



IMPORTANT BUSINESS TRANSACTIONS FIRST QUARTER 2022

The war between Russia and Ukraine is adversely affecting the growth of the global economy. The global economy has not yet fully recovered from the coronavirus pandemic and is being further impacted by the Ukraine crisis. As a result, economic risks have increased and are already being felt in the first quarter of 2022 due to rising inflation.

The International Monetary Fund (IMF) has significantly reduced its growth forecasts for 2022 compared to the last forecast in January 2022. According to the IMF, the global economy will grow by only 3.6 per cent in the current year, a reduction of 0.8 percentage points compared to the previous forecast.

The IMF expects lower growth rates, particularly in Europe. For the euro zone, the IMF expects growth of 2.8 per cent, a decline of 1.1 percentage points

compared with January 2022. The forecast for Germany has been reduced particularly substantially. A reduction of 1.7 percentage points to just 2.1 per cent is now expected. The forecasts for the USA and China were also lowered, although to a lesser extent.

Furthermore, it can be assumed that the ongoing coronavirus pandemic will continue to have a negative impact on future growth due to potential new variants.

Orders situation

init acquired new orders totaling EUR 62.9m in the first quarter (Q1 2021: EUR 50.4m). Incoming orders are therefore significantly higher than the previous year's figure. Incoming orders for Q1 2022 include several small and medium-sized projects. The increase compared with the previous year's quarter

is mainly due to the supply business and follow-up deliveries.

The order backlog as of 31 March 2022 amounts to approximately EUR 164m and is therefore higher than the previous year's figure of approximately EUR 138m as at the reference date.

Earnings position

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

During the first quarter of 2022, init generated revenues of EUR 35.6m (Q1 2021: EUR 40.5m). Revenues fell short of the previous year's figure. This is mainly due to delays in customer projects.

Breakdown of revenue by region from a three-month perspective:

in million					
EUR	01/01-31/03/2022	%	01/01-31/03/2021	%	
Germany	9.8	27.5	12.0	29.6	
Rest of Europe	6.5	18.3	8.8	21.7	
North America	14.6	41.0	15.3	37.8	
Other countries (Australia, UAE)	4.7	13.2	4.4	10.9	
Total	35.6	100.0	40.5	100.0	

Revenue based on customer's location.

The **gross profit** amounted to EUR 12.1m and was below the previous year's figure (Q1 2021: EUR 13.4m). The gross margin increased slightly compared to the previous year to around 34 per cent (Q1 2021: around 33 per cent).

Sales and administrative expenses have increased by EUR 1.1m to EUR 9.6m compared to the previous year (Q1 2021: EUR 8.5m). The increase is mainly attributable to the addition of necessary headcount. The cost increase is in line with our expectations for the first quarter of 2022.

Research and development expenses increased by EUR 0.6m to EUR 3.4m compared to the previous year (Q1 2021: EUR 2.8m). Expenses increased due to the next-gen development of our systems and products, which is also in line with our expectations.

Foreign exchange gains amounted to EUR 1,0m (Q1 2021: foreign exchange gains EUR 0,0m). This relates mainly to unrealised exchange rate gains and losses from the valuation of receivables and liabilities in foreign currencies.

Earnings before interest and taxes (EBIT) of EUR 0.5m are below the previous year's figure (Q1 2021: EUR 2.9m). The EBIT development differed significantly from the previous year, but is in line with our conservative forecast for the financial year 2022 and will improve significantly in the course of the year.

Net interest income (balance of interest income and interest expenses) amounted to EUR -0.1m and is above the previous year's level (Q1 2021: EUR -0.3m).

Consolidated net profit amounted to EUR 0.4m as of 31 March 2022, below the previous year's figure (Q1 2021: EUR 1.8m). Earnings per share amount to EUR 0.05 (Q1 2021: EUR 0.19).

The **total comprehensive income** amounts to EUR 0.8m (Q1 2021: EUR 3.7m). The decrease is a result of the performance of the consolidated net profit as well as lower gains from the currency translation of foreign companies, in particular due to the CAD and USD currencies.

Compared to the previous year's period, the **cash flow from operating activities** decreased to EUR 1.3m (Q1 2021: EUR 11.4m). The decrease is mainly due to the reduced reduction in trade receivables and the greater decrease in income tax liabilities.

Cash flow from investing activities amounted to EUR -0.4m (Q1 2021: EUR -0.7m) and mainly includes investments in replacements and expansions, which were reduced compared to the previous year.

The **equity ratio** amounts to 48.5 per cent (Q1 2021: 42.7 per cent) and increased significantly compared to the previous year.

Equity increased to EUR 103.3m as of 31 March 2022 (Q1 2021: EUR 94.3m).

Personnel

On average, the init group employed 1,072 employees in the first three months of 2022 (Q1 2021: 1,050 employees), including temporary workers, research assistants and diploma students. The proportion of employees working part-time has also increased. In the first quarter of 2022, 186 employees were employed on a part-time basis (Q1 2021: 170).

Number of employees by region:

	31/03/2022	31/03/2021
Germany	842	813
Rest of Europe	49	53
North America	136	141
Other Countries	45	43
Total	1,072	1,050

Opportunities and Risks

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

In our assessment, risks in the procurement market due to materials shortages, difficulties associated with supply chains for various raw materials and increasing price levels, remain high.

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

Forecast and Outlook

The results of the first three months of the financial year 2022 were below the previous year's results. However, the key figures for the first quarter are in line with the Managing Board's cautious projections. The init group expects to be able to achieve the targets it has set for the financial year 2022. Incoming orders have significantly exceeded the previous year's figure. We are therefore **maintaining our existing projection** with regard to **consolidated revenues of between EUR 190m and EUR 200m** and operating earnings before interest and taxes (**EBIT**) **of between EUR 15m and EUR 20m**. init should return to its sustainable growth path from 2023 onwards and grow by an average of 10 to 15 per cent in revenue annually.

Additional Information

Additional changes have occurred with regard to the shareholding of INIT Innovations in Transportation Inc. based in Chesapeake (USA) in Bytemark Inc., New York (USA). As a result of further capital increases in which init has not participated, the shareholding in Bytemark Inc. has been further diluted to 3 per cent. The investment in Bytemark had already been devalued to zero in the 2019 financial year.

This quarterly statement and the information contained within it is unaudited.

Overall, we still see major uncertainty in the development of the economy over the next few months, which could have a particular impact on the awarding of contracts in tenders.

The actual results in terms of revenue and EBIT may differ substantially from the forecast figures if new risk factors occur or assumptions about planning become retrospectively incorrect.



CONSOLIDATED INCOME STATEMENT

from 1 January 2022 to 31 March 2022 (IFRS) with comparative values (unaudited)

EUR'000	01/01 to 31/03/2022	01/01 to 31/03/2021
Revenues	35,577	40,530
Cost of Sales	-23,441	-27,121
Gross Profit	12,136	13,409
Sales and marketing expenses	-5,202	-4,656
General administrative expenses	-4,352	-3,843
Research and development expenses	-3,403	-2,831
Other operating income	662	871
Other operating expenses	-320	-62
Foreign currency gains and losses	991	26
Earnings before interest and taxes (EBIT)	512	2,914
Interest income	2	6
Interest expenses	-123	-275
Earnings before taxes (EBT)	391	2,645
Income taxes	-3	-820
Consolidated net profit	388	1,825
thereof attributable to equity holders of parent company	462	1,842
thereof non-controlling interests	-74	-18
Earnings and diluted earnings per share in EUR	0.05	0.19
Average number of floating shares	9,935,475	9,930,484

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

from 1 January 2022 to 31 March 2022 (IFRS) with comparative values (unaudited)

EUR'000	01/01 to 31/03/2022	01/01 to 31/03/2021
Net profit	388	1,825
Items to be reclassified to the income statement:		
Net gains (+) / losses (-) on currency translation	435	1,839
Total other comprehensive income	435	1,839
Total comprehensive income	823	3,664
thereof attributable to equity holders of the parent company	897	3,682
thereof non-controlling interests	-74	-18

CONSOLIDATED BALANCE SHEET

as of 31 March 2022 (IFRS) with comparative values (unaudited)

EUR'000	31/03/2022	31/03/2021	31/12/2021
Cash and cash equivalents	33,081	38,088	28,158
Marketable securities and bonds	32	41	39
Trade accounts receivable	21,864	26,754	32,038
Contract assets	24,924	21,790	21,628
Receivables from related parties	0	94	3
Inventories	36,236	34,401	34,338
Income tax receivable	299	0	2,805
Other current assets	3,908	4,035	3,523
Current assets, total	120,344	125,203	122,532
Property, plant and equipment	54,207	57,126	55,668
Investment property	1,359	1,400	1,360
Goodwill	12,488	12,488	12,488
Other intangible assets	16,464	18,047	16,783
Interests in associated companies	841	570	841
Deferred tax assets	4,016	3,214	3,926
Other assets	3,226	3,146	3,302
Non-current assets, total	92,601	95,991	94,368
Assets, total	212,945	221,194	216,900
Bank loans	20,594	13,536	14,061
Trade accounts payable	6,357	7,597	6,932
Contract liabilities	7,102	8,993	7,075
Advance payments received	311	2,375	2,468
Income tax payable	0	144	3,444
Provisions	6,689	9,571	8,609
Other current liabilities	24,546	22,549	24,281
Current liabilities, total	65,599	64,765	66,870
Bank loans	13,878	19,991	15,279
Deferred tax liabilities	5,319	6,316	5,284
Pensions accrued and similar obligations	10,975	11,941	10,822
Provisions	2,148	2,465	2,403
Other financial liabilities	0	8,060	1,214
Lease liabilities	11,694	13,319	12,404
Non-current liabilities, total	44,014	62,092	47,406
Liabilities, total	109,613	126,857	114,276
Attributable to equity holders of the parent company			
Subscribed capital	10,040	10,040	10,040
Additional paid-in capital	7,599	6,810	7,587
Treasury stock	-2,586	-2,467	-2,467
Surplus reserves and consolidated unappropriated profit	87,798	82,213	87,344
Other reserves	335	-2,429	-100
	103,186	94,167	102,404
Non-controlling interests	146	170	220
Shareholders' equity, total	103,332	94,337	102,624
Liabilities and shareholders' equity, total	212,945	221,194	216,900



CONSOLIDATED CASH FLOW STATEMENT

from 1 January 2022 to 31 March 2022 (IFRS) with comparative values (unaudited)

EUR'000	01/01 to 31/03/2022	01/01 to 31/03/2021
Cash flow from operating activities		
Net income	388	1,825
Amortisation and depreciation	2,437	2,435
Gain or losses on the disposal of fixed assets	-1	-23
Change in provisions and accruals	-2,076	-2,052
Change in inventories	-1,692	-1,221
Change in trade accounts receivable and contract assets	7,474	14,570
Change in other assets, not provided by / used in investing or financing activities	2,222	137
Change in trade accounts payable	-657	-674
Change in advanced payments received and contract liabilities	-2,199	-5,589
Change in other liabilities, not provided by / used in investing or financing activities	-4,684	900
Amount of other non-cash income and expenses	59	1,116
Net cash from operating activities	1,271	11,424
Cash flow from investing activities		
Payments received on disposal of property, plant and equipment	31	36
Investments in property, plant, equipment and other intangible assets	-397	-778
Net cash flows used in investing activities	-366	-742
Cash flow from financing activities		
Cash payments for the purchase of treasury stock	-498	-667
Payments received from bank loans incurred	9,011	1,132
Redemption of bank loans	-3,880	-5,064
Change in short and long-term lease liabilities	-907	-873
Net cash flows used in financing activities	3,726	-5,472
Net effects of currency translation and consolidation changes in cash and cash equivalents	292	667
Changes in cash and cash equivalents	4,923	5,877
Cash and cash equivalents at the beginning of the period	28,158	32,211
Cash and cash equivalents at the end of the period	33,081	38,088

> Financial Calendar 2022



12 May

Publication Quarterly Statement
1/2022

18 May

Annual General Meeting 2022
(virtual)



10 August

Publication Half-Year Financial
Report 2022



10 November

Publication Quarterly Statement
3/2022

28-29 November

Equity Forum (one-on-one meetings)



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