe, North America, the Arab region and in Australia and New Zealand, the potential afforded by the digital transformation needs to be fully exploited by public transport. For this reason, governments have provided assistance in practically all the regions of relevance for init. These packages need to be drawn on by transport companies and translated into further calls to tender for new projects.

At the same time, our markets remain heavily fragmented. After a long debate, the finance for the Deutschland-Ticket introduced in 2023 was finally confirmed for 2025, albeit at a 20 per cent higher price. Against the backdrop of the recent elections, it remains to be seen whether this solution has been secured in the medium term. To a certain extent, the Deutschland-Ticket has encouraged a trend towards standardisation. At the same time, due to the lack of clarity in the requirements, a lot more work had to be put in by both customers and init. However, flat-fee pricing models actually create additional challenges for the accuracy of passenger counts, which have actually become legal requirements for the registration of new vehicles in Baden-Württemberg and Bavaria. With its highly precise solutions for passenger counting, init can exploit additional growth potential arising from this trend.

Following the extraordinary order intake in the 2024 financial year, the focus in the 2025 financial year will be on concluding development of nextGen cloud platforms and processing (mega) projects while simultaneously strengthening the business to generate medium-term growth.

Corporate control, objectives and strategy

As the executive body of a listed European Company (Societas Europaea, SE), the Managing Board must act in the interests of the company and is obliged to sustainably create stakeholder value. It manages the affairs of the company and is bound by the German Stock Corporation Act to uphold the interests and business policies of the company. The Managing Board composed of the Chief Executive Officer (CEO), the Chief Revenue Officer (CRO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO) and Chief Human Resources Officer (CHRO). The Managing Board of init therefore has five members who together bear responsibility for corporate management. As the central task of corporate management, the Managing Board defines the strategic orientation of the company, ensures that the risks of business activities are handled responsibly by means of a comprehensive internal control and risk management system and ensures that legal requirements and internal guidelines are observed within the company.

From a commercial perspective, the business of the init group is **steered** on the basis of **revenues** and **earnings before interest and taxes** (EBIT) projected in the annual budgets of the individual entities. The businesses are managed by the Managing Board. Deviation in results are analysed at the level of the respective entities or projects. Revenue and EBIT are the key performance indicators (KPIs) and constitute the central reference points for incentive programmes for managers and the members of the Managing Board.

The ultimate corporate **objective** is to sustainably generate profitable growth and simultaneously secure solvency at all times.

Financial objectives

The init group pursues the goal of sustainably raising its revenue by selling integrated systems and innovations and by tapping into new fields of application in the markets targeted by the business. The challenges posed by global supply chain disruptions in 2023, which faced renewed burdens caused the Ukraine crisis and a flare-up of the conflict in the Middle East just after the Covid crisis had eased, were successfully overcome: In its 40th year, init passed the EUR 200m mark for the first time, posting revenues of EUR 210.8m.

In the 2024 financial year, the group's revenues continued to rise to EUR 265.7 m, up 26 per cent on the previous year. This is slightly above the corridor forecast in the 2023 Annual Report of EUR 240-260m. The growth rate realised in 2024 is well above the long-term target corridor of 10-15 per cent per annum.

init's second core objective lies in steadily growing its EBIT in absolute figures while maintaining a minimum EBIT margin of 10 per cent. The EBIT margin is measured as the ratio of EBIT to revenue. EBIT in the 2024 financial year amounted to EUR 24.5m and shows therefore a substantial uptake over the previous year (EUR 21.0m) but resides in the lower third of the forecast corridor for the 2024 financial year of EUR 24-28m. The EBIT margin comes to 9.2 per cent (previous year: 10.0 per cent) and is therefore below our mid-range target.

Non-financial objectives

Customer satisfaction

In addition to financial performance indicators, customer satisfaction is one of the important non-financial performance indicators for init. init achieves this both through trust-based collaboration with business partners and strict compliance with quality principles: the technological edge, cost-effectiveness and reliability of our products and systems. init has set down the principles of daily business dealings in the ethical guidelines. A customer survey is carried out annually to check that the objective of customer satisfaction is being met. Customer satisfaction as an indicator is, however, not relevant to the financial steering of the init group.

Employee qualification and expertise

Our employees are the key success factor. For this reason, it is part of init's corporate philosophy to ensure that every individual receives training, continuing professional development and a share in the company's success. Numerous measures were offered for company-specific qualification, for example training at external service providers, in-house training, webinars, podcasts, digital learning as well as visiting trade fairs and conventions. Once again, more than 11,000 training hours (2023: more than 11,000 training hours) were completed in internal and external training measures in 2024.

Some 74 per cent of init's permanent employees have a university degree, particularly in the fields of information technology, electro-technology, high-frequency technology, physics, mathematics, industrial engineering, information technology, international business and business studies. init maintains very close contact with the Karlsruhe Institute of Technology (KIT) and other universities of applied sciences, such as the Humboldt University in Berlin and various research institutes, such as Fraunhofer Gesellschaft, in order to keep track of the latest technological developments and to identify technical changes early on. In this regard, init provides students with internships in part-time positions and supports the supervision of academic theses, at bachelor's and master's degree levels, for example.

New employees at our subsidiaries generally receive training at the group headquarters in Karlsruhe. Conversely, selected employees from Germany also spend several weeks a year at the foreign subsidiaries, either within the scope of their training or in connection with ongoing projects, as a means of promoting communication and cooperation while simultaneously ensuring that the expertise flowing into individual projects, technologies and products is maintained at the same high level around the globe.

Research and development

Innovation is the foundation of init's long-term success. Sustainable and consistent innovation necessitates substantial investment. For this reason, the research and development department constitutes a central unit within the init group. Its goal is to ensure that the group is competitive by using technical innovation. As part of this endeavour, we monitor market trends and plan to develop our own innovative products in order to act on identified potential. Our vision is to put technology to good use for the public transport sector, and in so doing, enhance the efficiency and appeal of local public transport.

€ 25.2

million

was invested in 2024 in basic development and product development for the digital transformation of public transport

The unit's importance is reflected in the expenditures of the 2024 financial year. The init group spent EUR 25.2m (previous year: EUR 20.0m) on the basic development of new products and the refinement of existing ones. This is equivalent to 9.5 per cent of revenue (previous year: 9.5 per cent). In addition, the group conducted customer-funded, project-based new product developments and product refinements, amounting to around three times that amount. The expenditure referred to above includes the capitalised expenses for internally-developed software of EUR 11.3m (previous year: EUR 6.9m).

init places great importance on the high standard of qualification among our research and development employees and also on maintaining close partnerships with the higher education sector and research institutions in order to be able to respond quickly to the latest trends in university research.

Over 620 init hardware and software developers worked on new products and product concepts as well as on refining existing products at the company's locations in Karlsruhe, Braunschweig, Bruchsal, Berlin, Hamburg, Maynooth, Pasching, Tampere, Lisbon and Seattle in the 2024 financial year. In addition, numerous new customised software developments and interfaces were realised.

In order to put itself in the position of being able to provide solutions for the expected challenges in existing and potential new markets at an early stage and make new technologies available for use by public transport, init's own research team continues to participate in research and government-subsidised projects with a diverse range of subjects. Our research team works with a large number of partners on solutions for future challenges.

The objective of the KIMonoS research project (AI-based mobility on demand platform in Saarland) subsidised by the Federal Ministry of Education and Research (BMBF) and concluded in May 2024, was to transform some of the public transport offering into an on-demand solution and integrate this in the existing network. With the aid of an innovative routing algorithm and virtual stops, init and its consortium partners realised a prototype for ride-pooling in rural areas. This solution better serves the needs of rural passengers and helps to more efficiently shape the increasing flexibility of public transport, using AI to optimise it.

The constant increase in the delivery of goods in German cities is creating growing challenges for both transport companies and municipal authorities. To address these challenges, init and its consortium partners have developed until end of May 2024 a prototype within the framework of the LogIKTram project that largely automates the transport of goods using the urban tram network. init took the lead in the research work on an innovative IKT platform that enables safe, reliable and economic cargo handling using the public transport network. LogIKTram was part of the regioKArgo project for the city of Karlsruhe and its surrounding region, funded by the Federal Ministry for Economic Affairs and Climate Action (BMWK).

Sharing identity solutions across multiple applications promises great benefits for users. In the showcase SDIKA project subsidised by the BMWK, init combined its mobility platform with a prototype for a secure and interoperable SDI solution that placed the focus on the digital sovereignty of the user. SDIKA was brought to a successful conclusion in November 2024.

Automating transport operations offers enormous potential for more efficient public transport and for expanding it in future. At init, we are researching solutions to the associated challenges for systems and data interfaces if automated vehicles are to be integrated in public transport networks as efficiently as possible and simultaneously win acceptance from passengers. In September 2024 init completed a successful field test as part of the ÖV-LeitmotiF-KI project funded by the Federal Ministry for Digital and Transport (BMDV). Under the leadership of the Association of German Transport Companies (VDV), a safety-compliant and standardised reference model has been developed for the integration of automated vehicles in public transport operations. In the CulturalRoad project conducted within the framework of the Horizon Europe funding programme, init has been researching innovative and particularly user-friendly passenger information systems since May 2024 to make public transport more accessible worldwide and raise their acceptance. Within the framework of the JULIA Horizon Europe project, init intends to pursue a response to the high demands placed on automated vehicles in terms of the precision of their positioning systems: JULIA commenced in January 2024 and is working on building a highly accurate, independent and resilient infrastructure for public transport operators using European satellite services.

ECONOMIC REPORT

Macroeconomic environment

Despite many challenges and increasing risk potential, the global economy was relatively stable in the reporting period albeit with great divergence between regions. For example, global GDP growth came to 3.2 per cent in 2024, matching the forecasts made by the International Monetary Fund (IMF). However, in some Asian and particularly in European economies (Germany, France, Italy) the economic data was disappointing.

Growth in the Euro zone remained subdued at 0.8 per cent. Likewise, growth in China and India, the new engines of the global economy, remained below expectations. On the other hand, the United States benefitted from the economic stimulus and investment programmes initiated by the Biden government. These resulted in robust GDP growth of 2.8 per cent, slightly surpassing the forecasts, notwithstanding the intensifying trade disputes with China.

Inflation continued to decline globally, although there are some signs that progress is beginning to waiver in some countries. Price inflation for services lies above average in many national economies, especially in the United States and in the Euro zone. This is restricting the potential for monetary easing to lower interest rates and promote growth. Phases of political instability in some Asian and European countries have also unsettled the markets and created additional uncertainty about the progress made with financial and structural policies, which are beginning to stall.

New risks to the global economy have also emerged that are being amplified by mutually reinforcing austerity measures in trade policies (protectionist tariffs) by China, Europe and the United States, a renewed flare-up of the conflict in the Middle East and the associated restrictions on world trade and global supply chains as well as uncertainties regarding the direction of the economic policies to be taken by the new U.S. government.

Nevertheless, the IMF has left its forecast for 2025/26 generally unchanged from October 2024, mostly due to the upwards correction for the United States economy. This was largely offset by downwards corrections for other major economies. In summary, the IMF economists view the global economy as currently being torn between the need to stabilise prices and the need to promote sustainable growth. According to the outlook of the IMF experts published in January 2025, global growth should remain stable in the medium term. At 3.3 per cent for both 2025 and 2026, the growth forecasts are well below the historical average.

The IMF economists made some adjustments to their respective growth forecasts for advanced economies. Growth is forecast to ease, especially in Germany, France, Italy and Canada. In summary, economic output in advanced economies is forecast to continue growing moderately at 1.9 per cent (2025) and 1.8 per cent (2026). On the one hand, the recovery in real income will support private consumption. On the other, negative trends in world trade – including the emerging tariff war – are dampening investment activity. The latter is currently a major source of uncertainty, especially with regards to commodity prices, steel and aluminium in particular. This risk could not only have a negative impact on the global economy, but also on the profitability of init if it finds itself unable to pass on such cost increases to its customers.

The Euro zone was among the negative surprises for economists in the reporting period. Economic momentum in the region waned towards the end of 2024, particularly in the manufacturing sector. Greater political uncertainty added to the mix. As a result, growth rates sank to 0.8 per cent instead of the 1.1 per cent that had been forecast. This is just one third of the growth rate recorded by the United States. As a result, the gap between the economies of the EU and the United States continued to grow. Although growth should pick up in the Euro zone in 2025, it is expected to be more sluggish than expected in October 2024 as geopolitical tensions dampen the mood. The IMF, for instance, has corrected its forecast for 2025 downwards by 0.2 percentage points to 1.0 per cent. In 2026, growth is expected to rise to 1.4 per cent, supported by higher domestic demand, fiscal easing, rising consumer confidence and dissipating uncertainty.

Germany, init's home market, continued to suffer from major uncertainties in 2024 related to the direction of the economic policies pursued by the ruling coalition, which finally fell apart due to irreconcilable differences between the partners. High energy, wage and transport costs in the domestic market resulted in weaker industrial production and diminished competitiveness in export business. These trends also paralysed investment activity.

The turnaround in 2024 that was expected by the IMF failed to materialise. Instead, the German economy contracted by 0.2 per cent, the second year in succession. Germany's economic performance remained well below the performance of other countries in the Euro zone, even if consumption rose in line with the recovery in real incomes. In light of the existing economic and political uncertainties, economic experts have all revised their growth forecasts for Germany downwards. For the current year, the IMF is forecasting lean growth of just 0.3 per cent followed by a hesitant recovery in 2026 to 1.3 per cent.

Growth prospects for the UK, an important market for init, where one of the largest ever contracts was won in the first half of 2024, have recently brightened up. Positive stimulus is coming from the services sector and the construction industry, which led to a higher than expected increase in economic output towards the end of the year. In addition, inflation has waned faster. Based on the IMF estimates, economic growth in the UK came to 0.9 per cent in 2024. This is anticipated to rise to 1.6 per cent in 2025 and settle at 1.5 per cent in 2026.

Canada, which has become an interesting target market for init due to the major project for Montreal, was unable to continue along its initial growth trajectory in the second half of 2024. The soft landing of the Canadian economy, aimed at containing inflation while simultaneously stimulating growth, came to a halt. Instead, high costs of living and weak investment activity placed a burden on the country. Economic growth of just 1.3 per cent was recorded for 2024. The IMF is now forecasting growth of 2.0 per cent for 2025 and 2026, correcting the projection for the current year sharply downwards (by 0.4 percentage points). In addition, there is a risk of further downturns, in exports, for instance, if the U.S. President goes through with his plans to raise tariffs on Canadian imports, which would then likely lead to a recession.

During the reporting year, the United States benefitted from the economic stimulus and investment programmes initiated by the Biden administration. This resulted in robust GDP growth of 2.8 percentage points in 2024. Fiscal easing driven by expansive measures such as the new government cutting taxes could stimulate further economic activity. Additional stimulus is coming from a rise in consumer and business confidence, which will positively impact both the supply and demand sides of the economy. Growth of 2.7 per cent is forecast for 2025. This lies 0.5 percentage points above the IMF forecast from October 2024, which can be partly attributed to accelerated investment activity. It is expected that growth will ease to 2.1 per cent in 2026.

Other protectionist measures, such as a new wave of tariffs as announced by the U.S. government could exacerbate tensions in international trade. This would result in a lower investment activity, less market efficiency and supply chain disruptions. Global growth could suffer in both the short and the medium term. Any disruption to the ongoing disinflation process – due to higher tariffs, for instance – could interrupt the transition to monetary easing. This would generally negatively affect both public finances and financial stability. To counter these risks and stimulate economic growth, the IMF calls for greater structural reform and stricter multilateral rules as well as more intensive international cooperation.

In addition to restoring price stability, the IMF recommends that political decision makers set up suitable investment programmes at national level to stimulate growth for the long term. In those cases, if the inflation data signalled a return to price stability, then a progressive transition towards monetary easing should be undertaken. In the view of the IMF, this would simultaneously create fiscal headroom for funding investment in infrastructure. The experts at the IMF view the digital transformation, a core competence of init, as occupying a special role in this regard as it could boost productivity in all sectors of the economy.

Sector-specific developments

Demand for public transport and, in turn, init's products and services is steadily rising. The growing global market for public mobility systems is currently undergoing a phase of fundamental technological upheaval. Growth is being fuelled by mega trends such as digital transformation, AI, intermodal transport, urbanisation and the need to mitigate climate change. Factors such as reliability, frequency and the quality of public transport have significant impact on passenger numbers.

Greater investment is needed in intelligent (transport) infrastructure to meet future needs. An increasing number of countries are realising this and are undertaking the digital transformation of their public transport networks and providing greater assistance to programmes to mitigate climate change. However, this means that public budgets must make sufficient funds available for the associated investments. Stable and sufficient government funding creates the foundation for public transport.

2025 will be decisive with regard to the course taken to develop public transport in many parts of the world. Priority will be given to the further implementation of global and national plans to mitigate climate change, accelerating them if necessary. In Germany, the new federal government will define its transport objectives. In Brussels, the newly appointed European Commissioner for Transport will set the direction for sustainability in Europe. In the opinion of the VDV, the twin objectives of sustainable economic growth and the transportation policy transition can only be realised in Germany and the EU if greater focus is placed on public transport.

COP29 also showed that an increasing number of the approximately 200 nations represented at the conference intend to invest more heavily in public transport systems. As already seen in 2024, this should result in a high number of digital transformation and climate mitigation contracts for the public transport sector being put out to tender around the world in 2025.

Global initiatives

Based on a survey conducted by UITP ("Union Internationale des Transports Publics" – The International Association of Public Transport), the sustainable transformation of the transport sector requires enormous investment. At the same time, prices for these solutions have been rising rapidly. For instance, the costs for energy, personnel, maintenance and capital expenditures rose by double digits in some cases in the reporting year. However, this has not appeared to have dampened investor willingness. The UITP survey revealed that public transport operators intended to continue their investments as planned and to develop new projects. Many even plan to increase their level of investment. Yet the most frequently used financing instrument by a considerable margin is a government subsidy or subvention. The majority of public administrations participating in the survey reported that they plan to increase their budget volumes by 2 to 10 per cent.

At the COP29 UN Climate Change Conference held in Baku, Azerbaijan, in November 2024, the latest solutions to meet the ambitious goals for climate mitigation were presented at a separate forum on transport. UITP has highlighted the significance of public transport in the nationally determined contributions (NDCs). In these NDCs, signatory nations have committed to reducing their national emissions. A just, clean and accessible mobility system based on a backbone of public transport is absolutely essential in this regard. It is possible to halve emissions by 2030 by increasing the share of public transport in transport systems. By making public transport the simplest and most attractive option, it is possible to accelerate the reduction in emissions and simultaneously improve the quality of life in urban environments. Investments in low or zero-emission public transport in conjunction with inclusive networks are the key to driving forward the transition to sustainable mobility. However, only two-thirds of all countries have adopted public transport in their NDCs.

COP29 closed with a declaration in which the approximately 200 nations attending made a commitment to develop and implement a vision for low or zero-emission, integrated and connected transport networks by promoting the use of public transport.

This includes the following points:

- Set clear transport emissions reduction targets, motivating countries to set modal shift goals to public transport as a key strategy.
- Aim to scale up green public transport infrastructure, low and zero-emission vehicles, and increased services to achieve those modal shift goals.
- Include public transport in broader national strategies, aimed at reducing car dependency and ensuring that national policies translate into local green transport actions.
- Facilitate capacity building, especially in developing countries, to help design and manage sustainable public transport systems. UITP's NDC guide can help support this effort.
- Promote international cooperation and increase access to climate finance for transport projects, helping low and middle-income countries develop and scale up public transport.

According to UITP estimates, annual investments of USD 208b are needed over the next ten years to improve, expand and electrify public transport infrastructure if the climate goals are to be reached. This makes reliable financial planning critically important.

Regional initiatives in init's core markets: Europe

At a conference in Barcelona, leading representatives of major European cities and sponsors of public transport called upon the EU to provide assistance for measures aimed at zero-emission mobility, the digital transformation, network projects and innovation within the framework of the EU's multi-annual financial framework and to create new financing mechanisms similar to the emissions trading system to fund investments in transport and ensure stable long-term financing for the development of sustainable public transport.

As a model of how transport operators can master the current (financial) challenges and shape a sustainable future, Hamburg will be hosting the UITP Summit in 2025. A key objective of the UITP Summit, which is viewed as the most important public transport conference worldwide, is to demonstrate solutions for making public transport more appealing, efficient and cleaner. Hamburg has managed to raise its passenger numbers to record heights (468 million in 2023) and yet at the same time set up an ambitious investment programme to improve the service offering and quality of service. Funding obtained via a "green bond" managed to raise over EUR 1b only in 2024 on its own for the expansion of the light rail network with new trams, the reconstruction and electrification of existing operating yards, a fleet of zero-emission buses, self-driving vehicles for automated on-demand services, more efficient procedures (by furthering digital transformation projects) and providing passenger information in real time. init has installed its eMOBILE-ITCS system for the city, which allows one of our most innovative customers, VHH, to monitor and manage all types of vehicles, including electric buses, using just one system, making it an element of a best-practice solution that shows the way for the rest of the world. In addition, HanseCom, a wholly-owned subsidiary of init, offers the HandyTicket Deutschland in the city, which is currently the most comprehensive mobility platform for public transport in Germany.

The spotlight at the Annual POLIS Conference (Europe's leading conference on sustainable mobility) held in Karlsruhe in November 2024 was placed on the latest challenges and opportunities in the transformation of urban mobility throughout Europe. Against the backdrop of the innovative Karlsruhe urban tram network and the progressive transport policies for the region, which heavily feature init technology, over 1,000 participants discussed pragmatic solutions ("Fix that Mix!") for networking public transport with other modes of transport from bike-sharing to air-taxis.

The Green Deal is still the cornerstone of EU climate mitigation programmes, which was once again confirmed by Ursula von der Leyen, President of the European Commission. Under the terms of the Green Deal, the transport sector must reduce its greenhouse gas (GHG) emissions by 90 per cent compared to 1990 by the year 2050. All 27 EU member states have committed to making the EU the first climate neutral continent by 2050. To date, EU funding of almost EUR 400b sourced from the NextGenerationEU and the Cohesion Fund has been invested in climate-related projects.

A sustainable and smart mobility strategy is a key element of realising these goals in public transport. Correspondingly, transport operators are expected to choose low-emission or zero-emission vehicles when making purchases for their fleets. This will be supported by measures taken by the member states of the EU to establish the corresponding charging and tank infrastructure. By April 2024, over 90 per cent of a total of 82 initiatives for smart and sustainable strategy had already been implemented or was currently being realised. In addition, the EU is supporting the digital transformation of the public transport sector in order to meet the higher demands of passengers. The total budget set aside by the EU for local mobility solutions and urban transport comes to approximately two trillion euro for the period up to 2027.

At the end of January 2025, the EU Commission presented its "Competitiveness Compass". Among other goals, this is intended to pave the way for Europe to become the first climate-neutral continent. An element of this compass is a "Sustainable Transport Investment Plan" that will be presented in the third quarter of 2025.

The VDV perceives both risks and opportunities attached to the Sustainable Transport Investment Plan of the EU. For example, it must be ensured that public transport receives sufficient funding for expanding and investing in zero-emission fleets of vehicles. This is an area that has so far featured both ambitious goals from Brussels as well as a lack of support from the federal and state governments of Germany. It is particularly important to prioritise rail and public transport infrastructure in order to close the existing funding gaps for overhauling and modernising projects. In addition to other funding, special purpose funds from the EU should be used to ensure the long-term expansion of the transport infrastructure and reduce planning uncertainty.

The German government has also earmarked several billion euros for the digitalisation and expansion of public transport networks as part of its climate protection programme, in addition to stepping up its regular regional funding for financing public transport by EUR 1.5b (to over EUR 10b) from 2023 onwards. In this context, the funds assigned within the framework of the GVFG ["Bundes-Gemeindeverkehrs-Finanzierungsgesetz": Federal-Municipal Transportation Financing Act] were increased to EUR 1b per year. From 2025 the funding will be increased to EUR 2b per year and rise by 1.8 per cent per year from 2026 onwards. In addition, assistance will be provided to larger municipal infrastructure projects with a volume of EUR 30m or more each (for rail-connected projects and "cleaner" transport). A number of model projects have been provided with funding of up to EUR 150m until the end of 2025, with a focus on rural areas.

Traffic in Germany will increase significantly across all modes of transport – this was recently confirmed by the long-range traffic forecast issued by the Federal Ministry for Digital and Transport (BMDV) for the period up to 2051. The BMDV relies on artificial intelligence to support municipalities with the task of meeting the increasing demand for mobility in a way that has minimal environmental impact. With its open-technology "Funding Guideline for Alternative Powertrains in Public Transport" the BMDV is subsidising the acquisition of low or zero-emission buses and the associated infrastructure as well as feasibility studies. Approximately EUR 1.2b has been earmarked to implement the programme. At present, around 250 municipal and private transport operators throughout Germany receive support. In the coming years, this should put approximately 3,500 battery-powered electric buses and fuel-cell-powered buses on the road. 500 buses (around 15 per cent) are already in operation. Firm orders have been placed with the manufacturers for another 2,500 vehicles. An increase in bus production has been clearly discernible since 2024. As a result, the number of e-buses will more than double by 2028.

In light of rising costs of living, inclusive tariffs and integrated ticketing will become increasingly relevant for public transport. On the one hand this means that discounted, concession fares should be offered to certain passenger groups (e.g. people with disabilities, children, students, pensioners or people with other needs). On the other hand, it means the implementation of contactless automated fare collection, such as init's Smart Ticketing solutions. Smart ticketing projects such as the nationwide Deutschland-Ticket are a game-changer in the development of public transport and new mobility solutions ("Mobility as a Service") and are becoming increasingly popular. In the meantime, the Deutschland-Ticket is used by over 13 million people. This ticket allows ease of access to public transport and represents a significant step towards future mobility: cheaper, simpler, digital and therefore more attractive.

Regional initiatives in init's core markets: North America

Smart ticketing is also an element of the innovations that the U.S. government has promoted under its Infrastructure Investment and Jobs Act (IIJA) that has assigned USD 100b to the development of public transport. Since the historic bipartisan Infrastructure Investment and Jobs Act was enacted in 2021, over 40 programmes have been initiated that culminated in tens of thousands of individual projects. Bus fleets and depots have been modernised in the course of these projects, with more than 3,500 low or zero-emission transit buses being purchased from American manufacturers. Since the change in government in January 2025, there is uncertainty about the future direction of US transport policies and the associated funding of public transport. Announcements by the new Secretary of Transportation on the subject are contradictory. Some of the measures initiated by the previous government will be scaled back, yet, in other cases, new reforms will be implemented.

In Canada too, there will be new elections following the resignation of the Prime Minister, which could lead to a change in government priorities for climate mitigation programmes. However, the cornerstones of the "Transportation Canada 2030" programme, which involves long-term investment projects, have already been set. Within the framework of its climate plan, the Canadian government has committed to providing funding for public transport for the long term. CAD 14.9b will be invested in expanding large metropolitan transport systems, electrifying bus fleets and in innovative public transport solutions for rural areas (including on-demand services through to sharing offers). This includes CAD 3b per year in government funding for intelligent transport systems and setting up the supporting infrastructure.

Business performance

Distribution of revenues in the init group largely depends on the investment choices of the public transport companies. These are spread unevenly over the financial year, with the first quarter as a rule being the weakest and the fourth quarter being the strongest in terms of revenue. This seasonality was once again evident in the 2024 financial year.

Revenue amounting to EUR 50.5m was generated in the first quarter of 2024 (Q1 2023: EUR 38.5m). Revenue was therefore up by approximately 31.0 per cent on the previous year.

In the second quarter of 2024, the group generated revenue of EUR 64.0m (Q2 2023: EUR 51.1m). Revenue for the first half of the year therefore rose to EUR 114.5 m, which is 27.7 per cent above the figure of EUR 89.6m for the same period in the previous year.

Revenue amounting to EUR 63.6m was generated in the third quarter of 2024 (Q3 2023: EUR 53.4m). Revenue for the first nine months of 2024 was therefore EUR 178.1m above the figure for the same period of the previous year (30 September 2023: EUR 143.0m), an increase of roughly 24.5 per cent.

In the fourth quarter of 2024 the init group generated revenue of EUR 87.6m (Q4 2023: EUR 67.8m). This implies that revenue rose by EUR 19.8m or 29.2 per cent on the same quarter of the previous year, making it the strongest quarter of the financial year, as in the previous year.

Net assets, financial position and results of operations

Results of operations

For the 2024 financial year, the init group recorded **revenue** of EUR 265.7m (previous year: EUR 210.8m), marginally outperforming the set planning corridor of between EUR 240-260m. In comparison to the previous year, revenue rose by approximately EUR 54.9m or 26.0 per cent and is well above the long-term target corridor set for long-term growth.

Revenue in Germany increased sharply on the previous year, rising by EUR 16.7m or 22.9 per cent. At EUR 89.3m (previous year: EUR 72.7m), Germany was the second largest market after North America. The core business of integrated fleet management systems in Germany played a major role in this regard.

€ 265.7

million

Consolidated revenue in the 2024 financial year +26.0 per cent on the previous year representing another record in our corporate history

Of total revenue, 66.4 per cent (previous year: 65.5 per cent) was generated outside of Germany. The strongest region was once again North America, where revenue jumped significantly to EUR 97.8m (previous year: EUR 70.1m). As in the previous year, major projects for fare collection management systems for metropolitan regions such as Seattle (WA) and Houston (TX) were material items to this result.

At EUR 59.2 m, revenue in Europe (excluding Germany) were up approximately EUR 16.5m or 38.5 per cent on the previous year (previous year: EUR 42.8m).

The other countries segment recorded a contraction in business in comparison to the previous year. Revenue in this segment fell by EUR -6.0m or -23.8 per cent to EUR 19.3m (previous year: EUR 25.3m). The main factor in this regard was a decline in business in the Middle East due to the conclusion of a number of projects in the previous year that could not be compensated by other markets.

Earnings before interest and tax (**EBIT**) came to EUR 24.5m in the 2024 financial year, in the lower third of our forecast corridor of EUR 24 to 28m (previous year: EUR 21.0m). This development is primarily due to the increase of revenue and a simultaneous decline in the gross margin and substantial adverse impacts from foreign currency effects.

The EBIT margin of the group in the 2024 financial year decreased in comparison to the previous year to 9.2per cent (previous year: 10.0 per cent). Consequently, the margin lies outside the corridor of our mid-range planning targets and shows that the quality of earnings, measured by the EBIT margin, is unsatisfactory as it was not possible to compensate contingent effects, such as exchange losses.

Earnings before interest, tax, depreciation and amortisation (**EBITDA**) came to EUR 38.7m in 2024 (previous year: EUR 32.4m). The EBITDA margin in the 2024 financial year of 14.6 per cent is 0.7 percentage points below the previous year (previous year: 15.3 per cent) due to the decline in the EBIT margin.

Gross profit rose by EUR 18.0m or 22.4 per cent to EUR 98.4m (previous year: EUR 80.4m). The gross margin comes to 37.1 per cent and is therefore down on the previous year when it reached 38.1 per cent. The slight decline in the gross margin in 2024 compared to the previous year can be attributed to the fact that the year 2023 benefited from a more favourable sales mix coupled with the effect of special accounting matters.

Sales and marketing expenses increased by 20.0 per cent year-on-year to EUR 31.3m (previous year: EUR 26.1m). The increase originates from the greater volume of sales activities and higher travel expenses, trade fairs and exhibitions, coupled with the rise in costs due to the significant increase in the number of tenders submitted worldwide. The increase is in line with our expectations, and serves the purpose of further growth.

Administrative expenses rose by EUR 6.8m or 29.0 per cent year-on-year to EUR 30.2m (previous year: EUR 23.4m). The increase is primarily due to an increase in personnel expenses, partly on account of the acquisition of the DILAX Group. This also contributed to a substantial rise in legal expenses incurred in the course of due diligence. In addition, new regulatory requirements led to higher costs, such as the need to draw up an integrated group sustainability report for the first time and have it audited.

Research and development expenses of EUR 13.9m are up by approximately EUR 0.8m on the already high level set in the previous year of 13.0m. The continuing high level of spending on research and development is concentrated on new developments related to the digital transformation of public transport. In addition, we invested EUR 11.3m in internally generated software, which has been capitalised under internally generated intangible assets. As a result, init invested a total of EUR 25.2m or 9.5 per cent (previous year: 9.5 per cent) of its revenues in basic development and product development.

At EUR 3.8m, **other operating income** was up by EUR 0.5m or 14.1 per cent on the income of the previous year (EUR 3.3m). The main items here were rental income, income from the disposal of fixed assets, government subsidies, insurance indemnification and offsets from employees for remuneration paid in kind.

The **net gains/losses on currency translation** of -1.7m (previous year: gains of EUR 0.1m) mainly consist of unrealised exchange gains and losses from the translation of receivables and payables denominated in foreign currency and the net result of currency hedges.

Net interest income (interest income less interest expenses) comes to EUR -3.0m (previous year: EUR -1.7m) and results primarily from the mortgage finance for the location in Karlsruhe, the interest expense on pension provisions, the finance for the purchase of remaining shares in iris-GmbH in 2020, the purchase of shares in DResearch Fahrzeugelektronik group (DVS/DFE) and the DILAX Group. init plans to significantly reduce its interest burden through improved cash management/pooling.

Consolidated net income of EUR 15.2m is at the previous year's level. With EBIT improving, the marginal change is primarily due to higher net interest and tax expenses. The tax rate of 29.5 per cent has increased year-on-year (previous year: 21.4 per cent). This is due to changes in tax rates in certain countries and the absence of unused tax losses, which were utilised in previous accounting periods.

Total comprehensive income increased by EUR 6.0m or 46.9 per cent from EUR 12.8m in the previous year to EUR 18.8m. In contrast to the previous year, consolidated comprehensive income improved despite the group's net income remaining stable. This was due to unrealised exchange rate gains of EUR 3.3m (previous year: exchange rate losses of EUR 2.3m) and a small positive measurement difference of EUR 0.3m in pension provisions (previous year: EUR 0.0m). Please refer to the consolidated statement of comprehensive income for more information on the development.

Incoming orders

The init group won new contracts with a total volume of EUR 432.8m in the 2024 financial year. This sets another new record and marks the highest volume of incoming orders in the group's history. Incoming orders rose significantly by EUR 207.7m on the baseline of EUR 225.0m set in the previous year. This corresponds to a growth rate of 92.3 per cent.

€ 432.8

million

Incoming orders up 92.3 per cent on the previous year – highest record in the company's history by a considerable margin

The foundations of this success lie in the major projects MARTA in Atlanta (GA), USA, and TfL in London, UK. The MARTA project is the largest and most modern electronic fare management system that has ever been acquired in the history of init. London has purchased the latest generation of the MOBILE-ITCS nextGen solution, which is operated entirely as a cloud-based solution. With these mega projects, init has opened up a new chapter in its growth story.

init has also reinforced its position in southern Germany by winning numerous new customers in the course of public calls to tender. These include the municipal authority of Heilbronn, the local transport authority of Hohenlohekreis, the local transport authority of Schwäbisch-Hall and the municipal authority of Regensburg, to name a few of the major transport operators. In addition, with CTS Strasbourg, init has won a significant flagship project in France.

Continuing strong demand from our existing customers contributed to our success in the 2024 financial year, too. Unit sales rose due to our nextGen solutions for fare collection management and also ITCS, which are a product of our innovation offensive, as well as a global system upgrade for diverse vehicle fleets, such as in Dubai. Also, init rolled out its new Tap'N'Go Ticketing-as-a-Service fare collection solution at the municipal authority of Trier, one of our long-standing customers.

In the field of electromobility, two major international customers were won for the Smart Charging division, with U.S. orders received from MTA New York (NY) and King County Seattle (WA). Our subsidiary, CarMedialab was able to beat the international competition to win these contracts that were put out to public tender. In addition, HanseCom, our subsidiary that develops trend-setting IT solutions for public transport, contributed to the excellent order intake.

Germany accounts for 23.1 per cent of incoming orders which are generated from either existing customers or new customers won during the financial year. Incoming orders in North America rose, resulting in this region accounting for 36.2 per cent of the group's total incoming orders. The order intake in the rest of Europe grew rapidly to 36.7 per cent of the total, mainly due to the major contract for TfL in London, UK. In the other countries, the share in the order intake dropped to 4.0 per cent of the total.

Incoming orders in North America rose sharply by 120.3 per cent in the 2024 financial year, or EUR 85.5m to approximately EUR 156.7m (previous year: EUR 71.2m). The net result for the year was largely determined by the major contract won for MARTA Atlanta (GA), USA, and stable business with existing customers.

€ 383.6

million

Order backlog up +119.0 per cent or EUR 208.5m on the previous year

At year-end, the order backlog stood at EUR 383.6m (previous year: EUR 175.1m). We expect that the work needed to service the orders already on the books will secure a large share of our revenues for 2025. The high volume of incoming orders, which continues without interruption, supports our decision to continue driving the development of our new product generation forward.

Our market is still characterised by a large number of new international tenders. Due to the very positive development of the market, init participates in ever larger and ever more complex calls to tender. Long-term customer relationships endow init with a solid foundation for its business as they generally result in a substantial volume of recurring business in the form of follow-up orders as well as maintenance, support and operating agreements.

Financial position

One of the priorities for the group's management is to further strengthen the init group's capital structure, which is key to enjoying the continued confidence of our stakeholders. As in the previous year, the init group's financial position in the 2024 financial year can therefore be described as very solid. In the financial year, init continued its measures to restructure its corporate financing via init SE Holding to make it more efficient and improve liquidity.

The group is in a position to meet all its debts at all times, without any restriction. The equity ratio of 42.9 per cent is down on the previous year, when it stood at 46.3 per cent. This is due to a disproportionate rise in debt, bank debt in particular, as equity rose by EUR 13.7m in real terms or 11.4 per cent to EUR 134.3m (previous year: EUR 120.6m). Liabilities to banks increased from EUR 45.3m to EUR 69.4 m, a rise of 53.0 per cent. Furthermore, the first-time consolidation of the DILAX Group resulted in an increase in the balance sheet total.

Capital structure

Liabilities to banks as of 31 December 2024 amounted to EUR 69.4m (previous year: EUR 45.3m) and mainly relate to real estate and acquisition financing, financing of the new ERP system, the purchase of shares in the DResearch Fahrzeugelektronik Group (DVS/DFE) and the DILAX Group and loans taken out to finance working capital. Project delays may lead to delayed payments because the milestones are accepted by the customer at a later date. The long-term portion of bank loans relates to mortgage finance of EUR 0.1m (previous year: EUR 0.4m) for the properties located at Käppelestrasse 8, 8a and 10 and a number of innovation loans totalling EUR 17.6m (previous year: EUR 21.4m) and for long-term loans of EUR 12.3m in place to finance corporate acquisitions (previous year: EUR 2.5m). The loans fall due at different times before 2032 and bear market interest rates. They are denominated in EUR and are therefore used to cover expenditures in the same currency. The short-term share of liabilities to banks amounted to EUR 39.4m (previous year: EUR 19.7m) on the reporting date. These include the principal repayments of long-term financing due in the course of the following financial year and any drawings on cash lines at banks. These were offset by cash and cash equivalents, totalling EUR 23.6m (previous year: EUR 27.3m). The balance of short-term liabilities to banks and liquid funds, including securities, was therefore EUR -15.9m (previous year: EUR +7.7m).

According to the consolidated balance sheet, non-current liabilities rose by EUR 9.6m and come to a total of EUR 71.1m. Of this increase, an amount of EUR 4.3m is attributable to long-term loans. Pension provisions increased slightly by EUR 0.2m to EUR 7.8m (previous year: EUR 7.6m). Other non-current provisions mainly relate to warranties. Non-current lease liabilities have hardly changed, closing the year at EUR 24.2m (previous year: EUR 20.2m). Deferred tax liabilities increased slightly to EUR 7.4m (previous year: EUR 6.3m).

According to the consolidated balance sheet, current liabilities increased by EUR 29.2m to EUR 107.6m (previous year: EUR 78.4m). This change can be mainly attributed to an increase of EUR 19.8m in liabilities to banks, an increase of EUR 4.0m in contract liabilities to EUR 20.4m (previous year: EUR 16.4m) and an increase of EUR 1.6m in trade accounts payable to EUR 13.6m. Current provisions increased by EUR 0.3m. Current lease liabilities rose on the previous year to EUR 5.0m (previous year: EUR 3.8m). Income tax liabilities amounted to EUR 3.6 m and are up on the previous year's level. Other liabilities increased by EUR 3.5m. The decrease of EUR -1.5m in advance payments received, to EUR 1.6m countered the rise in current liabilities.

The group's static debt ratio (measured as current and non-current bank debt divided by equity and multiplied by 100) comes to 51.7 per cent and is therefore up on the previous year (37.6 per cent) despite the increase in equity. This is due to the disproportionate increase in borrowings in comparison to the previous year. Net gearing (net debt divided by EBITDA) stands at 1.7 (previous year: 0.6).

Investments

Capital expenditures for property, plant and equipment and other intangible assets came to EUR 18.1m (previous year: EUR 12.5m) and, in addition to replacements and additions to property, plant and equipment of EUR 6.6 m, include investments in data-processing software and standard applications of EUR 0.2m as well as internally generated software and product developments of EUR 11.3m.

Liquidity

Cash flow from operating activities increased on the previous year to EUR 10.8m (previous year: EUR 8.0m). Due to the increased focus on working capital management, it was possible to increase operative cash flow in spite of the negative effects on working capital from the growth in sales, particularly in the strong fourth quarter. Supply chains led to a rise in net working capital. In combination with high capital spending, particularly on internally-generated software as part of the nextGen innovation campaign, net liquidity decreased significantly in comparison to the previous year.

Net working capital (current assets less current liabilities) comes to EUR 86.3m (previous year: EUR 60.7m). Cash flow from investing activities came to EUR -24.0m (previous year: EUR -13.5m) and mainly consists of investments to acquire financial assets of EUR -7.1m (previous year: EUR -1.1m), investments in software of EUR -0.2m (previous year: EUR -1.5m), investments to replace or expand other plant and equipment and furniture, fixtures and other operating equipment of EUR -3.4m (previous year: -2.5m) as well as the recognition of internally-generated software of EUR -11.3m (previous year: EUR -6.9m).

The cash flow from financing activities comes to EUR 8.5m (previous year: EUR -6.8m) and is mainly a result of net new borrowings and, on the other hand, dividend payments and repayments of lease liabilities.

Cash and cash equivalents, including highly liquid securities, came to EUR 23.6m at the end of December 2024 (previous year: EUR 27.3m).

Net assets

As in previous years, the net assets of the init group in the 2024 financial year can be described as stable and robust.

Total assets as at 31 December 2024 rose by EUR 52.6m on the previous year or 20.2 per cent to EUR 313.0m as of 31 December 2023 (previous year: EUR 260.5m).

This results from the increase of EUR 18.6m in intangible assets to EUR 44.1m (previous year: EUR 25.5m), an increase of EUR 6.9m in property, plant and equipment to EUR 70.9m (previous year: EUR 64.1m) and an increase on the previous year of EUR 7.9m in inventories, EUR 18.4m in contract assets and EUR 4.3m in trade receivables.

The increase in intangible assets originates primarily from the recognition of development work performed within the framework of the nextGen Cloud innovation campaign and other forward-looking software platforms. They also include the intangible assets recognised in the course of the purchase price allocation of DILAX. The increase in inventories can still be largely attributed to the effects of our risk-based sourcing strategy that puts priority on having stocks available to customers in the face of persistent uncertainties in global supply chains as well as the decision to extend the depth of production in the United States in light of the “Buy America” initiative. The increase in contract assets is in line with the rapid growth in revenues in the fourth quarter in relation to the annual average.

The increase in current and non-current bank loans totalling EUR 24.0m serves to fund further growth and create greater financial headroom. Equity increased by EUR 13.7m to EUR 134.3m by year-end (previous year: EUR 120.6m). This is mainly due to the net income of the group of EUR 15.2 million and positive effects from foreign currency translation of EUR 3.3 m, countered by the dividend distribution of EUR -6.9m. The equity ratio decreased to 42.9 per cent (previous year: 46.3 per cent).

Net assets, financial position and results of operations of init SE pursuant to HGB

General information

In addition to the report on the init group, we summarise developments at init SE in the section below.

init SE is the management holding company of the init group and, as such, does not carry out any operating activities. It financially manages the operating companies of the group and is responsible for strategic planning and risk management. init SE also handles tasks in the areas of accounting, controlling, project management, legal, marketing and human resources of INIT GmbH, INIT Mobility Software Solutions GmbH, INIT Nottingham, INIT Montreal and INIT Maynooth.

init SE’s annual financial statements are prepared in accordance with the German Commercial Code (HGB). The consolidated financial statements are prepared in accordance with International Financial Reporting

Standards (IFRS). This results in differences in accounting and valuation methods. These mainly relate to pension obligations, IFRS 16 and deferred taxes.

Results of operations

init SE is steered using annual projections for revenues and earnings before taxes and interest.

The revenues of init SE amounted to EUR 7.4m in the 2024 financial year (previous year: EUR 6.8m) and was generated largely by rendering services to INIT GmbH, INIT Mobility Software Solutions GmbH, INIT Nottingham and INIT Montreal as well as from rental income and is in line with expectations. Earnings before tax of EUR -6.3m were generated (previous year: EUR 15.3m) which is below our expectations. Earnings before taxes includes investment income of EUR 4.8m. This income originates from Traffic Systems FZE, which accounts for EUR 4.4m, Mattersoft Oy, which accounts for EUR 0.3m, and inola GmbH for EUR 0.1m. Furthermore, earnings also include income from the profit transfer from INIT GmbH of EUR 2.8m (previous year: EUR 14.4m). Personnel expenses came to EUR 12.5m (previous year: EUR 9.2m) and have risen primarily due to the increase in personnel and salary increases. Other operating expenses, including the cost of materials, amounted to EUR 9.1m (previous year: EUR 6.6m). The increase is mainly due to increases in purchased software services, exchange rate losses, maintenance, trade fairs, sponsoring and travel expenses.

Net assets and financial position

The net assets, financial position and results of operations of init SE remain in a sound condition.

Financial position

Other financial ratios of relevance to init SE are liquidity and the equity ratio, and these are discussed below. As of the reporting date, cash and cash equivalents and securities totalled EUR 0.1m (previous year: EUR 0.5m) and are therefore down approximately EUR 0.4m on the previous year. The change in cash and cash equivalents during the year resulted chiefly from cash paid out for payments of principal and interest for mortgage financing, the distribution of dividends and the settlement of income taxes. By contrast, the profit transfers from subsidiaries had a positive effect on cash and cash equivalents. The cash and cash equivalents and existing credit lines, which can be used jointly with INIT GmbH, are sufficient to meet all existing and future payment obligations.

init SE covers its financing requirements from the income received from its equity investments, profits from profit and loss transfer agreements and by taking out long-term borrowings. With these funds, init SE finances the group entities.

Net assets

The total assets of init SE amounted to EUR 105.0m on the reporting date (previous year: EUR 98.1m), while the equity ratio declined compared to the 2023 financial year to 44.2 per cent (previous year: 59.8 per cent).

The assets mainly comprise financial assets, land and buildings and receivables from affiliated companies. Under financial assets, shares in affiliated companies rose significantly on the previous year to EUR 56.8m (previous year: EUR 34.1m), largely due to the acquisition of DILAX Intelcom GmbH, Berlin and a capital increase at INIT Innovative Informatikanwendungen in Transport-, Verkehrs- und Leitsystemen GmbH, Karlsruhe. A list of the shareholdings can be found in the notes. Loans to affiliated companies rose in the reporting year and now stand at EUR 16.3m (previous year: EUR 13.4m).

The increase in assets is financed by the increase of EUR 15.8m in bank loans to EUR 44.1m (previous year: EUR 28.3m), relating to the mortgage financing of the buildings at Käppelestrasse 8/8a and 10 in Karlsruhe, loans for the acquisition of other companies and long-term innovation loans. The mortgage loans are fully secured by land charges.

Non-financial performance indicators

The annual average headcount at init SE came to 116 (previous year: 94). Of these, 72 on average were full-time staff (previous year: 44).

In total, employees took part in 89 internal and external advanced training sessions in 2024.

The non-financial goals of the group apply by analogy.

Opportunities and risks of future development

Please refer to the relevant section (Forecast, opportunities and risks) for the group, as the opportunities and risks of the company are closely related to those of the group due to its holding function.

Internal control and risk management system in relation to the financial reporting process

Here, reference is made to the relevant section for the group (Internal control and risk management system pertaining to the group financial reporting process).

Expected business development and outlook

The development of init SE materially depends on developments at its operating subsidiaries and is currently subject to a higher level of uncertainty due to the ramifications of the Ukraine crisis, the conflict in the Middle East and the widespread geopolitical tensions on the global economy. Furthermore, the high inflation rates that are still seen worldwide could have a negative impact on the development of business.

Earnings before interest and taxes for the financial year amounted to EUR -5.7m (previous year: EUR 15.4m).Against the backdrop of a higher order backlog within the init group, we are forecasting revenue for the entire group in the current financial year to lie within our mid-range growth corridor and above the level reached in the 2024 financial year. The revenue of init SE is expected to rise significantly, especially now that a number of tasks previously performed decentral have been bundled into the group's parent as shared services and charged to the subsidiaries. In light of this development and the expected improvements in the operating results of its subsidiaries, init SE, as the parent company of the group, foresees a significant increase in earnings before interest and taxes for the 2025 financial year.

Closing statement to the dependent company report

Under Section 312 of the German Stock Corporation Act (AktG), the Managing Board is required to prepare a report on the company's relationships with its affiliates ("dependent company report"), which was audited by the company's auditors. The dependent company report prepared by the Managing Board closes with the following statement:

"We hereby declare that, according to the circumstances known to us at the time when the legal transactions and measures were undertaken, the company received a commensurate consideration in the financial year under review for all the transactions and measures listed in the report on our relationships with affiliates ("dependent company report") and that the company suffered no adverse effects as a result of measures and acts either undertaken or omitted."

Principles and objectives of financial management

Securing the long-term liquidity of the init group has top priority. This requires a liquidity-oriented corporate policy and a steady alignment of all corporate processes aimed at improving liquidity and earnings. Financial risks, particularly interest risks and currency risks are reduced – wherever this makes sense – by the use of derivative hedging instruments. In order to maintain financial headroom, the init group has arranged sufficiently high lines of credit, which have only been partially utilised.

Employees

A key objective of the init group is to generate sustainable profitable growth. In order to achieve this and complete ongoing customer projects on time, workforce levels were again increased in the 2024 financial year. It will be necessary to bolster the workforce again in the 2025 financial year in order to secure work on customer projects as well as to address further growth. We will counter the challenges confronting the development department, particularly with regard to the ticketing business, digital transformation, electromobility and cloud solutions, by conducting new recruitment drives.

Headcount

Overall, in the 2024 financial year, the init group had an average of 1,361 employees (previous year: 1,140) including casual workers, research assistants and students writing their theses. The number of employees working part-time rose to 251 (previous year: 206).

In addition, 37 employees are in apprenticeships in information technology, electronics, industrial and commercial business administration roles, or are studying at universities of cooperative education in the fields of electrical engineering, mechatronics, information technology and industrial engineering.

Overall picture of the economic situation

Despite the instable business environment and geopolitical tensions, the Managing Board generally views business in 2024 positively, now that the coronavirus pandemic has ended. Revenue came to EUR 265.7 m, slightly above the budget target of between EUR 240 and 260m. EBIT of EUR 24.5m lies in the bottom third of our forecast target corridor of between EUR 24m and EUR 28m.

Incoming orders are at a record level of EUR 432.8m for the financial year. The init group was therefore able to raise its order intake by 92.3 per cent on the previous year (previous year: EUR 225.0m). With sustained high investment in research and development of EUR 25.2m (previous year: EUR 20.0m) and numerous innovative projects, init has also laid the groundwork to win new contracts that will allow it to continue growing in future.

A good foundation has been laid for the 2025 financial year with the existing order backlog of EUR 383.6m as of 31 December 2024. Thanks to the earnings growth in the 2024 financial year, the init group's financial position is stable and has even been strengthened further.

Cash flow from operating activities comes to EUR 10.8m in 2024 and is therefore not entirely satisfactory given the revenue growth in the fourth quarter. However, this is just a snapshot.

We would also like our shareholders to participate in our business success. Due to the overall positive development of business in 2024, the Managing Board proposes a dividend of 80 cents.

Looking ahead to the 2025 financial year, we view our prospects with optimism.

FORECAST, OPPORTUNITIES AND RISKS

The achievement of init's business objectives depends on certain events, developments or the implementation of actions and strategies as planned. Assumptions must be made for these and other factors in forecasting future performance. Where both known and unknown factors have negative effects on the achievement of goals, this constitutes a risk. Positive effects give rise to opportunities.

Outlook

The business model of init innovation in traffic systems SE has proven to be very resilient over the course of 2024, a year that was characterised by external crises. By adapting adaptations the value chain and answering to the continuing growth trends discernible in the market the group to not only once again met its growth targets but also to surpassed them.

Recent wins in the course of competitive tenders for major projects are particularly pleasing. Incoming orders of EUR 433m during the 2024 financial year set an extraordinary new record. Of particular note is that these projects will run for a number of years and include maintenance and service contracts, some with terms of over ten years. This provides us with a solid foundation to keep growing our business. This remains the case, even without considering the mega projects in Atlanta and London.

Our market for integrated intelligent mobility solutions for buses and trains is undergoing a major transformation worldwide and is breaking into new territory, characterised by such trends as digital transformation, electromobility, mobility as a service (MaaS), smart ticketing and the increasing use of artificial intelligence. The latter necessitates suitable tools to gather, prepare and analyse the volumes of data available in real-time. This requires the kind of apps and software that init can offer as a global leader in digital solutions for buses and trains.

We have registered a steady stream of calls to tender for digital transformation projects. In addition, there is an increasing trend to award projects with clearly defined specifications without first putting them out to tender. init can benefit from this trend in the long term.

A prerequisite is that transport operators have sufficient funds available for their investments or have government backing. On the one hand, public bodies are under pressure to consolidate their budgets. On the other, they are also under pressure to combat climate change and invest in intelligent (transport) infrastructure to secure a better future. If the current trend of an easing in budget policies currently observed in some countries continues persists, it could unleash further growth stimulus for the init group.

Conservative planning requires that the human resources needed to address growth are also available. To ensure sufficient human capital, we have increasingly invested in diversifying our international locations over recent years. In addition, the internal "cultural programme" that has the goal of empowering our employees to become "entrepreneurs within the enterprise" is continuing.

This should also be viewed in light of the fact that init is increasingly evolving from being a supplier of technology towards becoming a service provider for transport operators, i.e. one that also delivers services to them. This is substantiated by the trend seen in recent tender wins of growing demand for our maintenance and service packages, where we perform operations functions for our customers. Given the contractual terms of more than ten years in some cases, this also secures high customer retention and quantifiable cash flow for the long term.

On the basis of these factors and our current order backlog, we anticipate sustained growth for the coming year. In specific terms, we are forecasting **revenues** of between **EUR 300m and 330m**. **EBIT** should lie between **EUR 30m and 33m**. This indicates that init should reach its mid-range goals of generating revenue growth in a corridor of 10 to 15 per cent per annum and a minimum EBIT margin of 10 per cent of revenue.

If the financing perspectives for our customer base of transport operators continue to develop positively – which a high number of investment programmes substantiate – then may be possible that growth will even accelerate in the coming years.

Opportunities

In their latest outlook, the IMF economists view the global economy as currently being torn between the need to stabilise prices and the need to promote sustainable growth. Progress in both of these political aspects as well as an easing of tensions in international hot spots is opening up opportunities for global technology corporations, such as init.

In addition to restoring price stability, the IMF recommends that political decision-makers set up suitable investment programmes at national level to stimulate growth for the long term. The experts at the IMF view the digital transformation, a core competence of init, as occupying a special role in this regard as it could boost productivity in all sectors of the economy. Greater fiscal easing than assumed in the projections, in combination with lower interest rates, could result in faster growth rates because the public transport operators, which are init's key customers, still depend to a large extent on government funding.

Greater investment is needed in intelligent (transport) infrastructure to meet future needs. An increasing number of countries are realising this and are undertaking the digital transformation of their public transport networks and providing greater assistance to programmes to mitigate climate change. 2025 will be decisive with regard to the course taken to develop public transport in many parts of the world. Priority will be given to the further implementation of global and national plans to mitigate climate change, accelerating them if need be.

The more government funding is available and provided, the faster and more intensively transport operators can implement the transformation to green energies. A survey conducted by UITP revealed that many public transport operators intend to raise their investment spending, with budget increases of between 2 and 10 per cent.

COP29 also showed that an increasing number of the approximately 200 nations represented at the conference intend to invest more heavily in public transport systems. As already seen in 2024, this should result in a high number of digital transformation and climate mitigation contracts for the public transport sector being put out to tender around the world in 2025. As a global player, init will benefit from these additional growth opportunities.

The rapidly growing global market for public mobility systems is currently undergoing a phase of fundamental technological transition. Growth is being fuelled by mega trends such as digital transformation, AI, intermodal transport, urbanisation and the need to mitigate climate change. init is one the major suppliers of technology for all of the topics that need to be addressed by public transport operators worldwide, according to UITP, if sustainable mobility is to be secured for everyone.

For many public transport operators, converting their bus fleets to low or zero-emission vehicles stands at the centre of their efforts. Before the first electric buses are purchased, a range of different operating scenarios must be simulated and the implications for capital expenditure, operating costs and operating processes examined. A planning system such as eMOBILE-PLAN from init allows this. This system includes the MOBILEopti² optimisation tool, which optimises planning and services in an integrated fashion. The parameters it considers include the range, consumption, the charging technology used by the buses and the charging infrastructure. In addition, scenarios for various temperature ranges can be drawn up - an extremely important factor, as heating and cooling have a massive impact on the range of electric buses.

Transport operators who convert their fleets to electromobility are facing the challenge of sustainably minimising their power costs. Optimising the charging procedure and being able to exactly forecast the range of electric buses is of key importance. The MOBILEcharge intelligent charging system from CarMedialab, an init subsidiary, and the MOBILErange forecasting system address these needs effectively. MOBILEcharge ensures that the vehicles are always charged on time, as needed and as cost-effectively as possible. For instance, MOBILEcharge can achieve savings of up to 20 per cent in electricity costs, as has been demonstrated in practice. In addition, transport operators can make further cuts to their energy costs using the MOBILErange solution from init. These arguments and the fact that MOBILEcharge functions seamlessly, even under extreme conditions, are proving to be compelling arguments for an increasing number of transport operators. The solution has also managed to break into the African market. In Dakar, the capital of Senegal, MOBILEcharge is being successfully used by the control centre of the bus rapid transit (BRT) system. Further enquiries on the continent could follow on the heels of this reference project.

To encourage energy-efficient behaviour, init developed the MOBILEefficiency driver assistance system to support driving patterns that conserve resources. In the same vein, a centralised system for assigning signalling priority to public transport vehicles (LIVEtsp) was realised by init in cooperation with Denver Regional Transportation District in the United States. This innovative pilot project empowers smart traffic control, resulting in improved schedule adherence for public transport and better on-time vehicle performance with minimal investments. LIVEtsp has been developed by Mattersoft, a member of the INIT group, specialising in Software-as-a-Service solutions for public transport. The traffic signals are adjusted in real-time allowing their buses to spend less time at red lights, resulting in shorter travel times and more efficient routes. This is the first project of its kind in the United States and promises great cross-selling potential.

The system in Denver has been seamlessly integrated in the Intermodal Transport Control System (MOBILE-ITCS) supplied by init. Traffic control systems like this create the foundation from which transport operators can evolve into mobility experts, providing not only the classical offerings of public transport and on-demand transport services but also other mobility offerings, such as rental bikes, cars and scooters, all on one platform. To connect all of these multimodal offerings, they need to be managed and monitored in a central control system, such as ITCS. This can ensure a seamless package of mobility offerings, which can also better connect rural areas to city centres. In some smart cities, such as Vienna, this is already far advanced. The regiomove solution used in Karlsruhe, where init is based, is a flagship project for such an initiative and the trend towards Mobility as a Service (MaaS).

regiomove is a blueprint for other cities that would like to be seen as examples of climate-neutral intelligent transport hubs offering multimodal, clean and environmentally friendly mobility solutions. The regiomove app bundles mass transport solutions and alternative sharing solutions without the users having to switch between apps, not even for payments. They merely enter their intended route and the app automatically delivers the most suitable mode of transport along with the best connections and the latest offers. This solution, which is increasingly gaining importance, connects different public transport offers, resulting in a mobility mix tailored to individual demands. With the creation of such multimodal mobility platforms, access to public transport systems is improved. This entails a shared data platform that provides all the information in real time and over which payment transactions can be made reliably. This also necessitates self-service portals, simple fare collection systems and a control system that enables reliable connections between on-demand trips and classical public transport services. The KIMonoS AI-based mobility-on-demand-platform research project was set up in Saarland to test the trouble-free interplay between these various factors. The objective was to establish a flexible response to times of special demand to complement the existing scheduled routes. MOBILE-ITCS from init, which already integrates other solutions, such as MOBILE-PLAN, MOBILE-FLEX and MOBILEstatistics, served as the central control system. As a result, the public transport infrastructure in this rural region was optimised and the mobility offering improved for the benefit of its citizens. All over the world, an increasing number of public transport operators are pursuing this goal, indicating that demand for integrated mobility solutions could rise even more rapidly.

With its HandyTicket Deutschland, HanseCom, a wholly-owned subsidiary of init, currently offers the most comprehensive mobility platform for public transport in Germany. With this solution, users can obtain simple and easy-to-use digital access to the Deutschland-Ticket and use public transport all over Germany with just one reasonably priced ticket. This trend setting solution could spread to other regions, opening up additional market potential in international business.

Smart ticketing projects such as the nationwide Deutschland-Ticket are a game-changer in the development of public transport and new mobility solutions (“Mobility as a Service). They provide passengers with easy access to mobility via their smartphone, in that they combine mobility information with booking and payment features. Across the world, ticketing has become relatively easy for passengers. They pay for their journey by simply tapping their bank/credit card or their smartphone on a ticket terminal when boarding or alighting. They check in using the credit card industry standard EMV and the background system books the travel authorisation onto the physical or virtual card. The background system then calculates the fare after check-out, ensuring that passengers are always charged the best available fare for their ride. The prime target market for such account-based ticketing (ABT) is made up of occasional riders, tourists and business travellers, allowing transport providers to tap into new target groups beyond frequent travellers and consequently increase public transport’s market share. In the long term, cash-, personnel- and maintenance-intensive sales channels can be reduced, thereby making ticket sales more efficient. This solution, which is also available as Software-as-a-Service, can also be deployed in addition to existing ticketing solutions as part of a multi-channel sales strategy.

The largest project of this kind for init worldwide is being realised in the United States for the World Cup in Atlanta in 2026. The Metropolitan Atlanta Rapid Transit Authority (MARTA) has chosen a smart ticketing solution from INIT Inc., the U.S. subsidiary of init, which adds a new service dimension for its riders. The modern AFC 2.0-System (Automated Fare Collection) ordered by MARTA combines ticketing and contactless payment for all of its buses, trains and trams in the Atlanta metropolitan region. In future, any of its approximately 500,000 daily passengers will be able to use a simple “tap and go” service at any stop or in any vehicle operated by MARTA (or its partners) to purchase their fare using their mobile device, credit card or customer card via contactless payment. On account of the 2026 World Cup, the MARTA project is an important flagship project due to the associated global attention. With a volume of over EUR 100 million, MARTA is the largest ticketing project conducted by init to date. The number of tenders of a comparable volume is growing, not just in North America. If these are won, init could experience even more rapid growth.

Attracting new passengers to public transport and turning occasional riders into regular riders is a goal pursued by all transport operators worldwide. Simple user-friendly ticketing can facilitate this. The "TapNGo" Ticketing-as-a-Service solution (TaaS) from init not only provides passengers with an improved service, it also relieves transport operators of the entire payment processing and clearing procedure, reducing their costs, while encouraging higher sales. There is huge potential demand for this, and not just in North America. init is also promoting this solution on its German home market and other international markets. Currently, init is installing its first project in association with the municipal authority of Trier, which will become a reference project for the German market.

Artificial intelligence and machine learning are important elements of init's innovative strengths. init has been using AI to optimise its processes for the planning and dispatching of transport fleets for many years. Data is the foundation on which AI is built. Whether historical or real-time traffic data, ticketing data, timetables or fleet management, data is now available in great detail and this is used by init software solutions to train algorithms used in day-to-day operations. The application can map changes and trends more precisely and rapidly. This allows it to make more accurate forecasts of departure times, optimise routing and to respond to the latest events, such as accidents or traffic jams.

Another field of application for AI is the analysis and forecasting of vehicle occupancy with the goal of improving the information available to passengers. This is precisely what MOBILEguide offers, a system to provide information on occupancy rates and steer passenger flows, which, in terms of reliability, outperforms customary systems. In a patented process, the system not only considers the current occupancy of the vehicles, but also the expected number of passengers to exit at the respective stops. This unique approach marks the first time that a reliable forecast of the anticipated occupancy can be made. However, the most important feature is the dissemination of occupancy rates using the channels used to provide passenger information, such as transport operators' apps or websites. This enables passengers to choose a connection with the lowest occupancy. In addition, the same information can be prepared at a car-level of detail and used in rail systems to better distribute passengers among the available cars and spread them along the platform sections. As a result, time spent boarding and disembarking can be significantly reduced and existing infrastructure more efficiently used thanks to tighter scheduling.

Another example of the use of AI in public transport is the MOBILE-FLEX solution which provides integrated booking, dispatching and route optimisation for on-demand transport solutions. For passengers, smooth transportation from the start of their journey to the stop where they board the bus or train (first mile), and from the final stop to their actual destination (last mile) is becoming increasingly important. As a result, public transport companies are starting to recognise the importance of coordinated on-demand services, for example in rural areas or during off-peak periods. An AI-based optimisation algorithm efficiently and easily links passengers' travel requests. The system's excellent performance allows short booking deadlines based on real-time vehicle positions as well as ride pooling with virtual stops, addresses or geo-coordinates. By specifying fixed points and departure times (for the strategic positioning of vehicles, such as depots or stations), MOBILE-FLEX combines the flexibility of modern flex routing with the operational requirements of public transport. Smaller and more economic vehicles coupled with fewer but better utilised trips can result in a perfect win-win situation for both operators and passengers.

With the use of AI-based solutions, such as the MOBILE-PERDIS nextGen personnel deployment system from init, the growing challenge facing public transport operators, a shortage of drivers, can be effectively countered. Using this system, the “desired roster or deployment schedule” can be drawn up and updated constantly. This not only increases flexibility but also staff satisfaction among drivers, a scarce resource. It also helps to avoid interruptions to scheduled services, reduce income for transport operators and reduce passenger frustration.

The increasing use of AI-based software will leverage substantial productivity gains and increase revenue. AI can help make public transport safer, more efficient and more environmentally friendly. For this reason, the EU and the Federal Ministry for Digital and Transport (BMDV) are providing billions in subsidies across all modes of transport for the development and testing of innovative technologies. If these programmes are implemented rapidly, they will open up additional growth opportunities for init.

Due to init's status as an internationally recognised technology partner to the public transport sector, which it has earned from numerous successful projects, there will be an increasing number of opportunities opening up in comparatively new markets. For example, it recently managed to win a contract awarded by Strasbourg, a major French city, for its new MOBILE-ITCS nextGen system solution. The local transport operator, Compagnie des Transports Strasbourgeois (CTS), relies on init to manage the operation of its trains, trams and buses. As a result, the public transport system in this metropolitan centre located on the eastern border of France and home to the European parliament takes on an important function for the whole of France.

init has also recently scored a success with its MOBILE-ITCS nextGen solution in the one country in Europe that is known for its exceptionally modern, smoothly functioning and reliable public transport system, Switzerland. The operator, Transports Publics Fribourgeois (TPF) has decided to revolutionise its operations control and awarded a contract to init for this purpose. In future, init’s ITCS will be used to manage the operation of 250 buses in the city of Fribourg and also in the canton of the same name in western Switzerland. In addition to new deployment opportunities, this solution offers RESPONSEassist as a highlight. This multichannel information solution from init automates incident management, thereby massively reducing the workload of the operations control personnel by applying automated routines when managing incidents. Assistance and automated systems like RESPONSEassist also make a significant contribution towards improving the efficiency of the workforce. Here too, significant growth opportunity is emerging around the world for such solutions. In future, TPF will also draw on the assistance of init in the field of electromobility: key elements of the solution are forecasting the range of electric buses, monitoring the operating condition of vehicles and providing driver assistance. This service extension could also be of interest to other public transport operators in Switzerland and open up new sales potential for init.

Although it is not a new market for init, the UK market has become increasingly complex due to BREXIT. However, here too, init has managed to make a compelling argument with its market leading technology. Transport for London (TfL), for instance, awarded the UK subsidiary of init SE in Nottingham a contract for the delivery of on-board, back office and support services for London’s iBus next gen system. init will deliver 8,000 on-board computers and accessories for all the buses and trains in the TfL fleet. TfL will use the technology from init to manage its operating model (franchise system) and improve safety and service quality for passengers. iBus next gen will be provided as an integrated service that includes key performance indicators (KPIs) and offers operators a cost-efficient maintenance model. The contract has a value of approximately GBP 80m for the investment phase. The parallel contract awarded to init for system operation over ten years is of a comparable volume. Additional options, such as a contract extension for another ten years can be commissioned at a later date, creating additional growth potential for init.

The ATP public transport administration in Luxembourg goes a step further in expanding its service portfolio and outsourcing its services. init has been commissioned with the task of overhauling and modernising the countrywide telematics system (GloTel). This includes the migration of the existing intermodal transport control system to the MOBILE ITCS nextGen solution from init as well as providing the hardware for 1,700 buses along with operation and maintenance support for five years. The joint project with ATP counts as one of the flagship projects for European public transport, not only because of the size of the fleet but also because of the wide range of services provided. In addition, by offering free public transport, the Grand Duchy has set an example and driven forward the transition to sustainable mobility in Luxembourg, a country noted for its reliance on cars.

Projects such as London and Luxembourg are examples of the discernible trend towards transport operators fully outsourcing their services and processes to gain headroom and simultaneously concentrate on their core competencies. At the request of its customers, init is increasingly taking on such tasks as IT hosting, tariff data administration, vehicle maintenance and the operation of cloud solutions in its projects. It also offers cybersecurity solutions, such as data security applications, to assist its customers.

Transport operators are dependent on complex IT systems that function around the clock and are always up to date. System maintenance necessitates a range of competencies in cybersecurity, but these do not necessarily have be carried out by the operator's own workforce. init can support them by providing external specialists who keep an eye on the operating IT systems, intervene when necessary, and ensure the availability of the system with a view to possible efficiency gains. This optional support is included in various service offerings for monitoring, maintenance, system management and IT, change management and administration. In terms of administration, init can take care of data administration or the management of tariff data and devices. Numerous transport operators around the world benefit from the operating services provided by init. This could open up additional growth opportunities in the medium term.

Further stimulus for accelerated growth in the medium term could come from the acquisition of the international data management specialist DILAX Intelcom GmbH, a deal that was closed in September 2024. With the acquisition of DILAX, init has obtained access to new customer segments in 30 different counties and over 1,800 cities worldwide. Among its base of over 300 long-standing customers are international equipment manufacturers, public transport operators and associations from all around the world. DILAX has specialised in the development and implementation of hardware and software for urban environments. For init, the acquisition of DILAX and the addition of its strong sales platform, which is a good fit to that of init, not only provides access to new markets and customer segments but also provides init with additional research and development capacity and expertise in related product fields. In addition, it helps init strengthen its position in the railway market in Europe and North America. It is anticipated that public investment in railway infrastructure will increase.

Risks

init, as an international technology-oriented company, is faced with a number of risks that could affect its assets, financial position and operational results. A risk is understood to be the occurrence of an event that can have a negative impact on reaching set targets. Risks can be strategic, operative, financial or legal.

Risk management

Risk management is the systematic and ongoing identification and evaluation of risks and the control and monitoring of the risks that have been determined. The legal basis for the establishment of a risk management system is laid out in Section 91 (2) AktG. Risk management at init is based on the ISO 31000 industrial standard.

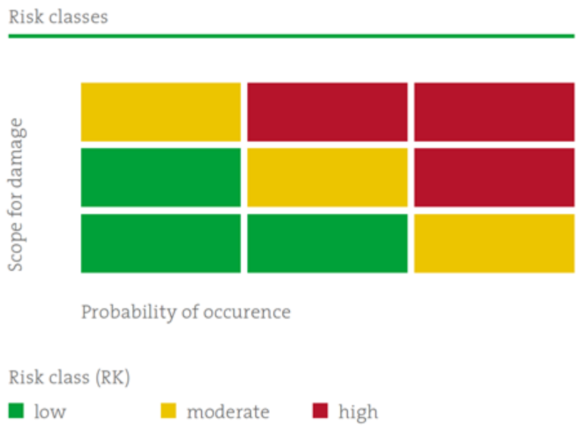
The aim of a risk management system (RMS) is not to avoid all risks but to manage identified risks. After all, risks must be entered into to realise plans and take advantage of the resulting opportunities. It is a matter of weighing up these risks.

The risk management system assesses individual risks in the areas of business planning, sales and distribution, procurement, human resources, project management, IT, financial risks and legal risks. In cooperation with the risk manager, each quarter the risk owners review the risks in their sphere of responsibility. In the course of this assessment, the risk position is reviewed to determine whether it is complete and up to date. Suitable mitigation measures that are also economically viable need to be defined for each risk.

All risks are assigned a probability and a potential exposure (gross perspective) and assessed on a net basis after considering risk mitigation measures. Such measures can affect the probability and/or the exposure. The (net risk) assessment is presented by the risk level: low, medium or high. The period covered by this analysis is set at one year.

	Probability (%)	Exposure (EURm)
low	0 < probability ≤ 33	< 0.5
medium	33 < probability ≤ 66	0.5 to 3
high	66 < probability ≤ 100	> 3

Based on these parameters, a matrix with nine fields results, allowing the risk categories to be identified. The high risk category stands for critical risks that could have a significant impact on the results (primarily EBIT) due to the probability of occurrence and the exposure at risk. The results are reported to the Managing Board on a quarterly basis. Ad hoc risks are reported immediately.



The following section presents the risks (medium and high risk categories) which could have a significant impact on the risk position of the init group and any changes in the risk category compared to the previous year. In addition, the full list of risks for each division is presented in table form. The existence for as yet unknown risks or the potential of risks that are considered negligible today to also impact the risk position cannot be fully ruled out.

Business planning risks

There were changes to the "risks of fraud" and the "development and project risks" in comparison to the previous year, which are explained below. After conducting a climate risk assessment in the course of implementing the CSRD, the risk from changes to the environment was considered to be immaterial at present and deleted from the risk inventory.

Risk category	Probability	Exposure	Risk category
Risk of building up new markets / business formations or integration risks	low	medium	low
Risks of fraud	low	high	medium
Loss expertise specific to init	low	medium	low
Development and project risks	low	high	medium
ESG risk: Environment	low	low	low
ESG risk: Social	low	low	low
ESG risk: Governance	low	high	medium

Risk of fraud (risk category: medium / previous year: low)

Irregularities within the company such as bribery, corruption or fraud can result in financial, operative or legal losses and a loss of reputation. To mitigate this risk, init has set up preventive measures (including the principle of dual control, ethical guidelines and associated training) as well as detective measures (such as audits, whistleblower system). The probability of this risk has not changed on the previous year. However, the increase in transaction volume due to growth of the business has led to an increase in exposure, which explains the change in the risk assessment to "medium".

Development and project risks (risk category: medium / previous year: low)

The development of existing products and the early development of new, innovative products, also within the framework of customer-specific requirements and projects, are key success factors for init. In the course of developing technically sophisticated systems, there is a risk of mistakes being made in development or during project activities, including the risk of errors in costing. init counters these risks in the course of its project management (by monitoring resources and budgets, for instance) and development activities (by setting up development guidelines, obtaining certification, etc.). Due to the increased complexity and trend towards more comprehensive projects, the risk category has been increased to “medium”.

ESG risk: Governance (risk category: medium / previous year: medium)

ESG risks related to governance can arise with regard to risk and reputation management, oversight structures, compliance and corruption. Risk mitigation measures, such as consistent transparency, anti-corruption policies and the whistle-blower system help to lower the risk. Nevertheless, any breach of compliance or outright corruption could result in substantial losses. The overall risk category is assessed as medium.

Sales risks

With regard to sales activities there have been changes to the risks of “dependence on individual customers – delivery of goods business” and “loss of tenders” as explained below.

Risk category	Probability	Exposure	Risk category
Risk of dependence on individual customers – delivery of goods business	low	high	medium
Risk of dependence on individual customers – maintenance and support business	low	medium	low
Loss of tenders due to technological or commercial reasons	medium	medium	medium
Failure to recognise market developments and trends	low	low	low
Risk of new market entrants	low	medium	low
Price erosion in sales markets	low	high	medium
Risk of hosting services / operating obligations	low	medium	low

Risk of dependence on individual customers – delivery of goods business (risk category: medium / previous year: low)

Due to the peculiarities of the public transport market (including the limited number of high-volume customers), the loss of existing customers could result in a loss of business for the business of delivering goods (loss of follow-up orders and replacements) and impact on results. The loss of customers can also be due to insolvency, a loss to competitors or economic crises. This risk is countered by conducting extensive sales activities, tapping into new sales potential and expanding the portfolio of goods and services Due to the increase in transactions from growth in business and the trend towards larger projects (including public transport operators bundling their activities into purchase associations) means that the exposure to losing individual customers has risen. For this reason, the risk category has been increased to “medium”.

Risk of losing tenders (risk category: medium / previous year: low)

For some time there has been a trend in the public transport sector towards larger and more complex calls for tender and sophisticated projects as transport operators increasingly combine into purchase associations and outsource more services to third-party providers. Although init’s win/loss ratio with public tenders has not changed significantly, larger volume contracts imply a higher exposure if a tender is not won (due to higher selling expenses, among other things). For this reason, the risk category has been increased to medium compared with the previous year.

Price erosion in sales markets (risk category: medium / previous year: medium)

The general rise in price levels has led to higher prices in both the buy-side and in the sell-side markets. As long as both markets move in harmony, there is no elevated exposure to sales markets. However, a rise in prices on the buy-side with a simultaneous erosion in prices for init products on the sell-side would be critical. Day-to-day monitoring of purchase costs, analyses of the results of the tenders submitted and validation of new markets and sales opportunities help init to control and mitigate the risk and potential exposure. Recent years have shown that the purchase market and sales market are structurally in sync and that customers generally accept price rises in negotiations. This risk has not changed on the previous year. The risk category remains at "medium".

Procurement and logistics risks

With regard to procurement and logistics risks, there has been an improvement, in the risk of "Buy-side price and cost volatility" as explained below.

Risk category	Probability	Exposure	Risk category
Buy-side price and cost volatility	medium	medium	medium
Dependence on individual (A) suppliers	low	low	low
Termination of assemblies / components	high	medium	high
Inventory losses due to changing regulations and standards	low	low	low
Quality risks (defective goods)	low	low	low

Buy-side price and cost volatility (risk category: medium / previous year: high)

Buy-side price and cost volatility arises from shortages for materials and difficulties in the supply of various commodities. In addition, risks arise as a result of substantial fluctuations in the cost of some materials, also due to the ongoing crises (such as the conflict between Russia and Ukraine and between China and Taiwan). This could impact the financial position and financial performance as well as the ability to meet orders. These risks are countered by concluding master agreements, maintaining inventories well in advance, and managing product obsolescence. Generally, the current situation on the buy-side markets has stabilised in comparison to the previous year. For this reason, the risk category is currently assessed as "medium". It is possible that there will be impacts from the current discussion on protectionist tariffs, particularly on the North American market. Due to init's own production capacities in the United States and the expectation that cost increases could be potentially offset by sell-side price hikes, the risk is thought to be limited at present to the cost effects on existing projects where the prices are already fixed. However, these trade conflicts still need to be monitored.

Risk of terminated assemblies / components (risk category: high / previous year: high)

In recent years, there has been a noticeable upturn in the frequency of terminated assemblies and components and a change in the period of notice given. Likewise, there is a discernible trend towards shorter product life cycles. This risk has become manifest in that manufacturers and suppliers seek (or are able) to enter into new deals at higher prices with shorter-term contractual obligations. In many cases, terminated assemblies and components can be substituted at relatively low cost (purchases of replacements and swapped out). However, substantial costs can be incurred when a termination necessitates a redesign or a new product development. Despite extensive countermeasures (including stockpiling and obsolescence management), this risk is not to be underestimated. Consequently, the risk continues to be assessed as "high" as in the previous year.

Human resources risks

In the field of human resources, the risk of "Sickness-related absenteeism" (formerly "pandemic" was revised, with the previous year's assessment remaining valid. The risk of "fluctuations in personnel expenses" has risen in comparison to the previous year, as explained below.

Risk category	Probability	Exposure	Risk category
Fluctuations in personnel expenses	medium	medium	medium
Risks from the loss of key personnel	low	low	low
Pandemic now: Sickness-related absenteeism	low	low	low
Lack of applicants/skilled labour	low	medium	low
Changes at upper and middle management level	low	low	low
Risk arising from company pension plans	low	low	low

Risk of fluctuations in personnel expenses (risk category: medium / previous year: low)

Generally, personnel expenses are exposed to a higher or lower degree of volatility due to changes in statutory social security, changes in the contributions to sick pay, maternity or paternity leave, insolvency protection, sickness-related absenteeism or other collectively bargained or voluntary benefits. In particular, high inflation and prices risks increase the risk of rising personnel expenses. Although there is a gradual trend towards stabilisation, there are still uncertainties regarding the development of personnel expenses, such as extensive negotiations with trade unions (in sectors with comparable employee profiles), higher costs for medical treatment and a relatively high level of sickness-related absenteeism. For this reason, the risk category has been increased to "medium".

Project risks

Risks from current projects with a contract volume of more than EUR 2.5m

Project management is a key success factor for the init group. For each major project, init implements a project plan for constant progress monitoring. Project risks are analysed regularly by the controlling department in cooperation with the project lead and project contact persons. The projects are analysed in terms of financial aspects as well as in terms of suppliers, development, contract and other significant risks to initiate corresponding countermeasures. Costings, order situation and project progress are regularly examined using budget variance analysis. Project risks are standardised and considered in the group-wide risk inventory. At present no projects are assigned to the medium-risk category.

IT risks

Risks relating to information technology are assessed as part of the risk management process and ISO27001 certification. The risk position has not changed on the previous year.

Risk category	Probability	Exposure	Risk category
Risk of data loss/manipulation due to unauthorised network access	low	high	medium
Risk of data loss/manipulation due to unauthorised access via remote maintenance and malware	medium	high	high
Risk of employees being manipulated by cyber-attacks (phishing/social engineering/malware)	medium	medium	medium
Risk of data loss/manipulation due to unauthorised access via patch and change management systems/software	medium	medium	medium
Risk of unauthorised access to sensitive data due to defective or out-of-date records in authorisation systems	low	medium	low
Personnel-related IT risks (loss of resources; breach of compliance)	low	medium	low

Risk of data loss/manipulation due to unauthorised network access (risk category: medium / previous year: medium) and the risk of data loss/manipulation due to unauthorised access via remote maintenance tools and software (risk category: high/ previous year: high)

In light of the growing risk of cybercrime, there is an elevated risk of a security incident leading to the disclosure, loss and manipulation of data via unauthorised access to the infrastructure used, such as the network, software or tools. As a result, business processes may be temporarily disrupted. In spite of the implementation and constant development of extensive technical and organisational measures and the efforts taken to raise the awareness of employees on a regular basis, the risks continue to be assessed as medium and high respectively.

Risk of employees being manipulated by cyberattacks (risk category: medium / previous year: medium)

The threat of phishing, social engineering and malware is constantly rising. There is a risk that employees are called upon to act or disclose confidential information/business secrets, resulting in losses for init. This risk is countered by raising employee awareness using regular training and awareness tests, and improving network security and making processes more robust (e.g. by changing payment-related data). Nevertheless, the risk continues to be assigned to the medium-risk category.

Risk of data loss/manipulation due to unauthorised access via patch and change management systems/software (risk category: medium / previous year: medium)

Security updates are being more frequently released in the case of high common vulnerability scoring system (CCVS) scores which necessitate immediate action by IT and user-administrators. Testing of security updates and updating the affected systems is ensured by means of monitoring and setting up the corresponding processes. Zero day exploits, which become known but for which no patch is available, are another critical item. Systems are modified and updated based on clearly defined change management procedures to ensure their functionality and secure configuration. There were no changes in the risk assessment and risk category on the previous year.

Financial risks

In terms of financial risks, the risks of rising prices and inflation have already been considered in the respective line items such as procurement ("Buy-side price and cost volatility") or personnel ("Fluctuations in personnel expenses") and are therefore not considered under this section. Another change to the risk reporting entails the adoption of the "Individual risk from a project contract (bond/guarantee)" as explained below.

Risk category	Probability	Exposure	Risk category
Interest and liquidity risk for short-term euro loans	high	low	medium
Bad debts	low	low	low
Currency risks	medium	low	low
Tax risks	low	medium	low
Liquidity risk due to stocking up inventories, financing projects in advance and past-due accounts	medium	low	low
Credit risk	low	low	low
Individual risk from a project contract (bond/guarantee)	low	high	medium

Interest and liquidity risks relating to short-term euro loans (risk category: medium / previous year: medium)

The majority of the loans taken out to finance construction of new buildings and expand facilities at the headquarters in Karlsruhe are fixed-interest loans. The risk has been mitigated by significantly reducing short-term loans. The interest risk arising from short-term floating rate loans does not have any material significance on the net assets, financial position and results of operations at present. In addition, the current inverse interest curves indicate that short-term interest rates can be expected to fall. There was no change in the risk assessment in comparison to the previous year.

Individual risk from a project contract (bond/guarantee) (risk category: medium / previous year: n/a)

The project system business is a key success factor in the (local) public transport sector. In this business, it is customary for guarantees to be issued on the contractual performance obligations with (financial) indemnification clauses attached. With increasing project volume, these obligations represent a risk for init and a significant exposure. Although the probability is sufficiently low, init is obliged to include significant individual risks in its risk inventory so as to provide a full picture of the company's risk position.

Legal risks

At present, init SE and its subsidiaries only face a few legal disputes. In-house lawyers oversee these proceedings. init does not believe that the outcome of any proceedings currently pending will have any significant negative impact on its business activities. Nevertheless, asserted claims and legal disputes are naturally associated with uncertainty, which makes it difficult to reliably estimate their financial impact which is why the current assessment may change at any time.

Risk category	Probability	Exposure	Risk category
Risks arising from U.S. and EU sanctions legislation	low	low	low
Legal risks associated with breaches of IP rights	low	medium	low
Compliance risks/implementation risks related to international data protection requirements and laws	low	low	low
Patent risks	low	low	low

Notwithstanding the litigation referred to above, the risks identified under the legal risks category are deemed to be low on account of the measures taken. There was no change in the risk assessment in comparison to the previous year.

Ability to bear risk

The ability to bear risk describes the maximum loss that could be incurred without jeopardising the ability of the group to continue as a going concern. It represents the difference between risk-weighted assets and the total risk exposure based on the aggregated individual risk positions (risk inventory).

The ability to bear risk is calculated within the init group as its equity plus the projected EBIT of the following periods. The total risk exposure is calculated using a Monte Carlo simulation using the net risk exposures as inputs and taking any significant interdependencies into account.

In all of the scenarios simulated by this model, the group had sufficient capital available to cover the losses.

Internal Control System

The internal control system (ICS) is concerned with risks arising from operational processes in all areas of the company. The processes laid out in the quality management system (ISO 9001) create the foundation for this.

The ICS is conceived on the basis of the internationally recognised framework for internal control systems produced by the Committee of Sponsoring Organisations of the Treadway Commission (COSO Internal Control – Integrated Framework) and adapted on an ongoing basis.

The ICS involves analysing the individual processes in the companies on the basis of their risk priority, identifying potential risks and assigning corresponding controls. The results are documented in a matrix and regularly updated. The results of this self-assessment are reviewed each year. The processes that are identified as requiring action are reported to the Managing Board and discussed in more detail. The Supervisory Board is informed about critical risks.

The legal basis for the establishment of an early warning system for the detection of risk and internal monitoring system is provided in Section 91 (2) AktG. The duty of the auditor to audit the suitability of the system as part of the audit of annual financial statements results from Section 317 (4) HGB.

init comprehensively reviewed its internal control system (ICS) in the 2024 financial year and enhanced its structure with the assistance of external experts. The higher degree of standardisation and group-wide policies have strengthened the ICS.

Internal control and risk management system in relation to the financial reporting process of the group

The primary objective of init SE’s internal accounting-related control and risk management system is to ensure the compliance of financial reporting, that is to make sure that the consolidated financial statements and combined management report comply with all relevant statutory rules and regulations.

The internal control and risk management system pertaining to the financial reporting process is not defined by law. init understands internal control and risk management to be a comprehensive system and follow the definitions provided by the IDW [“Institut der Wirtschaftsprüfer in Deutschland e.V.”: Institute of Public

Auditors in Germany] in Düsseldorf, Germany, on the internal control system pertaining to the financial reporting process and the risk management system. According to this definition, an internal control system is understood to entail the principles, processes and measures introduced by the management of a company which are focused on the organisational implementation of decisions passed by the management to ensure:

- the efficiency and cost-effectiveness of operations (this includes the protection of assets including the prevention and identification of economic impairment)
- the appropriateness and reliability of the internal and external financial reporting
- compliance with the legislation applicable to the company

The risk management system comprises all organisational regulations and measures established to identify and handle risks relating to the business activities of the company.

The following structures and processes have been implemented in the group with regard to the financial reporting processes of our consolidated companies:

The Managing Board has overall responsibility for the internal control and risk management system.

The financial reporting by init SE and its subsidiaries, which itself is based on the entries made in the various entities, forms the underlying data base for the preparation of the consolidated financial statements. The parent company in Karlsruhe, the subsidiary concerned or external regional accounting companies are responsible for compiling the financial information reported by the subsidiaries. In the case of subjects requiring special expertise, support from external providers is called on (for example to measure pension liabilities). The consolidated financial statements are then prepared on the basis of the information reported by the subsidiaries. The consolidated financial statements are prepared with the help of certified consolidation software. In addition, the necessary steps are taken in accordance with the dual control principle.

The principles, the operational and organisational structure and the processes of the accounting-related internal control and risk management system are set out in a manual and in organisational instructions. These are reviewed and revised regularly in line with current external and internal developments.

With respect to the financial reporting processes of its consolidated companies and the group's financial reporting process, init considers features of the internal control and risk management system material which may significantly affect the group accounting and the overall view presented by the consolidated financial statements including the combined management report. These include the following elements, in particular:

- Identification of key areas of risk and control relevant to the financial reporting process.
- Controls designed to monitor the financial reporting process and reporting on its results to the Managing Board in regular board meetings.
- Preventive control measures for the group's accounting and finance and in operating and performance-related corporate processes that generate material information for the preparation of the consolidated financial statements including the combined management report; this includes a separation of functions and predefined authorisation processes in relevant areas.
- Uniform accounting is primarily ensured through a group accounting manual.
- Accounting data is regularly spot checked for completeness and accuracy.
- The subsidiaries provide the parent company with monthly reports on their business development and submit monthly financial statements. Monthly reports are presented for ongoing projects as well.

Major foreign companies in the group are visited once or twice a year. Particular focus is placed here on a discussion of special issues and an examination of these companies' figures and projects.
- Measures exist to ensure proper IT-based processing of accounting-related facts and figures.

Furthermore, the group has implemented a risk management system pertaining to the group financial reporting process that includes measures to identify and assess material risks as well as the corresponding risk-mitigating measures in order to ensure compliance of the consolidated financial statements.

Overall risk assessment

The overall risk situation of the init group is based on the individual risks in all risk categories. In addition to the risk categories described above, there are unforeseeable events that may disrupt production and business processes, such as natural disasters, political instability, pandemics, terror attacks or economic risks. For this reason, contingency plans have been developed to ensure that business operations can resume, preventive measures have been established and, wherever possible, insurance has been obtained.

As one of the fundamental principles of entrepreneurial behaviour, init pays particular attention to ensuring that legal and ethical regulations are observed. In addition, the init group has a web-based whistleblower system that enables customers, employees, suppliers and third parties to report non-compliant conduct, particularly any violations of applicable laws. At the same time, ensuring that sensitive data is handled securely is a prerequisite for maintaining business relationships with customers and suppliers in a trusting, cooperative environment.

The risk position of the init group has not changed significantly on the previous year, neither in terms of the individual risks nor holistically.

At present no risks are discernible that could jeopardise the ability of the group to continue as a going concern if they occurred in isolation or repeatedly, or in combination with other risks. This is also shown by the results of simulating various different scenarios. The possibility of setbacks on the path towards sustained realisation of growth and profitability targets, however, cannot be fully excluded.

Based on the knowledge at hand, the risks described above do not hinder the init group from reaching its respective goals and planning targets. init is convinced that the established risk management system will enable risks within the company to be identified and addressed at an early stage. There is no reason to believe that the group is exposed to any going concern risks, neither individually nor in combination.

Assessment of the appropriateness and effectiveness of the RMS and ICS[1]

As described above, the risk management system (RMS) consists of the systematic and continuous identification and assessment of risks as well as the management and monitoring of the risks identified. It is a systematic method that is centrally steered and applied throughout the entire group. The RMS also integrates the internal control system (ICS) and the compliance management system, which is used to monitor compliance with legal requirements. This involves analysing the individual processes in the companies, identifying potential risks and assigning corresponding controls. While the overall responsibility for the ICS and RMS lies with the Managing Board, local management bears responsibility for implementing

[1] The paragraph marked above contains information that lies outside of the mandatory disclosures required in the management report which is therefore outside of the audit scope ("other information").

the ICS and ensuring its appropriateness and effectiveness. Taking account of the risk structures of the group, the Managing Board and the directors of the various functions regularly review the system on a samples basis, e.g. using interviews and reports, to test its appropriateness and effectiveness.

In spite of these safeguards, there are inherent limits, which means that the appropriateness and effectiveness of the ICS can never be conclusively assessed. Over the reporting year the Managing Board was not made aware of any circumstances indicating that the ICS and RMS were not appropriate or effective in all material regards.

REPORTING IN ACCORDANCE WITH SECTION 315A (1) HGB IN CONJUNCTION WITH SECTION 289A HGB

Information on shareholders' equity

init SE has a capital stock of EUR 10,040,000, divided into 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. Please refer to Sections 118 et seq. AktG for information on the rights and obligations related to the shares.

Dr. Gottfried Greschner, Karlsruhe, directly or indirectly holds 3,470,000 shares in init SE. This is around 34.6 per cent of the capital stock. As of 31 December 2024, init holds 163,857 treasury shares (31 December 2023: 199,739 treasury shares).

Conditional capital

The annual shareholders' meeting on 19 May 2021 passed a resolution on the possibility of utilising 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.

The new shares will be issued at the option or conversion price (issuing price of the share) set pursuant to the authorisation of 19 May 2021 (2021 authorisation). The conditional capital increase will only be carried out provided the holders of warrants from bonds with warrants or convertible bonds issued or guaranteed by 18 May 2026 by the company or companies in which it directly or indirectly, hold a majority interest pursuant to the authorisation of 19 May 2021, exercise their option or conversion rights or meet their corresponding option or conversion obligations or the company exercises its substitution right. The new shares will participate in the profit from the beginning of the financial year in which they are created; if legally permissible, and notwithstanding this and Section 60 (2) AktG, the Managing Board may determine the profit share of new shares, even for a financial year that has already ended, with the approval of the Supervisory Board.

The Managing Board is authorised to determine further details of the implementation of the conditional capital increase with the consent of the Supervisory Board.

The Supervisory Board is authorised to amend the articles of incorporation following full or partial utilisation of Contingent Capital 2021 or after the permitted authorisation has expired.

Authorised capital

By resolution of the annual shareholders' meeting of the company on 6 June 2024, the Managing 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 1,004,000 new no-par value bearer shares ("authorised capital 2024"), on one or more occasions or in partial amounts, in the period up to 5 June 2029. Of this amount up to 1,004,000 no-par value shares can be issued without voting rights. Capital can be increased by cash contribution or contribution 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 of up to a total of 10 per cent of the share capital carried on the date this authorisation takes effect and also on the date it is exercised, 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. Any shares issued or sold during the term of this authorisation that exclude the subscription rights of existing shareholders, applying Section 186 (3) sentence 4 AktG directly or indirectly, must be considered when measuring the limit of 10 per cent of share capital
- when it is necessary to service the rights of bearers and/or creditors of conversion bonds and/or option rights or to service the obligations of debtors of conversion and/or option obligations on instruments that the company or a group entity issued, entitling the parties concerned to a subscription right to new shares to the scope they are entitled to upon exercising their conversion/option rights or settling their conversion/option obligations
- for fractional amounts resulting from the subscription ratio
- in order to tap into additional capital markets
- for a capital increase in the generally understood interests of the company by way of contribution 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 shares) or in the context of company mergers or acquisitions
- to transfer up to 250,000 new shares to employees

For information on own shares in accordance with Section 160 (1) no. 2 AktG, please refer to chapter IV number 6 of Jahresabschluss 2024 (only in German available).

Statutory requirements and provisions of the articles of incorporation on the appointment and dismissal of members of the Managing Board and on amendments to the articles of incorporation

For the appointment and dismissal of members of the Managing Board, please refer to Sections 84, 85 of the German Stock Corporation Act (AktG). Amendments to the articles of incorporation are subject to the statutory provisions of Sections 133 and 179 AktG.

Authority of the Managing Board to issue and repurchase stock

Based on a resolution passed at the Shareholders' Meeting of 26 June 2020, the company was authorised to purchase treasury shares.

GROUP SUSTAINABILITY REPORT[2]

of init innovation in traffic systems SE, Karlsruhe

2 The Group Sustainability Report contains information that is not part of the management report and is not subject to an audit by the auditor (other information).

General information

As one of the leading global providers of integrated planning, dispatching, telematics and ticketing solutions for public transport, the init innovation in traffic systems SE Group ("init group" or "init") aims to manage its business sustainably and act responsibly in all areas. The init group maintains regular contact with its company stakeholders – such as capital market participants, customers and employees – to collect and process expectations and any ideas and topics related to sustainability.

Since 1983, the init group has supported public transport operators with the task of making public transport more efficient and easier to use. The group develops, manufactures and operates tailored software and hardware solutions which help its customers plan, manage and optimise their operating processes and ticketing. The products and services of the group are targeted towards improving the quality of the public transport offering, particularly in terms of punctuality, comfort, safety and shortening trip times. At the same time, they contribute towards making the operations of public transport operators more economic and simultaneously lowering their costs.

Efficient public transport which is reliable in times of crisis is also a decisive factor for social and economic cohesion. To keep systems properly functioning and prepare them for future challenges, products and services, like those developed, implemented, and in some cases operated, by the init group, are of vital importance. Millions of people worldwide use the transport offerings of init's customers on a daily basis. The group is aware of its social responsibility and aligns its activities towards the current and future needs of its customers and their passengers. The focus is being increasingly placed on the digital transformation and decarbonisation of vehicle fleets as well as the switch to low-emission vehicles and seamless integration in operating processes. Using products and systems that are specialised for this purpose, init intends to ensure a sustainable future and enable qualitative as well as quantitative growth within this sphere of responsibility.

With the help of init products and services, public transport operators can do justice, not only to society's rising mobility needs, but also reduce harmful carbon emissions, scale back the burden on the environment and conserve resources.

ISS ESG, one of the world's leading rating agencies for responsible investment solutions, awarded the init group a Prime Rating (ISS Corporate ESG) in the 2023 reporting year. This rating is awarded to companies with an ESG performance above the sector-specific Prime threshold, which means that they fulfil ambitious absolute performance requirements.

Corporate ESG Performance
Prime
RATED BY ISS ESG

ISS Corporate ESG / 24 August 2023

The 2030 Agenda of the United Nations with its 17 Sustainable Development Goals (SDGs) serves as a guide for sustainable development. It was adopted on 25 September 2015 by 193 Heads of State and Government at the summit in New York. The 2030 Agenda is a “pact on the world’s future” and the init group would also like to make a contribution. As the executive body, the Managing Board must act in the best interests of the company and is obliged to raise its stakeholder value over the long term. init therefore addresses its responsibilities by making a positive contribution to reaching the Sustainable Development Goals (SDG), especially “Climate action”, “Good health and well-being”, “Quality education”, “Gender equality”, “Industry innovation and infrastructure”, “Sustainable cities and communities” and “Decent work and economic growth”.

Basis of presentation (BP-1/BP-2)

Since 2017, the init group has been obliged to draw up and publish a separate corporate non-financial statement pursuant to the Non-Financial Reporting Directive[3] (NFRD) and Section 315c of the German Commercial Code (HGB) in conjunction with Sections 289c to 289e HGB. As part of the European Green Deal, the EU Commission released EU Directive 2022/2464, better known as the Corporate Sustainability Reporting Directive (CSRD), which came into force on 5 January 2023.

Due to the fact that EU Directive 2022/2464 (CSRD) has not been implemented into national German law, but is relevant to future legal developments, init has decided to draw up the group sustainability report in accordance with the requirements of the EU Directive 2022/2464 (CSRD) on 14 December 2022, the requirements of Sections 315b to 315c of the German Commercial Code (HGB) for a corporate non-financial statement and to apply Art. 8 of Regulation (EU) 2020/852 with full reference to the ESRS as an acknowledged reporting framework pursuant to Sections 315c (3) in conjunction with Section 289d HGB.

The following diagram shows the sustainability aspects of the init group and how they are assigned to the HGB/CSR RUG or can be according to CSRD/ESRS:

HGB sustainability aspects	Thematic chapters in the report
Environmental matters	ESRS S1 Climate Change
Employee matters	ESRS S1 Own workforce
Social matters	ESRS S1 Own workforce
Protection of human rights	ESRS S1 Own workforce
Combating corruption and bribery	Governance / ESRS G1 Governance

Figure 1: Sustainability aspects in 2024 in accordance with Sections 289c and 315c HGB

This expands the existing sustainability reporting requirements and requires them to be integrated in the combined management report. According to Art. 29b CSRD, the European Sustainability Reporting Standards are a key element of an undertaking’s reporting. The first 12 standards have been drawn up by the European Financial Reporting Advisory Group (EFRAG) and were published by the EU Commission on 31 July 2023 in Delegated Act C/2023/5303. This first set comprises two cross-cutting standards and ten topical standards:

3 Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups

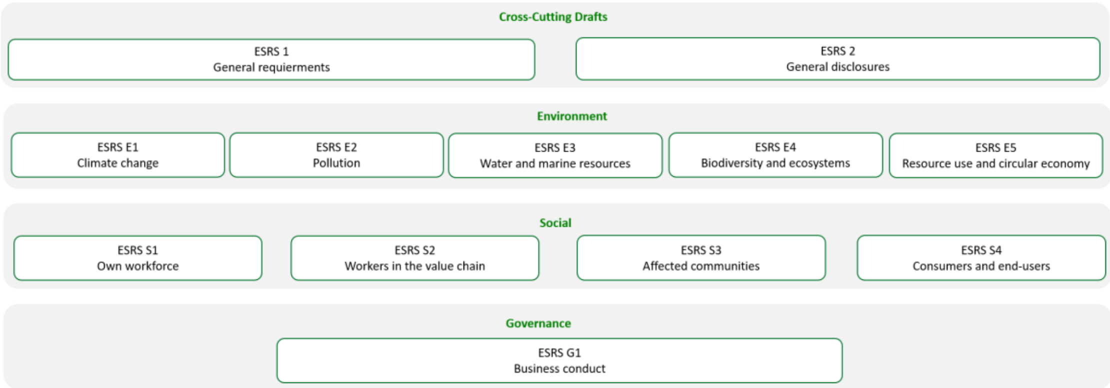


Figure 2: Overview of ESRS Standards

Framework and data selection

The group sustainability report has been drawn up in accordance with the requirements of EU Directive 2022/2464 (CSRD), Sections 315b to 315c HGB for a corporate non-financial statement and Art. 8 of Regulation (EU) 2020/852 with full reference to the ESRS as the acknowledged reporting framework pursuant to Sections 315c (3) in conjunction with Section 289d HGB. As the ESRS have not yet been applied for an extended time period, there were uncertainties when drawing up this first report concerning unresolved issues and the corresponding interpretations. The company has considered all the information that was available as of 18 March 2025.

To determine the relevant scope of the report for init, a double materiality assessment (DMA) was conducted in accordance with ESRS 1 para. 21. This identified that the focus of the reporting in the categories of “Environment”, “Social” and “Governance” and set the key datapoints for the group. This assessment helps the group set its priorities and ensure that its measures create long-term value for both the group and the wider society.

The init group uses the Greenhouse Gas Protocol (GHG) to present information on its greenhouse gas emissions. The related information is included in the section on the environment (Environmental aspects).

The init group has decided not to exercise the exemption (“intellectual property”) provided by ESRS 2 para. 5d in conjunction with ESRS 1 section 7.7.

The init group is governed by ISO standards in various forms. For instance, init is certified in accordance with ISO-9001 (quality management)[4] and ISO-27001 (information security).[5]

Measurement bases and consolidation

The init group has adopted the ESRS requirements for its Annual Report 2024 for the first time.

The init group applies the time horizons defined in ESRS 1, para. 77 as follows:

- short-term: the period adopted by the undertaking as the reporting period in its financial statements (1 year)
- medium-term: from the end of the short-term reporting period up to 5 years
- long-term: more than 5 years.

4 init SE, INIT GmbH, INIT Chesapeake, IMSS, CML, iris, HanseCom and Derovis
5 init SE, INIT GmbH, INIT Chesapeake, INIT Nottingham, IMSS, inola, HanseCom, and preparations underway for: iris and Mattersoft

The measurements bases are based on the requirements of the respective standards as applied in the European Union. Details can be found in the related sections of the report.

Consolidation has been performed in accordance with ESRS 1, para. 7.6 “Consolidated reporting and subsidiary exemption”. Consolidation is measured on the influence on operations regarding ESG management and reporting. In conclusion, the consolidated group used for the group sustainability report corresponds to the consolidated group used for financial reporting pursuant to IFRS 10, as there is no influence over the operations of non-consolidated entities in which the group holds a stake. Reference to the value chain is made in the section on the general disclosures relating to the activities of the init group (SBM-1).

The data was consolidated by adding the data from the separate reports. Intercompany transactions are eliminated where this represents the proper treatment.

Individual elements along the value chain reported on within the framework of the sustainability report are based on management estimates. These estimates are based on appropriate sources or past experience or assumptions that are each considered to be appropriate. They are reviewed continuously, but may still differ from the actual figures realised at a later date. Details are explained in the respective sections of the report.

The measurement and reporting of sustainability indicators is based on a combination of direct measurements, calculations and estimates. init places great importance on accuracy, transparency and the comparability of data, in order to provide a reliable basis for its sustainability strategy.

Essentially, monetary measurements used in the context of the group sustainability report relate solely to the allocation of revenue to certain activities in the course of the taxonomy reporting, see page 106. However, any forward-looking statements about monetary amounts, if made, are subject to estimation uncertainty due to the exercise of business judgement.

In spite of applying a careful methodology and standardised methods, it cannot be ruled out that the calculated values contain errors in some areas. These primarily result from:

- the availability and quality of the data along the value chain, particularly for Scope 3 emissions
- different calculation methods and assumptions used to estimate certain sustainability indicators

In order to ensure the transparency and verifiability of the reporting, the init group discloses which sources, methods and assumptions are used in the calculation of the indicators in the respective sections of the report.

General disclosures on the activities of the init group (SBM-1)

Value chain

In the wider sense, a value chain is the end-to-end succession of processes needed to meet (fundamental) end-user or consumer needs for services and products. Mobility is a fundamental consumer or end-user need that can be met by a wide range of modes of transport and services. One such mode is public transport. As a provider and operator of integrated planning, scheduling, telematics and ticketing solutions for local public transport, init is part of this value chain. In more specific terms, init focuses on providing an infrastructure for low-emission road and public transport using computer-based solutions and system support.

The specific section of the value chain addressed by init involves the development, production and market launch of products and services. In the process, we rely on both in-house activities as well as cooperation with external partners such as suppliers and customers. The customers of init are – directly or indirectly –

public transport operators or public transport authorities, particularly for urban, intercity or inter-regional transport (e.g. railways) and their public sponsors. Direct sales to end-users / consumers is not part of the group's activities. However, init regularly interacts with end-users and consumers, for example when providing schedule data to passengers.

Using init's product offering, public transport operators can address the growing mobility needs. These solutions are a decisive enabler for smart cities.

Sometimes there is direct access to customers, in other cases access is via original equipment manufacturers (OEMs) or via downstream integrators and resellers. In addition to the electronic manufacturing services (EMS) outsourced to partners, significant suppliers mainly consist of IT companies and suppliers of electronic assemblies and components.

The key input to the value chain and business model of the init group is expertise, which comes bundled with professionals, databases and development frameworks, as well as patents and intellectual property. The second key input is the purchase of components, most of all electronic components. init regularly creates its own intellectual property and registers it, where this makes sense, with the corresponding authorities. When developing its intellectual property, init relies on its specialist staff. These are retained in the group by means of personnel marketing and retention measures. With regard to its components, init has an extensive network of suppliers with which it regularly exchanges ideas on current and future requirements. init pursues a strategy of ensuring its ability to meet customer demand and orders, sometimes at the cost of greater capital employed.

In the narrower sense, the value added by the init group consists mostly of the design, development and manufacture of system components (electronic hardware and software), storage and delivery of these items and their integration in complete system solutions for direct customers with ensuing support and operating them under contract. Hardware manufacturing is mainly outsourced to qualified producers (EMS) who work closely with the engineers at init. The required quality is assured by init staff supervising each stage of the production process, from prototyping through to the test series and serial production. See Figure 3: Value Chain for a summary of the value chain in the narrower sense.

The upstream and downstream elements of the value chain are relevant for an assessment of the value chain as a whole. However, they are only of indirect relevance for the value added by the init group and its business model. As the init group generally purchases prefabricated (standard) products, the purchase of raw materials is not a primary activity in the business model. However, the init group works closely with all suppliers and encourages them to orient their activities towards the Ethical Guidelines of the group.

Value chain

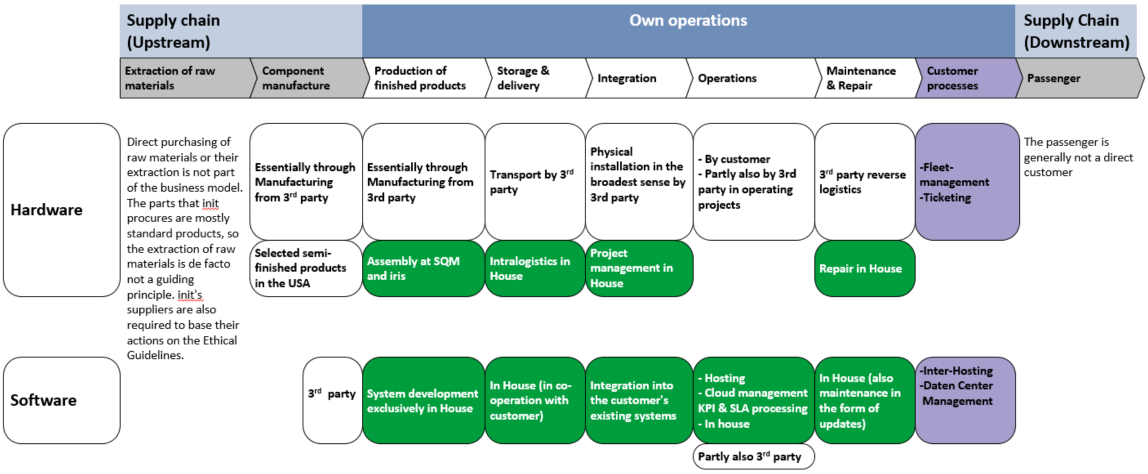


Figure 3: Value Chain

Business model

With its integrated system solutions for planning, dispatch, telematics and ticketing systems, the init group is a partner to transport operators on the four continents of Europe, North America, Asia and Oceania. init has successfully realised numerous projects for more than 1,400 public transport operators worldwide during a corporate history that spans more than 40 years. In addition to the systems project business, other customers are served with direct deliveries of products. To this end, init maintains a global network of subsidiaries that provide local support for projects and look after the needs of customers.

The typical businesses of the init group are the project business to install new systems and subsequent developments, the maintenance and operation of such systems, as well as the supply of system components, including hardware components. Of the group's revenue, 51 per cent was generated in the field of project business in the 2024 financial year, 21 per cent with maintenance and operation and approximately 28 per cent from the delivery of system components.

The annual average headcount of the group as a whole comes to 1,361, of which 1,041 employees work in Germany. The most significant operating entities in Germany are based in Karlsruhe, Berlin and Hamburg. Their tasks include the development of software and hardware products as well as research, development, and the implementation of new technologies. Group headquarters are located at the Karlsruhe location and this is where corporate strategy is set.

Foreign subsidiaries generally act as distribution companies and service providers that market, install and maintain complex init solutions. The biggest group companies outside Germany are in North America, with a total of 173 employees, Ireland with 30 employees, Austria with 26, Dubai (United Arab Emirates) with 21 employees, Portugal with 20 employees and the UK with 17 employees. Included in the above, the init group maintains production companies in America with a workforce of 29 employees who manufacture products for the local market.

The most significant sales markets are Europe, which accounted for approximately 55.9 per cent of revenue in 2024, North America which accounted for 36.8 per cent, and Australia, New Zealand and the Middle East, accounting for 7.3 per cent. The regional distribution of revenue volume is heavily dependent on large-scale projects and varies accordingly from year to year. Due to the Ukraine conflict, the init group withdrew from doing any business in Russia and Belarus.

There were no significant changes to the portfolio of goods and services over the course of the reporting period or the markets of the group. The entities of the DILAX Group, which were consolidated for the first time, did not result in any change to the basic activities of the group.

Strategy

Significant trends affecting the operators and clients in the public transport sector and which therefore have a major impact on their business processes, include decarbonisation as part of the transformation towards electric transport, increasing urbanisation, demographic change and the pressure on governments to cut costs. init helps its customers overcome these trends by providing digitalisation solutions. Consequently, by its very nature init's strategy already embodies sustainability aspects.

The objectives of init's stakeholders vary from group to group. However, init does not differentiate in terms of individual products and services, customer segments, geographic segments or stakeholders when pursuing its objectives. Rather, it stands for the above objectives globally. init makes a contribution towards reaching macroeconomic sustainability objectives in public transport. This is manifested in the goods and services of the group, which encourage a shift in transport towards modes of transport with lower emissions and optimising the same factors. To this end, init positions itself as a provider of integrated system solutions that are being constantly refined on the basis of a deep understanding of customer processes in the public transport sector and distributed globally.

Significant effects are optimal use of existing resources and efficiency gains as well as better access for end-users / passengers due to more precise travel information and simpler transactions, especially when purchasing tickets.

The workforce benefits both directly and indirectly from init's strategy and its business model. In addition to measures to enhance its employer appeal, the social contributions of the company also play a role. As members of society, the workforce benefits from the transition to sustainable transport, which init actively supports by offering sustainable mobility solutions. The opportunity of working for a company that has a positive impact on the environment and society contributes to employee identification with the corporate objectives and employee satisfaction.

The interests of the workforce as a part of wider society, particularly in terms of greater access to a functioning and sustainable public transport network is reflected in the corporate mission. These interests are incorporated in the corporate planning via short and long-term strategies and therefore help shape the business model.

In order to use existing resources and infrastructure more efficiently, init's system solutions contribute towards better understanding of the availability of resources and their condition, and aids their planning and steering. As a result, a higher number of passenger kilometres ("Pkm") can be produced with a given number of vehicles. As a result, fewer vehicles need to be purchased, thereby reducing the consumption of natural resources with corresponding savings in carbon emissions. During production, init places great importance on the longevity of components. As a result, unnecessary maintenance work and the related need to transport components can be reduced to a minimum. In addition to this primary effect, tailored training can be derived from the results of data analysis to improve the driving styles of employees to make them more economic and save energy. In addition, init helps customers convert their fleets to low-carbon or zero-emission vehicles by providing more efficient charging management for electric vehicles and continuous monitoring of vehicles in operation.

In addition to their impact on environmental aspects, init's planning and dispatch systems also optimise transport operators' use of human resources, which have become a critical resource due to demographic change and a shortage of skilled professionals. By registering their "ideal roster" in the system, employees can influence their work schedule yet simultaneously optimise the use of resources. This makes a substantial contribution to employee satisfaction and encourages employees to stay in the company. In addition to this specific example, various other solutions from init are targeted towards enhancing employee satisfaction in the public transport sector and improving personnel resources available for driving and deployment.

In addition, init's system solutions make a contribution, both now and in the future, towards raising the appeal of public transport by optimising the offering, improving access to information and facilitating the interaction needed to determine the best possible or fairest price of a trip. The continuous and targeted implementation of the strategy that serves as a foundation for the business model of the group secures sustainable growth and enhances its long-term competitiveness. This benefits investors both now and in the future by generating stable income and attractive growth potential. To this end, the group invests significant funds in developing and improving its products.

Based on an analysis of their occupancy rate data[6], transport operators can determine at which times and on which routes passenger traffic on their vehicles is particularly heavy or particularly light. This allows them to optimise the frequency of their services and, in certain circumstances, to more effectively allocate vehicles to the respective routes. This applies to both regular (urban) operations as well as on-demand services, which allow improved connections, especially for rural areas. init therefore makes a contribution towards improving living conditions in municipalities while simultaneously optimising operating costs and the use of resources.

Optimisation of the transport services on offer is also supported by the solutions provided by the init group, which make operating information available to passengers via onboard displays or the corresponding web-based applications. The solutions also help passengers find the right connections when switching routes, thereby making public transport more accessible and more attractive. Likewise, the solutions from the init group enhance universal access for disabled passengers, for example, by providing physical displays in braille or with audio output at bus and train stops and in its customers' vehicles.

The solutions for contactless payment and account-based ticketing also make paying a fare and validating it simpler for passengers. The open-loop process allows passengers to obtain the best ticket price once they have implemented the function. For example, if a passenger makes several trips on any one day, the system automatically calculates whether it would be cheaper to buy multiple one-way tickets or to buy a day pass. In this case, the passenger is charged the best price in arrears.

In summary, init's strategy is oriented towards participating in and supporting sustainability trends. To this end, init continuously develops its system solutions using its own specialists (electronics and software engineers) supplementing them with partnerships or acquisitions of other companies, where it makes sense. The objective is to show customers the added value of fully integrated solutions in order to realise additional revenue potential with existing customers. Likewise, init is successively tapping into new regional markets

6 Occupancy rates are understood as a measure of the use of transport.

and winning new customers and customer segments, such as railway operators. This partly occurs by means of organic growth and partly by acquiring other companies. As already referred to above, the manufacture of hardware products has been largely outsourced to EMS providers. However, init has also reacted to market demands, such as the call to "Buy America", and can flexibly adapt its make-or-buy decisions, for instance by bolstering its own production operations in the United States. The strategic framework is set by the Managing Board of the init group, which discusses the evolution of its strategy with the Supervisory Board and obtains their approval for any strategically important decisions as laid out in its rules of procedure. Responsibility for realising the strategy in local markets and for individual products lies with the management of the (respective) subsidiaries of the group, which work closely together worldwide on a constant basis, particularly for major projects.

Determining the relevant content for the report

Double materiality assessment (DMA) (IRO-1)

The init group conducted a materiality assessment pursuant to CSRD/ESRS in summer 2023. In contrast to CSR-RUG, such an assessment is based on the concept of double materiality. This means that materiality aspects are identified by taking into account the following two perspectives:

1. Impact materiality

2. Financial materiality

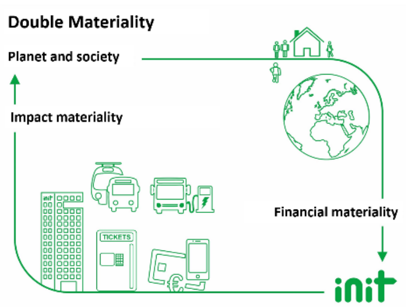


Figure 4: Double Materiality

According to ESRS, impact materiality relates to positive and negative sustainability-related impacts that are connected to the undertaking's business activities and assessed via a materiality assessment (see ESRS 1, para. 14). A sustainability topic is material from an impact perspective if the undertaking is connected to actual or potential positive or negative impacts on people or the environment over the short, medium or long term. Impacts include those that the undertaking causes or contributes to and those directly connected to its own activities, products and services, as well as through its business relationships. Impacts especially include those connected with the undertaking's upstream and downstream value chain that are not limited to direct contractual relationships. (ESRS 1, para. 43)

Financial materiality relates to the case when a sustainability or environmental matter triggers risks or opportunities that could have a financial impact on init. Information or a sustainability matter is material from a financial perspective if it triggers or could reasonably be expected to trigger material financial effects on the undertaking. This is the case when a sustainability matter triggers risks or opportunities that have a material influence, or could reasonably be expected to have a material influence, on the undertaking's development, financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium or long-term (ESRS 1, para. 48).

If an impact, risk or opportunity breaches the materiality thresholds of one of the two materiality perspectives, then it becomes subject to mandatory reporting. This can involve interdependencies between the two materiality perspectives. For example, a violation of the law could be relevant in terms of the compliance dimension of impact materiality but it may also have a financial impact if the corresponding fines or penalties are imposed in correspondence.

init established the ESG reporting department in 2023 in order to address the great importance it places on treating people and the environment responsibly and with respect. This department reports directly to the CFO and is responsible for reporting on sustainability matters and the processes of sustainability management as well as complying with the related reporting requirements.

The approach taken to derive the DMA is based on the list of sustainability matters found in the application requirements of ESRS 1, AR 16. The assessment is focused on the specific circumstances facing init.

The business model of the group is clearly defined and focused. Various processes in init's value chain, such as production, distribution, and service, are addressed by different units of the group or its subsidiaries. Due to the central management of init and the focus of the business model, init SE, as the parent company, has obtained a great degree of transparency over all stages of the processes within the group. The materiality assessment is therefore conducted centrally by init in Karlsruhe. The responsible officers all possess the necessary expertise to adequately consider the perspectives of the group's units.

For the purposes of identifying, init carefully analysed the interaction between its impacts and dependencies on people and the environment. The same applies to the opportunities and risks related to sustainability matters. To this end, external sources, such as scientific papers as well as external experts and consultants, were also drawn upon, in addition to the expertise found within the group.

This identification process resulted in a pool of data concerning priority sustainability topics that were examined in more detail during the course of workshops with internal experts and subsequently analysed and assessed.

Stakeholder's interviews were also conducted to further support the assessment. These considered all three dimensions of environmental, social and governance (ESG).

Stakeholders were identified in the following segments:

- Customers
- Financial institutions
- Investors
- Employees
- Suppliers

Based on the short list of topics, a number of workshops were held to calibrate and conclusively assess sustainability matters in terms of their impacts, opportunities and risks. The close involvement of the line departments throughout the entire process meant that the DMA could carefully cover all relevant sustainability topics in full for all group entities. The DMA was accompanied by a qualified consulting firm and additional external experts were drawn on for specific issues, particularly with regard to the supplier network. Their involvement took the form of interviews, workshops and expert appraisals. All potential opportunities, risks and impacts, both negative and positive, are based to some extent on business judgement. The time horizons laid out in ESRS 1, para. 77 were applied when identifying material topics.

In addition to impact materiality and financial materiality, a stakeholder assessment was also considered. However, the assessment of impact materiality and financial materiality by the init group is the relevant benchmark for materiality. The results were reviewed and confirmed by the Managing Board.

The DMA is subjected to annual review and revision in the process of which potential impacts, opportunities and risks are monitored on an ongoing basis. In addition, continuous monitoring occurs within the framework of sustainable due diligence, whose frequency and responsibilities are set individually. To ensure a comprehensive perspective along the entire value chain, the company stays in close contact with its stakeholders in upstream and downstream business processes. In addition to regular exchange with suppliers and customers, targeted stakeholder interviews are conducted to ensure as complete a picture as possible of the impacts, opportunities and risks. At the same time, this ensures continuous management of key sustainability topics. The Compliance department systematically monitors any whistleblower reports and potentially suspicious cases, particularly in the field of governance with a focus on preventing corruption. All levels of management from local management through to the Managing Board regularly address sustainability matters, which also involves entering into dialogue with employee representatives and works councils. In addition to the focus on the responsible officers involved – especially in the fields of purchases and sales – init maintains close exchange with its stakeholders upstream and downstream in the value chain. Regular formal and informal talks with suppliers and customers are supplemented by selective stakeholder interviews in order to obtain the most complete understanding possible of the impacts, opportunities and risks in the value chain.

The procedure described above is applied to assess the potential and actual impacts of the company on people and the environment. The assessment uses a scale of 0 to 5 and the parameters of scale and scope for positive impacts. For potential impacts, these parameters are complemented by its likelihood, for adverse impacts init also considers their irremediable character. 0 implies very low impact and 5 implies very high impact. The grades in-between are derived from these extremes in order to ensure a stringently applied scale. Using this methodology and taking account of a threshold of 2.5, both negative and positive impacts can be prioritised.

If a potential or actual positive or negative impact passes the threshold of 2.5, it is considered material and incorporated in the reporting. The grading is based on a weighting of the parameters of scale and scope, with their average taken as the primary determinant of materiality. In addition, the irremediable character is also considered in the case of a negative impact. In addition, depending on whether the impact is actual or potential, its likelihood is also considered in the assessment of materiality. Any sustainability matters relating to human rights are given special attention.

In the course of the annual revision of the DMA, the impacts on people and the environment are reviewed using the procedure described above and any changes are considered in the assessment. Opportunities and risks are revised on a quarterly basis and any required countermeasures are drawn up. These are also considered in the DMA, if necessary. The assessment of financial materiality is performed in close cooperation with the risk management department and is oriented towards established identification and assessment methods, which include both qualitative and quantitative approaches. This coherent approach ensures that the assessment of financial materiality and the assessment of risks undertaken by the risk management department are consistent with each other. A probability-weighted financial materiality threshold of EUR 250,000 has been set when identifying any material opportunities or risks. This value has been determined on the basis of internal analyses in order to make a clear distinction from non-material impacts. Risks and opportunities that surpass this threshold are integrated in the corporate planning and can result in adjustments to the strategy. In the course of assessing the identified opportunities and risks, both actual and potential financial impacts are considered. An examination is also conducted to determine whether any risks and opportunities can be derived from the impacts. One example of a risk is that rising CO_2 prices could lead to higher operating expenses, while regulatory changes could result in a need for new technologies or considered as an opportunity. Likewise, potential growth opportunities arise from the transition to more sustainable products or business models.

To adequately consider environmental risks, a climate risk and resilience analysis was conducted for key locations of the group, taking the respective geographic circumstances into account. The company does not selectively focus on certain sustainability aspects, but considers all business activities holistically and assesses the related risks uniformly.

init does not focus on certain activities within the framework in the course of assessing its sustainability matters as all its businesses serve the business model. Therefore it treats these risks equally. In order to make a well-founded assessment of its financial impacts, init also makes use of scenario analyses on the basis of the various time horizons defined in ESRS 1, para. 77. This means that short-term risks, such as fluctuations in commodity prices, are considered along with long-term challenges posed by climate-related transformations or market changes. These analyses are incorporated directly into the financial and investment strategy in order to initiate risk mitigation measures as early as possible or to seize opportunities.

The assessment of risks and opportunities in the context of financial materiality also extends to assessing any negative or positive consequences that could affect the company’s impacts on people and the environment where these have a financial impact. For example, a breach of the rules on working hours could result in fines for the company, whereas sustainable business policies afford the group market opportunities. Identifying such financial impacts is part of a process that is closely coordinated with the risk management system. In a first step, relevant sustainability risks and opportunities are systematically identified on the basis of internal analyses and expert opinions. This involves applying a combination of qualitative and quantitative methods to ensure a well-founded assessment. A probability-weighted materiality threshold of EUR 250,000 has been set for financial materiality.

In the process, init relies on the scenarios developed in the course of deriving the impacts to also assess the potential consequential losses or potential income and the probability of it occurring. These assessments take account of the various time horizons in order to adequately place the relevance of short-term and long-term impacts. In addition to assessing direct impacts, financial risks and opportunities along the entire value chain are also assessed. This includes both upstream risks, such as potential cost increases in the supply chain due to stricter environmental regulation, as well as downstream opportunities, such as rising demand for sustainable products and services. The entire assessment procedure is based on generally accepted risk management methods used to manage risks and analyse opportunities. This ensures its coherent and systematic integration in corporate management. Sector-specific requirements have not been included in the ESRS to date. If these are incorporated in the Delegated Regulation in future, the init group will consider them when it is deemed necessary.

The consumption of natural resources only plays a small role in the business model of the init group. The products of init only use natural resources to a very small extent and its manufacturing process conserves resources where possible. There is no elevated consumption caused by production, nor does the manufacturing operation lead to water or air pollution or the contamination of any other natural resources. Rare earths or comparable materials only play an insignificant role, as they do not count among the commodities used by the company. They are merely contained in assemblies or components sourced from upstream in the value chain. The manufacturers of these parts are global leaders in their respective fields. There may be residual risks relating to rare earths in the direct supply chain. The suppliers and their value-added can be substituted in most cases. However, the avenues open to the init group to obtain information or even exercise any influence in this regard are limited.

The following summary presents the topic-related ESRS in the form of a materiality matrix.

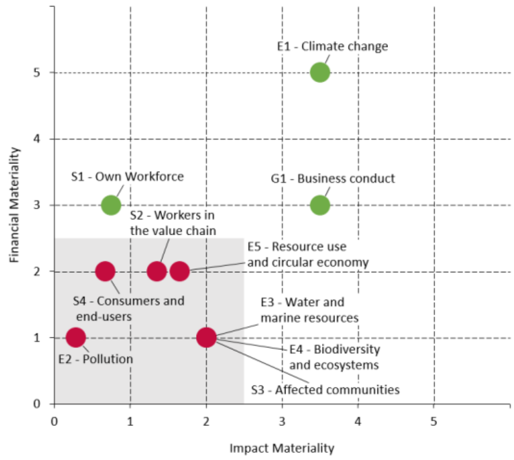


Figure 5: Materiality matrix

Material impacts, risks and opportunities (SMB-3)

The sustainability-related impacts, risks and opportunities identified by the init group in the course of its DMA and deemed to be material are listed in the following tables.

As presented in the matrix on page 90, three of the ten ESRS topics are material to init. In addition, the group views the topic of “data protection and information security” as material and has allocated it to the company-specific disclosures.

Each of the material ESRS topics, along with the sub-topics, relating to the material impacts, risks and opportunities (IRO), such as climate change and own workforce, is presented in the following figure. In addition, the figure shows whether the impacts, risks and opportunities lie in the group itself (IG), or the upstream value chain (UVC) or downstream value chain (DVC). They also present their time horizon and whether the impacts are positive or negative. Unless otherwise stated, all impacts are actual impacts. The figures contain a brief description of the most significant impacts, risks and opportunities. The impacts, risks and opportunities marked as material do not have any influence on the value chain, business model or strategy of the group at present nor is any expected.

The following impacts were identified as material in the course of the DMA and are described in the figure below, along with their opportunities and risks:

- Public transport adaptation by means of simple solutions
- Carbon emissions along the value chain are unavoidable

- init products foster a sustainable reduction in CO_2 emissions
- Limited selection of energy sources
- Corporate culture fosters exchange and cooperation
- Whistleblower system to uncover and remedy irregularities

E1	Climate change	
	Material impacts, opportunities or risks	Description
	Climate change mitigation	
Mid-term opportunity (IK)	New opportunities from the mobility transition	Regulatory changes in the short term and rising costs (e.g. due to emission allowances) as well as subsidies for public transport (e.g. Deutschlandticket) are promoting an expansion in public transport and enhancing the appeal of alternative mobility solutions, such as e-mobility. This opens up new sales potential for init with its product portfolio consisting of charging infrastructure, charging management and intelligent solutions, as these solutions effectively support transport operators in overcoming these challenges.
Mid-term risk (NWK)	Uncertainties dampen the success of e-mobility	The transition from internal combustion engines to e-mobility is being delayed worldwide due to a number of unresolved issues, such as wavering government assistance for electric buses in Germany. In addition, a lack of manufacturing capacity frequently prevents OEMs and customers from making the transition in time. This could restrict realisation of the sales potential referred to above.
Short-term positive impact (NWK)	Public transport adaptation by means of simple solutions	In terms of pricing and trip planning, public transport is complex. With init's solutions, passengers receive better information and simplified pricing (e.g. account-based ticketing). This makes public transport more attractive, encourages a shift away from individual trips and assists transport operators to actively design their offering. A shift towards public transport lowers emissions and makes an important contribution towards more sustainable mobility.
Short-term negative impact (VWK)	Carbon emissions along the value chain are unavoidable	init purchases most of its hardware components from EMS providers and uses logistics companies for its transport and shipping Due to the fact that most energy in the supply chain is sourced by our partners and that not all suppliers operate on a zero-emissions basis, these goods and services lead to CO_2 emissions that init has limited ability to influence.
Short-term positive impact (NWK)	init products foster a sustainable reduction in CO_2 emissions	init's products contribute both directly and indirectly to a reduction in CO_2 emissions in public transport. In terms of direct influence, by analysing and optimising driving patterns or prioritising signalling, it is possible to reduce stop and go traffic in public transport. In terms of indirect influence, optimised routing and deployment plans can maximise the use of resources, leading to more trips from the same fleet and therefore lower the need for additional vehicles. This leads to lower CO_2 emissions from the same product offering.
	Energy	
Short-term negative impact (NWK)	Limited selection of energy sources	The customers' choice of energy sources when operating systems and components generally lies outside init's sphere of influence. Consequently, it is unable to guarantee the sole use of renewable energies. This means that fossil fuels may be used, which raise CO_2 emissions.

S1	Own workforce	
	Material impacts, opportunities or risks	Description
	Working conditions	
Mid-term risk (IK)	Lack of employee retention jeopardises business success	Employee satisfaction and commitment are vital to the success of the business. The loss of key personnel due to employee churn, illness or a lack of clarity in processes can result in personnel bottlenecks, higher recruiting costs and possible project delays.

G1	Business conduct	
	Material impacts, opportunities or risks	Description
	Corporate culture	
Short-term positive impact (IK)	Corporate culture fosters exchange and cooperation	A strong corporate culture and uniform Ethical Guidelines ensure that, for example, environmental and human rights matters are a permanent feature of corporate management. This creates transparency and reliability and has a long-term impact on people and the environment.
	Protection of whistleblowers	
Short-term positive impact (IK)	Whistleblower system to uncover and remedy irregularities	An effective whistleblower system helps to uncover any irregularities relating to sustainability and corporate governance matters all along the value chain. This also extends to possible human rights grievances upstream and downstream in the value chain where no own whistleblower system has been established. In this way, init makes a positive contribution towards resolving such grievances as the (affected) individuals can turn to the init whistleblower system while keeping the matter confidential.
	Corruption and bribery	
Short-term risk (NWK)	Corruption and bribery	Individual misconduct can result in a massive loss of the firm's reputation, including being locked out of calls to tender (blacklisting). Corruption and bribery are an inherent risk that, in extreme cases, can culminate not only in a loss of reputation but also in an erosion of the business foundation due to blacklisting.

	Company-specific disclosures	
	Material impacts, opportunities or risks	Description
	Data protection and information security	
Short-term risk (IK)	The risk of a loss of reputation due to errors in data processing	The group processes customer data solely as a contract processor within the framework of its agreed service packages. Responsibility for data remains with the customer, who retains control over the use and protection of its data. Nevertheless, there is a risk of a loss of reputation for init if data is lost or data protection is breached at the customer, due to a leak, for example.

Figure 6: Identified impacts, risks and opportunities (IROs)

In terms of positive impacts, init is working intensively on refining its current business model and supporting it by means of profitable growth. The latter also provides the means to maintain and expand the business model.

In addition, init actively communicates to its target markets to underscore the positive impacts of its business, which therefore supports and strengthens it. init is currently in the process of drawing up a programme to manage its negative impacts. This also considers ideas for improving resilience. At the present time, the group is already in discussions with stakeholders all along the value chain to identify and address any positive or negative changes in its impacts on people and the environment. In parallel, the group uses its business planning processes and conducts regular quarterly reviews with the most significant entities to discuss opportunities, risks and influences (in the general sense, but also in terms of sustainability) on the corporate strategy and goal attainment, also to identify any trends at an early stage and respond with suitable measures. This allows the group to mitigate potential risks in good time. The same applies to changes in the group's impacts on people and the environment. The above quarterly reviews, which involve the respective members of the Managing Board and the risk owners of the business planning, have facilitated the early identification of risks within the group and across the separate entities. This serves to strengthen the long-term resilience of the group and helps to monitor individual and aggregated risks, assessing their impacts on the ability of the group to bear risk. If risks – either individually or in aggregate – eventuate that significantly erode the capital of the group through to insolvency, additional mitigation measures are initiated in addition to the established measures. This ensures a high degree of resilience. The ability to bear risk is based primarily on its equity. Both the corporate strategy (see page 84) and the business model (see page 83) enable the group to realise its opportunities and to improve its resilience towards risks. This creates the foundation for sustainable, organic and inorganic growth across all time horizons pursuant to ESRS 1, para. 77.

In addition to the above analyses, the risk analyses conducted in the course of the DMA identify sustainability risks that could affect the business model and strategy. These include climate change impacts on supply chains, the pricing of CO_2 allowances and extreme weather events, as well as risks of resource shortages and rising energy costs. Moreover, regulatory challenges and extended reporting duties have been created by new ESG legislation, while social risks in the supply chain can also play a role, particularly with regard to labour law and human rights. The group is pursuing various strategic measures to improve the resilience of the group to these challenges. These include flexible and sustainable sourcing strategies to secure the supply of resources and a managed diversification of the supply chain to minimise geopolitical and climate risks. In addition, the company invests in energy-efficient and low-emission technologies in order to meet both regulatory and market needs. To ensure its financial resilience, the group has a range of potential financing sources available to it that can be strategically tailored to sustainability risks. These consist of green finance and sustainability related credit lines as well as equity finance to reinforce the ability of the company to bear risk. In addition, reserves are created to cushion any unanticipated financial burdens, such as ESG-related risks. The group has received a good credit rating from various rating agencies, even though the specific details on existing or potential financing arrangements are kept confidential.

An initial resilience analysis has been conducted in terms of the impact on people and the environment. The concepts applied by the risk management department have been applied by analogy. The resilience analysis of the exposure to opportunities and risks is structurally integrated in the risk management process.

In the course of the DMA, the impacts of sustainability risks are assessed from an outside-in perspective. Only a few were identified as material. The likelihood of these risks eventuating is deemed to be suitably low. In addition, the risk management department performs a Monte-Carlo simulation in which a scenario-based risk aggregation is conducted. This considers the negative impacts (in risk management, this corresponds to a risk) caused by sustainability risks.

These two analyses confirmed that the company is not currently exposed to any significant negative impacts from sustainability risks. At the same time, they demonstrate the high resilience of the corporate strategy and the business model to sustainability risks.

The climate-related risks identified by init are discussed in the section on the climate risks analysis. This section addresses whether a risk qualifies as a physical climate-related risk or as a climate-related transition risk. It also discusses the resilience of the strategy and the business model to climate change.

Interests and views of stakeholders (SBM-2)

The approach taken by the init group to consider stakeholders underscores its commitment to actively listen to stakeholders and take their views seriously. In continuous dialogue, the init group endeavours to understand their positions, concerns and expectations. The results of this constant interaction are incorporated in our sustainability activities, projects and processes and allow us to orient our activities towards the interests and views of stakeholders.

The following relevant stakeholders have been identified in the course of drawing up the group responsibility report:

	Organisation of stakeholder involvement	Purpose of stakeholder involvement	How the outcome is considered
Employees	- Employee surveys - Employee personal development interviews	- Enhancing employer appeal - Trust when working together	- Raising the Employee Promoter Score (EPS) - High scores on employer rating platforms
Customers	- Customer surveys - User group meetings - Working groups	- Identifying customer loyalty - Exchange on professional matters and integration of relevant customer topics - Active integration in the development of init products and systems	- Trends - Product and system development - Adjustment of the marketing strategy
Providers of capital (investors and banks)	- Investor relations - Individual meetings and conferences between the Managing Board and investors	- Securing the financing of the group - Developing an understanding of investor expectations	- Monitoring financial indicators - Development of the strategy
Suppliers	- Regular communication with the applicable departments - Onsite visits	- Securing effective collaboration along the supply chain - Establishing a joint understanding of sustainability to support the long-term stability of business relationships and supply chains	- Influencing supplier selection and the wording of contracts

Figure 7: Stakeholders

Stakeholder concerns and interests are reflected by the management estimates drawn up in the course of the DMA, which revealed a high match between the management estimates and the perspectives of the stakeholders. The findings from the exchange with stakeholders, both regular interaction and the exchanges conducted in the course of the DMA, are communicated to the Managing Board and the respective management bodies on a regular basis. In particular, the input from stakeholders is made visible. The Managing Board uses these findings to derive key areas of action, strategies and measures.

The Supervisory Board is regularly informed, at least once a quarter, about any developments in the field of sustainability. This also involves communicating the findings from any interaction with shareholders. In addition, the Supervisory Board maintains regular contact to various stakeholder groups and informs itself independently about their interests. The Supervisory Board uses this information to critically question and monitor the group's strategies, measures and objectives.

Structure and content of the report

ESG themes (environment, social and governance) have been broken down as follows to aid understanding.

At first, the report presents the policies/strategies for the individual topics, which the Managing Board sets for the individual entities throughout the entire group. Any deviations are referred to explicitly in the respective section of the report.

Thereafter the objectives relating to the respective ESRS topic are discussed. To ensure that the objectives are presented in an understandable manner, they are formulated in keeping with the SMART approach (Specific, Measurable, Achievable, Relevant and Time-based). This is in keeping with the requirements of ESRS 2, para. 78 et seq.

In order to reach its objectives, the init group defines measures that are explained in the third section of the report. These measures are disclosed for both the 2024 financial year as well as the future. In these cases the time horizon within which the measure should be completed is stated.

The results are presented in the final section with reference to the measurement method used.

The stated key figures were only audited with limited assurance by the auditor commissioned by the Group as part of the audit of this sustainability declaration.

If other laws apply to the init group, these are described in the corresponding sections of the report. This is the case with the EU Taxonomy, for example, which is mandatory for the init group under the terms of Section 315b lit. f HGB and also Art. 8 of the EU Taxonomy in order to meet the resulting requirements. More details can be found in the section on the “Environment”.

Corporate management, processes and organisation

The role of the administrative, management and supervisory bodies (GOV-1)

init SE has a dual management system consisting of a Managing Board and a Supervisory Board.

Managing Board

As the executive body of a listed European Company (Societas Europaea, SE), the Managing Board must act in the interests of the company and is obliged to sustainably raise its value-added. It manages the affairs of the company and is bound by the German Stock Corporation Act to uphold the interests and business policies of the company. The Managing Board provides the Supervisory Board with regular, timely and comprehensive information about all key issues relating to the company’s business development and risks and agrees on corporate strategy with the Supervisory Board, including sustainability. Furthermore, it ensures that legal rules, official regulations and internal company guidelines are adhered to and works with the Supervisory Board to ensure that all group employees comply with them.

The Managing Board of init SE is composed of five members, all of whom only perform executive duties. It is staffed solely by persons who bear joint responsibility for corporate management. The directors on the Managing Board are the CEO, CRO (replaced in October 2024), CFO, COO and the CHRO.

All members of the Managing Board have many years' experience from and with various companies and their knowledge and professional skills complement each other in those sectors that are relevant to projects and geographical distribution (also in terms of sustainability), and with regard to handling the significant impacts, risks and opportunities of the company. This is also reflected in the allocation of management functions, which indicates the competencies and the experience of the Managing Board (no breakdown of experience by product or specific location has been made due to its irrelevance to init). This mix is already secured during the appointment process by means of professional recruitment led by the Supervisory Board.

Functions				
Chief Executive Officer (CEO)	Chief Operating Officer (COO) Deputy CEO	Chief Financial Officer (CFO)	Chief Human Resources (CHRO)	Chief Revenue Officer (CRO)
Dr. Gottfried Greschner	Matthias Kühn	Dr. Marco Ferber	Jörg Munz	Martin Timmann
Responsibilities				
Business Development Legal Management Production Purchasing / Supply Chain	IT Services & Cyber Security Key Projects Operations and Field Services SW & HW Engineering	Compliance Controlling Data Protection ESG-Reporting Financial Services Investor Relations M&A Quality Management Risk Management	Human Resources Organisational Development	Research & Product Marketing Sales and Marketing Support System Design

Figure 8: Allocation of management functions within the Managing Board of init SE from 1 October 2024

As the central task of corporate management, the Managing Board develops the strategic orientation of the company, ensures that the risks of business activities are handled responsibly by means of a comprehensive internal control and risk management system and ensures that legal requirements and internal guidelines are observed within the company. The system of internal controls and the risk management system include a compliance management system that is aligned to the risk exposures of the company.

The Managing Board is aware that social and environmental factors affect business outcomes and considers these when managing the company in its best interest. It also decides on the appointment of management positions. Diversity as a decision-making criterion is understood to mean complementary personal profiles, careers, and life experiences, also from an international perspective. Moreover, the Managing Board exhibits a mixed age structure. Diversity aspects are taken into account in the selection process, but the focus is on the professional and personal qualifications of the individual persons.

The Managing Board of init SE is supported by the directors. They perform tasks for the Managing Board in their respective functions and provide topic-related assistance when monitoring the IROs. The CFO and the employees involved in compiling the ESG reporting regularly coordinate on the matters relating to impacts, risks and opportunities. During these consultations, the IROs are assessed critically during workshops and revised accordingly. The individual IROs are assessed using a strict assessment scheme, before their treatment is approved by the CFO, see IRO-1, DMA.

There is no standard written procedure in place for this purpose. However, the common practice in the company does justice to the steps referred to above (among other procedures, a tool is used as a control for sustainability-related impacts, risks and opportunities; see GOV-5).

Supervisory Board

The Supervisory Board advises and monitors the Managing Board in the management of the company. Decisions of fundamental importance to the company are subject to the approval of the Supervisory Board and are set out in the Managing Board’s rules of procedure. Transactions with related parties may, by law, require the prior approval of the Supervisory Board. Monitoring and consultation extends to sustainability issues derived from the analysis of impacts, risks and opportunities (IROs).

The Chairperson of the Supervisory Board is elected by the Supervisory Board from among its members. They coordinate the work of the Supervisory Board and represent the interests of the Supervisory Board externally. In addition, the board is responsible for appointing members of the Managing Board, determining their number in accordance with legal and statutory requirements and setting the target figure for female representation on the Managing Board.

Together with the Managing Board, the Supervisory Board ensures that there is long-term succession planning in place. When screening candidates for a Managing Board position, the basic eligibility criteria from the Supervisory Board's perspective are their technical qualification for the area of special responsibility they are going to manage, proven leadership skills, prior performance and their knowledge of the market and the company. As part of the assessment, the Supervisory Board also takes into account the personality that would complement the panel of the Managing Board in the best possible way. The board understands this to mean that the different profiles, professional and personal experience, and international experience, of the members complement each other as well as ensuring an appropriate gender representation. The diverse professional, educational and personal experiences (also in terms of sustainability) of the Managing Board members complement each other. The Managing Board should have a diverse age structure. No specific targets regarding the age of individual or all members of the Managing Board have been stipulated, as this would restrict the Supervisory Board in selecting suitable Managing Board members. init operates in a market that requires flexibility, special expertise and many years' experience.

The Supervisory Board of init SE is composed of shareholder representatives and, since the Shareholders' Meeting in 2024 has five members, as laid out in the articles. With Hans-Joachim Rühlig, Prof. Michaela Dickgießer, Dr. Johannes Haupt and Ulrich Sieg, four members of the board – now three (60 per cent) – were/are independent of the company (in the sense of recommendation C6, GCGC). Christina Greschner is a close family member of the Chairperson of the Managing Board and Andreas Thun maintains close business relationships with one of the dependent companies of the company. The members of the Supervisory Board are appointed for one year. The Supervisory Board endeavours, in its entirety, to provide a competence profile that ensures that the Managing Board is supervised competently and given informed advice. Each member of the Supervisory Board also ensures that he or she has sufficient time to perform his or her duties.

The persons proposed for election to the Supervisory Board should provide assurance, based on their professional expertise, skills and experience, their integrity, their ethical conduct, independence and personality that they can responsibly carry out the duties of a supervisory board member in a leading international technology firm that operates in the mobility sector. The Supervisory Board of init SE is convinced that a strict general restriction on membership on the Supervisory Board which does not consider the respective Supervisory Board member individually, is not an appropriate method to further improve and professionalise the work of the Supervisory Board. Rather, the company's interests in searching for suitable candidates are better served by a flexible composition of the Supervisory Board with different terms of office and experience and practical consideration of a diverse age structure. The company has published the terms of office of each Supervisory Board member since 2014, therefore enabling the shareholders to decide for themselves about the individual suitability of the re-election of a member of the Supervisory Board. Potential conflicts of interest, the number of members of the Supervisory Board and diversity aspects are also given appropriate consideration when appointing members to the Supervisory Board.

The Supervisory Board has issued rules of procedure which are also published on the company's website. It meets regularly, at least once a quarter, and passes its resolutions by simple majority, unless otherwise required.

Female representation on the board comes to 40 per cent, with male representation at 60 per cent.

The Supervisory Board members undertake training measures at their own initiative and with support from init SE. Apart from their orientation towards the purposes of the company, there are no restrictions on such training. In addition, the Supervisory Board regularly evaluates the efficiency of its activities in the form of a self-assessment of both the board itself and its committees, using a detailed guideline.

The competence profile for the Supervisory Board requires the following qualifications:

- Knowledge of the mobility sector
- At least one member with professional knowledge of accounting
- At least one member with professional knowledge of auditing
- Knowledge of internal controls and risk management systems and M&A
- Knowledge in the field of corporate governance and German stock corporation law
- At least one member with professional knowledge of human resource management
- One member with knowledge of the regions and markets in which the init group operates or intends to tap into
- One member with experience in technology (including information technology and digital transformation)
- One member with knowledge of the significant sustainability issues for the company
- Independence of the Supervisory Board members

The members of the Supervisory Board have disclosed their respective competencies. With the aid of this qualification matrix, it can be ensured that the experiences of the members complement each other in terms of sectors, products and geographical locations. In particular, the point “One member must have knowledge of the sustainability issues that are significant for the company” can be answered in the affirmative for all members.

In its current composition, the Supervisory Board meets all the qualification requirements that are referred to. According to the qualification matrix, the experts in “Internal controls and risk management system” are Hans-Joachim Rühlig (until his resignation on 6 June 2024) and Dr. Johannes Haupt.

The audit committee supports the full Supervisory Board in its work. One member of the audit committee must have professional knowledge in the field of accounting and at least one other member professional knowledge in the field of auditing financial statements. This includes the group sustainability report and the related auditing.

Collaboration between the Supervisory Board and Managing Board

As the holding company leading the group, init SE defines the corporate strategy and assumes the roles of top-level management, financing and communication with important target audiences in the corporate environment, in particular with the capital market and shareholders.

The Supervisory Board and Managing Board of init work closely together for the benefit of the company. The Managing Board regularly provides the Supervisory Board with timely and comprehensive information on all relevant issues of corporate governance, in particular the strategy, planning, business performance, the risk situation, risk management, compliance, the internal audit and sustainability. This includes setting potential objectives in terms of the relevant impacts, risks and opportunities (IROs) and monitoring them. In addition to regular coordination between the CFO and the employees involved, it is ensured that the IRO list is up-to-date before it is forwarded to the members of the Managing Board and, if necessary, the Supervisory Board for final approval. The Chairperson of the Managing Board immediately informs the Chairperson of the Supervisory Board about important events that are of material importance for the assessment of the situation and development as well as for the management of the company. They are in active contact between meetings. The Supervisory Board also meets regularly without the Managing Board. If necessary, the Chairperson of the Supervisory Board convenes extraordinary meetings of the Supervisory Board.

Among other tasks, the audit committee of init SE prepares motions for resolution by the Supervisory Board concerning the separate financial statements, the consolidated financial statements, the half-year financial report and the quarterly statements issued during the year. In addition to its oversight duties, it also advises the Managing Board on accounting issues, the effectiveness of the internal control system and the risk management system as well as compliance, the internal audit system and sustainability. Particularly with regard to the latter, it ensures that the Managing Board anchors social and ecological considerations in its strategy.

In addition to the collaboration between the Supervisory Board and the Managing Board, there is regular exchange with the employee representatives (Works Council). init does not have any employee representation or other workers representatives sitting on its executive or supervisory boards. The Combined Works Council of init SE, INIT GmbH and INIT Mobility Software Solutions GmbH (IMSS) comprises eleven members; female representation comes to 27 per cent and male representation to 73 per cent.

The Works Council and the Managing Board meet regularly over the course of the year. In addition, there is one annual meeting held together with the Supervisory Board. In addition to these regular meetings, ad hoc meetings are held with the functional heads of the Managing Board.

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (GOV-2)

According to the allocation of management functions, the CFO is responsible for sustainability matters. For this reason the CFO is involved in the regular revision of the IRO list in order to fulfil the related due diligence duties (see also SBM-1, Strategy). Each quarter, the CFO reports to the other members of the Managing Board and informs them of the latest status of the concepts and the corresponding level of goal attainment. In turn, the Managing Board informs the Supervisory Board at regular intervals (at least quarterly), in good time and comprehensively of all relevant issues concerning governance, in particular, strategy, planning, business development, risk position, risk management, compliance and sustainability, including the material impacts, risks and opportunities as well as the associated measures, metrics and targets (see GOV-1).

Sustainability matters are regularly considered when central decisions are made. This especially applies to investment decision and corporate transactions (acquisitions of other companies), as these are part of the due diligence performed in the course of the risk assessment.

With regard to the accounting processes of consolidated entities, init SE considers the features of the internal control and risk management system to be material if they could have a significant influence on the corporate accounting and the overall picture conveyed by the consolidated financial statements. This involves identifying any material fields of risk and areas of internal control that are relevant to the accounting process. The subsidiaries provide the parent company with monthly reports on their business development and submit monthly financial statements.

Material sustainability aspects that have a significant influence on the risk position of the init group can be allocated to the following areas:

– Risks of fraud

- Risks from changes to the environment
- Risk of data loss/manipulation due to unauthorised network access
- Risk of data loss/manipulation due to unauthorised access via remote maintenance and malware
- ESG risk: Environment
- ESG risk: Social
- ESG risk: Governance

The material impacts, risks and opportunities that init addressed during the reporting period can be found under SBM-3 “Material impacts, risks and opportunities and their interaction with strategy and the business model”.

Integration of sustainability-related performance in incentive schemes (GOV-3)

Variable remuneration components are granted on the basis of financial criteria. No variable remuneration components are set on the basis of non-financial criteria. Sustainability criteria and the short-term and long-term sustainability targets are reflected in the product portfolio of the init group and the business model.

Statement on due diligence (GOV-4)

The field of business in which the init group acts is targeted towards sustainability: The business objective of the init group is to strengthen public transport and, as a result, reduce the volume of private traffic. The init group sets its strategy on innovative mobility concepts that secure a technological advantage for forward-looking public transport operators.

The init group develops, manufactures, integrates, installs, maintains/supports and operates software and hardware for public transport companies and renders the related services. The group’s products and services are designed to improve the quality of transport services in terms of customer orientation, punctuality, convenience, service, safety and shorter travel times. With the help of these products, climate-damaging CO_2 emissions are reduced and resources conserved.

Core elements of due diligence	Unit sales in the sustainability statement
a) Due diligence duties in governance, strategy business model	GOV-2: Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies GOV-3: No non-financial indicators are used to set variable compensation components SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model
b) Involvement of affected stakeholders in all important steps of the due diligence process	GOV-2: The CFO is responsible for sustainability matters; quarterly reporting to the other members of the Managing Board; regular reporting to the Supervisory Board SBM-2: Interests and views of stakeholders IRO-1 MDR-P
c) Identifying and assessing negative impacts	IRO-1 (including Application Requirements related to specific sustainability matters in the relevant ESRS) SBM-3
d) Action taken to address negative impacts	MDR-A
e) Tracking the effectiveness of these efforts and communication	MDR-M MDR-T

Figure 9: Core elements of due diligence

Risk management and internal controls over sustainability reporting (GOV-5)

Material non-financial risks (see GOV-2) are considered within the framework of the risk management system. Their content is oriented towards the ESRS standards. The internal control system is oriented towards the core business processes of the company and initially ensures that risks can be managed, and where reasonable, avoided. In terms of the group's sustainability reporting, a systematic process has been established within the init group (see also GOV-2) whose primary purpose is to minimise risks, avoid errors and comply with laws and regulations. Data input and data approval are assigned to different individuals. This ensures that the principle of dual control is complied with and can be seen as the first step in testing data quality. In addition, rules have been set up within the system itself, such as when a high percentage delta on the previous year is recorded. The first step involves init SE critically analysing the quality and plausibility of the data (see also IRO-1, "Description of the processes to identify and assess material impacts, risks and opportunities") and the section on the "Forecast, opportunities and risks") in the management report. This also involves a control of completeness and the evidence collected.

Environment

Owing to its business model, the init group makes a contribution to promoting global public transport, and therefore contributes indirectly to environmentally friendly forms of mobility in terms of conserving resources and reducing emissions. init's product portfolio reduces particulates and the emission of harmful substances by its customers. In addition, the inclusion of environmental aspects in the group sustainability report is essential for the very reason of understanding the sources of the group's own emissions and potentially reducing these in future. init has therefore taken an important step towards creating transparency and shows interested stakeholders that the group is acting responsibly and is continuing to work towards a sustainable future on the basis of the DNA of its business model and strategy.

init has identified six material IRO in the field of the environment. Regarding the disclosure requirements for E1 – climate change and the subtopic climate protection positive impacts were identified under "Public transport adaptation by means of simple solutions" and "init products foster a reduction in CO_2 emissions". The negative impact is the IRO "Carbon emissions along the value chain are unavoidable". In addition, the opportunity "New opportunities from the mobility transition" has been identified. "Uncertainties dampen the success of e-mobility" is the sole risk in E1 in the downstream value chain and therefore outside the control of init. Under energy, a negative impact was identified in the form of "Limited selection of energy sources", which also relates to the downstream value chain and therefore not under the direct control of init.

The following section deals with the EU Taxonomy and climate change in detail.

Analysis of climate risks/climate resilience (ESRS E1 IRO-1)

Introduction/Background

Businesses are required to address climate risks more closely and undertake climate mitigation/adaptation measures. In the course of this process, an assessment of climate risks needs to be undertaken to allow systematic management of physical climate risks. Specific requirements are laid out in the EU Taxonomy. During its assessment, init focussed on its direct partners in the value chain. This was based on the assumption that the goods and services located further upstream in the value chain could be substituted. No differentiations were made in the downstream value chain, as the customer base of init is ultimately always composed of public transport operators and public transport-related providers. All material physical risks have been considered.

Companies that intend to achieve alignment with the Taxonomy in accordance with the EU Taxonomy Regulation must also ensure that these business activities additionally meet a number of "do no significant harm" (DNSH) criteria. Detailed disclosures on the EU Taxonomy can be found under "Taxonomy Regulation" and "EU Taxonomy Templates" later in this report. These DNSH requirements also stipulate that adaptation to climate change is not ignored. The legal requirements are defined in Annex 1, Appendix A of Delegated Regulation (EU) 2021/2139. This requires a robust assessment to be presented of climate risks and vulnerabilities to climate change. To achieve Taxonomy alignment in terms of contributing substantial contributions to climate change mitigation, it is necessary to conduct an analysis of climate risks. This analysis was conducted for all major locations of the init group that could be affected by climate risks.

In summary, this analysis of climate risks and climate change resilience helps to identify risks at an early stage, develop sustainable solutions and prepare the organisation for future challenges. The analysis was conducted in the 2023 financial year, validated in 2024 and includes the upstream and downstream value chain within the scope referred to above.

Methodological approach

The analysis of climate risks and resilience to climate change assesses the resilience of init to risks and opportunities caused by climate change. This involved a scenario analysis of climate change in order to identify the potential impacts of climate change on IT infrastructures, supply chains and init's business model. Climate resilience analysis serves to review whether there would be any significant consequential losses for the group from climate risks and how these could be sustainably mitigated.

Although they are generally long-term by nature, init's assets could be affected by events in the short term. Consequently, there is only a limited correlation between the periods considered in the group sustainability report and the anticipated residual useful lives of the assets. The classification into short-term and medium or long-term assets is initially performed according to the accounting rules, which make a distinction between current and non-current assets (which consist primarily of property, plant and equipment and intangible assets). By definition, current assets can only be subject to events in the short-term. As already stated, all non-current assets can be affected by short-term, medium-term or long-term events.

The climate risk analysis and associated resilience analysis cover a period of ten years and therefore cover the short-term horizon, the medium-term horizon and five years of the long-term horizon. As a result, the time horizons have been considered by init in a scope that is realistic for planning purposes.

In this context it should be noted that init makes a distinction in its strategic planning between two time horizons: short-term (< 1 year) and medium-term (1-5 years). Short-term planning considers the budgets and forecasts. Likewise, the risk management system is primarily aligned towards a one-year time horizon with a focus on the business as a "going concern". In its medium-term perspective, init derives strategic measures and assesses these in terms of their mid-range impacts on financial results and other indicators, such as market share. As a result, init's two most important planning horizons fully equate with the framework provided by the ESRS. Matters that extend beyond five years at init are then modelled in technology scenarios and long-term market entry strategies. However, their detail is limited and they do not provide a holistic picture of the group's development. These scenarios generally serve the impairment testing of specific assets. As a result, the resilience analysis considers all planning horizons of the strategic planning and its business scenarios.

In addition, it should be noted that init has not published any formal capital allocation strategy. Rather, init attempts to strike a balance in its dividend policies, which it sees as a key element of its capital allocation, between financing growth and rewarding the participation of shareholders. Structurally, capital allocation in the short-term is set in the extended budgetary planning that the Managing Board draws up in cooperation with the Supervisory Board. In the process, investments in property, plant and equipment and intangible assets as well as other growth are considered when drawing up the possible dividend scenarios. init sets corridors for the volume of its capital expenditure as part of its mid-range planning. Special attention is paid to the overall capital position. M&A transactions are included in the calculation. init does not plan its capital allocation, in the narrower sense, for the long term.

As part of its climate risk and resilience analysis, the group reviews whether assets or business activities of the group are exposed to a risk of loss or significant impairment. Despite the fact that its business model is basically virtual by nature, init conducted an analysis of its material physical assets at its central locations. Significant locations for the init group are:

- Germany / Karlsruhe
- Germany / Berlin
- USA / Chesapeake, VA

Corporate headquarters, which are responsible for the strategic alignment of the group, are located in Karlsruhe. In addition, the group holds land and buildings as well as stored hardware and parts at this site. Manufacturing operations of the group are found in Berlin and the location in Chesapeake holds land and buildings as well as stored hardware and parts and manufacturing entities.

In addition to the physical risks of loss, the analysis also considers climate transition risks. These comprise financial and operating risks that the company is generally exposed to due to the transition to a low-carbon and sustainable economy. These arise from changes in the political, regulatory or technological environment, the market economy and social framework due to climate mitigation measures. The process used by init to identify climate-related transition risks to the group itself and its upstream and downstream value chain considers the following risks:

- Regulatory risks – new or more stringent climate mitigation requirements, such as the pricing of CO_2 allowances, emission limits or disclosure requirements (e.g. due to the ESRS or the EU-Taxonomy)
- Technological risks – Innovation risks and substitution risks caused by new more climate-friendly technologies that push existing products or processes from the market
- Market risks – changes in demand for fossil fuels and high-emission products as well as rising costs for non-sustainable business models
- Reputation risks – loss of reputation and an erosion in investor or customer confidence due to inadequate climate strategies or sustainability measures.

The business activities of the init group are carried out by its entities and have been assessed individually. In conclusion, a lifetime of 10 years can be expected for all business activities.

In the course of the climate risk analysis, both physical risks (e.g. extreme weather events, rising temperatures) as well as transition risks (e.g. more stringent environmental regulations, rising energy costs) are identified. Using generally accepted climate scenarios, such as the IPCC-RCP, the effect of various climate paths on init is modelled. In the process, init assumes various climate scenarios, both optimistic and pessimistic. SSP1-1.9 (Shared Socioeconomic Pathway 1-1.9), which is compatible with global warming being limited to 1.5°C, with or without limited deviation, represents the reference scenario. Scenario RCP 8.5 (Representative Concentration Pathway 8.5) from the Intergovernmental Panel on Climate Change (IPCC) was used as the pessimistic scenario. A “business-as-usual” scenario was also modelled, in which GHG emissions continue to rise unabated with high emissions and massive climate change until 2100.

In a next step, init reviewed the impact of these risks on its business activities and assets. This resulted in a summary of critical risks, which was then used in the resilience analysis to derive and prioritise migration strategies. Likewise, the resilience analysis verified whether the measures could be maintained for the long term and that sufficient resources were available for adaptation.

It is to be noted: Uncertainties are unavoidable in a resilience analysis, as they are based on forecasts, model assumptions and external factors. Their number, completeness, specific interdependencies and combined consequences for people and the environment, primarily, and therefore also for init and its business activities and assets, cannot be conclusively determined on any scientific basis, which results in inherent uncertainty in the model. Even if cause-and-effect relationships were perfectly understood, the actually observed scenarios can only be predicted with a limited degree of certainty due to the development of real parameters. For this reason, init has concentrated on drawing up comprehensive scientifically-founded scenarios of the environment.

In spite of these challenges, the resilience analysis proved a valuable tool for init in identifying potential sustainability risks at an early stage and developing adaptation strategies. A dynamic and adaptive approach has been implemented to remain resilient for the long term.

Findings of the risk analysis

The business model of init is essentially virtual by nature.

There is no material physical risk of losses at any locations across the group. Sales, software development and administration are not physically tied to a specific location and are therefore subject to a great deal of spatial flexibility. In the event of sudden extreme weather events such as heat waves or storms, operations can be maintained.

The analysis of the relevant assets and activities revealed that the Chesapeake location in the United States is exposed to a risk of rising sea levels, a risk of hurricanes and a fundamental risk of flooding, due to its proximity to the coast. No other qualitative assessment was made as a rise in sea levels is not material at present, nor in the reference scenario. Likewise, the location has not been hit by hurricanes in the past and has not been affected by flooding, despite its proximity to the coast.

No potential chronic or acute negative impacts were identified at the locations of Berlin, Germany or Chesapeake, United States. There is a potential risk of negative impacts on the workforce in Karlsruhe due to hot weather (chronic) or heat waves (acute).

Interdependencies, along with the risk of cascading effects and combined risks do not apply to any of the three key locations. Moreover, no indirect impacts were identified either. Over recent decades the init group has experienced a general warming of the climate. However, the changes have been limited and not had any impacts on its business processes.

Based on international climate studies (SSP5-8.5 Low confidence scenario from NASA, Virginia Know Your Zone Tool, topographic-map, flood map, Germany's Environmental Protection Agency (NBA) and Germany's National Meteorological Service (DWD), the init group expects to see a limited increase in temperatures, which should, however, lie below the operating impacts on the group.

Karlsruhe is the only location that is affected to a moderate degree when it comes to heat stress. The other locations were each designated low risk to various climate risks. The specific locations that are affected, namely the stores of materials and equipment, are all leased. The ability to make structural alterations to install climate control equipment is, thus, limited. During hotter months, local employees start work early in the morning. Local cooling measures, such as air-conditioned rooms and ventilators, are installed where possible and remote working solutions are offered.

The data centre used by the group has been set up with full redundancy, which also means that there is no exposure to climate risks. init SE is not dependent on any single provider in this regard and can therefore act independently by sourcing the service from a comparable provider. In addition, the init group expects the data centre operators to adjust the locations of service if the need be. The impacts on climate change, GHG emissions in particular, can be found in the required disclosures of ESRS E1-6. It was possible to obtain information on all system elements subject to the examination.

The analyses conducted by the group did not reveal any expected material climate risks or even any transition risks in the short-term, medium or long-term or any resulting impact on the execution of its activities.

As no transition risks were identified, it was not necessary to make any further analysis of their impact on assets. Likewise, there was no need for further analysis as material transition risks identified in a potential stress test analysis, could have been ruled out.

From a structural perspective, no assets are affected by physical or transition risks. The one risk that was identified relates to business activities. Countermeasures have already been implemented. If any need for renewed investment arises in future, this will be considered in capital expenditure planning and decision-making. In addition, init did not identify any assets or business activities that are incompatible with the transition to a climate-neutral economy. Furthermore, init did not identify any further climate-related transition events in the 2024 financial year that could have an impact on its assets or business activities.

Findings of the resilience analysis

The analysis of climate risks revealed that there are sufficient financial resources available at present, as well as the time and skills needed, to adjust to climate change. Building technologies, such as insulation or air-conditioning systems were identified as potential investments for reducing the climate risks identified in the course of the analysis.

init did not identify any transition risks. Physical risks are mitigated by actions that have been taken in the past. As a result, there is currently no need for any investment. If new transition risks or physical risks are identified in future, corresponding countermeasures will be taken. Where applicable, this also extends to capital expenditure and investment decisions.

The following resources are available to potentially reduce any identified climate risks:

- At present the available resources consist of time, money and material
- No change to these resources is expected in the medium term
- Most buildings are insulated/have climate control

The analysis of climate risk revealed just one relevant physical risk but no significant transition risks. Corresponding measures were identified in the course of the resilience analysis to counter the apparent risk. Consequently, there are no known transition or physical risks at present that could result in a negative impact.

init does not perceive any direct or indirect consequences to its resilience arising from macroeconomic trends as a consequence of the transition to a lower-carbon economy. Furthermore, the group does not see any critical direct or indirect consequences from its energy use and the intended energy mix from the transition to a lower-carbon economy.

Disclosures pursuant to Art. 8 Regulation (EU) 2020/852 (Taxonomy Regulation)

The "Taxonomy Regulation" topic refers to Regulation (EU) 2020/852 (Taxonomy) dated 18 June 2020 and the associated Delegated Acts last revised on 21 November 2023, which aim to ensure that the economic activities of businesses are sustainable.

In 2018, the EU commission adopted the action plan to finance sustainable growth. In order to steer capital flows towards sustainable investments, criteria have to be identified that can be used to determine whether an investment is ecologically sustainable. For this reason, establishing an EU classification system for sustainable activities was set as one measure of this action plan, which the Commission implemented with the adoption of the EU Taxonomy Regulation from 18 June 2020 (Regulation (EU) 2020/852 – hereinafter referred to as the "EU Taxonomy").

The init group falls within the scope of Section 315f et seq. HGB and must therefore draw up a consolidated non-financial statement and satisfy the relevant requirements in keeping with Article 8 of the EU Taxonomy. ESRS 1 refers to the above EU Taxonomy Regulation regarding the EU Taxonomy content it requires.

The EU Taxonomy (Article 9) establishes six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

The European Commission has released a number of delegated regulations to implement the EU Taxonomy. Commission Delegated Regulation (EU) 2021/2139 was published on 4 June 2021 (also known as the Climate Delegated Act). This regulation contains the technical screening criteria for determining the activities for the first two climate-related environmental objectives. Parts of this regulation already applied in the 2021 reporting year, when Taxonomy-eligible activities had to be reported on, and also in 2022, when full disclosures on Taxonomy-eligible activities and Taxonomy-aligned activities were required.

Commission Delegated Regulation (EU) 2023/2486 (the Environmental Delegated Act) was released on 27 June 2023. This sets the technical screening criteria for the other four environmental objectives. Another Commission Delegated Act (EU) 2023/2485 was published on the same date that contains amendments to the Climate Delegated Act. This Delegated Act will be phased in successively. Reporting on eligible activities related to Climate Objectives 3 through 6 was already required for the 2023 reporting year. From the 2024 reporting year, the reporting must also include Taxonomy-aligned activities.

In the course of applying the Delegated Acts, the business activities of the init group are initially screened and analysed to determine whether they are eligible in terms of the EU Taxonomy, i.e. whether they have the potential to make a material contribution towards the Environmental Objectives.

In a second step, the activities identified as eligible are reviewed to determine whether they actually align with EU Taxonomy. Taxonomy-alignment is achieved when an activity meets all the technical screening criteria defined in the delegated acts of the EU Taxonomy. These criteria define the requirements for an activity to be classified as environmentally sustainable, while at the same time doing no significant harm ("DNSH") and meeting minimum social standards.

In 2021 init initially investigated its contribution to the EU environmental objectives "climate change mitigation" and "climate change adaptation". In this process, the relevant business activities and the resulting revenues generated as well as the investments and operating costs, which can be classified as Taxonomy-eligible, were extensively analysed and evaluated.

As a result, the business activities of the init group, which focus on integrated solutions for planning, dispatching, telematics and ticketing for buses and trains were allocated to Activity CCM 6.15 "Infrastructure enabling low-carbon road transport and public transport" of the EU Taxonomy and can therefore be classified as Taxonomy-eligible or Taxonomy-aligned. The term "infrastructure" in the definition of the group's activities should be interpreted in the wider sense. In this regard, a Commission Notice released on 20 October 2023 clarified that the provision of IT infrastructure for public transport that can be counted among "intelligent transport systems" falls within the scope of the activities of CCM 6.15.

The business model of the init group was considered in its entirety when measuring turnover as a key performance indicator (KPI). By providing solutions for the whole chain of public transport processes provided to the targeted customer segment, the init group provides an enabling activity, and therefore falls within the scope of application of the EU Taxonomy. By developing, producing, integrating, installing, maintaining and operating software and hardware products as an end-to-end solution, which transport companies need in order to fulfil their operating requirements, the init group makes a significant contribution to the functioning and efficiency of public transport by providing the IT infrastructure for public transport.

The analysis of business activities is revised at regular intervals to account for any amendments to the regulatory requirements and developments in the business activities. In the 2024 reporting year, the business activities were thoroughly examined in terms of the technical screening criteria for Environmental Objectives 3 through 6. As a result, the new business activities adopted in the Environmental Delegated Act only apply to the business model of the group to a very limited extent: individual components of the products of the init group could be allocated to "Activity CE 1.2 Manufacture of electrical and electronic equipment for industrial, professional and consumer use" with reference to "transition to the circular economy". Some components are sold individually within the framework of after-sales supply activity, which frequently follows on from earlier project business, e.g. for the expansion of vehicle fleets. However, these only provide the customer with added value in connection with the software developed by init.

Consequently, these components do not constitute their own product category and are only sold, as mentioned above, in the after-market business. For this reason, they are combined as an integral component of the project-related solutions and therefore covered under Activity CCM 6.15. Reference is made to the comments on the IFRS 15 interpretation of revenue in the notes to the consolidated financial statements. Only products in the "automotive engineering" category at CarMedialab GmbH are reported under Activity CE 1.2, as these are sold to customers outside of the public transport project business. Further analysis revealed, however, that it failed to achieve alignment with activity CE 1.2 of the Taxonomy.

The group's other activities outside of the field of public transport are classified as non-eligible activities. At 2.1 per cent, they account for just a small amount of the total revenue of the init group.

In addition to the product-based group turnover indicator in the EU Taxonomy, capital expenditure (CapEx) and operating expenses (OpEx) are also analysed.

The share of total turnover generated with Taxonomy-aligned activities is calculated as the portion of net turnover generated with Taxonomy-aligned activities (numerator) divided by total net turnover (denominator). In the 2024 reporting year, 97.9 per cent of turnover was reported as aligned under the EU Taxonomy (2023[7]: 97.8 per cent).

The CapEx indicator includes all additions to/investment in intangible assets, property, plant and equipment and investment property as well as right-of-use assets pursuant to IAS 38, IAS 16, IAS 40 and IFRS 16 (CapEx). CapEx in the reporting period relates solely to assets or processes that are connected to the Taxonomy-aligned activities of the init group. In particular circumstances, such as the sale of electric cars, these could be allocated to other activities. However, this does not correspond to the intended purpose, but just the defined purpose of the source of the investment. No investments were made in the reporting period that lie within the framework of a CapEx plan. The share of Taxonomy-aligned CapEx is calculated as the sum of Taxonomy-aligned CapEx (numerator) divided by total CapEx (denominator). The share of Taxonomy-aligned CapEx in the 2024 reporting year comes to 97.1 per cent (2023[7]: 96.2 per cent) and is above the level of the previous year.

For Taxonomy-eligible or Taxonomy-aligned OpEx (operational expenditure), spending on non-capitalised research and development costs, short-term leases, installation of energy efficiency equipment in buildings as well as repair and maintenance were also considered. In this process, individual parts were analysed and, if applicable, allocated to Taxonomy-eligible or Taxonomy-aligned activities.

The proportion of Taxonomy-aligned OpEx is calculated as the sum of Taxonomy-aligned OpEx (numerator) divided by total OpEx (denominator). In the 2024 reporting year, 94.8 per cent of OpEx was reported as eligible under the EU Taxonomy (2023[7]: 97.8 per cent).

Turnover, CapEx and OpEx as well as the respective share of sustainability in the three identified KPIs are calculated on the basis of a detailed analysis of all the relevant accounts in the group's chart of accounts. A clear allocation to the three KPIs is made at account level. Taxonomy-aligned turnover, CapEx and OpEx are attributable to Activity 6.15 "Infrastructure enabling low-carbon road transport and public transport" of Annex 1 of Delegated Regulation (EU) 2021/2139 (climate change mitigation) in its most recent version (Commission Delegated Regulation (EU) 2023/2485). Due to the clear allocation of the accounts and the fact that the business activities of the init group can be clearly allocated to customer segments and applications, it can be ruled out that turnover, CapEx or OpEx components have been double-counted.

The results of the individual reviews of the do-no-significant-harm (DNSH) criteria are presented in the attached templates. Whether a significant contribution is made towards realising one or more of the environmental objectives, or whether one or more of the environmental objectives is impeded and whether the technical screening criteria have been observed is tested on the basis of the specific evidence and documented accordingly. In this regard, a comprehensive climate risk analysis was carried out for all significant locations of the init group that could be potentially affected by climate risks. Details can be found in the section on the climate risk analysis / resilience analysis. The analysis of Taxonomy-aligned business

7 Previous year's figure unaudited

activities (consisting solely of CapEx in 2024) did not reveal any anticipated material climate risks on performing these activities.

The DNSH criteria for Environmental Objectives 3 through 6 are aimed at avoiding possible impediments to realising the objectives as a result of construction on infrastructure projects. However, the infrastructure measures of the init group do not qualify as construction, but rather consist of intelligent transport systems. These are also covered by Activity CCM 6.15 (see horizontal question 101 in the Commission Notice C/2023/267 released on 20 October 2023). Consequently, Environmental Objectives 3 through 6 are not affected by the infrastructure activities of the init group.

The due diligence process at the init group ensures compliance with the minimum protection afforded by the OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, the ILO International Labour Standards and the International Bill of Human Rights. Compliance with the minimum standards is communicated both internally within the init group and also with external parties.

The indicators for the reporting year can be seen in the reporting templates on the following pages.

The reporting required by Annex XII of Commission Delegated Regulation 2021/2178 does not apply to the init group due to the fact that it did not record any capital expenditure or operating expenses in the 2024 financial year that were related to nuclear energy and fossil gas related activities as defined in Commission Delegated Regulation (EU) 2022/1214, The corresponding template is titled “Template 1: Nuclear energy and fossil gas related activities”. Templates 2-5 are not relevant.

EU Taxonomy reporting templates 2024

TURNOVER

Financial year 2024	2024			Substantial contribution criteria					
Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)
		EUR k	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	259,845	97.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**259,745**	97.8%	97.8%	0.0%	0.0%	0.0%	0.0%	0.0%
of which enabling		**259,745**	97.8%	97.8%	0.0%	0.0%	0.0%	0.0%	0.0%
of which transitional		**0.00**	0.0%						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of electrical and electronic equipment for industrial, professional and consumer use	CE 1.2	**393**	0.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**393**	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**260,138**	**97.9%**	97.9%	0.0%	0.0%	0.0%	0.0%	0.0%
B. Taxonomy-non-eligible activities									
B. Turnover of Taxonomy-non-eligible activities		**5,536**	**2.1%**						
Total [1]		**265,674**	**100.00%**						

CAPEX

Financial year 2024	2024			Substantial contribution criteria					
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)
		EUR k	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	24,474	97.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx on environmentally sustainable activities (Taxonomy-aligned) (A.1)		**24,474**	**97.0%**	**96.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
of which enabling		**24,474**	**97.0%**	**96.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
of which transitional		**0.00**	**0.0%**						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of electrical and electronic equipment for industrial, professional and consumer use	CE 1.2	16	0.1%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CapEx on Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**16**	**0.1%**	0.0%	0.0%	0.0%	0.0%	**0.2%**	**0.0%**
A. CapEx on Taxonomy-eligible activities (A.1+A.2)		**24,490**	**97.1%**	98.0%	0.0%	0.0%	0.0%	**0.0%**	**0.0%**
B. Taxonomy-non-eligible activities									
B. CapEx on Taxonomy-non-eligible activities		**723**	**2.9%**						
Total [2]		**25,213**	**100.0%**						

OPEX

Financial year 2024	2024			Substantial contribution criteria					
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx (4 %)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)
		EUR k	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	15,303	94.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx on environmentally sustainable activities (Taxonomy-aligned) (A.1)		**15,303**	**94.8%**						
of which enabling		**15,303**	**94.8%**	**94.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
of which transitional		**0.00**	**0.0%**						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of electrical and electronic equipment for industrial, professional and consumer use	CE 1.2	0	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
OpEx on Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	0%						
A. OpEx on Taxonomy-eligible activities (A.1+A.2)		**15,303**	94.8%						
B. Taxonomy-non-eligible activities									
OpEx on Taxonomy-non-eligible activities		**833**	**5.2%**						
Total [3]		**16,136**	**100.0%**						

DNSH criteria ("Do No Significant Harm")									
Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover 2023[7]	Category of enabling activity	Category of transitional activity (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
	Y	Y	Y	Y	Y	Y	97.2%	E	
	Y	**Y**	**Y**	**Y**	**Y**	**Y**	**97.2%**		
							97.2%		
							0.0%		
							97.2%		

DNSH criteria ("Do No Significant Harm")									
Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of capex 2023[7]	Category of enabling activity	Category of transitional activity (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
	Y	Y	Y	Y	Y	Y	96.9%	E	
	Y	**Y**	**Y**	**Y**	**Y**	**Y**	**96.9%**		
							96.9%		
							0.0%		
							0.0%		
							96.9%		

DNSH criteria ("Do No Significant Harm")									
Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx 2023[7] (19)	Category of enabling activity	Category of transitional activity (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
	Y	Y	Y	Y	Y	Y	96.8%	E	
	Y	**Y**	**Y**	**Y**	**Y**	**Y**	**96.8%**		
							96.8%		
							0.0%		
							0.0%		
							0%		
							96.8%		

Template 1: Nuclear energy and fossil gas related activities

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

	Fossil gas related activities	
1	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
2	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
3	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

ESRS E1 Climate change

Climate change counts among one of the greatest global challenges of our time and represents a threat to our ecosystems, habitats and economic systems. Due to rising GHG emissions, most of which result from the use of fossil fuels, the Earth's atmosphere is warming and possibly leading to extreme weather events, a rise in sea levels and the loss of biodiversity. To counter these developments, international measures and joint action are required. init is aware of its corporate social responsibility and intends to respond to it. The transition to renewable energies, the promotion of sustainable technologies and the reduction in emissions are at the centre of efforts aimed at limiting the negative impacts of climate change and secure a positive future.

The EU Paris-aligned benchmarks (EU PAB) are a category of climate benchmark indexes that were created within the context of the EU Sustainable Investment Regulation. They are designed to help investors align their decisions with the Paris Agreement, especially the objective of keeping global warming to a maximum of 1.5°C above pre-industrial levels.

Policies

Policies refer to the higher-level strategies, processes, and defined areas of activity that create the framework within which the init group can pursue the goals of combatting climate change, mitigating its impacts and promoting a transition to a low-carbon economy. They include requirements and guidelines that must be implemented at local, national and international level. Implementing such policies within the company can foster responsibility for the environment and also reduce costs over the long term. Responsibility for ESG reporting and the associated group sustainability report has been assigned within the organisation of init SE as the parent company of the group, to a task force headed by the CFO representing the Managing Board. The block of environment aspects is regularly discussed at Managing Board meetings and the results are presented.

The concepts are aimed at managing the main IROs, which were described in detail at the beginning of the chapter entitled "Environment".

In the respective rules of procedure of the group entities, the binding responsibility for sustainability reporting via the centralised systems and processes, and therewith also environmental aspects, has been assigned to the respective management teams. The entities are informed about any developments concerning the implementation directives at regular meetings and workshops, and given training on such matters as the technical guidance for calculating indirect (Scope 3) emissions. The data gathered for reporting purposes is subject to a two-stage approval process. In addition, the central ESG organisation checks the data for completeness and accuracy.

Policies related to climate change mitigation (E1-2)

In order to reduce GHG emissions and mitigate climate change, many governments and municipalities in which init has a local operation rely more heavily on the use of public transport, which generally exhibit lower emission factors measured in CO_2e kg per Pkm (passenger-kilometre). In a next step, energy efficiency in local public transport plays a central role in reducing emissions, lowering operating costs and minimising the negative impacts on the natural environment. init's integrated system solution provides public transport operators with the potential to offer transport that is significantly more energy-efficient than the use of private vehicles. Various measures and technologies to raise the energy efficiency of public transport become possible for customers with the use of init products. The criteria of energy efficiency covers various aspects which are targeted towards reducing energy consumption and optimising the use of existing energy, such as technologies with low energy consumption (e.g. LED lighting, modern heating and cooling systems). The impacts of energy efficiency are manifold and concern economic (e.g. cost-savings), ecological (e.g. reducing GHG emissions) and social aspects (e.g. ensuring energy security).

The transition to battery-electric buses frequently reduces energy consumption and reduces customer dependence on fossil fuels. Electric buses emit lower carbon than diesel buses. However, operating a mixed fleet of electric and diesel buses presents a special challenge to transport operators. The fleet management solutions offered by the init group explicitly address these challenges and support operators in the transition to more sustainable drive systems. In particular, urban transport is facing higher demands with frequent stop-start traffic. For this situation, init offers products that help to optimise driving patterns. The implementation of init's priority signalling solution reduces idle times in traffic and therefore energy consumption. This leads to shorter travel times and greater appeal for public transport.

In addition, init offers efficient charging and depot management solutions. For example, in times of low demand, such as at night, smaller vehicles can be used or the frequency reduced in order to reduce energy consumption. On-demand systems can also be a more efficient alternative. The use of intelligent transport management systems and data analyses enables better planning of itineraries and routes. This can reduce the number of delays and unnecessary stops, which also helps to reduce energy consumption.

The use of init products, which combine modern technologies, improved infrastructure and optimised operating strategies, can substantially reduce energy consumption in public transport. Energy efficiency in public transport not only helps to reduce emissions but also improves the economy and appeal of public transport.

Finally, thanks to the strategy pursued by the init group, it is possible to promote more energy-efficient public transport that plays a key role in sustainable urban mobility and climate change mitigation.

In addition to this positive impact on customer operations, init also strives to improve the energy efficiency of its own products directly, e.g. by reducing the energy consumption of its data centres using software based on suitable programming languages, and also indirectly, by using renewable energy sources for its administrative offices. In this way, the net contribution of the system solutions towards reducing carbon emissions can be improved.

GHG removals and internal carbon pricing (E1-7/E1-8)

GHG removals and GHG mitigation projects financed through carbon credits is not currently applied by the init group, but the option of doing so is being reviewed. At the time of reporting, the init group does not have any internal carbon pricing.

Targets (E1-4)

Since 2023 init has had the ambition of being net zero in Scope 1 and Scope 2 by 2030 at the latest. At present init does not have any defined GHG reduction targets that meet the requirement of ESRS E1, but is planning to derive such targets in the 2025 financial year on the basis of the findings of this report. To what extent the parameters derived from scientific sources, such as the SBTi, can be drawn on needs to be reviewed.

To measure its indirect Scope 3 emissions, the group relied on the data captured in suitable quality throughout the group in the 2024 reporting year. The reduction, in conjunction with the specific target for Scope 3 emissions will be an element of the climate strategy in the future. Attaining Scope 3 targets requires transparency, cooperation along the entire value chain and the use of innovative technologies. The set targets will be rigorously monitored. In this way, init is not only planning to make a contribution to reaching global climate goals but also reinforcing its own resilience and positioning itself competitively in an increasingly climate-conscious market.

The findings regarding environmental matters can be found in this report and will help management derive group-wide targets and mitigation measures for the following years.

Actions

Transition plan for climate change mitigation (E1-1)

A transition plan for climate change mitigation serves to reduce GHG emissions in a systematically and structured fashion. It can comprise both technological as well as organisational measures and enable successive adaptation to the challenges of climate change. A well thought out plan fosters trust among stakeholders, encourages innovation and ensures that init will remain resilient towards future climate-induced risks.

In the opinion of the Managing Board, a transition plan requires a systematic approach. In the first step, it is essential to analyse the status quo and capture data from throughout the group in a uniform fashion. init has done for this reporting year. By calculating the current GHG emissions, including Scope 1 (direct emissions), Scope 2 (indirect emissions from energy consumption) and Scope 3 (indirect emissions from the value chain), it is possible to identify the largest sources of emissions and then, in a second step, draw up a transition plan.

The 2024 reporting year constitutes the reference year. Based on this data, management can work out a decision-making framework that is then incorporated in the transition plan for climate mitigation. This plan will contain the measures needed to reduce GHG emissions, representing init’s contribution to reducing global warming to 1.5°C and the integration of its decarbonisation strategies. The goal is to integrate this transition plan in the corporate strategy over the course of the 2025 financial year and initiate the long-term steps that are needed.

In the 2025 financial year, init will consider joining the Science Based Targets initiative (SBTi). The transition plan for climate mitigation will guide init in future when implementing its climate goals.

Actions and resources in relation to climate change policies (E1-3)

At present, the actions taken are individual local actions, all of which pursue the goal of reducing emissions and therefore making a contribution to climate change mitigation. As described under E1-1, this will be incorporated in the overall strategy in the 2025 financial year. Individual actions include such measures as installing a photovoltaic plant at the Karlsruhe location, which generally leads to a reduction of GHG emissions. To this end, investments of EUR 299k were made in 2024 for its implementation. In addition, the share of renewable power will continue to be raised in those locations where feasible. Likewise, the expansion of the vehicle fleet should be conducted, wherever possible, using vehicles with alternative powertrains. Focus is also placed on promoting climate-friendly mobility and reducing travel. The internal travel policy implemented in 2024 gives preference to rail travel over air travel, whenever possible. Employees can make use of a local company bike lease ("Jobrad") as well as tickets for local transport.

Metrics

Environmental indicators for companies with an annual average headcount of less than or equal to ten were extrapolated.

Energy consumption and mix (E1-5)

Energy consumption and the energy mix within the init group breaks down as follows:

Total energy consumption within the init group comes to 9,028 MWh. This corresponds to 6.79 MWh per employee. The total energy consumption consists of three components: 7,227 MWh from fossil fuels, 263 MWh from nuclear power and 1,537 MWh total consumption of renewable energy. As a percentage distribution, total energy consumption breaks down into 80 per cent fossil fuel, 3 per cent nuclear power and 17 per cent from renewable energy sources.

	2024	
	MWh	%
Total energy consumption from fossil sources	7,227	-
Share of fossil sources in total energy consumption	-	80
Total energy consumption from nuclear sources	263	-
Share of power from nuclear sources in total energy consumption	-	3
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin), biofuels, biogas, hydrogen from renewable sources, etc.)	0	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	1,537	
Consumption of self-generated non-fuel renewable energy	0	-
Total consumption of renewable energy	1,537	
Share of renewable energy in total energy consumption	-	17
Total energy consumption	9,028	-

Figure 10: Energy consumption and energy mix

Gross Scopes 1, 2, 3 and total GHG emissions (E1-6)

The Greenhouse Gas Protocol (GHG Protocol) creates a comprehensive global standardised framework to manage and measure greenhouse gas emissions from private and public sector operations, value chains and mitigation actions. When compiling the information for reporting on GHG emissions, init draws on the GHG Protocol as its reporting framework. The GHG Protocol provides the necessary methodological foundation to meet ESRS requirements. It ensures transparent, consistent and internationally comparable reporting of greenhouse gas emissions. Moreover, it is internationally recognised. Indirect emissions pursuant to EN ISO 14064 - 1:2018 have not been applied.

Among other things, the GHG Protocol sets standards for the accounting of greenhouse gases. The GHG Protocol Corporate Accounting and Reporting Standard contains a list of requirements and guidelines to enable companies and other organisations to draw up an inventory of their greenhouse gas emissions at organisational level. It breaks down the greenhouse gas emissions of a business into three different levels ("scopes").

- Scope 1 emissions are direct GHG emissions from operations that the organisation owns or controls.
- Scope 2 emissions are indirect GHG emissions caused during the generation of purchased electricity
- Scope 3 emissions are all indirect GHG emissions (not already included in Scope 2) that occur along the value chain of the reporting entity, either upstream or downstream in the chain

Calculation of Scope 1 and 2 emissions

Scope 1 and 2 emissions are measured at init using the Sphera data capture and reporting tool. The Scope 3 calculation is partly tool-based. The selection of the emission factors for Scope 1 and 2 emissions is proposed by the tool provider. For Scope 3 emissions, internationally recognised and freely available databases are drawn on. If needed, data on GHG emissions other than just CO_2 can be obtained.

Direct emissions (Scope 1) are calculated in accordance with the requirements of the GHG Protocol. They cover all of the organisation's sources of emission that its own or controls, including:

- Mobile emissions from the consumption of fuel by the firm's own vehicle fleet, whether owned or leased
- Stationary emissions from the energy used in buildings (e.g. gas, oil)
- Emissions from cooling agents that arise from topping up cooling plants and air-conditioning equipment

The calculation is performed by multiplying the consumption data with the emission factors issued by the UK environmental agency, Defra. A systematic multi-stage approach was taken to determine which significant assumptions are used in the calculation of Scope 1 emissions pursuant to the GHG Protocol. Identification of relevant assumptions, validation and plausibility checks and documentation of the results). Due to the fact that init does not incur any Scope 1 emissions within the framework of emission trading systems, this value is set at 0.

Scope 2 GHG emissions are calculated in accordance with the requirements of the GHG Protocol. The GHG emissions are calculated on the basis of the purchased energy applying the applicable emission factors on a uniform basis. Calculating Scope 2 emissions on the basis of the GHG Protocol in this way relies on significant assumptions, particularly in the choice of calculation method. The market-based method (contractually-sourced emission factors, e.g. evidence of origin) and the location-based method (average mix of power sources from the grid) are used. The market-based method is primarily used for supplier-specific emission factors. If these are not available, the residual-mix emission factor is drawn on. If this is also not available, the location-based emission factor is used. The emission factors that are applied all originate from recognised sources, such as IEA 2024, EPA 2024, Defra 2024, MLC (formerly GaBi) and Re-Diss 2023. The location-based calculation is based on the average national grid emission factors issued by the IEA or EPA.

If no direct measurements are available, the estimate is made on the basis of invoices or consumption figures. This means that some key figures are estimated or extrapolated on the basis of unavailable data. Emission factors need to be up to date and specific to the location. Using the market-based method, the validity and eligibility of green power certificates for offsetting emissions are also relevant. Power consumption is the main source of emissions. init covers 40 per cent of its power from certified green power, while the remaining 60 per cent is a residual mix drawn from the national grid. The contractual instruments used in the calculation include, for example, green power certificates.

Calculation of Scope 3 emissions

When compiling the required information on gross Scope 3 GHG emissions, the principles of relevance, completeness, consistency, transparency and accuracy were observed, as laid out in the GHG Protocol (2004 version, Chapter 4, pp. 23-24). This involved carefully weighing up any compromises between the individual principles, based on the company's internal targets.

A number of databases for the Scope 3 calculation have been drawn on, such as the UK SIC Codes, IEA emission factors for electricity generation, US EPA GHG emission factors 2024 (Table 9) and Defra 2024.

The calculations for the init group are described in an internal guidance. These are used within the group as a guideline for calculating Scope 3 emissions. The data is captured using the Sphera tool, also for both Scope 1 and 2. In addition, typical tools (spreadsheets) are used for calculation purposes.

The guidance describes each category, defines the difference between the categories and how the "minimum boundary" is to be understood. All categories are calculated using the "operational control" approach. The guidance also describes how the emissions are to be calculated. An attempt is made to obtain data from primary sources for each of the reporting categories, for instance from suppliers, or, alternatively, using spend-based or other estimates based on the latest high-quality emission factors. The categories presented in the guidance match the categories laid out in the GHG Protocol.

The approach taken for Scope 3 reporting is to introduce a quantifiable threshold of significance at 1,000 metric tons CO_2e and not report on any categories that fall below this threshold. This means that init reports on 94 per cent of all its Scope 3 GHG emissions, measured as CO_2 equivalents from significant Scope 3 categories (i.e. each Scope 3 category that has priority for init). These are:

- Category 1: Purchased goods and services
- Category 2: Capital goods
- Category 6: Business travel
- Category 11: Use of sold products

Details on each category can be found below along with the assumptions used in their calculation.

Category	Definition	Data sources used	Calculation
Upstream emissions			
1 Purchased goods and services	All upstream emissions from the production of purchased goods or services (cradle to gate) excluding emissions from categories 2 – 8	UK SIC Codes 2007 Emission Factors by SIC Code (spend-based) exchange.org (translation from EUR into GBP)	Turnover of the position in GBP (£) x selected emission value kg CO^2e /£ 90% calculated and 10% extrapolated.
2 Capital goods	Covers all upstream emissions from the production of capital goods that the reporting entity purchased or acquired in the reporting year (cradle-to-gate). (Emissions from the use of capital goods are recorded under Scope 1 or Scope 2)	UK SIC Codes 2007 Emission Factors by SIC Code (spend-based) exchange.org (translation from EUR into GBP)	Turnover of the clustered competencies (£) x selected emission value kg CO^2e /£ 90% calculated and 10% extrapolated.
3 Fuel and energy-related activities	Covers all emissions from the production of fuels and energy that the reporting entity purchased and consumed in the reporting year. This excludes any emissions already included in Scope 1 and Scope 2.	-	No significance due to materiality threshold
4 Transport and distribution (purchased, upstream)	1. Transportation and distribution of products purchased by the reporting company in the reporting year between a company's tier 1 suppliers and its own operations in vehicles and facilities not owned or controlled by the reporting company (including multimodal transports in which a number of logistics operations are involved in the supply of a product, but excluding fuel and energy products)		No significance due to materiality threshold
5 Waste generated in operations	Covers the emissions from the disposal and treatment by third parties of waste generated in operations owned or controlled by the reporting company's in the reporting year This category includes emissions from the disposal of solid waste and waste water.	-	No significance due to materiality threshold
6 Business travel	Covers the emissions caused in the transportation of employees for business-related activities during the reporting year in vehicles not owned or operated by the reporting company, e.g. aircraft, trains, buses and cars.	Defra 2024	Emissions are calculated using the Sphera tool
7 Employee commuting	This category captures the emissions transportation of employees between their homes and their worksites.	-	No significance due to materiality threshold
8 Upstream leased assets	Category 8 captures the emissions from the operation of assets leased by the reporting company in the reporting year and not already included in scope 1 and scope 2.	-	No significance due to materiality threshold
Downstream emissions (in the value chain)			
9 Transport and distribution	Captures the emissions from the transportation and distribution of products sold by the reporting company in the reporting year in vehicles and facilities not owned or controlled by the reporting company.	-	No significance due to materiality threshold
10 Processing of sold products	Captures the emissions from the processing of sold intermediate products by downstream companies. Emissions from the processing of sold intermediate products by downstream companies (e.g. manufacturers) after sale by the reporting company.	-	No significance due to materiality threshold
11 Use of sold products	Category 11 captures the emissions from the end use of goods and services sold in the reporting year.	IEA emission factors for electricity generation	Lifetime in days (e.g.: 10 years x 365 days/year) x use in hrs./day x number of sold products x product output in kW x emission factors in kg CO_2e /kWh
12 End-of-life treatment of sold products	Emission from the waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life. This category extends to the anticipated end-of-life emissions of all sold products in the reporting year.	-	No significance due to materiality threshold
13 Downstream leased assets	This category includes emissions from operation of assets owned by the reporting company (lessor) and leased to other entities in the reporting year, not included in scope 1 and scope 2 – reported by lessor.		No relevance - Being a lessor is not an element of the business model - After internal review, this category has no significance. There are no risks or opportunities related to the volume of emissions This category is not used in the calculation.
14 Franchising	Captures emission from the operation of franchises in the reporting year, not included in Scope 1 and Scope 2.		No relevance - Franchising is not an element of the business model - After internal review, this category has no significance. There are no risks or opportunities related to the volume of emissions. This category is not used in the calculation.
15 Investments	Captures Scope-3 emissions in connection with the operation of investments in the reporting year, not included in Scope 1 or Scope 2.		No relevance - Investment activities are not an element of the business model - After internal review, this category has no significance. There are no risks or opportunities related to the volume of emissions - This category is not used in the calculation.

Figure 11: Classification of Scope 3 categories by GHG

Based on AR 46 d of DELEGATED REGULATION (EU) 2023/2772 OF THE COMMISSION of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards, no relevance for level of emissions or transition risks and opportunities of stakeholders were identified for categories 13, 14 and 15. The criteria used in this assessment include, for example, financing expenses, influence, associated transition risks and opportunities or the perspectives of stakeholders.

Primary data from suppliers were not drawn on to calculate Scope 3 GHG emissions, as init's suppliers are unable to provide any information on their direct emission values at this stage. As a result, all figures are based on estimates.

Reporting boundaries

Reporting boundaries define which units and activities should be included in the calculation of emissions. These can be described for the significant categories as follows:

The reporting threshold for Scope 3 **Category 1** extends to all indirect emissions from purchased goods and services even if init does not have any operative or financial control over the supplier. The demarcation is made along the value chain and not on the basis of the company structure. All materials, components and services needed in production and purchased from external sources are included. These emissions lie beyond the scope of the financial consolidation of init as they are generated by the suppliers.

The reporting threshold for **Category 2** extends to all emissions from the production and delivery of new capital goods that init has acquired. The reporting only covers new capital goods purchased in the reporting year. Depreciation or existing capital goods are not subsequently considered.

The reporting threshold for Scope 3 **Category 6** extends to all emissions from business travel caused by external transport and accommodation providers related to business trips. As init does not have operative control over airlines or railway operators, these emissions are indirect and therefore allocated to Scope 3. All business travel conducted by employees that is organised by external providers (e.g. airlines) is within scope.

The reporting threshold for Scope 3 **Category 11** extends to all emissions caused by the use of products sold by the company to customers. These emissions qualify as indirect because, even though they are caused by the user, they can be attributed to the sale of the product. This includes emissions that arise during the entire lifecycle of a given product, e.g. the use of power to drive the equipment for the typical lifespan.

The 2024 financial year marks the first in which the group fully reports on Scope 1, 2 and 3 emissions across the whole group. The figures will be updated annually in future. init revises its entire inventory of Scope 3 GHG emissions every three years or on an ad hoc basis if a significant event occurs or circumstances change materially. In addition, together with its line departments, the group endeavours to continuously improve its data quality wherever possible and reasonable.

Results

Scope 1 emissions

Under the definition of **Scope 1** 1,268 metric tons of CO_2e were emitted, which corresponds to 0.95 metric tons of CO_2e per employee. Mobile energy accounts for the largest share of 38 per cent (the group's own vehicle fleet). This is followed by stationary energy in the form of heating for buildings, which accounts for 35 per cent of Scope 1 emissions and cooling agents (e.g. for air-conditioning) which account for 27 per cent.

Scope 2 emissions

Scope 2 emissions came to 949 metric tons of CO_2e (market-based[8]). This corresponds to 0.71 metric tons of CO_2e per employee. The location-based[9] figure amounts to 1,521 metric tons of CO_2e, corresponding to 1.14 metric tons CO_2e per employee. Consequently, the marked-based figure of the init group is 62 per cent of the location-based figure. This is primarily due to the already high share of power sourced from renewable sources by the most significant locations in Germany.

Biogenic emissions are not relevant at init, as no renewable fuels are used that fall under Scope 1 or Scope 2, nor any biogenic fuels and materials that fall under Scope 3 along the upstream or downstream value chain.

Scope 3 emissions

Scope 3 emissions came to 50,844 metric tons of CO_2e.

The upstream emissions account for the majority of total emissions. With 36,282 metric tons of CO_2e, the "purchased goods and services" category, is the most significant source of emissions, accounting for 71 per cent of all GHG emissions. "Capital goods" create 9,028 metric tons of CO_2e, accounting for a share of 18 per cent. With emissions of 2,065 metric tons of CO_2e, "business travel" accounts for a relatively low share of total emissions of just 4 per cent.

As mentioned above, the emissions of the "purchased goods and services" and "capital goods" categories have been calculated using the spend-based method, as no other figures were available for the calculation. As the database used consists of local average values, it can be assumed that the associated emission factors are subject to a great degree of inaccuracy. init assumes that its results can be improved, merely by optimising the measurement base and thereby improving its data accuracy.

Downstream emissions are significantly lower. Emissions from the "use of sold products" category amount to 3,469 metric tons of CO_2e, which make up 7 per cent of total emissions.

In summary, it can be stated that the greatest leverage the group has in reducing its emissions lies in "purchased goods and services", by optimising the calculation and realising potential optimisations within the supply chain. Downstream emissions are relatively low. However, here too, it can be assumed that there are inaccuracies in the calculation, which, if remedied, will potentially contribute towards optimisation.

8 The market-based method quantifies Scope 2 GHG emissions on the basis of the emissions emitted by the generators from which the reporter contractually purchases electricity bundled with instruments, or unbundled instruments on their own. (GHG Protocol, "Scope 2 Guidance", Glossary, 2015).
9 The location-based method quantifies Scope 2 GHG emissions based on average energy generation emission factors for defined locations, including local, subnational, or national boundaries (GHG Protocol, "Scope 2 Guidance", Glossary, 2015).

	2024	
	Metric tons of CO2e	%
Scope-1 GHG - gross emissions	1,268	-
Biogenic emissions of Scope 1-3	0	-
Percentage of Scope 1 GHG from regulated emissions trading systems	-	0
Location-based Scope-2 GHG - gross emissions	1,521	-
Market-based Scope-2 GHG - gross emissions	949	-
Total indirect (Scope-3) GHG - gross emissions	50,844	-
1 Purchased goods and services	36,282	-
2 Capital goods	9,028	-
6 Business travel	2,065	-
11 Use of sold products	3,469	-
Total GHG emissions (location-based)	53,632	-
Total GHG emissions (market-based)	53,060	-

Figure 12: Gross Scopes 1, 2 and 3 and Total GHG emissions

Due to the business model of init, no figures are reported on CH_4 – methane, N_2O – nitrous oxide (laughing gas), HFCs – hydrofluorocarbons – and PFCs – perfluorocarbons.

GHG intensity

In summary, init contributed 53,632 thousand metric tons of CO_2e to global emissions in the 2024 financial year. By way of comparison, a typical diesel bus generates 50 to 60 thousand metric tons of CO_2e assuming an annual mileage of 60,000 km. This means that init's global emissions roughly correspond to the emissions of 1,000 diesel buses.

GHG intensity, which measures GHG emissions against net revenue, is an indicator of the GHG emissions generated per unit revenue. Using location-based measurements, GHG intensity comes to 202 metric tons of CO_2 per million euro. Using market-based measurements, it comes to 200 metric tons of CO_2 per million euro. The net revenue figure used to calculate GHG intensity corresponds to the net revenue presented in the statement of profit or loss in accordance with IFRS 15, which can be found on page 143.

	2024
	Metric tons of CO_2 /EUR m
Total GHG emissions (location-based) per net revenue	202
Total GHG emissions (market-based) per net revenue	200

Figure 13: GHG emissions per net revenue

Social

ESRS S1 Own workforce

Material impacts, risks and opportunities and their interaction with strategy and business model (S1.SBM-3).

init's long-term strategy and business model are based on sustainable growth, technological innovation and ensuring operational excellence in local public transport. A productive and motivated workforce is a key success factor in this strategy.

In the course of the double materiality assessment, the risk of losing key personnel (IRO "Lack of employee retention jeopardises business success") was identified as a material risk, as it can have a direct impact on the innovative strengths and long-term stability of the company. The risk of losing key personnel is directly related to the competitiveness and innovative strength of init. For this reason, targeted personnel strategies are required to enhance employee satisfaction on the one hand, and raise the long-term value of the company on the other.

By maintaining a strategic focus on retaining employees and offering attractive working conditions, init ensures that this risk does not have a negative impact on its business strategy. At the same time, implementation of these measures helps to reinforce the employer brand and enable the sustainable development of the company.

All employee groups that could potentially be affected by the material impacts and opportunities are considered in the disclosures required by ESRS 2. This includes all skilled professionals whose know-how and expertise have a material influence on the future development of the company.

Significant risks and opportunities arising from the effects related to key individuals within the workforce and dependence on them mainly relate to qualified staff, as they are in great demand on the labour market. Personnel retention measures, such as training programmes, personal development opportunities and flexible working time models are therefore targeted towards these groups.

Policies (S1-1)

Policies

As one of the world's leading providers of integrated solutions for planning, dispatching, telematics and ticketing solutions for buses and trains, it is essential that the init group binds its skilled staff and managers to the company for the long term and attracts new talent in the fields of software and hardware development as well as project management in finance and administration. The enthusiasm, commitment and expertise of the workforce constitute the foundation for success.

Ethical Guidelines

The corporate culture of the init group obliges employees to act responsibly, fairly and with integrity and to treat others with respect. The Ethical Guidelines lay down the code of conduct that is required of all employees within the group. These guidelines have been ratified by the Managing Board and provide orientation for employees regarding their conduct towards colleagues, customers and business associates. Their topics mainly consist of complying with legal and regulatory requirements as well as ethical conduct towards other persons.

The code of conduct laid down in the Ethical Guidelines requires employees to behave in a manner that has a positive impact on both employee and customer satisfaction, minimises the risk of discrimination and, in this way, contributes to the success of the business. Likewise, these guidelines counter the identified risk of employee churn (IRO "Lack of employee retention jeopardises business success").

The most effective method for avoiding discrimination is raising the awareness of employees and training them. For this reason, all new recruits receive training in the Ethical Guidelines as a code of conduct and are obliged to comply with them. The existing workforce receives training in the guidelines at least once a year to refresh their memory and ensure that they internalise the guidelines in their day-to-day business. Management, where the guidelines are particularly important, also regularly discusses the significance, interpretation and application of the Ethical Guidelines ("Code of Conduct"), for instance at the annual international meeting of all group management teams. This serves to anchor a collective and individual understanding of the corporate culture and values of the init group and how they are evolving going forward.

Respect for human rights and involvement of own workforce

The init group is committed to respecting the most stringent human rights standards, based on the UN Guiding Principles on Business and Human Rights. The human rights of employees, customers and all stakeholders are protected by observing the fundamental declarations of the International Labour Organisation (ILO Declaration)[10] and the OECD Guidelines for Multinational Enterprises[11]. In addition, init expressly condemns all forms of child and forced labour. Clear policies and established processes ensure that the group's business practices both respect and foster human rights. The Ethical Guidelines, which are binding for all employees in the group, provide the foundation for this. The Ethical Guidelines expressly prohibit discrimination on the grounds of the following factors: gender, origin, age, skin colour, religious affiliation or belief, philosophy of life or political view, disability or sexual identity. Awareness of these guidelines is refreshed at annual training sessions to keep the relevance and application of human rights standards constantly in the foreground. New recruits receive the Ethical Guidelines during their onboarding and must make a commitment to observe them. In addition, the Ethical Guidelines are published on the group's website, providing transparency for both internal and external stakeholders.

Employees can turn to the compliance office, which acts as a central point of contact, at any time if they have questions, comments or suggested improvements. In addition, a whistleblower system is available for anonymously and securely reporting any potential violations. If a violation is found to have occurred, suitable action is taken immediately. This includes a comprehensive examination by the independent office and – if necessary – investigation by external investigators. In addition, targeted training can be given or structural changes made to avoid similar incidents in future. Feedback from employees and whistleblower reports are considered in the continuous improvement process to refine the guidelines and ensure that they meet the highest standards.

Statement regarding the Modern Slavery Act 2015 Section 54 54

This declaration describes the measures taken by the init group to prevent and combat slavery and human trafficking along the supply chain. The measures apply to all entities of the init group and are reviewed on a regular basis. The contents of the Statement regarding the Modern Slavery Act can be viewed on the group's website, ensuring transparent communication to all relevant stakeholder groups. At present there are no specific reporting requirements or targets relating to the Modern Slavery Act. Compliance is ensured within the framework of the general compliance measures.

Health & safety policy

At its location in Karlsruhe, init has installed a concept to prevent industrial accidents in the form of a health & safety policy. This policy has been added to the internal quality management system and is available to all employees for reference. Although this policy has been established, it does not yet meet all of the

10 Universal minimum standards for humane working conditions. They include the issues of freedom of association, elimination of discrimination in respect of employment and occupation, abolition of child labour and elimination of forced labour.
11 Guidelines on promoting responsible business conduct in a global context

requirements of the ESRS. In addition, first aid responders and a works doctor are available at headquarters to comprehensively address any acute crisis situations and health issues.

The applicable industrial safety legislation applying in Germany is viewed as a minimum standard. Often standards in other countries are more stringent or supplementary legislation applies. Consequently, some locations have put their own specific industrial safety policies into place, in the UK for instance.

Diversity and inclusion

The init group acknowledges the significance of diversity and inclusion as a key element of its corporate culture. However, at present there is no specific concept to explicitly abolish discrimination or promote equal opportunity. Likewise, there are no targeted measures to support particularly vulnerable groups. Correspondingly, no separate commitments have been entered into or specific procedures set up for this purpose. Diversity is nevertheless actively supported: the init group has taken steps to promote networking within the workforce, such as a women's network at headquarters to promote the interests of women in the organisation.

Actions

Processes for engaging with own workers and workers' representatives about impacts (S1-2)

Transparent communication is important throughout the entire group. For this reason, employee surveys are conducted each quarter and feedback is obtained in the course of annual employee interviews to foster trust and cooperation. Measures to increase init's attractiveness as an employer are continuously reviewed by the HR department and the Managing Board as to their implementation and effectiveness. The review is conducted at the different locations and in close consultation with location managers, other executives and employee representatives as well as by analysing the employee promoter score (EPS) and analysing employer rating platforms such as kununu. The HR department ensures that feedback is collected and systematically addressed. The Managing Board reviews the findings and considers them in their strategies and when deciding on next steps. At present, no formal documentation is kept concerning the specific changes made on the basis of employee feedback. However, the company continuously considers the feedback it receives from the workforce in order to develop and improve its processes and concepts.

Changes were made to the personal development department at headquarters in Karlsruhe in the reporting year. These included training sessions, workshops on management development and working out new formats for performance reviews to place more emphasis on self-initiative and each employee's sense of responsibility and their development opportunities as well as the alternative transparent career paths that are available. In the course of the year, feedback was obtained from all involved as well as from the managers and employees and the format amended accordingly.

The init group has not arranged any collective labour-management agreements with the employee representatives but instead relies on close cooperation with the local employee representatives and location managers in order to incorporate employee perspectives and obtain feedback.

Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)

The init group places great importance on creating a working environment that minimises negative impacts on employees and effectively remedies any incidents that become apparent. This includes both preventive measures, such as risk analyses, as well as flexible rapid responses to unforeseen negative impacts that can nevertheless occur. Such measures can take the form of rapid changes to working procedures, for instance.

The objective is to use clear and accessible channels to ensure that all employees can air their grievances in a protected and respectful environment.

Channels for expressing concerns

Open communication is a key element of our corporate culture and this includes openness to employee concerns. It is ensured that all employees have access to various channels in order to express their concerns, securely and confidentially. These channels include:

- Direct contact: naturally, employees have the opportunity and are encouraged to directly contact their immediate superior, the HR department or executive management. init fosters a corporate culture that holds open feedback in high esteem and where concerns are taken seriously.
- Internal points of contact/employee representatives: at those offices with employee representation, employees can turn to these to air their concerns at any time. The corresponding councils are in regular and close contact with the respective management teams, which ensures the matter is addressed promptly and an effective solution found.
- Whistleblower system: a whistleblower system is in place that offers employees the opportunity to express their concerns anonymously. This system is web-based and operated by a third party. Moreover, it can be accessed from anywhere. All reports from whistleblowers are immediately sent by the system to the independent reporting office at init SE, where they are reviewed and processed. Generally, the Independent Compliance Management Committee (ICMC) is responsible for initiating internal investigations and setting the actions needed to address whistleblower reports. The ICMC decides on whether to initiate and conclude internal investigations on serious violations relevant to the group; after concluding its own investigations, the committee decides on the actions to remedy any weaknesses in processes or controls that are identified and/or address any individual misconduct it identifies.

init has widely published its whistleblower system and other procedures for addressing employee concerns. These announcements describe the functioning of the system and how it provides anonymity. All information and data in the system is encrypted and only accessible to authorised persons in the init group. This ensures that the rights of the whistleblower are permanently protected. Whistleblowers must only reveal their identity if the applicable local laws prevent anonymous reports. However, there is no possibility of directly checking the trust of the workforce in these structures.

Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4)

Processes to remediate negative impacts

There are comprehensive procedures in place to rapidly and effectively address any negative impacts on the workforce. These procedures are geared not only towards meeting the legal requirements but also the highest standards in human rights and fair working conditions.

The following instruments are used to identify and assess any negative impacts at an early stage:

- Risk analyses are conducted to identify any potential negative impacts on the workforce. These analyses consist of both internal examinations and external assessments.
- Continuous monitoring of working conditions and processes is used to ensure that risks are identified at an early stage and addressed appropriately.

The processes in place to remediate negative impacts are not used to find short-term solutions but rather to find sustainable measures to minimise the risks in future. They include structural changes, training and, if necessary, alterations to corporate policies. The effectiveness of the measures is regularly measured to ensure that they are generating the desired results. This monitoring primarily takes the form of feedback loops between top managers and employees.

A number of actions have been set up, such as training and development programmes, flexitime models and health initiatives, which are described in more detail elsewhere in this report, to counter the material risk of employee churn (IRO "Lack of employee retention jeopardises business success").

Key importance is assigned to the active involvement of the workforce and the importance given to social topics. This is exhibited in the strategic decision to appoint a Chief Human Resources Officer (CHRO) at group level. Other opportunities arise from fostering equal treatment, equal opportunity and diversity within the entire init group.

Actions to prevent, mitigate or remedy material negative impacts on own workforce:

Flexitime work models

The init group will continue to offer hybrid working models in future that offer flexible working hours and a mix of working remotely (within the legal limits of the home country) and working in the office. These hybrid working models and flexitime models meet the desires of many employees for more flexibility and a work-life balance but also the operating needs of at least some attendance in the offices, which fosters indirect communication and social networking. The init group strives to strengthen employee communication and bind them to their teams and the company through personal interaction, particularly during creative processes and customer projects. In this hybrid working model, it perceives an ideal combination of the advantages of mobile working with the benefits of close interaction in the office.

Health initiatives

The init group actively fosters health and safety in the workplace. Since 2020, (online) sports courses have been offered to keep our employees fit and promote their good health, such as back exercises and eye yoga, to counter the typical health problems associated with office work, such as sore backs or stress-related diseases. For example, two health days were held at the Karlsruhe location at which the employees could attend lectures and workshops on the topics of nutrition, attentiveness and sleeping habits. Feedback on these activities was obtained from the workforce in the form of direct interviews and a survey, the results of which underscored the importance and effectiveness of such offerings.

As part of the extensive engagement to foster the wellbeing of the workforce, psychological first-aid was provided at selected locations by specially trained employees who are able to offer support and counsel in crisis situations.

Preventive training is provided that specifically targets the most frequent accidents or work-related health problems, offering ways to reduce their incidence or avoid them altogether, e.g. by designing workplaces ergonomically and providing safety instruction.

Work-life balance

A number of actions tailored to the individual circumstances of our workforce are offered in order to foster the best possible work-life balance. These include the flexible working hour models (flexitime) referred to above and the opportunity of remote working, both of which enable a better work-life balance. Managers can also work part-time to adequately meet their family demands, depending on their current phase of life. To encourage individual rest and relaxation, those companies that can afford it from an operating perspective allow their employees every half year to decide if they need extra vacation time and are willing to convert some of their salary into additional days' vacation. Employees not only receive a one-off financial benefit upon the birth of a child but also receive long-term support for childcare until the child has completed elementary school.

These measures help to raise the appeal of the employer brand.

Training

The init group places great value on training measures that actively foster the personal development of its workforce and constantly tailor and upgrade the skill sets of its employees to operating needs. A new cycle was piloted in the reporting year, consisting of two performance reviews at which the manager and the employee can discuss training requirements and personal development opportunities.

The new personal development department placed particular focus on reinforcing management competencies in the reporting year and conducted a number of training sessions to develop management and leadership skills. These training offers not only contribute towards winning and binding talent to the company, they also counter the risk of losing skilled workers by offering employees the opportunity to continuously develop themselves, with support from management, and pursue their career goals within the company.

The effectiveness of these actions and employee retention is regularly assessed by analysing employee churn, employee surveys and holding exit talks. These indicators make it possible to identify trends and take targeted action to improve employee retention so as to ensure that it meets the expectations of employees, job applicants and the company itself.

Targets (S1-5)

No targets have been defined in the sense of the ESRS. Nevertheless, the risk of employee churn is countered by the existing measures and the continuous monitoring of employee satisfaction via regular performance reviews and direct exchange. The effectiveness of the concepts and measures is ensured by discussing the matter with employees. The Kununu score serves as a central indicator of progress and employee satisfaction. init achieved a score of 4.0 in the reporting year and intends to retain this score in future.

Metrics

Characteristics of the undertaking's employees (S1-6)

The init group relies on qualified and productive employees. Thanks to their experience and motivation, it is them who make a decisive contribution towards the company's success and innovative strengths. Collecting the data and analysing the characteristics of the workforce make it possible to take the informed decisions needed to cultivate an inclusive and fair workplace culture.

Demographic characteristics of the workforce

The workforce in the 2024 reporting year was composed of 1,361 employees (annual average headcount of permanent and temporary employees, temporary staff, research assistants and graduate students), which breaks down as follows:

Gender distribution

Only those countries are listed in which the init group has more than 50 employees. None of the employees of the group identify themselves as non-binary or have refrained from providing any information about their gender identity.

	2024	
Country	**female**	**male**
Germany	294	747
USA	48	113

Figure 14: Gender breakdown of the workforce

By worker category

The number of employees without guaranteed hours consists of casual workers with whom no fixed hours have been arranged (e.g. “mini-jobbers” and student workers).

	2024	
Headcount	**female**	**male**
Number of permanent employees	347	908
Number of limited-term employees	4	15
Number of employees without guaranteed working hours	32	55

Figure 15: Presentation of the workforce by employment contract, broken down by gender

A total of 108 employees exited the group in 2024. This corresponds to employee churn of 8.5 per cent. Employee churn is measured on the total number of voluntary resignations and other exits due to forced termination, retirement or death divided by the annual average total number of employees (excluding casual workers without guaranteed hours). Special attention is paid to the respective reasons behind employee resignations so as to draw up targeted measures to improve the areas concerned. It is intended to keep employee churn at the same level in the coming year.

Incidents, complaints and severe human rights impacts (S1-17)

- Reported cases of discrimination, including harassment: 0
- Number of complaints submitted: 2
- Significant fines, sanctions and indemnification payments: 0
- Serious violations of human rights: 0
- Significant fines, sanctions and indemnification payments: 0

The complaints that were received concern suspected breaches of compliance. Neither of the complaints was connected to discrimination or human rights violations.

Governance

Effective governance lays the foundation for the long-term success of the business and its sustainability. It creates trust among investors, the workforce and other stakeholders and contributes towards reducing risk and improving business performance. Publishing governance matters improves transparency and aligns business practices with international best practices.

init identified three material IROs in the field of governance – “corporate culture fosters exchange and cooperation”, “whistleblower system to uncover and remedy irregularities” as positive impacts and “corruption and bribery” as a material risk.

The allocation of management functions assigns responsibility for compliance issues to the CFO. The central compliance department coordinates cooperation with the respective managements and legal departments of the group entities. The compliance management system is based on the clearly defined responsibilities within the init group. The compliance and internal audit department reports directly to the Audit Committee and/or Supervisory Board.

Policies (G1-1), (G1-3), (G1-6)

Together with the Ethical Guidelines and the ABC policy, the Compliance Management System creates a framework for the daily activities of the group’s workforce. The policies have been signed off by the Managing Board, which continues to monitor them. This applies to all employees without exception – across all teams, levels of hierarchy, countries and separate entities of the group.

Ethical Guidelines

A strong corporate culture ensures that environmental and human rights matters are a permanent feature of corporate management. This creates transparency, reliability and has a long-term positive impact on people and the environment. As they establish the framework for the cultural development of the group, the Ethical Guidelines are the ultimate guiding principle for the group. In these guidelines, init has summarised all the relevant legal and internal requirements concerning employees and their conduct. They therefore represent a binding code of conduct for the entire init group. As they are not only addressed to employees, but are also relevant to customers and business associates, they have been published on our website at Ethical Guidelines of init SE. Employees receive the Guidelines during their application or, at the latest, when they join the company.

The Ethical Guidelines also contain a reference to the init group’s whistleblowing system. A labour-management agreement has also been put in place to this end. The workforce is called upon to report any breach or violation: either directly to the respective management, the HR department or trusted persons, or via the init group’s whistleblowing system, which is also available to outsiders. This contributes towards uncovering any irregularities along the value chain. This also extends to potential human rights issues upstream and downstream in the value chain where no own whistleblower system has been established.

Anti-bribery and corruption (ABC) policy

In accordance with its Ethical Guidelines, init maintains a “zero-tolerance” policy towards breaches of compliance, particularly in the case of corruption and bribery. Applying the “Prevent – Detect – Respond” approach, init’s compliance management system ensures that compliance risks and incidents are treated carefully. This also forms the basis of our anti-corruption guideline, which has been drawn up in harmony with the UN Guidelines to prevent, detect and avoid corruption and bribery. Among other things, it lays out the proper conduct in dealings with officials, sets the methodological approach for due diligence reviews of our business partners and defines the rules on gifts, business entertainment and hospitality, as well as donations and sponsoring.

Actions

Comments on the corporate culture

In 2022, init GmbH initiated a "Culture of Excellence" project that is targeted towards reinforcing the corporate culture and motivating the workforce, leadership skills, self-initiative, well-founded decision-making and interdisciplinary cooperation. This cultural development project was based on an analysis of the current corporate culture which took the form of a survey of various groups of employees. The findings were used to identify main points of focus and develop measures to improve corporate culture. The initial phase was managed by an internal project group that implemented the following points of the project's agenda:

- Improving internal communication culture
- The piloting of empowerment talks: the format for these talks was successfully tested and carried over into systematic personal development interviews with the aim of encouraging self-initiative
- Establishing a new leadership structure: in order to raise the quality of leadership, training was provided on leadership tasks and duties and how to lead discussions
- Psychological tests were conducted to lay the foundation for the personal development of managers
- Implementing internal supervision for managers in 6-weekly cycles
- Identifying and developing young management talent to provide a succession path for future management positions
- Conducting team development on such topics as leadership, error culture, communication with customers, inter-departmental cooperation

In addition, together with the sub-project on customer culture, a foundation has now been laid for improved communication with customers. The methods that have been developed have since been refined and will evolve further in the coming year. The customer culture working group set itself the goal of optimising customer feedback, raising service quality and reducing the complaints ratio. Employees with direct contact with customers have been given targeted training to ensure effective communication and a positive exchange with customers. This should contribute towards transforming the current corporate culture towards a binding, outward-looking customer culture.

Protection of whistleblowers

Not only the employees of the init group are called upon to report any violations of compliance; the whistleblower system also serves to report any potential breaches by customers, suppliers or other partners. Whistleblower reports can, if desired, be provided in complete anonymity. All information and data in the system is encrypted and only accessible to authorised persons in the init group. This ensures that the rights of the whistleblower are permanently protected. In accordance with Section 15 Whistleblower Protection Act (HinSchG), all reports from whistleblowers are immediately sent speeking to the independent reporting office at init SE, where they are reviewed and processed. Generally, the Independent Compliance Management Committee (ICMC) is responsible for initiating internal investigations and setting the actions needed to address whistleblower reports. The ICMC decides on whether to initiate and conclude internal investigations on relevant violations; after concluding its own investigations, the committee decides on the actions to remedy any weaknesses in processes or controls that are identified and/or address any individual misconduct.

Internal Control System

The risk management system (RMS) and the internal control system (ICS) are conceived on the basis of the internationally recognised framework for internal control systems produced by the Committee of

Sponsoring Organisations of the Treadway Commission (COSO Internal Control – Integrated Framework) and adapted on an ongoing basis. In this context, the init group set up a project to further strengthen the ICS in the 2024 financial year. This will be continued in the 2025 financial year and the measures its derives will be implemented. After this project phase, the ICS will be transferred back to a continuous improvement process, analogous to the RMS and CMS.

The ICS involves analysing the individual processes in the companies on the basis of their risk priority, identifying potential risks and assigning corresponding controls. The results are documented in a matrix and regularly updated. The processes that are identified as requiring action are reported to the Managing Board. The Supervisory Board is informed about critical risks. The organisation's preventive and control measures include the principal of dual control, which is set out for the entities of the group in a set of signature rules.

As part of risk management, a risk matrix of compliance-related topics is kept as a running tool. This is reviewed and updated each quarter in order to evaluate new topics, identify the need for action and derive measures for compliance with any laws and regulations.

Training measures (corporate culture, ethics and anti-corruption)

All employees are regularly informed about init's Ethical Guidelines and trained in them at least once a year, via such media as the intranet, emails, meetings or a training tool (in either English or German, including a voiceover for web-based training). A group-wide training concept was drawn up in 2024 that contains various training measures, also for the coming financial year. Looking forward, targeted training programmes are intended, particularly for those employees who have contact with external business associates and have been empowered to sign contracts and are therefore particularly exposed to risk.

In addition to the general training on Ethical Guidelines, a special anti-corruption training programme was rolled out in 2024. After raising general awareness, this programme will be focused on target groups in the coming year. Moreover, targeted training will be given to the relevant groups on the associated handling of such issues as gifts, invitations and inducements, conflicts of interest and donations and sponsoring in 2025.

Governance targets

No governance targets have been defined in the sense of the ESRS. However, existing concepts and actions are being continuously improved and developed. This underscores the relevance of the most significant topics for the init group. init seeks to have a training ratio of >95 per cent. However, this does not have any necessary influence on the effectiveness of the training as the underlying concepts and measures have already been comprehensively implemented and continuously monitored.

Metrics (G1-3), (G1-4)

In addition, the Managing Board stays in regular contact with the management teams of all the consolidated companies. At least once a year, the Managing Board members meet with the managing directors of the group companies. In the process, management awareness of the anti-bribery and corruption (ABC) rules and Ethical Guidelines is raised.

Employee training on this topic is performed at the respective group entity either in connection with the training on the Ethical Guidelines or as part of the separate compliance training. As a result, 97 per cent of the entire workforce of the init group successfully completed their training on this topic in the 2024 reporting year. There were no criminal convictions for violations of the laws governing corruption and bribery in the 2024 financial year, and no fines were imposed on any of the init group entities.

	2024	
	Employees	At-risk functions
Training attendance		
Total	97%	97% (preventing corruption)
Training method and duration		
Face-to-face training	x	
Web-based training	x	x
Frequency		
How frequent must training be?	Annually	Annually
Topics covered		
Ethical Guidelines	x	x
Preventing corruption	x	x

Figure 16: Anti-bribery and corruption (ABC) training

Company-specific disclosures

Policies / Strategies

One of the most important objectives of the init group is the security of the systems it delivers and the data on transport operators, their workforces and their customers that such systems process. Special attention is placed on the availability of the systems, securing employee and end-user data as well as ensuring secure ticket sales. init's ability to adapt its products in terms of the processing of personal data allows customers to operate safe system solutions that ensure compliance with data protection requirements.

As a result, the protection of sensitive information is a top priority at the init group. For this reason the init group has committed to treating data protection and information security as key priorities. A robust security architecture is based on compliance with/certification of internationally recognised standards such as ISO/IEC 27001 and IEC 62443, European requirements for critical infrastructures such as NIS 2, industry-specific requirements, such as TISAX (Trusted Information Security Assessment Exchange), certification of compliance with information security standards of the VDA (German Association of the Automotive Industry), as well as system-specific rules and regulations, such as the Payment Card Industry Data Security Standard for the secure treatment of payment data. This commitment to high security levels is anchored in the information security policy of the group and is required of the entire group by the Managing Board and the management teams of the subsidiaries. The requirements and security goals recorded in the policy set the framework for comprehensive security measures in the form of the established group-wide guidelines, which are designed to meet customer expectations of init solutions and the legal requirements.

As part of this strategy, init established an information security management system (ISMS) that not only integrates data security but also data privacy concerns. The init ISMS comprises guidelines, procedures and extensive risk management.

The guidelines on information security established in this policy framework have the goal of avoiding breaches of data protection and the consequential losses for the reputation of the init group. The identified risk and established security measures relate solely to the processing of data (IRO "Risk of a loss of reputation due to errors in data processing"). The information security guideline is valid for the entire init group. Compliance with the guideline is monitored by the ISMS which also communicates it to the workforce and improves it on a continuous basis and adapts it to accommodate any changes in the environment.

The information security guideline covers the aspects of data privacy afforded by the General Data Protection Regulation, the requirements of the BSI (Federal Office for Information Security) on information security, as well as the internationally recognised ISO/IEC 27001 standard. A review is conducted on an annual basis in the form of an external monitoring and recertification audit to keep ISO/IEC 27001 certification.

The security organisation is continuously strengthened with the addition of new roles at group level, such as Director IT Governance and Director Compliance as well as a group IT-Board that assesses any identified risks at its monthly meetings, standardises the action taken to implement the measures and therefore drives forward implementation of the information security guideline at group level. Continuous development of the security organisation has the objective of anchoring information security and data privacy even more firmly in the corporate structures. Participation of init SE in the alliance for cybersecurity and membership in the UITP (Union Internationale des Transports Publics) Cyber Security Committee also foster the regular exchange of best practices and new threats in the transport sector.

Data protection and information security are already firmly anchored in the daily processes of the init group and are continuously improved. Information security and data protection requirements are assessed at an early stage in all projects and considered in the design of init solutions. The high standard of our security measures is confirmed by extensive training, targeted monitoring, regular audits and external certifications. The init group has set itself the firm goal of optimising the established measures from day to day to ensure that customer and employee personal data are protected for the long term.

The information security guideline is supported by established measures that minimise the risks to data protection failure and are designed to ensure early identification of potential risks. These measures make an important contribution to data security within the init group.

Actions

Roles and responsibility.

Responsibility for data protection and information security lies with the Managing Board. A compliance and data protection team has been set up to handle the development of the requirements going forward. Security and compliance structures have been improved by the creation of new roles, such as Director IT Governance and Director Compliance as well as a group IT-Board.

Certifications and external audits

A key measure is the annual independent confirmation of the certifications of compliance with recognised standards, such as ISO/IEC 27001 and IEC 62443, that demonstrate that the established measures taken within the framework of the information security guideline have been complied with and are effective. The objective underscores the obligation of the init group to continuously meet the highest security standards. This is demonstrated by the renewed ISO/IEC 27001 certifications awarded to the subsidiaries, INIT GmbH, IMSS GmbH, INIT Chesapeake, INIT Nottingham, HanseCom, DILAX DE and the first-time certification of inola.

The init group regularly commissions external penetration tests and vulnerability scans from external providers at least once a year. These tests are applied not just to the internal IT structure, but also to the products developed by the group and customer systems it hosts, in order to demonstrate that the established procedures and measures have been implemented and are effective.

Monitoring and supervision

To ensure central monitoring, analysis and response to security incidents in real time, Security Information and Event Management (SIEM) and a Security Operations Center (SOC) are being created for the entire init group. Thanks to the use of monitoring, logging and alerting tools, potential threats, such as unusual systems access, irregular network activity, and vulnerabilities, are identified and assessed at an early stage, allowing countermeasures to be initiated. This accelerates the response to security incidents, minimises risks and contributes towards strengthening the information security strategy, thereby effectively reducing breaches of data protection (IRO “Risk of a loss of reputation due to errors in data processing”).

In parallel, the internal control system (ICS) of the group was further developed in the first half of 2025 to improve the effectiveness of security measures. The ICS will complement the existing risk management structures in a targeted fashion and the effectiveness of the measures taken to manage risk will be further optimised.

Training of employees and awareness

init trains its workforce on data protection and information security at least once a year. Specific training is offered for the various roles within the organisation, such as software development, marketing and HR. These measures are intended to train employees in how to handle sensitive data responsibly and raise awareness of the threats posed by Phishing and Social Engineering.

Supplier management

One element of the high security standards lies in the consistent management of relationships with suppliers to manage the risks related to the availability of services or the integrity of purchased components. Information security requirements are based on internal standards and passed on to suppliers in contracts and agreements. This is designed to ensure a uniform security standard across the entire supply chain.

When selecting new suppliers, init conducts a comprehensive supplier audit that assesses the supplier’s data protection goals in terms of confidentiality, integrity and availability. Stringent security requirements are applied to particularly critical suppliers, such as data centres, redundancy mechanisms for climate control, power supply, network connections, and physical access security to the site and computer rooms as well as possessing the relevant IEC/ISO 27001 certification. Due to the fact that external service providers are contractually obliged to comply with init’s information security requirements, it is clear which measures need to be taken to protect sensitive data. In addition, annual service reviews are conducted to assess the services rendered.

Targets

The value assigned to data protection and information security is firmly anchored in the init group. The concepts underlying information security guideline are applied and continuously improved. Other than the above, the init group has not identified any ESRS (European Sustainability Reporting Standards) relevant targets within the framework of its data protection and information security initiatives. Internal assessments of the effectiveness of the requirements of the guideline have been established since 2024.

Metrics

The group-wide reporting tool for ESG queries has proven to be an effective tool for centrally evaluating information on the data protection and information security organisation of the entities of the init group.

The reach and effectiveness of training measures is assessed by measuring both the attendance and the pass ratios recorded by the individual entities of the init group. The attendance ratio shows what percentage of the total workforce have participated in training offered by the end of the year. The pass ratio shows what percentage of employees who took the training actually passed the final test. The attendance ratio within the init group in 2024 was 73.4 per cent with typically high pass rates in knowledge tests. 100 per cent could not have been achieved because the target group was not specified.

The results of the data survey are fed into the continuous improvement of the ISMS and allow the init group to develop its security structures in line with requirements. The established procedures help init to identify any risks at an early stage and proactively respond with measures that effectively counter the threat.

Appendix

Disclosure requirements and references

The following tables list all the disclosure requirements of ESRS 2 and three topical standards that are relevant to init and were used as a foundation to draw up the group sustainability report. All disclosure requirements of the topical standards E2, E3, E4, E5, S2, S3 and S4 have been omitted as they lie below the materiality thresholds. The tables can be used to access the information relating to a particular disclosure requirement in the group sustainability report.

Cross-cutting standards Disclosure requirement		Section/ Report	Page	Additional Information
ESRS 2	**General Remarks**			
BP-1	General basis for preparation of the sustainability statement		79	
BP-2	Disclosures in relation to specific circumstances		79	
GOV-1	The role of the administrative, management and supervisory bodies		95	
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies		99	
GOV-3	Integration of sustainability-related performance in incentive schemes		100	
GOV-4	Statement on due diligence		100	
GOV-5	Risk management and internal controls over sustainability reporting		100	
SMB-1	Strategy, business model and value chain		81	
SMB-2	Interests and views of stakeholders		93	
SMB-3	Material impacts, risks and opportunities and their interaction with strategy and business model		90	
IRO-1	Description of the processes to assess materiality		86	
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement		111	

ESRS E1	**Climate change**			
ESRS 2, GOV-3	Integration of sustainability-related performance in incentive schemes		100	ESRS 2 GOV-3
MRD-A	Actions and resources in relation to material sustainability matters		114	
E1-1	Transition plan for climate change mitigation		114	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		90	ESRS 2 SMB-3l
ESRS 2, IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities		86	ESRS 2 IRO-1
MDR-P	Policies adopted to manage material sustainability matters		113	
E1-2	Policies related to climate change mitigation and adaptation		113	
E1-3	Actions and resources in relation to climate change policies		115	
MDR-T	Tracking effectiveness of policies and actions through targets		114	
E1-4	Policies related to climate change mitigation and adaptation		114	
MDR-M	Metrics in relation to material sustainability matters		115	
E1-5	Energy consumption and mix		115	
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions		115	
E1-7	GHG removals and GHG mitigation projects financed through carbon credits		114	
E1-8	Internal carbon pricing		114	
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities			Not material

Cross-cutting standards Disclosure requirement		Section/ Report	Page	Additional Information
ESRS S1	**Own workforce**			
ESRS 2, SBM-2	Interests and views of stakeholders		93	ESRS 2 SMB-2
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		121	ESRS 2 SMB-3
MDR-P	Policies adopted to manage material sustainability matters		121	
S1-1	Policies related to own workforce		121	
MRD-A	Actions and resources in relation to material sustainability matters		121	
S1-2	Processes for engaging with own workers and workers' representatives about impacts		121	
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns		121	
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions		126	
MDR-T	Tracking effectiveness of policies and actions through targets		127	
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		127	
MDR-M	Metrics in relation to material sustainability matters		127	
S1-6	Characteristics of the undertaking's employees		127	
S1-7	Characteristics of non-employee workers in the undertaking's own workforce			Relevant as of FY25
S1-8	Collective bargaining coverage and social dialogue			Not material
S1-9	Diversity metrics			Not material
S1-10	Adequate wages			Not material
S1-11	Social protection			Relevant as of FY25
S1-12	Persons with disabilities			Not material
S1-13	Training and skills development metrics			Not material
S1-14	Health and safety metrics			Not material
S1-15	Work-life balance metrics			Not material
S1-16	Compensation metrics (pay gap and total compensation)			Not material
S1-17	Incidents, complaints and severe human rights impacts		128	
ESRS G1	**Business conduct**			
ESRS 2, GOV-1	The role of the administrative, management and supervisory bodies	SR		ESRS 2 GOV-1
ESRS2, IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	SR		ESRS 2 IRO-1
MDR-P	Policies adopted to manage material sustainability matters		128	
G1-1	Business conduct policies and corporate culture		128	
G1-2	Management of relationships with suppliers			Not material
G1-3	Prevention and detection of corruption and bribery		131	
MRD-A	Actions and resources in relation to material sustainability matters		130	
MDR-T	Tracking effectiveness of policies and actions through targets		130	
MDR-M	Metrics in relation to material sustainability matters		131	
G1-4	Prevention and detection of corruption and bribery		131	
G1-5	Political influence and lobbying activities			Not material
G1-6	Payment practices		129	
	Company-specific disclosures			
MDR-P	Policies adopted to manage material sustainability matters		132	
MRD-A	Actions and resources in relation to material sustainability matters		133	
MDR-T	Tracking effectiveness of policies and actions through targets		134	
MDR-M	Metrics in relation to material sustainability matters		134	

Data points from other EU legislation

The following table contains the data points derived from other EU legislation as listed in Annex B of ESRS 2. They show where the data points can be found in our report and which have been classified as "not material".

	Data-point	Disclosure requirement	SFDR ref.	Pillar-3 ref.	Bench-mark/ Legal ref.	EU Climate law ref.	Sec.	Page
ESRS 2 GOV-1	21 (d)	Board's gender diversity	x		x			95
ESRS 2 GOV-1	21	Percentage of board members who are independent			x			95
ESRS 2 GOV-4	30	Statement on due diligence	x					100
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	x	x	x		Not stated	
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	x		x		Not stated	
ESRS 2 SBM-1	40(d) iii	Involvement in activities related to controversial weapons	x		x		Not stated	
ESRS 2 SBM-1	40(d) iv	Involvement in activities related to cultivation and production of tobacco			x		Not stated	
ESRS E 1-1	14	Transition plan to reach climate neutrality by 2050				x		114
ESRS E 1-1	16 (g)	Undertakings excluded from Paris-aligned benchmarks		x	x			114
ESRS E 1-4	34	GHG emission reduction targets	x	x	x			114
ESRS E 1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x					115
ESRS E 1-5	37	Energy consumption and mix	x					115
ESRS E 1-5	40/43	Energy intensity associated with activities in high climate impact sectors	x					115
ESRS E 1-6	44	Gross Scopes 1, 2, 3 and Total GHG emissions	x	x	x			115
ESRS E 1-6	53/55	Gross GHG emissions intensity	x	x	x			115
ESRS E 1-7	56	GHG removals and carbon credits				x		115
ESRS E 1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		Rele-vant as of FY25	
ESRS E 1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; Location of significant assets at material physical risk		x			Rele-vant as of FY25	
ESRS E 1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		x			Rele-vant as of FY25	
ESRS E 1-9	69	Degree of exposure of the portfolio to climate-related opportunities			x		Rele-vant as of FY25	

	Data-point	Disclosure requirement	SFDR ref.	Pillar-3 ref.	Bench-mark Legal ref.	EU Climate law ref.	Sec.	Page
ESRS E 2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				Not material	
ESRS E 3-1	9	Water and marine resources	x				Not material	
ESRS E 3-1	13	Dedicated policy	x				Not material	
ESRS E 3-1	14	Sustainable oceans and seas	x				Not material	
ESRS E 3-4	28 (c)	Total water recycled and reused	x				Not material	
ESRS E 3-4	29	Total water consumption in m3 per net revenue on own operations	x				Not material	
ESRS 2 – IRO-1 – E4	16 (a) i		x				Not material	
ESRS 2 – IRO-1 – E4	16 (b)		x				Not material	
ESRS 2 – IRO-1 – E4	16 (c)		x				Not material	
ESRS E 4-2	24 (b)	Sustainable land / agriculture practices or policies	x				Not material	
ESRS E 4-2	24 (c)	Sustainable oceans / seas practices or policies	x				Not material	
ESRS E 4-2	24 (d)	Policies to address deforestation	x				Not material	
ESRS E 5-5	37 (d)	Non-recycled waste	x				Not material	
ESRS E 5-5	39	Hazardous waste and radioactive waste	x				Not material	
ESRS 2 SBM3 – S1	14 (f)	Risk of incidents of forced labour	x					121
ESRS 2 SBM3 – S1	14 (g)	Risk of incidents of child labour	x					121
ESRS S 1-1	20	Human rights policy commitments	x					121
ESRS S 1-1	21	Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8			x			121
ESRS S 1-1	22	Processes and measures for preventing trafficking in human beings	x					121
ESRS S 1-1	23	Workplace accident prevention policy or management system	x					121
ESRS S 1-3	32 (c)	Grievance/complaints handling mechanisms	x					125

	Data-point	Disclosure requirement	SFDR ref.	Pillar-3 ref.	Bench-mark Legal ref.	EU Climate law ref.	Sec.	Page
ESRS S 1-14	88 (b) and (c)	Number of fatalities and number and rate of work-related accidents	x		x		Not material	
ESRS S 1-14	EUR 88	Number of days lost to injuries, accidents, fatalities or illness	x				Not material	
ESRS S 1-16	97 (a)	Unadjusted gender pay gap	x		x		Not material	
ESRS S 1-16	97 (b)	Excessive CEO pay ratio	x				Not material	
ESRS S 1-17	103 (a)	Incidents of discrimination	x					128
ESRS S 1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	x		x			128
ESRS 2 SBM3 – S2	11 (b)	Significant risk of child labour or forced labour in the value chain	x				Not material	
ESRS S 2-1	17	Human rights policy commitments	x				Not material	
ESRS S 2-1	18	Policies related to value chain workers	x				Not material	
ESRS S 2-1	19	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	x		x		Not material	
ESRS S 2-1	19	Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8			x		Not material	
ESRS S 2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	x				Not material	
ESRS S 3-1	16	Human rights policy commitments	x				Not material	
ESRS S 3-1	17	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	x		x		Not material	
ESRS S 3-4	36	Human rights issues and incidents	x				Not material	
ESRS S 4-1	16	Policies related to consumers and end-users	x				Not material	
ESRS S 4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	x		x		Not material	
ESRS S 4-4	35	Human rights issues and incidents	x				Not material	
ESRS G 1-1	10 (b)	United Nations Convention against Corruption	x					128
ESRS G 1-1	10 (d)	Protection of whistleblowers	x					128
ESRS G 1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery law	x		x			131
ESRS G 1-4	24 (b)	Standards of anti- corruption and anti-bribery	x					129

CORPORATE GOVERNANCE REPORT

With regard to the required declaration by the management, please refer to the Corporate Governance Report in the 2024 Annual Report which is also available on the Internet at: https://www.initse.com under the tab Investor Relations – Corporate Governance.

CONSOLIDATED FINANCIAL STATEMENTS

of init innovation in traffic systems SE, Karlsruhe (IFRS)

CONSOLIDATED INCOME STATEMENT

for the 2024 financial year (IFRS)

EUR k	Notes no.	01/01 to 31/12/2024	01/01 to 31/12/2023
Revenues	4, 36	265,674	210,801
Cost of sales	5	-167,267	-130,409
Gross profit		**98,407**	**80,392**
Sales and marketing expenses	6	-31,319	-26,110
General administrative expenses	6	-30,181	-23,395
Research and development expenses	6, 21	-13,850	-13,026
Other operating income	7	3,769	3,302
Other operating expenses		-906	-418
Foreign currency gains and losses	8	-1,686	132
Expenses and income from associated companies	22	307	143
Earnings before interest and taxes (EBIT)		**24,541**	**21,020**
Interest income	10	355	278
Interest expenses	10	-3,356	-2,017
Earnings before taxes (EBT)		**21,540**	**19,281**
Income taxes	9, 23	-6,357	-4,130
Net income		**15,183**	**15,151**
thereof attributable to equity holders of the parent company		15,464	15,185
thereof non-controlling interests		-281	-34
Basic and diluted earnings per share in EUR	11	1.57	1.54

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 2024 financial year (IFRS)

EUR k	01/01 to 31/12/2024	01/01 to 31/12/2023
Net income	**15,183**	**15,151**
Items to be reclassified to the income statement:		
Net gains (+) / losses (-) on currency translation	3,322	-2,333
Items not to be reclassified to the income statement:		
Actuarial gains (+) / losses (-) on defined benefit obligations (DBO) for pensions after taxes	274	-37
Total other comprehensive income	**3,596**	**-2,370**
Total comprehensive income	**18,779**	**12,781**
thereof attributable to equity holders of the parent company	19,060	12,815
thereof non-controlling interests	-281	-34

CONSOLIDATED BALANCE SHEET

as of 31 December 2024 (IFRS)

Assets

EUR k	Notes no.	**31/12/2024**	31/12/2023
Current assets			
Cash and cash equivalents	14, 32	23,523	27,303
Marketable securities and bonds	15, 32	30	30
Trade accounts receivable	16, 32	47,803	43,496
Contract assets	16, 32	39,929	21,560
Receivables from related parties	35	40	0
Inventories	17	57,213	49,275
Income tax receivables		2,753	1,440
Other assets	18	6,674	4,766
Current assets, total		**177,965**	**147,870**
Non-current assets			
Property, plant and equipment and right-of-use assets	19	70,912	64,055
Investment property	20	1,124	1,351
Goodwill	21	13,326	12,488
Other intangible assets	21	44,105	25,494
Interests in associated companies	22	929	777
Deferred tax assets	23	2,538	4,826
Other assets	24	2,133	3,617
Non-current assets, total		**135,067**	**112,608**
Assets, total		**313,032**	**260,478**

Liabilities and shareholders' equity

EUR k	Notes no.	31/12/2024	31/12/2023
Current liabilities			
Bank loans	25, 32	39,418	19,665
Trade accounts payable	25, 32	13,580	11,961
Contract liabilities	16, 25	20,392	16,364
Advance payments received	25	1,597	3,117
Income tax payable	25	3,615	3,616
Provisions	28	4,319	4,009
Lease liabilities	27	5,020	3,752
Other liabilities	25, 26	19,661	15,923
Current liabilities, total		**107,602**	**78,407**
Non-current liabilities			
Bank loans	25, 32	29,973	25,680
Deferred tax liabilities	23	7,440	6,297
Pensions accrued and similar obligations	29	7,807	7,636
Provisions	28	1,748	1,705
Lease liabilities	27	24,150	20,187
Non-current liabilities, total		**71,118**	**61,505**
Equity			
Attributable to equity holders of the parent company			
Subscribed capital	30	10,040	10,040
Additional paid-in capital	30	7,734	6,879
Treasury shares	30	-4,463	-5,441
Reserves and consolidated unappropriated profit	30	115,798	106,159
Other reserves	30	5,076	2,521
		134,185	**120,158**
Non-controlling interests		127	408
Shareholders' equity, total		**134,312**	**120,566**
Liabilities and shareholders' equity, total		**313,032**	**260,478**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as of 31 December 2024 (IFRS)

	Attributable to equity holders		
Notes no.	30	30	30
EUR k	Subscribed capital	Additional paid-in capital	Treasury shares
As of 01/01/2023	**10,040**	**6,575**	**-3,517**
Net income			
Other comprehensive income			
Total comprehensive income			
Dividend paid out			
Addition to the reserves		4	
Share-based compensation		317	820
Change in the basis of consolidation			
Acquisition of treasury shares			-2,744
Currency conversion		-17	
As of 31/12/2023	**10,040**	**6,879**	**-5,441**
As of 01/01/2024	**10,040**	**6,879**	**-5,441**
Net income			
Other comprehensive income			
Total comprehensive income			
Dividend paid out			
Addition to the reserves		7	
Share-based compensation		793	978
Change in the basis of consolidation		38	
Acquisition of treasury shares			
Currency conversion		17	
As of 31/12/2024	**10,040**	**7,734**	**-4,463**

	of the parent company					Non-controlling interests	Shareholders' equity, total
	30	29					
		Other reserves					
	Reserves and consolidated unappropriated profit	Difference from pension measurement	Difference from foreign currency translation	Securities marked to market	Total		
	98,369	**-1,059**	**5,951**	**-1**	**116,358**	**197**	**116,555**
	15,185				15,185	-34	15,151
		-37	-2,333		-2,370		-2,370
	15,185	-37	-2,333		12,815	-34	12,781
	-6,932				-6,932		-6,932
	-452				-448	-10	-458
					1,137		1,137
						255	255
					-2,744		-2,744
	-11				-28		-28
	106,159	**-1,096**	**3,618**	**-1**	**120,158**	**408**	**120,566**
	106,159	**-1,096**	**3,618**	**-1**	**120,158**	**408**	**120,566**
	15,464				15,464	-281	15,183
		274	3,322		3,596		3,596
	15,464	274	3,322		19,060	-281	18,779
	-6,913				-6,913		-6,913
	-7						
					1,771		1,771
	-3		13		48		48
	1,098		-1,054		61		61
	115,798	**-822**	**5,899**	**-1**	**134,185**	**127**	**134,312**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the 2024 financial year (IFRS)

EUR k	**01/01 to 31/12/2024**	01/01 to 31/12/2023
Cash flows from operating activities:		
Net income	15,183	15,151
Amortisation and depreciation	14,196	11,235
Gains or losses on the disposal of fixed assets	-275	17
Change in provisions and accruals	-1,996	-2,929
Change in inventories	-4,304	-7,803
Change in trade accounts receivable and contract assets	-17,417	-16,558
Change in other assets not provided by / used in investing or financing activities	-830	-863
Change in trade accounts payable	-2,168	2,988
Change in advance payments received and contract liabilities	1,632	8,807
Change in other liabilities not provided by / used in investing or financing activities	2,005	-3,627
Other non-cash income and expenses	4,815	1,563
Net cash from operating activities	10,841	7,981
Cash flow from investing activities:		
Payments received on disposal of property, plant and equipment	1,130	36
Cash paid for investments in property, plant and equipment	-6,628	-4,088
Cash paid for investments in other intangible assets	-11,485	-8,423
Cash paid for investment property	0	-29
Cash paid for investments in subsidiaries less cash acquired	-7,136	-1,072
Cash paid/received for financial assets	0	-23
Cash received and cash paid for securities	2	2
Capital contributions and loans to associated companies	155	143
Net cash flows used in investing activities	-23,962	-13,454
Cash flow from financing activities:		
Dividend paid out	-6,913	-6,932
Payments received from equity contributions	0	246
Cash payments for the purchase of treasury shares	0	-2,744
Payments received from bank loans	37,423	25,970
Redemption of bank loans	-16,839	-18,660
Payments of principal on lease liabilities	-4,739	-4,411
Payments of interest on lease liabilities	-443	-265
Net cash flows used in financing activities	8,489	-6,796
Net effects of currency translation and consolidation changes in cash and cash equivalents	852	-478
Change in cash and cash equivalents	-3,780	-12,747
Cash and cash equivalents at the beginning of the period	27,303	40,050
Cash and cash equivalents at the end of the period	23,523	27,303

Additional information regarding the cash flow statement can be found in note 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of init innovation in traffic systems SE, Karlsruhe (IFRS)

1. Information about init

init innovation in traffic systems SE, Käppelestrasse 4–10, Karlsruhe, Germany, ("init SE") (local court of Mannheim HRB 727217) was established on 18 August 2000 as the holding company of the init group. The init group is an international system supplier of transportation telematics (telecommunications and information technology, internationally also called Intelligent Transportation Systems or ITS). init SE is a stock exchange listed company, ISIN DE0005759807, and has been in the regulated market (Prime Standard) since 1 January 2003. Due to its business model, init qualifies as a "one-segment" group.

2. Accounting principles

The consolidated financial statements and the comparative previous year's figures were prepared in compliance with International Financial Reporting Standards (IFRSs). The consolidated financial statements of init SE and its subsidiaries are consistent with the IFRSs as they apply in the EU. The consolidated financial statements comply with the requirements of Section 315e of the German Commercial Code (HGB).

The consolidated financial statements were prepared in euro. Unless otherwise indicated, all figures are rounded to a full thousand (EURk).

The financial year of all consolidated companies ends on 31 December.

The income statement was prepared using the function of expense method.

The consolidated financial statements have been prepared in accordance with the historical cost convention. This does not apply to derivative financial instruments and securities and bonds, which are measured at fair value.

The accounting policies and measurement methods are consistent with those applied in the previous year.

The following standards became mandatory for the first time in the 2024 financial year.

Standard	Title
IAS 1	Classification of liabilities as current or non-current
IAS 1	Non-current liabilities with covenants
IFRS 16	Lease liability in a sale and leaseback
IAS 7 / IFRS 7	Supplier finance arrangements

These amendments had no impact on the presentation of the net assets, financial position and results of operations.

EU endorsement received

The International Accounting Standards Board (IASB) has published the following standards, which have already been introduced into European law in the context of a comitology procedure, but which were not yet mandatory for the 2024 financial year. The group decided not to early-adopt these standards.

Standard	Title	Adoption
IAS 21	Lack of exchangeability	January 2025

EU endorsement outstanding

The IASB issued the following standards whose application was not yet mandatory in the 2024 financial year. These standards have not yet been endorsed into EU law and were not early-adopted by the group. The application is made with the EU endorsement.

Standard	Title	Publication by IASB
IFRS 7 / IFRS 9	Amendments to the classification and measurement of financial instruments	May 2024
IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	Annual Improvements	July 2024
IFRS 18	Presentation and disclosure in financial statements	April 2023
IFRS 19	Subsidiaries without public accountability: disclosures	May 2024

The above standards will be applied when they come into force in the European Union. There are no plans to early adopt the new standards in the init group. init does not expect them to have any significant effect on its net assets, financial position and result of operations. An analysis of the requirements arising from adopting IFRS 18 is currently being conducted and had not been completed at the reporting date.

Pillar 2 does not apply to init as it fails to meet the revenue threshold for application. Consequently, the corresponding disclosures have not been made.

3. Accounting policies and consolidation principles

Basis of consolidation

The consolidated financial statements comprise the financial statements of init SE and its subsidiaries as of 31 December 2024. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee. This includes:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The group's voting rights and potential voting rights

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date on which the group gains control until the date the group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the group and to the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Name	Registered office	Share as of 31/12/2024	Share as of 31/12/2023
Fully consolidated companies			
INIT Innovative Informatikanwendungen in Transport-, Verkehrs- und Leitsystemen GmbH[1] (INIT GmbH)	Karlsruhe	100%	100%
INIT Innovations in Transportation Inc. (INIT Chesapeake)	Chesapeake, Virginia, USA	100%	100%
INIT Innovations in Transportation (Eastern Canada) Inc. / INIT Innovations en Transport (Canada Est) Inc. (INIT Montreal)	Montreal, Canada	100%	100%
INIT Innovations in Transportation (Western Canada) Inc. (INIT Toronto)	Toronto, Canada	100%	100%
INIT PTY LTD (INIT Brisbane)	Brisbane/Queensland, Australia	100%	100%
Init Innovation in Traffic Systems FZE (INIT Dubai)	Dubai, United Arab Emirates	100%	100%
INIT Mobility Software Solutions GmbH[1] (IMSS GmbH)	Karlsruhe / Hamburg	100%	100%
INIT Innovations in Transportation Ltd. (INIT Nottingham)	Nottingham, UK	100%	100%
INIT Swiss AG (INIT Neuhausen)	Neuhausen, Switzerland	100%	100%
INIT Asia-Pacific Pte. Ltd. (INIT Singapore)	Singapore	100%	100%
CarMedialab GmbH (CML)	Bruchsal	74.5%	74.5%
CarMedialab Corp. (CML Corp.)	Chesapeake/ Virginia, USA	74.5%	74.5%
TQA Total Quality Assembly LLC (TQA)	Chesapeake/ Virginia, USA	60%	60%
SQM Superior Quality Manufacturing LLC (SQM)	Chesapeake/ Virginia, USA	75%	75%
GO-1 LLC (GO-1)	Chesapeake/ Virginia, USA	100%	100%
iris-GmbH infrared & intelligent sensors (iris)	Berlin	100%	100%
iris-infrared & intelligent sensors NA, Inc. (iris Atlanta)	Atlanta, Georgia, USA	100%	100%
inola GmbH (inola)	Pasching, Austria	100%	100%
HanseCom Public Transport Ticketing Solutions GmbH (HanseCom)	Hamburg	100%	100%
INIT innovation in transportations NZ Limited (INIT Dunedin)	Dunedin, New Zealand	100%	100%
Mattersoft Oy (Mattersoft)	Finland	100%	100%
INIT Innovations in Transportations Ltd (INIT Maynooth)	Maynooth, Ireland	100%	100%
IRIS ASIA-PACIFIC PTY LTD (iris Melbourne)	Melbourne, Australia	100%	100%
Hansecom BY in Liquidation (Hansecom Minsk)	Minsk, Belarus	-	100%
Derovis GmbH (Derovis)	Berlin	100%	100%
DResearch Fahrzeugelektronik GmbH (Dresearch)	Berlin	-	100%
iris intelligent sensing SASU (iris SASU)	Montbonnot-Saint-Martin, France	100%	100%
IHC IB Public Transport Solutions, Unipessoal LDA (Hansecom IB)	Lisbon, Portugal	100%	100%
Init Innovation Traffic Systems L.L.C. (INIT Dubai)	Dubai, United Arab Emirates	100%	100%
IRIS SMART TECHNOLOGIES SRL (iris SRL)	Verona, Italy	100%	-
DILAX Intelcom GmbH (DILAX DE)	Berlin	100%	-
DILAX Intelcom AG (DILAX CH)	Kreuzlingen, Switzerland	100%	-
DILAX France SAS (DILAX FR)	Valence, France	100%	-
DILAX Intelcom Ibérica S.L. (DILAX ES)	Madrid, Spain	100%	-
DILAX Systems UK Ltd. (DILAX UK)	London, UK	100%	-
DILAX Systems Inc. (DILAX CA)	Saint Lambert, Canada	100%	-
DILAX Systems US Inc. (DILAX US)	Chicago/Illinois, USA	100%	-

1) Fully exempted pursuant to Section 264 (3) of the German Commercial Code (HGB)

Name	Registered office	Share as of 31/12/2024	Share as of 31/12/2023
Associated companies (at equity)			
maBinso software GmbH (maBinso)	Hamburg	48%	48%

Hansecom BY, based in Minsk, Belarus, and in liquidation since 1 December 2022, was deconsolidated effective 1 August 2024. This resulted in a loss of EUR 10k.

Effective retroactively to 1 January 2024 the wholly-owned subsidiary DResearch Fahrzeugelektronik GmbH, Berlin, was merged with its parent company, iris-GmbH infrared & intelligent sensors, Berlin by contract dated 20 August 2024.

Company formations

On 10 July 2024, IRIS SMART TECHNOLOGIES SRL was founded in Verona, Italy and the former operation of DResearch GmbH was contributed to its assets. This entity is a wholly-owned subsidiary of iris GmbH infrared & intelligent sensors, Berlin.

Business combinations

On 6 September 2024, init innovation in traffic systems SE acquired all of the shares in DILAX Intelcom GmbH, Berlin, (DILAX), an international data management specialist with a focus on developing and implementing hardware and software solutions for urban environments. The objectives underlying the acquisition are to reinforce the positioning on the railway market and exploit synergies in research and development as well as sales and distribution. DILAX Intelcom GmbH holds six subsidiaries, all of which are wholly-owned by DILAX Intelcom GmbH and fully consolidated as a result.

The purchase price allocation was concluded in the fourth quarter of 2024 after all the relevant facts and circumstances had been obtained to measure the assets and liabilities of DILAX. On the date of acquisition of 6 September 2024, the fair values of the identified assets and liabilities of DILAX were as follows:

EUR k	
Assets	
Cash and cash equivalents	1,288
Receivables and other assets	3,311
Inventories	2,752
Property, plant and equipment	398
Intangible assets (customer base/order backlog/technologies)	11,100
Deferred tax assets	2,079
Total	**20,928**

EUR k	
Liabilities	
Liabilities	7,523
Provisions	2,480
Deferred tax liabilities	3,340
Total	**13,343**
Fair value of assets and liabilities	7,585
Goodwill	838
Consideration paid for the acquisition	**8,423**

The consideration paid for the acquisition totals EUR 8,423k, all of which was paid in cash. In connection with the acquisition, acquisition-related costs of EUR 320k were recognised as an expense.

The fair value of the trade receivables amounts to EUR 2,502k. This corresponds to the gross amounts of the contractual receivables. We assume that the receivables are fully recoverable.

The acquired customer base was measured using the residual value method and recognised at a value of EUR 6,266k. The useful lives range between 5 and 8 years.

The acquired customer base was measured using the residual value method and recognised at a value of EUR 954k. The useful lives amount to 5 years.

The acquired technology was measured using the relief from royalties method and recognised at a value of EUR 3,880k. The useful lives amount to 9 years.

Goodwill of EUR 838k is covered by the anticipated extra business to be generated from the expansion of the product portfolio, particularly the addition of new customer segments in the railway sector and people counting systems in public spaces.

In 2024, DILAX contributed revenue of EUR 6,632k and earnings before tax of EUR 78k to the consolidated financial statements. If DILAX had been consolidated as of 1 January 2024, its contribution to consolidated earnings would have been EUR 1,358k lower and revenue EUR 12,223k higher.

Consolidation methods

The annual financial statements of the fully consolidated companies are prepared according to the standard accounting and measurement principles of the group in line with the IFRSs on the same reporting date as the financial statements of the parent company. Where required, any financial statements prepared in accordance with local accounting regulations are adjusted accordingly.

Business combinations are accounted for using the acquisition method. The acquisition costs of a business combination are calculated based on the consideration transferred and measured at fair value at the time of acquisition. Costs incurred as a result of the business combination are recorded as expenses and reported in administrative expenses. In a business combination in stages, the previously held equity by the acquirer is remeasured at fair value at the date of acquisition and the resulting gain or loss is posted through profit or loss.

The agreed contingent consideration is reported at fair value at the acquisition date. In agreement with IFRS 9, subsequent changes to the fair value of any contingent consideration constituting an asset or liability are reported through profit or loss or in other comprehensive income. Contingent consideration classified as equity is not remeasured. Its subsequent payment is reported under shareholders' equity. Where contingent consideration does not fall within the scope of IFRS 9, it is measured in agreement with the relevant IFRSs.

Capital is consolidated by offsetting the acquisition cost against the group share in the revalued shareholders' equity of the consolidated subsidiaries at the time when control was acquired. The recognisable assets, liabilities and contingent claims and liabilities of the subsidiaries are recognised at their full market value irrespective of the amount of the non-controlling interests. Intangible assets are reported separately from the goodwill if they are separable from the company or result from a contractual right or other right. Any remaining debit differences arising from the initial consolidation are recognised as goodwill and subjected to an impairment test in line with IFRS 3 "Business Combinations" / IAS 36 "Impairment of Assets". Any remaining credit differences are recognised through profit or loss immediately after acquisition. In the case of deconsolidations, the remaining carrying amounts of the credit differences are taken into account on a pro rata basis when calculating the gain or loss upon disposal. Measurement using the equity method is based on the same principles, but with goodwill reported in the carrying amount of the investment.

Receivables and payables as well as expenses and income between consolidated companies are offset against each other. Intercompany profits are eliminated from any assets originating from intercompany transactions. Deferred taxes are recognised on temporary differences arising from consolidation processes.

Currency translation

Transactions denominated in foreign currency and foreign operations are accounted for in accordance with IAS 21.

Transactions in foreign currency are translated into the respective functional currency of the reporting entity of the group using the exchange rates on the date of the transaction (historical rate). Monetary assets denominated in foreign currency are translated using the exchange rate on the reporting date (closing rate). Non-monetary assets and liabilities whose fair value is measured in a foreign currency are translated into the functional currency using the exchange rate on the date on which their fair value is measured. Foreign exchange differences are generally posted through profit or loss. Non-monetary items measured at historical cost are not adjusted.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments as a result of business combinations are translated from the functional currency of the group entities into EUR, the presentation currency of the parent company, using the closing rate. Functional currencies used by subsidiaries include the EUR, USD, CAD, GBP, SGD, AED, AUD, NZD and CHF. As a simplification, income and expenses of foreign operations are translated into EUR using the annual average exchange rate for the functional currency.

Equity is measured at the historical exchange rate on the date of the transaction.

Exchange differences arising from the translation of balance sheet items using the closing rate and from translating income and expenses using the annual average exchange rate are posted to net gains/losses on currency translation under other comprehensive income and presented in the balance sheet under “other reserves”.

Estimates and assumptions

To a certain degree, the preparation of the consolidated financial statements requires estimates and assumptions to be made by the Managing Board that affect the amount of assets and liabilities reported on the balance sheet, the specification of contingent liabilities as of the reporting date, and the presentation of income and expenditure during the reporting period.

Market risks due to geopolitical conflicts

Risks arising from the impacts of the current crisis due to the Russian war against Ukraine and the conflict in the Middle East are given due consideration in the process. In addition, a management assessment is required when it comes to deciding which information is relevant for the users of the consolidated financial statements and must therefore be included in the financial and non-financial reporting of init. Information on discretionary judgements exercised in the application of accounting policies that materially affect the amounts reported in the consolidated financial statements as well as estimates and assumptions are contained in the following disclosures in the notes. The following assessments are based on past experience and assumptions that are each considered to be appropriate. They are reviewed continuously, but may still differ from the actual figures realised at a later date.

Climate related impacts

As part of its non-financial reporting, init conducted an analysis of its climate risks and resilience to climate change. All the assumptions made in the financial statements are based on the circumstances and assessments on the reporting date, which had generally remained unchanged at the time of the analysis. They do not reveal any indications of impairment of non-current assets or any need to materially change the residual useful lives of assets on the reporting date.

The most important forward-looking assumptions and any other significant sources of uncertainty in the estimations that exist on the reporting date which could give rise to the risk of having to adjust the carrying amounts of assets and liabilities in the next financial year are explained below.

Contract assets

Contract assets represent contractual rights to receive payments from customers for contractual performance obligations that have already been fulfilled but the rights are still conditional upon certain factors. Assumptions and estimates are required for the recognition and measurement of contract assets. There are uncertainties regarding their degree of completion, which depends on assumptions regarding the number of hours to be worked in future and the cost of materials. For further information, please refer to note 16.

Goodwill

Goodwill is examined for impairment at least once a year as of year-end or when facts or changes in circumstances indicate that the carrying value may have decreased. This test requires an estimation of the recoverable amount, which is deemed to be the higher of its value in use or the net realisable amount of the cash-generating units to which the goodwill is allocated. To this end, corporate management must estimate the foreseeable future cash flows of the cash-generating units and, in addition, must also select an appropriate discount rate in order to calculate the present value of these cash flows. For further information, please refer to note 21.

The init group comprises four cash-generating units (CGUs): the iris group, HanseCom, DILAX and the rest of the init group companies. The goodwill identified in connection with business combinations is allocated to these four CGUs as a group of cash-generating units in accordance with IAS 36.80. Impairment testing is performed at the level of the group, as goodwill is monitored at this level for internal management purposes. Goodwill acquired from business combinations as well as licences with an indefinite useful life are allocated to the group accordingly and tested there for impairment once a year.

Provisions

Provisions are recognised when a past event has resulted in a present obligation, their utilisation is more likely than not, and the amount of the obligation can be estimated reliably. Provisions are measured at their settlement amount and not offset against any profit margins. Provisions are only recognised for legal or constructive obligations towards third parties. Non-current provisions are discounted to present value.

Pensions and other post-employment benefits

The expenditure from defined benefit plans is calculated using actuarial methods on the basis of assumptions relating to discount rates, future wage and salary increases, mortality and future pension increases. Due to the long-term nature of these plans, such assumptions are subject to significant uncertainties. For further information, please refer to note 29.

Research and development expenses

Research and development expenses are incurred within the init group in the course of its internal research and development activities but also in the course of research and development cooperation and partnerships with third parties. Under IFRS, basic research does not meet the recognition criteria. By contrast, development expenses that meet certain defined recognition criteria must be recognised as internally developed intangible assets. init makes a distinction between basic development work and product development. If it is probable that the development activity will generate future economic benefits that will flow to the entity, the associated development expenses must be recognised. The recognition criteria are reviewed for each project and each contract. Product developments are recognised if the relevant recognition criteria are fully met. If development expenses are recognised, they are subject to the recognition, measurement and presentation policies applying to other intangible assets. Development expenses related to software are capitalised as per the accounting principles and measurement methods presented.

Development expenses are only recognised when the recognition criteria are met. This means the entity must intend and be able to complete the intangible asset, use it or sell it, and be able to demonstrate how the intangible asset will generate future economic benefits.

The costs that are directly allocable to the software include, among other items, employee benefits and an appropriate portion of the applicable overheads.

Development expenses that meet the recognition criteria are recognised as intangible assets and are amortised over their useful life from the point in time from which the asset can be used.

Development expenses that do not meet the above recognition criteria are expensed through profit or loss.

Inventories

Inventories are required to be stated at the lower value of cost and net realisable value in accordance with IAS 2.9. Cost includes all direct and indirect costs incurred in production. Overheads are calculated on the basis of normal employment levels. To ensure measurement at the lower of cost or market, init measures the net realisable value of inventories by recording allowances based on past experience and analyses of previous projects. In addition to this standardised approach, init carries out an item-by-item review of its inventories. Typical reasons for recording a markdown on inventories include faulty products or technical obsolescence. Merchandise and finished goods are combined in one line item. Impairment losses are posted through profit or loss. Reference is made to our comments on inventories in notes 5 and 17.

Right-of-use assets and lease liabilities

The group uses its incremental borrowing rate to calculate the net present value of lease payments. The incremental borrowing rate is determined using as reference the general interest level and the group's internal interest rates for loans of a comparable maturity and duration. The incremental borrowing rate is determined for each asset category and region where the leased asset is located. The incremental borrowing rate for other lease agreements is determined on the basis of the asset.

When determining the term of a lease and setting its useful life, any options to extend or terminate the lease have to be considered. init deems the term of a lease to be the contractually agreed term plus any options to extend the lease that are highly likely to be exercised. Many leases contain extension and termination options. The group regularly reviews whether a significant event has taken place or there has been a significant change in circumstances that affects whether it is reasonably certain to exercise an option to extend or terminate a lease.

In particular, leases for office buildings contain extension and termination options with potentially significant impacts. Extension and termination options are taken into account once their exercise is seen as more likely than not. Reference is made to the comments on right-of-use assets in note 19 and on lease liabilities in note 27.

Revenue recognition

init develops, manufactures, integrates, installs, maintains/supports and operates software and hardware for public transport companies and renders the related services. Revenues from contracts with customers are recognised at a point in time or over time, depending on when control over the goods or services is transferred to the customer. Revenue is recognised at the amount of consideration that the group is expected to receive in exchange for these goods or services. Key revenue streams have been identified to be the project business, maintenance and support as well as the delivery of goods business (supply projects, aftermarket and spare parts). The project business involves the following significant performance obligations: delivery and installation of a complete system including the related software and hardware components as well as the necessary development services. In the project business the performance obligations are measured on the basis of their inputs (cost-to-cost-method). The group has come to the conclusion that the revenue from delivering and installing a total system should be recognised over time as the group's performance creates an asset for which the entity has no alternative use and the entity has an enforceable right to payment for the performance completed. The group has concluded that the input-based method is best suited to determine the progress of installation services since there is a direct link between the group's work (hours worked and material processed) and the transfer of the service to the customer. Revenues are recognised in the group based on hours worked and the hardware components installed and purchased services to date in relation to the total expected hours worked, total hardware components and purchased services needed to satisfy the performance obligation. There may be individual dependencies between individual contracts, e.g., project contracts that are connected to maintenance and support agreements concluded at the same time. Maintenance and support is provided after successful completion of the project; consequently, diverse contract combinations are possible. Revenues for maintenance and support contracts are recognised over time. Revenues for non-project-related delivery of software and hardware are realised at the point in time when the risk of loss passes to the customer.

When determining the transaction price, the contractual terms with the respective customers are considered. It is assumed that contractually promised goods and services will be transferred to the customer and the contract will not be terminated, extended or changed. The transaction price is the consideration the group receives in exchange for transferring the promised goods or services.

Generally speaking, no variable consideration or bonuses are included in the arrangements entered into by the init group. However, penalties are often included in project contracts with customers. These penalties are weighted based on past probabilities and reduce the contract revenue. In our experience their probability is very low.

As a general rule, no financing components exist in the arrangements entered into by the init group. Taking into account the practical expedient provided in IFRS 15, the init group does not adjust the amount of promised consideration for the effect of any significant financing component since the agreed milestones within a project are generally less than a year apart. The difference between the performance of a contractual obligation and its payment is therefore within a year. Support and maintenance contracts usually have a term of five years and are paid quarterly or yearly.

For individual contracts the init group offers service-type warranties which contain extended guarantees. These are individually separable and are recognised over time and billed in line with the maintenance services. One group company offers the statutory warranty for the repair of defects that existed on the date of sale. Such assurance-type warranties are recognised in accordance with IAS 37 Provisions, contingent liabilities and contingent assets. Reference is made to the accounting policy on warranty provisions described in note 28 “Provisions”.

According to IFRS 15, the incremental costs of obtaining a contract and certain costs to fulfil a contract have to be recognised as an asset. In contrast to the previous year, no direct costs to obtain a contract have been incurred or capitalised by the init group. The init group typically participates in calls to tender. As the duration of a call to tender can extend over several periods and the successful conclusion of the corresponding transaction is uncertain, the incremental costs of obtaining the contract are not generally recognised in cost. Travel expenses and the salaries of sales employees are expensed through profit or loss.

In addition, init generates revenue from the sale of hardware products. Generally, control over these products is transferred to the customer at a point in time.

Depending on the contractual arrangements made with the customer and the clauses governing transport of the goods, control passes to the customer in the majority of cases when the goods are delivered to an agreed destination and at the point in time when they are picked up by the customer or handed over to a freight forwarder. Generally, it can be assumed that control passes to the customer when the customer can determine the use of the delivered product and obtain substantially all of the remaining benefits from the product and init no longer has this possibility.

Other indicators are also assessed in addition to determine the date on which control passes to the customer. For example, thought is given to when init obtains the right to receive payment for the product and when title to the product passes to the customer, in the wider sense, when the customer has the sole ability to access the product.

A contract liability is an obligation of the group to transfer goods or services to a customer for which the group has received or will receive consideration. Where a customer is required to pay a consideration before the group transfers goods or services to it, a contract liability is recognised when the payment is made or falls due. The usual terms of payment for our receivables are generally 30 days.

Income from operating leases for investment property is reported in other operating income and spread evenly over the entire term of the lease. Reference is made to note 20 for details.

Interest income is realised when earned.

Income from dividends is reported once the group has a legally enforceable claim to payment.

Government grants and European Union subsidies

Government grants and subsidies from the European Union are recorded if it has been established with reasonable certainty that the subsidies will be granted and the company meets the relevant requirements. When the grants relate to an expense item, they are recorded as income on a scheduled basis to offset them against the corresponding expenses that they are intended to compensate.

Financial instruments and other financial assets

The fair value of listed securities and bonds was determined by marking them to market. The fair value of derivative financial instruments and 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 k ASSETS	IFRS 9 measurement category
Financial assets at amortised cost	
Cash and cash equivalents	At amortised cost
Trade accounts receivable	At amortised cost
Other financial assets (current)	At amortised cost
Other financial assets (non-current)	At amortised cost
Financial assets reported at fair value through other comprehensive income	
Marketable securities and bonds	At fair value through other comprehensive income
Financial assets measured at fair value through profit or loss	
Derivative financial instruments	At fair value through profit or loss
LIABILITIES	
Financial liabilities reported at amortised cost	
Bank loans (current and non-current)	At amortised cost
Trade accounts payable	At amortised cost
Other financial liabilities (current)	At amortised cost
Other financial liabilities (non-current)	At amortised cost
Financial liabilities measured at fair value through profit or loss	
Derivative financial instruments	At fair value through profit or loss

Cash and cash equivalents

The cash and cash equivalents comprise short-term, liquid funds with original maturities of less than three months from the date of acquisition.

Marketable securities and bonds

Securities are allocated to the category “At fair value through other comprehensive income”. Following their initial recognition, these are reported at their fair value (exchange or market price), with gains or losses recognised as a separate revaluation reserve under equity.

Trade accounts receivable and contract assets

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. A receivable is recognised when there is an unconditional right to consideration from the customer (i.e., maturity occurs automatically through the passing of time). After initial recognition, receivables are measured at amortised cost less any impairment losses. For trade receivables and contract assets, init applies the simplified approach to calculate its expected credit losses. Therefore, init does not track changes in credit risk, but instead records an allowance for credit losses at each reporting date based on the expected credit losses (ECL) over their lifetime. The group has prepared an allowance matrix based on its past experience of credit losses, adjusted for forward-looking factors specific to the borrower and the economic environment. Likewise, impairment losses are also recognised on contract assets if penalties are foreseeable or indications of default by the borrower can be identified. Other gains and losses are recognised in profit or loss when the receivables are derecognised or impaired. Contract assets represent the balance of costs incurred plus the profits of unbilled projects less any payments received in advance.

Derivative financial instruments and hedge accounting

The group uses derivative financial instruments such as forward exchange contracts, currency options and swap transactions to hedge against interest change and currency risks. These derivative financial instruments are reported at their fair value at the time the contract is entered into and are subsequently measured at their fair value in following periods. Derivative financial instruments are reported as assets if their fair value is positive and as liabilities if their fair value is negative.

Gains or losses from changes in the fair value of derivative financial instruments that do not meet the hedge accounting criteria are immediately recognised through profit or loss.

The fair value of forward exchange contracts is determined with reference to the current forward exchange rates for contracts with similar maturity structures.

Hedge accounting is not currently applied by the group.

Inventories

Upon initial recognition, inventories are measured at cost. On the reporting date, they are measured at the lower of cost and net realisable value. Inventories of similar, inseparable inventories are measured using the weighted average cost formula. If the net realisable value of inventories which were previously written down by an impairment loss has since increased, the impairment loss is reversed to write the items back up, but not beyond their historical cost. The change in impairment is recognised through profit or loss. The production costs comprise both direct costs and the manufacturing and material overheads incurred in production, depreciation and other production-related expenses.

Property, plant and equipment

Unless recorded as right-of-use assets, property, plant and equipment are measured at acquisition cost less scheduled depreciation. The depreciation of historical cost follows the straight-line method over the following customary useful lives: These have remained unchanged on the previous year:

Buildings	25-50 years
Plant and machinery	3-5 years
Furniture, fixtures and office equipment	3-10 years

If there are indications of impairment, property, plant and equipment are tested for impairment in accordance with IAS 36.

Right-of-use assets

The group records right-of-use assets at the commencement date of the leased asset. According to IFRS 16.23, the commencement date is when the leased asset has been made available to the group by the lessor in a usable condition. Right-of-use assets are carried at cost less accumulated depreciation and impairment losses and are adjusted in the event of a revaluation of lease liabilities. The costs of right-of-use assets include the amount of recognised lease liabilities, the initial direct costs and lease payments made less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Depending on their asset class, the following depreciation periods apply for right-of-use assets: These have remained unchanged on the previous year:

Office buildings	1-20 years
Vehicles	3-5 years
IT equipment	3-5 years
Other	2-10 years

Reference is made to note 19 for information on right-of-use assets and note 27 for information on lease liabilities.

Investment property

The land and buildings that serve to generate rental income from third parties are treated as investment property. They are measured using the historical cost method. Investment property is depreciated on a straight line basis over its actual useful life of 50 years.

Group as lessor

Leases of the group where all the opportunities and risks inherent in the property are not substantially transferred to the lessee, are classified as operating leases. The corresponding income is recognised on a straight-line basis over the term of the lease. There are no finance leases where the group acts as the lessor.

Other intangible assets

Other intangible assets included of customer bases acquired in business combinations and licenses.

Purchased intangible assets are measured at acquisition cost and amortised using the straight-line method over their useful life of three to ten years.

Development expenses meeting the recognition criteria are presented as internally-generated intangible assets in accordance with IAS 38. For more information on this matter, please refer to note 21.

Interests in associated companies

Interests in associated companies comprise investments in companies accounted for using the equity method. On acquisition, these are measured at cost. Subsequent measurement takes into account the investor's share in the results of the company, any profit distributions made and any impairments to be recognised on the equity investment. If there is objective evidence that the net investment in the associated company is impaired, it is tested as a whole for impairment in accordance with IAS 36. If the recoverable amount is less than the amortised carrying amount of the net investment, it is written down to the recoverable amount.

Impairment of non-monetary assets

Long-lived non-monetary and intangible assets are checked for impairment if events or changes have occurred which suggest that the carrying amount of an asset can no longer be realised. Goodwill is tested for impairment once a year or if events or changes have occurred which suggest that the carrying amount of an asset can no longer be realised. Where the facts and circumstances indicate an impairment, the carrying amounts of the assets are compared with their estimated future income. For goodwill, this comparison takes place for the group as a whole, as the group consists of only one carrying unit. If necessary, the assets are written down to the lower of cost or market.

Current income tax assets and liabilities

Current income tax assets include claims against the tax authorities arising from advance payments of corporate income tax and trade tax that have to be refunded to the companies concerned due to current losses. It also includes tax assets arising from advance payments of corporate income tax and trade tax in excess of the calculated tax liability for the year. Current income tax liabilities include corporation and trade tax liabilities for the tax liability of the reporting period and for years that have not yet been assessed.

Deferred tax assets and deferred tax liabilities

The company determines its deferred income taxes using the comprehensive balance sheet method. Accordingly, deferred tax assets and deferred tax liabilities are recognised in accordance with IAS 12 as income taxes to account for the tax consequences of differences between the balance sheet measurements of assets and liabilities and the corresponding tax assessment bases, as well as for the future utilisation of unused tax losses. The deferred tax assets and deferred tax liabilities are calculated on the basis of the prevailing tax rates for the taxable profit in the year in which the differences are expected to be reversed. The effect of changes in the tax rates on deferred tax assets and deferred tax liabilities is accounted for in the period in which the amendment of the law takes effect. Deferred tax assets are recognised on the unused tax losses carried forward by a subsidiary to the extent that taxable income is likely to be available, so that the loss carried forward can actually be used. The company calculates deferred tax liabilities on the difference between the pro rata share in the equity of a subsidiary in the consolidated balance sheet and the carrying amount of the investment in the tax balance sheet of the group (outside basis differences) if realisation is probable. The company can itself determine the timing of the profit distribution of subsidiaries or reinvestment and therefore recognises deferred taxes only on outside-basis-differences when a distribution is planned or foreseeable.

When the necessary conditions for netting deferred taxes within a tax group are given, deferred tax assets and deferred tax liabilities are netted.

Other non-current assets

The company held gold reserves in the 2024 financial year that were sold in the third quarter. The gold reserve was kept as an investment and held as an alternative form of payment. For this reason, changes in its fair value was considered on the reporting date. These fair value adjustments were posted through profit or loss.

Financial liabilities

Financial liabilities are carried at amortised cost.

Lease liabilities (current and non-current)

init as lessee

The group applies a uniform approach and measurement policy to all leases (with the exception of short-term leases and leases for low-value assets). Short-term leases and leases of low-value assets are posted through profit or loss as incurred. Lease liabilities are recognised to present the payment obligations for leased assets. Right-of-use assets represent the right to use the underlying asset for the period specified in the lease agreement. For further information on right-of-use assets, please refer to note 19.

At the beginning of the lease, the group recognises lease liabilities, being the present value of the minimum lease payments to be made over the lease term. Lease payments include fixed rental payments for the leased assets less any lease incentives or a possible residual value guarantee. The group has no variable lease payments that are index-linked or rate-dependent.

Lease liabilities are remeasured if there is a change in the lease term, lease payments (e.g., change in future payments), or there is a change in the estimate as to whether it is reasonably certain that an option to extend will be exercised or not, due to a significant event over which the lessee has control.

For further information on recognised lease liabilities, please refer to note 27.

Pensions accrued and similar obligations

The pension provisions are calculated using the projected unit credit method for defined benefit plans, taking into account any future remuneration and pension adjustments. Actuarial gains and losses are reported directly in equity through other comprehensive income. Current and past service costs are recorded immediately through profit or loss.

The discount rate for the valuation of the obligations must be determined on the basis of returns, which are generated on the market for high-quality fixed-interest corporate bonds on the balance sheet date. According to the prevailing opinion, these are corporate bonds with an AA rating. The payments based on the obligations are generally calculated taking into account actuarial gains and losses and assumptions are discounted to the balance sheet date using the interest rate for instruments of an equivalent term. A yield curve is therefore used which, depending on the term, represents a yield for AA-rated corporate bonds.

Share-based compensation

Shares are granted in the framework of share-based payments. This involves measuring the fair value of the shares on the grant date and posting the expenses to personnel expenses. This necessitates an adjustment to additional paid-in capital. No options are granted.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

4. Revenues

Revenues are composed of the following amounts:

EUR k	2024	2023
Revenue from project business	135,895	84,591
Revenue from support and maintenance contracts	56,691	50,208
Revenue from deliveries of spare parts and replacements	73,088	76,002
Total	**265,674**	**210,801**

For a breakdown of revenues by region please refer to note 36.

5. Cost of sales

Cost of sales is composed as follows:

EUR k	2024	2023
Cost of materials and purchased services	80,130	58,749
Personnel expenses	65,553	53,229
Amortisation and depreciation	9,464	7,218
Rental expenses	1,643	1,240
Travel and entertainment costs	2,454	1,852
Valuation adjustments on inventories	306	-146
Valuation adjustments on trade accounts receivable	-19	240
Other	7,736	8,027
Total	**167,267**	**130,409**

As in the previous year, vehicle costs as well as repair and maintenance expenses are included in the item "Other". On the other hand, this item also includes income from the reversal of provisions of EUR 2,095k (previous year: EUR 1,795k).

6. Expenses of indirect functions

Sales and marketing expenses

EUR k	2024	2023
Personnel expenses	21,483	17,464
Amortisation and depreciation	2,266	2,029
Rental expenses	394	229
Travel and entertainment costs	1,503	1,443
Advertising expenses	2,841	2,424
Other	2,832	2,521
Total	**31,319**	**26,110**

As in the previous year, the "Other" item comprises sales-related legal expenses and consulting fees, vehicle costs and repair and maintenance expenses. It also includes the effect of offsetting income from the release of provisions.

General administrative expenses

EUR k	2024	2023
Personnel expenses	18,637	14,893
Amortisation and depreciation	2,445	1,973
Rental expenses	443	662
Travel and entertainment costs	863	568
Other	7,793	5,299
Total	**30,181**	**23,395**

As in the previous year, the "Other" item comprises legal expenses and consulting fees, vehicle costs and repair and maintenance expenses. It also includes the effect of offsetting income from the release of provisions.

Research and development expenses

Research and development expenses, which consist mainly of personnel costs, are spread between the development of software and hardware as follows:

EUR k	2024	2023
Software	12,063	11,549
Hardware	1,787	1,477
Total	**13,850**	**13,026**

Research and development expenses lie at the same level as the previous year in absolute terms and result from the high intensity of basic development for products and the continued evolution of existing products.

7. Other operating income

Other operating income consists primarily of government grants from the Federal Government and the European Union of EUR 1,033k (previous year: EUR 1,300k). In addition, EUR 316k (previous year: EUR 721k) results from offsetting benefits in kind. Income from operating leases amounted to EUR 287k (previous year: EUR 297k). Furthermore, income from the disposal of property, plant and equipment amounted to EUR 310k (previous year: EUR 8k).

8. Foreign currency gains and losses

EUR k	2024	2023
Balance of unrealised currency gains and losses	211	2
Balance of realised currency gains and losses	-1,897	129
Total	**-1,686**	**132**

The realised and unrealised gains and losses largely result from effects arising from USD, AED and CAD exposures.

9. Income taxes

EUR k	2024	2023
Current income tax	4,194	3,191
Deferred income tax	2,163	939
Total	**6,357**	**4,130**

The tax expenditure resulting from the application of the tax rate of init SE is reconciled to income tax expenditure in the following table. The tax rate of the German companies of the init group is made up of corporate income tax of 15.0 per cent (previous year: 15.0 per cent) plus the 5.5 per cent solidarity surcharge, and trade tax of 15.05 per cent (previous year: 15.05 per cent). For other countries the tax rate varies between 9 and 28 per cent.

EUR k	2024	2023
Earnings before tax	21,540	19,281
Theoretical income tax expense at 31.0%	6,677	5,977
Tax rate differences for foreign subsidiaries	-842	-1,522
Tax effect of non-deductible / taxable expenses / income	305	716
Tax effects of tax-free asset appropriations	-1,764	-2
Taxes relating to other periods	-124	-1,047
Tax effects from the earnings of associated companies	0	-31
Loss effects	284	0
Other	1,821	39
Effective income tax expense	**6,357**	**4,130**
Effective income tax expense in %	**29.5**	21.4

The tax rate in 2024 lies above that of the previous year but below the theoretical tax rate of 31.0 per cent. This is primarily attributable to the net income of companies with a lower tax rate.

The reconciliation of the deferred tax assets and deferred tax liabilities to the deferred taxes reported in the consolidated income statement is presented below:

EUR k	2024	2023
Changes to deferred tax assets	2,289	23
Changes to deferred tax liabilities	1,144	1,125
Offset and recognised in equity	-1,220	-17
Currency adjustments	-50	-192
Deferred tax expense (+) / income (-)	**2,163**	**939**

10. Net gains and losses from financial instruments

Net gains from the other financial assets and liabilities are as follows:

Interest expense and income:

EUR k	2024	2023
Financial assets at amortised cost	355	279
Interest expenses from financial liabilities at acquisition cost	-2,636	-1,527
Interest expenses from pensions	-261	-303
Interest expenses from leases	-443	-265
Other	-16	78
Total	-3,001	-1,738

Currency effects:

EUR k	**2024**	2023
Financial assets at amortised cost	-213	-246
Financial liabilities at amortised cost	2	246
Financial assets and liabilities measured at fair value through profit or loss	128	45
Total	**-83**	**45**

In addition to impairments and reversals of impairments, the net gains from the loans and receivables also include foreign currency effects.

The net gains and losses from the financial assets and liabilities reported at their fair value through profit or loss essentially include the results from changes in market value.

For information on impairments, please refer to note 16.

11. Earnings per share

Earnings per share are calculated by dividing the consolidated net income allocable to the shareholders of the parent company by the weighted number of shares outstanding (subscribed capital less treasury shares). Since init SE had not issued any stock options by the reporting dates, no diluted earnings per share are reported.

EUR k	**2024**	2023
Net income (shareholders of the parent company) in EUR k	15,183	15,151
Weighted average number of shares outstanding	9,868,398	9,877,366
Basic and diluted earnings per share in EUR	1.58	1.54

12. Paid and proposed dividends

EUR k	2024	2023
Ordinary dividends declared and paid during the financial year	6,913	6,923
Ordinary dividends proposed at the Shareholders' Meeting for approval (not reported as a liability on 31 December) Dividend for FY 2024: 80 cents per share (FY 2023: 70 cents per share)	7,938	6,913

13. Personnel expenses

Personnel expenses totalled EUR 119,391k (previous year: EUR 98,574k).

Cost of sales includes the following amounts:

EUR k	2024	2023
Wages and salaries	55,342	43,878
Social security contributions	8,637	7,436
Pension costs	1,195	1,332
Share-based payment expense	379	583
Total	**65,553**	**53,229**

Sales and marketing expenses include the following amounts:

EUR k	2024	2023
Wages and salaries	18,614	14,820
Social security contributions	2,312	1,953
Pension costs	322	373
Share-based payment expense	235	318
Total	**21,483**	**17,464**

General administrative expenses include the following amounts:

EUR k	2024	2023
Wages and salaries	15,915	12,828
Social security contributions	1,911	1,556
Pension costs	662	307
Share-based payment expense	149	203
Total	**18,637**	**14,894**

Research and development expenses include the following amounts:

EUR k	2024	2023
Wages and salaries	11,492	10,789
Social security contributions	2,075	1,918
Pension costs	151	280
Total	**13,718**	**12,987**

NOTES TO THE CONSOLIDATED BALANCE SHEET

14. Cash and cash equivalents

EUR k	2024	2023
Cash at banks (current accounts)	23,520	27,256
Short-term deposits (fixed-term deposits/call money)	3	47
Total	**23,523**	**27,303**

15. Marketable securities and bonds

This item refers to marketable securities and bonds with a total fair value of EUR 30k (previous year: EUR 30k). Due to being measured at fair value, securities and bonds were written up by EUR 2k in the previous year to their fair value, (exchange price on the reporting date) with the gain posted through profit or loss. There were no such fair value adjustments in the reporting year.

16. Trade accounts receivable and contract assets

EUR k	2024	2023
Gross trade accounts receivable	48,802	44,514
Less cumulative loss allowances	-999	-1,018
Subtotal	47,803	43,496
Contract assets	39,929	21,560
Total	**87,732**	**65,056**

The loss allowances for trade accounts receivable developed as follows:

EUR k	2024	2023
As of 01/01	1,018	850
Addition	178	247
Utilised	-55	-6
Unused amounts reversed	-161	-53
Currency effects	19	-20
As of 31/12	**999**	**1,018**

The expenses from the addition to loss allowances for the year as well as the income from unused amounts reversed are included in the income statement under “Cost of sales”.

The value of contract assets is a result of multiplying the percentage of completion with the payments received in advance. For contract assets, value-impairing factors which may primarily result from changes in contractual values are continuously considered in the concurrent project costing.

At the reporting date, there were no indications to suggest that any debtors of trade accounts receivable or contract assets would not meet their financial obligations as recognised in the accounts.

Project business

Revenue from project business that is recognised over time but not yet completed as of the reporting date is presented as follows:

EUR k	2024	2023
Costs incurred plus the results of unbilled projects	246,924	187,829
Less advance payments received	-227,387	-182,634
Balance	**19,537**	**5,195**
thereof: contract assets	39,929	21,560
thereof: contract liabilities	20,392	16,364

17. Inventories

EUR k	2024	2023
Raw materials, consumables and supplies	21,507	16,533
Goods and finished products	32,476	29,053
Advance payments to suppliers	3,230	3,690
Total	**57,213**	**49,276**

Merchandise and finished goods are combined in one line item on account of the production circumstances. The impairment loss was taken into account in the cost of sales (note 5).

18. Other current assets

EUR k	2024	2023
Prepaid expenses	4,176	2,124
Other tax refund claims	1,494	806
Incremental costs of obtaining contracts	0	56
Due from personnel	198	771
Other	806	1,009
Total	**6,674**	**4,766**

The increase in prepaid expenses is mainly attributable to new support and maintenance contracts with a term beyond the end of the year as well as guarantees.

On the reporting date, there were no indications to suggest that the value of the other assets was impaired.

The tax refund claims are mainly input tax refund claims against other European states inside and outside the EU.

The capitalised incremental costs of obtaining contracts are amortised over the duration of the respective projects based on the percentage of completion.

19. Property, plant and equipment and right-of-use assets

Property, plant and equipment

EUR k	Land and buildings	Plant and machinery	Furniture, fixtures and office equipment	Prepayments and assets under construction	Total
Acquisition and production costs					
As of 01/01/2024	41,026	4,571	20,284	0	65,881
Additions in current financial year	608	1,381	3,364	1,275	6,628
Disposals in current financial year	678	152	785	42	1,657
Reclassifications in current financial year	1,172	64	228	-1,241	223
Currency differences	771	201	279	17	1,268
Change in the basis of consolidation	4	108	209	51	372
As of 31/12/2024	42,903	6,173	23,579	60	72,715
Depreciation					
As of 01/01/2024	8,813	2,543	14,428	0	25,784
Additions in current financial year	1,355	489	3,048	0	4,892
Disposals in current financial year	162	130	737	0	1,029
Reclassifications in current financial year	0	0	223	0	223
Impairment	0	0	0	0	0
Change in the basis of consolidation	0	0	115	0	115
Currency differences	132	119	205	0	456
As of 31/12/2024	10,138	3,021	17,282	0	30,441
Carrying amount as of 31/12/2024	**32,765**	**3,152**	**6,297**	**60**	**42,274**

The property, plant and equipment essentially concern the administration buildings at Kaeppelestrasse 4 and 4a in Karlsruhe, the building in Chesapeake, USA, as well as office equipment and technical equipment. Depreciation follows the straight-line method over the average useful life of the asset. Scheduled depreciation in 2024 totalled EUR 4,892k (previous year: EUR 4,048k) and is included in the consolidated income statement under “Cost of sales”, “Sales and marketing expenses” and “General administrative expenses”.

Currently there are no restrictions on the right of disposal. The loans for financing the two office buildings are fully secured by land charges of EUR 0.4m (previous year: EUR 0.7m).

EUR k	Land and buildings	Plant and machinery	Furniture, fixtures and office equipment	Prepayments and assets under construction	Total
Acquisition and production costs					
As of 01/01/2023	40,845	5,457	18,030	0	64,332
Additions in current financial year	605	1,005	2,476	2	4,088
Disposals in current financial year	0	472	749	0	1,221
Reclassifications in current financial year	0	-1,319	624	-2	-697
Currency differences	-424	-100	-97	0	-621
As of 31/12/2023	41,026	4,571	20,284	0	65,881
Depreciation					
As of 01/01/2023	7,606	3,662	12,529	0	23,797
Additions in current financial year	1,269	439	2,340	0	4,048
Disposals in current financial year	0	446	721	0	1,167
Reclassifications in current financial year	0	-1,043	346	0	-697
Currency differences	-62	-69	-66	0	-197
As of 31/12/2023	8,813	2,543	14,428	0	25,784
Carrying amount as of 31/12/2023	**32,213**	**2,028**	**5,856**	**0**	**40,097**

Right-of-use assets

The carrying amounts of the right-of-use assets recognised in the balance sheet and the changes during the reporting period are presented below:

EUR k	Office buildings	Vehicles	IT equipment	Other	Total
Acquisition and production costs					
As of 01/01/2024	34,796	2,082	366	591	37,835
Additions in current financial year	6,817	1,002	10	125	7,954
Disposals in current financial year	1,558	583	163	0	2,304
Reclassifications in current financial year	0	0	0	0	0
Currency differences	253	1	9	-1	262
Change in the basis of consolidation	1,602	73	180	11	1,866
As of 31/12/2024	41,910	2,575	402	726	45,613
Depreciation					
As of 01/01/2024	12,503	1,016	213	145	13,877
Additions in current financial year	4,137	669	84	125	5,015
Disposals in current financial year	1,558	583	163	0	2,304
Reclassifications in current financial year	0	0	0	0	0
Change in the basis of consolidation	0	0	0	0	0
Impairment	277	0	0	0	277
Currency differences	107	1	3	-1	110
As of 31/12/2024	15,466	1,103	137	269	16,975
Carrying amount as of 31/12/2024	**26,444**	**1,472**	**265**	**457**	**28,638**

EUR k	Office buildings	Vehicles	IT equipment	Other	Total
Acquisition and production costs					
As of 01/01/2023	32,931	1,790	236	218	35,175
Additions in current financial year	2,326	849	136	431	3,742
Disposals in current financial year	319	558	0	60	937
Currency differences	-142	1	-6	2	-145
As of 31/12/2023	34,796	2,082	366	591	37,835
Depreciation					
As of 01/01/2023	9,409	999	158	107	10,673
Additions in current financial year	3,466	573	59	97	4,195
Disposals in current financial year	319	557	0	60	936
Currency differences	-53	1	-4	1	-55
As of 31/12/2023	12,503	1,016	213	145	13,877
Carrying amount as of 31/12/2023	**22,293**	**1,066**	**153**	**446**	**23,958**

Right-of-use assets consist mainly of rented office buildings. This mainly pertains to the buildings of init SE at Kaeppelestrasse 6 in Karlsruhe with a right of use of EUR 10,677k as of year-end 2024, and iris-GmbH, Berlin with a right of use of EUR 4,248k and DILAX DE of EUR 1,041k. Additions consist of the initial recognition of the rental agreements of the DILAX Group in the course of its first-time consolidation, as well as the effect of exercising options to prolong leases for some buildings and vehicles.

Depreciation of right-of-use assets in the 2024 financial year amounted to EUR 4,137k (previous year: EUR 3,100k) recorded on office buildings, EUR 669k (previous year: EUR 573k) on motor vehicles, and the remainder on smaller IT equipment and miscellaneous equipment. Of this amount, EUR 209k is attributable to the prolongation of contracts in the financial year.

For further information on specific topics of IFRS 16, please refer to notes 26 and 27.

The residual value of property, plant and equipment and right-of-use assets amounted to EUR 70,912k (previous year: EUR 64,055k).

20. Investment property

EUR k	**2024**	2023
Acquisition costs as of 01/01	1,635	1,616
Additions in financial year	0	28
Disposals in financial year	291	0
Reclassifications to property, plant and equipment in the financial year	0	0
Currency differences	14	-9
Acquisition costs as of 31/12	1,358	1,635
Depreciation as of 01/01	284	264
Additions in financial year	21	22
Disposals in financial year	75	0
Reclassifications to property, plant and equipment in the financial year	0	0
Currency differences	4	-2
Depreciation as of 31/12	234	284
Carrying amount as of 31/12	**1,124**	**1,351**

Composition of earnings from investment property during the reporting period:

EUR k	**2024**	2023
Rental income from investment property	287	297
Direct operating expenses* used to generate rental income	33	28

* including maintenance and repair

The group does not face any restrictions on the disposal of investment property, nor does it have any contractual commitments to purchase, build or develop any investment property.

Investment property is measured at amortised cost plus incidental costs and recognised on the balance sheet at a carrying amount of EUR 1,124m (previous year: EUR 1,351m). The buildings are depreciated on a straight-line basis over a useful life of 50 years.

One investment property was sold in the financial year. This led to a disposal of the historical costs of EUR 291k and the associated depreciation of EUR 75k. Income from the disposal of this asset came to EUR 79k and is presented under other operating income.

The fair value at the end of the reporting period approximately corresponds to the carrying amount and was determined using the discounted cash flow method. The measurement of investment property is dependent upon the assumptions used to calculate future cash flows. Changes in the interest rate, the expected price developments and market conditions affect the future cash flows and, in consequence, the amount of the fair values.

The operation, maintenance and care of the land and buildings are handled by the respective tenants, who also bear the related costs.

21. Goodwill and other intangible assets

EUR k	Goodwill	Internally generated software / product developments	Customer base	Licenses	Total
Acquisition and production costs					
As of 01/01/2024	12,488	18,213	24,376	10,942	66,019
Additions in current financial year	0	11,322	0	162	11,484
Disposals in current financial year	0	0	0	143	143
Change in the basis of consolidation	838	3,724	7,220	159	11,941
Currency differences	0	0	0	36	36
Reclassifications	0	0	0	2	2
As of 31/12/2024	13,326	33,259	31,596	11,158	89,339
Amortisation					
As of 01/01/2024	0	8,491	13,627	5,919	28,037
Additions in current financial year	0	480	2,288	1,223	3,991
Disposals in current financial year	0	0	0	134	134
Change in the basis of consolidation	0	0	0	4	4
Currency differences	0	0	0	8	8
Reclassifications	0	0	0	2	2
As of 31/12/2024	0	8,971	15,915	7,022	31,908
Carrying amount as of 31/12/2024	**13,326**	**24,288**	**15,681**	**4,136**	**57,431**

EUR k	Goodwill	Internally generated software / product developments	Customer base	Licenses	Total
Acquisition and production costs					
As of 01/01/2023	12,488	11,275	24,376	9,494	57,633
Additions in current financial year	0	6,938	0	1,498	8,436
Disposals in current financial year	0	0	0	21	21
Currency differences	0	0	0	-19	-19
Reclassifications	0	0	0	-10	-10
As of 31/12/2023	12,488	18,213	24,376	10,942	66,019
Amortisation					
As of 01/01/2023	0	8,483	11,679	4,938	25,100
Additions in current financial year	0	8	1,948	1,014	2,970
Disposals in current financial year	0	0	0	20	20
Currency differences	0	0	0	-3	-3
Reclassifications	0	0	0	-10	-10
As of 31/12/2023	0	8,491	13,627	5,919	28,037
Carrying amount as of 31/12/2023	**12,488**	**9,722**	**10,749**	**5,023**	**37,982**

Amortisation of other intangible assets and depreciation of property, plant and equipment of EUR 14,175k (previous year: EUR 11,220k) is included in the income statement under “Cost of sales” (EUR 9,464k), “Sales and marketing expenses” (EUR 2,266k) and “General administrative expenses” (EUR 2,445k). Changes to the basis of consolidation from the acquisition of DILAX led to additions of goodwill, internally-generated software, customer relationships and licenses. Reference is made to the note on corporate acquisitions for more information.

The additions of internally-generated software and product developments during the financial year include development projects of EUR 11,322k.

Impairment test of goodwill

To date, it has not been necessary to record any impairment on goodwill.

The recoverable amount of cash-generating units is determined on the basis of a calculation of their value in use using cash flow projections based on budgetary accounting approved by the Managing Board for a period of three years. The init group comprises four cash-generating units (CGUs): the iris group, HanseCom, DILAX and the rest of the init group companies. The goodwill identified in connection with business combinations is allocated to these four CGUs as a group of cash-generating units in accordance with IAS 36.80. Therefore, impairment testing of goodwill is performed at the level of the group. The before-tax interest rate applied for the discounting is 12.1 per cent (previous year: 11.7 per cent).

The following assumptions involve forecast uncertainties:

- Revenue
- Free cash flow
- Discount rate

Revenues: Revenues are planned on the basis of the order backlog, the open and announced tenders, offers made and past experience. Revenues are expected to grow in the detailed planning period (3 years). A growth rate of 1.0 per cent was applied for the period thereafter.

Free cash flow: Free cash flow is derived from the planned EBIT minus notional taxes, investments and changes in the net working capital as well as by adding back depreciation and amortisation. Historical figures are drawn on for this calculation.

Discount rate: The discount rate reflects the estimate of the company management with regard to the risks of the cash-generating units. Taking into account the peer group, an interest rate of 8.3 per cent (previous year: 7.7 per cent) was applied for the weighted average cost of capital. Cash flows arising after the period of three years are determined using a growth factor of 1.0 per cent (previous year: 1.0 per cent).

With a 23.2 per cent reduction in sales and a 28.3 per cent reduction in free cash flow, the realisable amount of the business or company value corresponds to the book value. An increase in the interest rate by 1.3 percentage points leads to the book value being congruent with the realisable amount of the business or company value.

Sensitivity analysis on the assumptions

In order to assess the recoverability of goodwill, the group performs sensitivity analyses in the course of the impairment test. In doing so, assumptions considered possible, such as an increase in the interest rate, a reduction in planned sales, and a reduction in the planned free cash flow of the cash-generating unit, are taken into account for each planning year. An increase of 1, 2 or 3 percentage points in the interest rate, respectively, did not reveal any need to record an impairment loss on goodwill. Likewise, a respective decrease of 6, 9 or 12 percentage points in revenues compared to the baseline planning does not reveal any need to record an impairment loss on goodwill either. Likewise, a decrease of 6, 9 or 12 percentage points in free cash flow on the baseline planning did not reveal any need to record an impairment loss on goodwill.

Other intangible assets

Internally generated software and product developments

These internally generated intangible assets are recognised at amortised cost. Development expenses of EUR 11,322k (previous year: EUR 6,938k) were recognised as internally generated intangible assets in the financial year. Amortisation of EUR 480k was recorded on these items (previous year: EUR 8k). The remaining carrying amount therefore comes to EUR 24,288k on the reporting date (previous year: EUR 9,722k).

Customer bases and licenses

The licences include external software costs as well as programming and consulting of EUR 4,136k (previous year: EUR 5,023k). Expansions of the ERP system were recognised in the financial year at their cost value of EUR 33k. Amortisation of licenses amounts to EUR 1,223k (previous year: EUR 1,014k) and the amortisation of the ERP system to EUR 939k (previous year: EUR 695k).

Customer bases include the customer bases acquired during the acquisitions of iris-GmbH in 2016 of EUR 7,952k (previous year: EUR 9,633k), HanseCom in 2016 of EUR 460k (previous year: EUR 599k), Mattersoft in 2018 of EUR 388k (previous year: EUR 517k) and the DILAX Group in 2024 of EUR 6,881k. The figures for DResearch GmbH, which was merged with its shareholder in 2024, are now included in the customer base of iris GmbH.

The associated amortisation amounts to EUR 2,288k (previous year: EUR 1,948k).

22. Interests in associated companies

The associated company maBinso software GmbH, Hamburg, is not publicly listed. The business of maBinso is the creation, sale and operation of software as well as the related consulting for public transport operators. Earnings after tax amounts to EUR 640k (previous year: EUR 309k). The pro-rata result of the init group for 2024 is EUR 307k. A distribution of EUR 144k was paid out in the 2024 financial year. Amortisation of investments in associated companies was not required. Total current and non-current assets amount to EUR 2,375k (previous year: EUR 1,809k), which corresponds to the balance sheet total. Total current and non-current liabilities amount to EUR 783k (previous year: EUR 557k).

23. Deferred taxes

Deferred tax assets and liabilities are allocable to the line items of the balance sheet as follows:

EUR k	2024	2023
Deferred tax assets		
Receivables	1,217	574
Inventories	6,052	2,029
Property, plant and equipment	0	0
Other assets	420	1,917
Provisions	579	634
Pensions accrued and similar obligations	731	1,513
Unused tax losses carried forward	6,561	0
Total deferred tax assets	**15,560**	**6,667**
Deferred tax liabilities		
Contract assets	7,861	916
Other assets	0	23
Property, plant and equipment	2,204	772
Technology and customer base	18	3,090
Other intangible assets	10,120	2,895
Other liabilities	259	441
Total deferred tax liabilities	**20,462**	**8,137**

Deferred tax assets of EUR 6.561k have been recognised on the unused tax losses carried forward of EUR 21.473k (CIT) and EUR 19.441k (trade tax). Deferred tax liabilities exceed this sum and can be used to offset deferred tax assets. Furthermore, based on the business plan, it is assumed that the unused tax losses can be utilised in future.

As of 31 December 2024, the unrecognised corporate income tax loss carryforwards amounted to EUR 7,546k (previous year: EUR 841k) and the unrecognised trade tax loss carryforwards amounted to EUR 6,871k (previous year: EUR 65k). The significant increase compared to the previous year is due to the acquisition of DILAX. The resulting unrecognised deferred tax assets amount to EUR 2,235k (previous year: EUR 152k). Based on the planning outlook, it is not expected that the tax loss carryforwards in question will be used.

As of 31 December 2024, no deferred tax liabilities were recognised on the earnings retained by subsidiaries since no corresponding distributions are planned for the foreseeable future. If such distributions were made, the tax burden would be insignificant for the group.

In the reporting period, EUR 13,022k in deferred tax assets and liabilities were netted. This results in reported balance sheet values of EUR 2,538k in deferred tax assets and EUR 7,440k in deferred tax liabilities.

The income tax assets of EUR 2,753k mainly relate to Germany and North America.

24. Other non-current assets

EUR k	2024	2023
Asset value of pension liability insurances	1,390	1,633
Security deposits*	691	475
Gold stock	0	1,496
Other*	52	12
Total	**2,133**	**3,616**

* Non-current financial assets

On the reporting date, there were no indications to suggest that the value of other assets which are not measured at fair value was impaired.

25. Liabilities

	31/12/2024			31/12/2023		
		Remaining term			Remaining term	
EUR k	Total	< 1 year	> 1 year	Total	< 1 year	> 1 year
Bank loans (current and non-current)	69,391	39,418	29,973	45,345	19,665	25,680
Trade accounts payable	13,580	13,580	0	11,961	11,961	0
Contract liabilities	20,392	20,392	0	16,364	16,364	0
Advance payments received	1,597	1,597	0	3,117	3,117	0
Income tax payable	3,615	3,615	0	3,616	3,616	0
Other liabilities (current)	19,661	19,661	0	15,923	15,923	0

Of the contract liabilities carried in the previous year of EUR 16,364k, almost all were settled in 2024.

Terms relating to the above financial liabilities:

The bank loans of EUR 69,391k (previous year: EUR 45,345k) consist of the non-current portion of long-term loans of EUR 138k (previous year: EUR 397k) for financing the buildings at Kaeppelestrasse 8 / 8a and 10 which are fully secured by a land charge and the current portion of EUR 258k (previous year: EUR 258k). In addition, there are loans for acquisition financing of EUR 15,985k (previous year: EUR 4,944k), investment loans of EUR 21,549k (previous year: EUR 26,060k) as well as a short-term loan of EUR 1,250k (previous year: EUR 2,917k).

A short-term loan of EUR 1,250k has minimum capital requirements (covenants) attached. A dynamic debt ratio of 3.5 must not be exceeded. If the covenants are breached, the loan falls due for immediate repayment. Due to the close monitoring and planning of this covenant, as well as the current liabilities and EBITDA, init does not expect that this covenant will be breached in the future.

The following cash lines and bank guarantees are in place:

EUR k		Overall line	thereof cash line	thereof guarantee	thereof cash or bank guarantee
Banks	**2024**	105,583	538	43,436	61,609
Credit insurance companies	**2024**	140,978	0	140,978	0
Banks	2023	103,998	6,898	42,500	54,600
Credit insurance companies	2023	84,600	0	84,600	0

The cash lines and bank guarantees are sufficient to finance the further growth of the company. As of 31 December 2024, EUR 30,212k had been drawn on the cash lines (previous year: EUR 7,556k) and EUR 146,924k on the lines of bank guarantees (previous year: EUR 76,878k).

Of the total credit lines of EUR 246,561k available to the group (previous year: EUR 188,598k), an amount of EUR 69,425k had not been drawn (previous year: EUR 104,164k).

No interest is charged on trade accounts payable.

For the terms and conditions relating to trade accounts payable to related parties, please refer to note 35.

For the terms and conditions relating to the liabilities from derivative financial instruments included in the other liabilities, please refer to note 31.

26. Other liabilities (current and non-current)

	31/12/2024			31/12/2023		
		Remaining term			Remaining term	
EUR k	**Total**	< 1 year	> 1 year	Total	< 1 year	> 1 year
Tax liabilities	3,938	3,938	0	3,270	3,270	0
Due to personnel	11,617	11,617	0	10,743	10,743	0
Social security liabilities	692	692	0	542	542	0
Sundry	3,414	3,414	0	1,368	1,368	0
Total	**19,661**	**19,661**	**0**	**15,923**	**15,923**	**0**

27. Lease liabilities (current and non-current)

The maturities of discounted lease liabilities carried in the balance sheet are as follows:

As of 31/12/2024 EUR k	Office buildings	Vehicles	Minor IT equipment	Other	Total
Within 1 year	4,207	649	124	40	5,020
Between 1 and 5 years	12,577	843	150	117	13,687
More than 5 years	10,463	0	0	0	10,463

As of 31/12/2023 EUR k	Office buildings	Vehicles	Minor IT equipment	Other	Total
Within 1 year	3,196	477	47	32	3,752
Between 1 and 5 years	9,222	564	113	27	9,926
More than 5 years	10,261	0	0	0	10,261

Future lease payments (undiscounted) break down into the following maturity bands:

As of 31/12/2024 EUR k	Office buildings	Vehicles	Minor IT equipment	Other	Total
Within 1 year	4,658	696	134	42	5,530
Between 1 and 2 years	4,454	489	75	38	5,056
Between 2 and 3 years	3,882	295	42	32	4,251
Between 3 and 4 years	3,279	85	39	28	3,431
Between 4 and 5 years	2,271	0	3	21	2,295
More than 5 years	11,231	0	0	0	11,231

As of 31/12/2023 EUR k	Office buildings	Vehicles	Minor IT equipment	Other	Total
Within 1 year	3,510	511	53	33	4,107
Between 1 and 2 years	2,809	366	33	14	3,222
Between 2 and 3 years	2,576	180	19	7	2,782
Between 3 and 4 years	2,384	52	28	7	2,471
Between 4 and 5 years	2,103	0	27	4	2,134
More than 5 years	10,885	0	0	0	10,885

The annual lease liabilities of the init group total EUR 4,658k, of which EUR 657k is attributable to the rented office building in Karlsruhe (lease expires at the end of 2042).

The following table shows the carrying amounts of the lease liabilities and the changes during the reporting period:

EUR k	**2024**	**2023**
As of 1 January	**23,939**	**24,508**
Additions	9,970	3,842
Interest expenses	443	265
Payments	-5,182	-4,676
As of 31 December	**29,170**	**23,939**
thereof current	5,020	3,752
thereof non-current	24,150	20,187

The following amounts were recognised in profit or loss in the reporting period:

EUR k	**2024**	2023
Depreciation expense during the financial year	5,015	4,195
Impairments in the financial year	277	0
Interest expense on lease liabilities	443	265
Expenses relating to short-term leases	12	0
Expenses relating to leases for low-value assets	33	33
Total amount recognised in profit or loss	**5,780**	4,493

28. Provisions

EUR k	As of 01/01/2024	Currency differences	Utilised	Unused amounts reversed	Addition	Acquisition of subsidiaries	As of 31/12/2024
Provisions for warranties	3,411	58	422	1,045	513	982	3,497
Provisions for onerous projects	835	1	0	444	227	0	619
Other provisions	1,468	19	649	810	848	1,075	1,951
Total	**5,714**	**78**	**1,071**	**2,299**	**1,588**	**2,057**	**6,067**

EUR k	As of 01/01/2023	Currency differences	Utilised	Unused amounts reversed	Addition	Acquisition of subsidiaries	As of 31/12/2023
Provisions for warranties	4,746	-35	1,090	2,324	2,114	0	3,411
Provisions for onerous projects	573	0	0	43	305	0	835
Other provisions	3,679	-20	190	2,860	859	0	1,468
Total	**8,998**	**-55**	**1,280**	**5,227**	**3,278**	**0**	**5,714**

The provisions for warranties were calculated on the basis of a percentage of average sales in the past two years determined from empirical figures in the past. The assumptions made for the current period agree with those applied in the previous year. It is expected that the provision will be utilised within the coming 12 months. The provisions for non-contractual costs essentially consist of the costs of work to be performed on a goodwill basis for contracts with customers that have already been billed.

The provisions for onerous projects were set up on the grounds of challenging technological requirements as well as various new developments in one project that were identified in the day-to-day project costing.

The other provisions include provisions for other project risks and personnel provisions.

29. Pensions accrued and similar obligations

There are both defined benefit plans and defined contribution plans in place for the employees of init SE, INIT GmbH, IMSS and DILAX DE. The liabilities include obligations from current pensions and for pension entitlements of future retirees. These pension commitments grant employees an old-age pension (independent of salary) after attaining the age of 63 (Dr. Gottfried Greschner after departing the Managing Board of init SE and after departing as Managing Director of subsidiaries). Risks inherent to defined benefit plans are that they are affected by the capital markets and demographic change. In order to mitigate these risks only defined contribution plans have been offered for a number of years now.

The following parameters were taken into consideration:

Discount rate in per cent (previous year)	3.37 (3.16)
Biometric inputs	Klaus Heubeck's "Richttafeln G" (mortality tables) of 2018
Pension trend in per cent (previous year)	4.00 (4.00)
Employee turnover in per cent (previous year)	0.00 (0.00)

The company's pension provisions as of the reporting dates developed as follows:

EUR k	**2024**	2023
Defined benefit obligation (DBO) at the beginning of the year	8,079	7,779
Service cost	34	33
Interest cost	260	280
Actuarial gains (-) / losses (+)	-401	54
Pension payments	-106	-67
Acquisition of the pension provision of DILAX DE	384	0
DBO at the end of the year	8,250	**8,079**
Plan assets	-443	-443
Pension provisions	7,807	**7,636**

The plan assets contain the asset value of pension liability insurance as well as deposits on a pledged account and developed as of the reporting date as follows:

EUR k	**2024**	2023
Fair value of the plan assets at the beginning of the year	443	443
Interest income from plan assets	0	0
Financial actuarial gains (+) / losses (-)	0	0
Contributions to the plan assets by the group	0	0
Fair value of the plan assets at the end of the year	**443**	**443**

With regard to the defined benefit plans, the expenses for pension payments consist of the following:

EUR k	**2024**	2023
Service cost	34	33
Interest cost	260	280
Expenses for pension payments	**294**	**313**

In the income statement, service costs are reported under “Cost of sales” (EUR 24k), “Sales and marketing expenses” (EUR 4k) and “General and administrative expenses” (EUR 6k) and the interest expense in the respective item of the same name.

EUR k	2024	2023
Accumulated actuarial gains carried under shareholders’ equity, after deducting deferred taxes	-822	-1,096

EUR k	2024	2023
Defined benefit obligation (DBO) as of 31/12	8,250	8,079
Experience adjustments	-195	-333

The pension provisions attributable to key management personnel totalled EUR 3,774k (previous year: EUR 4,121k). Of this, an amount of EUR 389k (previous year: EUR 450k) pertains to two former Managing Board members.

Sensitivities of the principal actuarial assumptions

The interest rate as well as life expectancy have been identified as principal actuarial assumptions. Changes would have the following implications:

Implications for the DBO	+0.5% interest rate	-0.5% interest rate	+1 year life expectancy	-1 year life expectancy
2024	-459	505	140	-132
2023	-179	748	696	-182

The same method was applied to calculate the sensitivity of the DBO as that used to calculate the defined benefit obligation itself.

Asset / liability matching strategy

Pension insurance contracts of EUR 201k (previous year: EUR 201k) have been entered into to cover risks. A further EUR 242k (previous year: EUR 242k) has been deposited on a pledged bank account. Due to the small amount involved, the remaining obligations are financed from current cash flows.

Future cash flows

Expected pension payments (EURk):

2025	2026	2027	2028	2029	2030/2034
452	462	471	490	494	2,506

Previous year

2024	2025	2026	2027	2028	2029/2033
397	416	426	434	454	2,312

The weighted average maturity of the DBO of the defined benefit plans is 12 years (previous year: 12 years).

Defined contribution plans

In the 2002 financial year, init changed its pension plan regulations for new commitments. Accordingly, the company no longer enters into any new direct commitments. The expense for defined contribution plans amounts to EUR 550k (previous year: EUR 575k). Of this amount, EUR 202k (previous year: EUR 174k) is attributable to key management personnel.

30. Equity

Subscribed capital

The capital stock consists of 10,040,000 no-par bearer shares with an imputed share of capital of EUR 1.00 each. The shares have been issued and are fully paid in.

Shares outstanding:

	2024	2023
As of 01/01	9,840,261	9,899,815
Purchase of treasury shares	0	-91,384
Issue of shares to Managing Board, managing directors and key personnel	35,882	31,830
As of 31/12	**9,876,143**	**9,840,261**

Shares of init SE held by members of the Managing Board and the Supervisory Board:

Managing Board	Number of shares
Dr. Gottfried Greschner, CEO *	3,470,000
Dr. Jürgen Greschner, CSO (until 30/09/2024)	96,600
Martin Timmann, CRO (from 01/10/2024)	3,055
Dr. Marco Ferber, CFO	2,750
Matthias Kühn, COO	19,080
Jörg Munz, CHRO	4,215

* Of this, 3,350,000 are held by Dr. Gottfried Greschner GmbH & Co. Vermögens-Verwaltungs KG, Karlsruhe.
Dr. Gottfried Greschner holds 74.2 per cent in this company.

Supervisory Board	Number of shares
Hans-Joachim Rühlig	0
Ulrich Sieg	0
Prof. Michaela Dickgießer	0
Christina Greschner	374,523
Dr. Johannes Haupt	0
Andreas Thun	0

Concerning the information provided pursuant to Section 33 (1) of the German Securities Trading Act (WpHG), please refer to note 43.

Conditional capital

The annual shareholders' meeting on 19 May 2021 passed a resolution on the possibility of utilising 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.

The new shares will be issued at the option or conversion price (issuing price of the share) set pursuant to the authorisation of 19 May 2021 (2021 authorisation). The conditional capital increase will only be carried out provided the holders of warrants from bonds with warrants or convertible bonds issued or guaranteed by 18 May 2026 by the company or companies in which it directly or indirectly holds a majority interest pursuant to the authorisation of 19 May 2021 exercise their option or conversion rights or meet their corresponding option or conversion obligations or the company exercises its substitution right. The new shares will participate in the profit from the beginning of the financial year in which they are created; if legally permissible, and notwithstanding this and Section 60 (2) AktG, the Managing Board may determine the profit share of new shares, even for a financial year that has already ended, with the approval of the Supervisory Board.

The Managing Board is authorised to determine further details of the implementation of the conditional capital increase with the consent of the Supervisory Board.

Authorised capital

By resolution of the annual shareholders' meeting of the company on 6 June 2024, the Managing Board is authorised, with the consent of the Supervisory Board, to increase the company's share capital by up to a total of EUR 1,004,000.00 by issuing 1,004,000 new no-par value bearer shares ("Authorised Capital 2024"), on one or more occasions or in partial amounts, within a period expiring on 5 June 2029. Of this amount up to 1,004,000 no-par value shares can be issued without voting rights. Capital can be increased by cash contribution or contribution 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 of up to a total of 10 per cent of the share capital carried on the date that this authorisation takes effect and also on the date it is exercised, 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 equipped with the same features that are already listed Any shares issued or sold during the term of this authorisation that exclude the subscription rights of existing shareholders, applying Section 186 (3) sentence 4 AktG directly or indirectly, must be considered when measuring the limit of 10 per cent of share capital.
- when it is necessary to service the rights of bearers and/or creditors of conversion bonds and/or option rights or to service the obligations of debtors of conversion and/or option obligations on instruments that the company or a group entity issued, entitling the parties concerned to a subscription right to new shares to the scope they are entitled to upon exercising their conversion/option rights or settling their conversion/option obligations.

- for fractional amounts resulting from the subscription ratio.
- in order to tap into additional capital markets.
- for a capital increase in the generally understood interests of the company by way of contribution 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 shares) or in the context of company mergers or acquisitions.
- to transfer up to 250,000 new shares to employees.

Additional paid-in capital

The additional paid-in capital on 31 December 2024 amounted to EUR 7,734k, of which EUR 3,141k resulted from the premium received on the shares sold at the time of the initial public offering. Additional paid-in capital was increased by EUR 514k through the sale of treasury stock in 2007. In the period from 2005 to 2024, a total amount of EUR 4,079k was transferred to additional paid-in capital to cover the expenses from share-based payments (see note 37). The change in 2024 results from the measurement of share-based payments as well as shares issued and the additions due to the expansion of the basis of consolidation.

Treasury shares

As of 1 January 2024, treasury stock comprised 199,739 shares. In the first half-year of 2024, 35,882 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. The number of treasury shares therefore came to 163,857 as of 31 December 2024. The company's treasury shares were valued at their cost price of EUR 4,463k (31 December 2023: EUR 5,441k) (cost method) and deducted from equity capital on the face of the balance sheet. The total of 163,857 treasury shares as of 31 December 2024 corresponds to an imputed share of EUR 163,857 (1.63 per cent) in the capital stock.

Reserves and consolidated unappropriated profit

The item reserves and consolidated unappropriated profit amounting to EUR 115,798k (previous year: EUR 106,159k) contains the revenue reserves carried by init SE and the retained earnings generated by init SE and its consolidated subsidiaries since group affiliation.

Other reserves

The group presents the effect of remeasuring pension provisions (pension revaluation reserve), the gains and losses of foreign currency translation (foreign currency translation reserve) and the effect of securities marked to market, all of which are posted directly to equity and not through profit or loss, under other reserves. The pension revaluation reserve records the actuarial gains and losses posted to other comprehensive income. The foreign currency translation reserve is used to record differences arising from translating financial statements denominated in foreign currency into the presentation currency. The reserve for securities marked to market records any changes in the fair value of equity instruments.

Capital management

The objective of capital management is to ensure financial flexibility for long-term business continuity and to secure strategic activities. In this regard, the init group focuses on securing liquidity, limiting the financial risks and maintaining a high equity ratio. The group has shown a consistently high equity ratio of over 40 per cent over the last few years. At the Shareholders' Meeting in 2021, a resolution was passed allowing the possibility of utilising conditional capital of EUR 5,000,000. Furthermore, a resolution for authorised capital of EUR 1,004,000 was passed by the Shareholders' Meeting in 2024. The authorisation applies for five years in each case.

31. Objectives and methods of financial risk management

The group's principal financial instruments, other than derivatives, consist of cash and cash equivalents, securities, trade accounts receivable and loans. The purpose of the securities and bonds is to invest the funds of the group. The group has a number of other financial assets and liabilities, including trade accounts receivable and payable, which accrue directly within the scope of its business activities.

Furthermore, the group also acquires derivative financial instruments. These predominantly include forward exchange transactions and currency options. The purpose of these derivative financial instruments is the management of currency risks resulting from the business activities of the group.

The group has always pursued the policy of refraining from trading in financial instruments and foreign currencies. However, since init also tries to keep its options open with regard to hedging currency risks, it may incur exchange losses.

The main risks of the group in regard to financial instruments include foreign currency risks and risks of default. Corporate management regularly reviews and monitors each of these risks, which are described more specified below.

Foreign currency risk

Due to foreign revenues, changes in exchange rates constitute a substantial risk. To hedge the foreign currency risk, the group uses forward exchange transactions for project business transactions. The hedges must be in the same currency as the underlying transaction. The group usually only enters into hedging transactions once a firm commitment has been made.

IFRS 7 provides that disclosures of market risks require sensitivity analyses that show the effects of hypothetical changes in risk variables on the operating result and equity. init is primarily exposed to a currency risk. The effects are determined by relating the hypothetical changes in the risk variables to the amount of financial assets and liabilities at the reporting date.

The sensitivities to an appreciation or depreciation of the euro are presented below:

	31/12/2024		31/12/2023	
Sensitivity in EUR k	+10% appreciation of the EUR	-10% depreciation of the EUR	+10% appreciation of the EUR	-10% depreciation of the EUR
Cash at banks, receivables and liabilities	-962	1,176	-702	858
Impact on earnings and equity	**-962**	**1,176**	**-702**	**858**

Risk of default

The group does not have any material risk of default concentrations. This is due, on the one hand, to the fact that over 90 per cent of the orders are publicly subsidised and, on the other, to the fact that the orders are usually paid on account or billed on the basis of predefined milestones. Furthermore, trade accounts receivable are checked fortnightly for receipt of payment and dunned if necessary. Bad debts totalled EUR 55k in 2024 (previous year: EUR 6k). These resulted from previously impaired receivables that now constitute actual bad debts. Reference is made to note 16.

The gross carrying amount of trade receivables came to EUR 48,802k on the reporting date (previous year: EUR 44,514k) and breaks down by due date as follows:

	31/12/2024			31/12/2023		
Past due by	Receivables in EUR k	Default ratio	Specific loss allowance in EUR k	Receivables in EUR k	Default ratio	Specific loss allowance in EUR k
not past due	42,891	2.0%	792	33,783	2.0%	645
31 - 60 days	2,061	3.0%	58	6,012	3.0%	181
61 - 90 days	1,496	3.0%	50	1,524	4.0%	55
91 - 180 days	849	4.0%	33	1,267	4.0%	52
more than 180 days	1,505	4.0%	66	1,928	4.0%	85

The probability of expected credit losses on contractual assets of EUR 39,929k (previous year: EUR 21,560k) is set at 0 per cent (previous year: 0 per cent).

All customers requesting transactions with the init group based on credit are subject to a credit check. Since the group concludes transactions only with recognised, creditworthy third parties, collateral is not considered to be necessary, also as this is not customary in our business environment.

The other financial assets of the group, which comprise cash, measured at amortised cost financial assets and specific derivative financial instruments, involve a maximum risk of default equivalent to the carrying amount of the respective instruments in case of default by the contracting party.

Interest risk

The interest risk to which the group is exposed to mainly results from short term euro loans. Further risks can arise from interest rate changes on capital investments. At present an increase in interest rates of 0.5 per cent up or down would not have any significant impact on the net assets, financial position and results of operation of the init group, due to the small size of such transactions.

Liquidity risk

As of 31 December 2024, the financial liabilities of the group fell due as follows. The disclosures are based on contractual, non-discounted payments plus agreed or anticipated interest expenses (cash flows).

In order to mitigate liquidity risks, the liquidity of the init group is managed by corporate headquarters. The main aim is to ensure a minimum liquidity at each company to ensure solvency at all times. Our current projects provide the largest source of liquidity. In addition, the steady cash inflow from operating, support and maintenance contracts is becoming increasingly significant. In addition to these day-to-day cash inflows, the init group secures its liquidity risk using appropriate lines of credit that can be drawn as needed. For information on available credit lines, please refer to the comments in note 25.

As of 31 December 2024, the future cash flows relating to financial liabilities were as follows:

EUR k	Total	2025	2026	2027/2029	> 2029
Non-derivative financial liabilities					
Other financial liabilities	86,552	56,580	6,712	13,927	9,333
Lease liabilities	31,793	5,529	5,056	9,977	11,231

As of 31 December 2023, the future cash flows relating to financial liabilities were as follows:

EUR k	Total	2024	2025	2026/2028	> 2028
Non-derivative financial liabilities					
Other financial liabilities	57,986	32,305	7,208	10,695	7,778
Lease liabilities	28,376	4,635	3,750	8,979	11,012

32. Explanatory notes on financial instruments

Classification and fair values

The following table states the carrying amounts of the financial instruments of the group reported in the balance sheet on 31 December 2024 compared to 31 December 2023 and shows their classification to the corresponding measurement categories according to IFRS 9.

EUR k	**2024**	2023
ASSETS		
Financial assets at amortised cost	**111,295**	**92,359**
Cash and cash equivalents	23,523	27,303
Trade accounts receivable	47,803	43,496
Receivables from related parties	40	0
Contract assets	39,929	21,560
Financial assets reported at fair value through other comprehensive income	**30**	**30**
Marketable securities and bonds	30	30
Financial assets measured at fair value through profit or loss	**0**	**0**
LIABILITIES		
Financial liabilities reported at amortised cost	**86,363**	**58,661**
Bank loans (current and non-current)	69,391	45,345
Trade accounts payable	13,580	11,961
Other liabilities (current)	3,392	1,355
Financial liabilities measured at fair value through profit or loss	**0**	**0**

Fair value hierarchy pursuant to IFRS 13

The group uses the following hierarchy to determine and report the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the fair values of assets and liabilities, and with the exception of those with carrying amounts, are reasonable approximations of fair values:

EUR k	Fair value as of 31/12/2024	Level 1	Level 2	Level 3
Marketable securities and bonds	30	30	0	0

All investment property is allocated to Level 3 of the fair value hierarchy.

For further information regarding "Assets measured at fair value / Investment property" please refer to note 20.

EUR k	Fair value as of 31/12/2023	Level 1	Level 2	Level 3
Marketable securities and bonds	30	30	0	0

During the reporting periods ending 31 December 2024 and 31 December 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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.

The measurement of fair value at Level 3 in the current financial year based on the following technique: The fair value was determined using the discounted cash flow method, taking into account the following parameters: price developments, discount rate and sales value of the properties.

33. Contingencies and other liabilities

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. Reference is made to note 28.

At present there is no litigation that could have a significant impact on the financial performance, financial position and cash flows of the init group.

OTHER DISCLOSURES

34. Additional notes to the cash flow statement

Cash of EUR 307k (previous year: EUR 143k) was received from profit distributions from maBinso. Cash outflow for dividends on init shares totalled EUR 6,913k (previous year: EUR 6,932k).

Cash flow from operating activities consists of income tax paid of EUR 5,140k (previous year: EUR 3,439k). Moreover, cash flow from operating activities contains interest received of EUR 355k (previous year: EUR 279k) and interest paid of EUR 2,637k (previous year: EUR 1,527k).

The change in liabilities reflected in the cash flow from financing activities is presented in the following table:

			Non-cash-effective changes				
EUR k	01/01/2024	Cash-effective changes	Change in the basis of consolidation	Exchange rate changes	Additions to leases	Other adjustments	31/12/2024
Liabilities to banks	45,345	20,584	3,461	0	0	0	69,390
Lease liabilities	23,939	-5,182	1,866	150	8,397	0	29,170
Total	**69,284**	**15,402**	**5,327**	**150**	8,397	**0**	**98,560**

			Non-cash-effective changes				
EUR k	01/01/2023	Cash-effective changes	Change in the basis of consolidation	Exchange rate changes	Additions to leases	Other adjustments	31/12/2023
Liabilities to banks	38,035	7,310	0	0	0	0	45,345
Lease liabilities	24,508	-4,042	0	-96	3,569	0	23,939
Total	**62,543**	**3,268**	**0**	**-96**	**3,569**	**0**	**69,284**

35. Related party transactions

The companies included in the consolidated financial statements and the associated companies are listed in the section on the basis of consolidation.

	Associated companies		Other related parties	
EUR k	**31/12/2024**	31/12/2023	**31/12/2024**	31/12/2023
Trade accounts receivable and other income	183	1,432	0	0
Trade accounts payable and other expenses	0	471	677	659
Receivables as of 31/12	40	0	0	0

Other transactions with related parties

Related parties include persons in key management positions and their close family members.

In this regard, init SE leases its office building in Käppelestrasse 6 in Karlsruhe from Dr. Gottfried Greschner GmbH & Co. Vermögens-Verwaltungs KG, Karlsruhe (67.39 per cent) and from Eila Greschner (32.61 per cent). The monthly rental payments amount to approximately EUR 54k (total annual rent: EUR 642k).

In addition, total payments of EUR 9k (previous year: EUR 9k) made to family members of Managing Board members were recognised under personnel expenses.

Terms and conditions of business transactions with related parties

Transactions with related parties are conducted at market rates. No guarantees exist for receivables and payables in relation to related parties.

Remuneration of persons in key management positions

The members of the Managing Board and the Supervisory Board of init SE are considered to be persons in key management positions. For details on their remuneration, please refer to note 40.

Provisions for the variable remuneration of members of the Managing Board contain an amount of EUR 2,333k (previous year: EUR 1,461k) which will be settled in the short term.

There are open provisions for obligations towards the members of the Supervisory Board of EUR 332k (previous year: EUR 263k), which will also be settled at short notice.

36. Geographical information

In the consolidated financial statements, the following amounts can be allocated to the regions specified. In addition to Germany, the regions in which revenues were generated mainly include the rest of Europe (including the UK, Luxembourg, the Netherlands and Ireland) and North America (USA and Canada).

Revenue 01/01–31/12

EUR k	**2024**	**%**	2023	%
Germany	89,337	33.6	72,674	34.5
Rest of Europe	59,219	22.3	42,755	20.3
North America	97,839	36.8	70,067	33.2
Other countries (Australia, UAE)	19,279	7.3	25,305	12.0
Group	**265,674**	**100.0**	**210,801**	**100.0**

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

Non-current assets 31/12

EUR k	2024	%	2023	%
Germany	93,833	80.2	73,072	79.7
Rest of Europe	6,097	5.2	1,933	2.1
North America	16,089	13.7	15,382	16.8
Other countries (Australia, UAE)	1,051	0.9	1,290	1.4
Group	**117,070**	**100.0**	**91,677**	**100.0**

Non-current assets consist of property, plant and equipment, investment property, intangible assets and interests in associates.

37. Share-based compensation

Equity-settled management bonuses

A management bonus for 2024 in the form of 1,050 or 2,100 shares will be granted to the Managing Board, if EBIT comes to or exceeds EUR 12m after deduction of all bonuses. This EBIT threshold has been lifted to EUR 15m for new contracts and supplementary agreements effective 1 October 2024 with share-based payments raised to 1,500 and 3,000 shares respectively. Furthermore, for each EUR 1m of profit that exceeds the amount of EUR 12m up to EUR 15 m, another 150 or 300 shares are granted as a bonus. This arrangement no longer applies to new contracts or supplementary agreements. In the same way, a further 300 or 600 shares are granted as bonuses for EUR 1m profit in excess of EUR 15m. The number of shares is restricted to 10,000 or 20,000. The shares are subject to a lock-up period of five years and cannot be sold during this period. The income tax on the pecuniary advantage of the share transfer is borne by the company. No constructive obligation is established by bonuses extended in the form of share-based payments, even when paid in previous years. The bonus is revised and agreed each year by the Supervisory Board.

In addition, managing directors of subsidiaries of the company are paid a share-based bonus, the amount of which depends on the level EBIT. In summary, 35,882 shares (previous year: 31,830) were transferred to members of the Managing Board and other key personnel. They are barred from trading for five years. The taxes relating to the share transfer are borne by the group.

In the 2024 financial year, the valuation was based on 46,671 shares (previous year: 35,024). The fair value on the basis of the market price of these equity instruments issued for the benefit of the members of the Managing Board amounted to EUR 1,115k (EUR 37.4 per share) (previous year: EUR 662k) and EUR 627k (EUR 37.20 per share) (previous year: EUR 442 k: EUR 33.20 per share) for managing directors. These amounts were recorded as expenses in 2024.

38. Subsequent events

There have not been any events after the balance sheet date that have a material impact on the financial performance, financial position and cash flows.

39. Employees, Managing Board and Supervisory Board

Employees

The annual average number of employees breaks down as follows:

	2024	2023
Employees Germany	1,041	887
Employees Rest of Europe	120	77
Employees North America	173	150
Employees Other countries	27	26
Total	**1,361**	**1,140**

Managing Board

The following members make up the Managing Board of init SE:

Name, place of residence	Function
Dr. Gottfried Greschner, Karlsruhe	Chairperson / Chief Executive Officer (CEO)
Dr. Jürgen Greschner, Pfinztal	Deputy Chairperson / Chief Sales Officer (CSO) until 30/09/2024
Dr. Marco Ferber, Seeheim-Jugenheim	Chief Financial Officer (CFO)
Matthias Kühn, Karlsruhe	Deputy Chairperson since 01/10/2024 / Chief Operational Officer (COO)
Jörg Munz, Kandel	Chief Human Resources Officer (CHRO)
Martin Timmann, Karlsruhe	Chief Revenue Officer (CRO) from 01/10/2024

Dr. Gottfried Greschner is a member of the foundation board of Majolika-Stiftung für Kunst- und Kulturförderung, Karlsruhe. In addition, he is a member of the Board of Deutsch-Finnische Gesellschaft Baden-Württemberg e.V., Tübingen.

Supervisory Board

The members of the Supervisory Board of init SE are:

Name, place of residence, function	Other functions and board appointments
Hans-Joachim Rühlig, Ostfildern Chairperson until the 2024 AGM	Freelance business consultant Member of the Management Board of Stiftung Bauwesen, Stuttgart
Andreas Thun, Wandlitz Member and Chairperson since the 2024 AGM	Freelance business consultant Sole shareholder and director of Landsensor GmbH
Dipl.-Ing. Ulrich Sieg, Jork, Deputy Chairperson	Consulting engineer specialised in the field of public transport Member of the Advisory Board of HanseCom Public Transport Ticketing Solutions-GmbH, Hamburg Member of the Supervisory Board of SECURITAS Holding GmbH, Düsseldorf
Prof. Michaela Dickgießer, Karlsruhe, member of the board	Head of Business Development, MRH Trowe AG Holding Music Professor at Hochschule für Musik Karlsruhe
Dipl.-Ing. (FH),m.A. Christina Greschner, Karlsruhe Member	Advisory role
Dr. Johannes Haupt, Ettlingen, Member	Business consultant, shareholder and Chairman of the Advisory Board of Regionique Produktfabrik GmbH, Ettlingen Chairman of the Advisory Board of Baumann Maschinenbau Solms GmbH&Co.KG Chairman of the Supervisory Board and Chairman of the Family Council of Lenze SE, Aerzen Deputy Chairman of the Supervisory Board of TAKKT AG, Stuttgart Member of the Administrative Board of ACO Group SE, Büdelsdorf

40. Disclosure of the compensation of key management personnel

The remuneration of key management personnel in the group that is subject to mandatory disclosure relates to the remuneration of the members of the Managing Board and Supervisory Board.

Total remuneration of the Managing Board came to EUR 4,764k in the reporting year (previous year: EUR 3,777k). This total breaks down into EUR 2,642k (previous year: EUR 2,242k) for short-term benefits, EUR 74k (previous year: EUR 288k) for post-employment benefits and EUR 2,048k (previous year: EUR 1,247k) for share-based payments.

The members of the Managing Board received benefits of EUR 2,642k in the reporting year that were due in the short term (previous year: EUR 2,242k). The short-term benefits include fixed remuneration components of EUR 2,120k (previous year: 1,850k), incidental benefits of EUR 154k (previous year: EUR 108k) and performance-based remuneration totalling EUR 368k (previous year: EUR 284k). The performance-based remuneration is made up of the STI. The annual bonus (STI) is a short-term, annually determined performance-based remuneration component which is granted annually in case of success. The amounts payable under the STI are determined on the basis of reaching a minimum EBIT. For more information on share-based payments, please refer to note 37.

A one-time capital payment of EUR 97k was made to a former member of the Management Board in respect of pension commitments.

The total remuneration of the Supervisory Board for 2024 amounted to EUR 352k (previous year: EUR 266k). The amount consists of benefits that fall due in the short term. They contain a variable component of EUR 111k (previous year: EUR 64k) that is determined on the basis of reaching a minimum EBIT. They were allocated to the members as follows:

EUR k	Fixed	Variable	Total
Hans-Joachim Rühlig, until the 2024 AGM	30	17	47
Ulrich Sieg	35	17	52
Prof. Michaela Dickgießer	30	17	47
M.A. Christina Greschner	36	17	53
Dr. Johannes Haupt	45	17	62
Andreas Thun	45	26	71
Total	**221**	**111**	**332**

41. Auditor

At the annual shareholders' meeting on 6 June 2024, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, was appointed as the auditor of the consolidated financial statements.

Expenses of EUR 644k (previous year: EUR 572k) was recorded for auditing services and EUR 142k (previous year: 24k) for advisory services in connection with sustainability reporting and disclosures in accordance with the EU taxonomy.

42. Declaration of compliance with the German Corporate Governance Code

The declaration of compliance for init SE was made by the Managing Board and the Supervisory Board on 6 June 2024, and was made available to the shareholders under the investor relations / corporate governance section of our website.

43. Notifications under Section 33 (1) WpHG (German Securities Trading Act)

On 4 March 2024, Union Investment Luxembourg S.A., Senningerberg, Luxembourg notified us in accordance with Section 33 (1) WpHG that its shareholding in init innovation in traffic systems SE, Karlsruhe, Germany, fell below the threshold of 3 per cent of all voting rights and came to 2.98 per cent on this date (corresponding to 299,302 voting rights).

44. Approval of the consolidated financial statements

The consolidated financial statements and group management report of init SE compiled by the Managing Board for the year ended 31 December 2024 were approved at the meeting of the Managing Board on 17 March 2025 for issue to the Supervisory Board.

Managing Board,

Karlsruhe, 17 March 2025

Dr. Gottfried Greschner

Matthias Kühn

Dr. Marco Ferber

Jörg Munz

Martin Timmann

RESPONSIBILITY STATEMENT

We assure to the best of our knowledge and in accordance with the applicable reporting principles that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the company, and that the group management report, which is combined with the management report of init SE, provides a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Karlsruhe, 17 March 2025

The Managing Board

Dr. Gottfried Greschner

Matthias Kühn

Dr. Marco Ferber

Jörg Munz

Martin Timmann

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To init innovation in traffic systems SE, Karlsruhe

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of init innovation in traffic systems SE, Karlsruhe, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of init innovation in traffic systems SE, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of the non-financial group statement to comply with §§ 315b to 315c HGB [Handelsgesetzbuch: German Commercial Code].

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (the IFRS Accounting Standards) as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024, and of its financial performance for the financial year from 1 January to 31 December 2024, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the non-financial group statement referred to above.

Pursuant to § 322 Abs. 3 Satz 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Impairment of the goodwill

❷ Revenue recognition from project business

❸ Acquisition of the Dilax Group

Our presentation of these key audit matters has been structured in each case as follows:

① Issue and problem definition

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matters:

❶ Impairment of the goodwill

① Goodwill totalling EUR 13,326 (4.26 % of total assetss and 9.92 % of equity). Goodwill is subjected to an impairment test once a year or on an ad hoc basis in order to determine a possible need for amortisation. The impairment test is carried out at the level of the groups of cash-generating units to which the respective goodwill is allocated. As part of the impairment test, the carrying amount of the respective cash-generating units, including goodwill, is compared with the corresponding recoverable amount. The recoverable amount is generally determined on the basis of the value in use. The measurement is generally based on the present value of future cash flows of the respective group of cash-generating units. The present value is determined using discounted cash flow models. The Group's approved medium-term planning forms the starting point, which is extrapolated using assumptions about long-term growth rates. Expectations about future market developments and assumptions about the development of macroeconomic factors are also taken into account. Discounting is carried out using the weighted average cost of capital of the respective group of cash-generating units. No need for impairment was identified as a result of the impairment test.

The result of this valuation is highly dependent on the assessment of the legal representatives with regard to the future cash flows of the respective group of cash-generating units, the discount rate used, the growth rate and other assumptions and is subject to considerable uncertainty. Against this background and due to the complexity of the valuation, this matter was of particular significance in the context of our audit.

② As part of our audit, among other things, we analysed the methodology used to perform the impairment test. After comparing the future cash flows used in the calculation with the Group's approved medium-term planning, we assessed the appropriateness of the calculation, in particular by reconciling it with general and industry-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. With the knowledge that even relatively small changes in the discount rate used can have a material impact on the amount of the enterprise value calculated in this way, we intensively analysed the parameters used to determine the discount rate applied and evaluated the calculation method. In order to take account of the existing forecast uncertainties, we reviewed the sensitivity analyses prepared by the Group.

In doing so, we determined that the carrying amounts of the cash-generating units, including the allocated goodwill, are sufficiently covered by the discounted future cash flows, taking into account the information available.

The valuation parameters and assumptions applied by the executive directors are consistent overall with our expectations and are also within the ranges that we consider to be reasonable.

③ The disclosures of the init innovation in traffic systems SE Group on goodwill are contained in note 21 “Goodwill and other intangible assets” of the notes to the consolidated financial statements.

❷ **Revenue recognition from project business**

① In the company's consolidated financial statements as of December 31, 2024, revenue of EUR 265,674 thousand is reported in the income statement, of which EUR 135,895 thousand was realised over time from project business. Contract assets in the amount of EUR 39,929 thousand and contract liabilities in the amount of EUR 20,392 are recognised in the balance sheet as at 31 December 2024.

The init SE group generates a significant proportion of its revenues from long-term project business for local public transport providers. When revenue is recognised over a period of time, revenue is recognised on the basis of the stage of completion, which is calculated as the ratio of the actual contract costs incurred to the expected total costs. The stage of completion on the balance sheet date is determined according to the ratio of costs incurred to the expected total costs (input-based method). In view of complex production processes, revenue recognition over time requires in particular an effective internal budgeting and reporting system, including an ongoing project costing system and a functioning internal control system.

Against this background, the correct application of the accounting standard for revenue recognition must be considered complex and is based in part on estimates and assumptions by the legal representatives. The matter was therefore of particular significance for our audit.

② Taking into account the knowledge that there is an increased risk of accounting misstatements due to the complexity and the estimates and assumptions to be made, we have assessed the processes and controls established by the Group for revenue recognition from customer-specific contracts. Our specific audit approach included testing controls and substantive audit procedures, in particular assessing the process for properly identifying performance obligations and classifying performance in a particular period or at a particular point in time, assessing the cost accounting system and other relevant systems used to support the accounting for customer-specific contracts, the assessment of the proper recording and allocation of direct costs and the amount and allocation of overhead surcharges, as well as the assessment of the project calculations on which the customer-specific contracts are based and the determination of the stage of completion.

By consistently applying audit procedures when auditing the operating subsidiaries, we ensured that we adequately addressed the inherent audit risk associated with revenue recognition from project business across the group.

We were able to satisfy ourselves that the systems, processes and controls that have been set up are appropriate and that the estimates and assumptions made by the executive directors for revenue recognition from project business are sufficiently documented and justified.

③ The disclosures of the init SE Group on revenue recognition from project business are contained in section 3 "Accounting, valuation and consolidation principles", subsection "Revenue recognition" and section 4 "Revenues" of the notes to the consolidated financial statements.

❸ Acquisition of the Dilax Group

① In the 2024 financial year, init SE acquired 100% of the shares in Dilax Intelcom GmbH, based in Berlin, and in all subsidiaries of Dilax Intelcom GmbH. In total, the purchase price for the acquisition amounted to EUR 8,423 thousand. The acquired assets and liabilities are generally recognized at fair value on the date of acquisition. Taking into account the pro-rata acquired net assets attributable to the Dilax Group of EUR 7,585 thousand, the acquired goodwill totaled EUR 838k. Due to the complexity of the valuation of the assets and liabilities and the material effect of the company acquisition on the net assets, financial and earnings position of the init SE Group, this matter was of particular importance in the context of our audit.

② As part of our audit, we assessed the accounting treatment of the business combination with the support of our internal valuation specialists. To do this, we first inspected and understood the contractual arrangements of the business combination. In doing so, we reconciled, among other things, the purchase price paid by init SE as consideration for the shares received with the evidence provided to us regarding the payments made. We assessed the opening balance sheet values on which the acquisition was based. We assessed the fair values, e.g. of customer relationships, by reconciling the quantity structure with the original financial accounting and the parameters used. In addition, the completeness of the disclosures required by IFRS 3 in the notes to the financial statements was verified by using checklists. In summary, the audit procedures described and other audit procedures performed enabled us to satisfy ourselves that the business combination was properly reflected in the information available.

③ The information provided by the company on the acquisitions is contained in note 3 "Accounting, valuation and consolidation principles", section: "Business combinations" of the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information includes the following sections of the Group management report that have not been audited:

- the non-financial group statement contained in the "Sustainability Report" section of the group management report to fulfil §§ 315b to 315c HGB

- the information included in the section "Assessment of the appropriateness and effectiveness of the RMS and ICS" of the Group management report that is labelled as unaudited

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control and these arrangements and measures (systems), respectively.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file INIT SE_KA+KLB_ESEF 31122024 and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 6 June 2024. We were engaged by the supervisory board on 6 June 2024. We have been the group auditor of the init innovation in traffic systems SE, Karlsruhe, without interruption since the financial year 2022.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Andrea Ehrenmann.

PricewaterhouseCoopers GmbH

Wirtschaftsprüfungsgesellschaft

Ehrenmann	Nickel
Wirtschaftsprüferin	Wirtschaftsprüfer

IMPRINT

Contact:

init
innovation in traffic systems SE
Kaeppelestraße 4–10
76131 Karlsruhe
Germany

Postfach 3380
76019 Karlsruhe
Germany
Tel. +49.721.6100.0
Fax +49.721.6100.399

info@initse.com
www.initse.com

Text:
init
info@initse.com

Sebastian Brunner, München
sebastian.brunner@brunner-communications.de

Picture credits:
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This distribution of our report does not represent and is not intended as an offer for trade in shares.

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 un-certainties, as they may be affected by factors that are neither controllable nor foreseeable by init, such as on the devel-opment 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 state-ments are based prove inaccurate, actu-al developments and results could differ materially from the results cited explicitly or contained implicitly in these statements

Fife-Year Financial Summary

of the init group (IFRS)

EURk	2024	2023	2022	2021	2020
BALANCE SHEET (31/12)					
Balance Sheet Total	313,032	260,478	245,747	216,900	226,645
Shareholders' Equity	134,312	120,566	116,555	102,624	90,522
Subscribet Capital	10,040	10,040	10,040	10,040	10,040
Equity Ratio (in %)	42.9	46.3	47.4	47.3	40.0
Debt Capital	178,720	139,912	129,192	114.276	136,123
Non-current Assets	135,067	112,608	108,065	94,368	96,597
Current Assets	177,965	147,870	137,682	122,532	130,048
Cash	23,523	27,303	40,050	28,158	32,211
INCOME STATEMENT (01/01 – 31/12)					
Revenues	265,674	210,801	191,252	176,659	180,668
Gross Profit	98,407	80,392	76,562	62,674	62,167
EBIT	24,541	21,020	21,005	17,566	19,642
EBITDA	38,737	32,255	31,205	27,413	28,891
Consolidated Net Profit	15,183	15,151	16,501	12,445	14,943
Earnings per Share (in EUR)	1.57	1.54	1.66	1.25	1.50
Dividend (in EUR)	0.80*	0.70	0.60	0.55	0.55
CASH FLOW					
Cash Flow from operating activities	10,841	7,981	24,382	16,007	24,437
SHARE					
Issue Price (in EUR)	5.10	5.10	5.10	5.10	5.10
Peak Share Price (in EUR)	42.20	32.90	38.10	48.50	37.60
Bottom Share Price (in EUR)	28.40	23.80	17.00	30.40	15.25

* dividend to be proposed to the AGM 2025

Financial Calendar 2025

Q1

20 March

Publication Annual Report 2024
Press and Analyst Conference (virtual)

Q2

15 May

Publication Quarterly Statement 1/2025

22 May

Annual General Meeting 2025
face-to-face in Karlsruhe

Q3

14 August

Publication Half-Year
Financial Report 2025

Q4

13 November

Publication Quarterly Statement 3/2025

24-25 November

Equity Forum
(one-on-one meeting in Frankfurt)

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