

SIEMENS MOBILITY GMBH

Management Report and Annual Financial Statements as of September 30, 2021



Siemens Mobility GmbH

Management Report as of September 30, 2021

1. Basic principles

1.1 Organization and basis of reporting

Siemens Mobility GmbH (hereinafter also referred to as the 'Company') conducts major parts of the Industrial Business Mobility (hereinafter also referred to as 'Mobility') of the Siemens Group (Siemens) from Germany. Mobility is a global provider of intelligent mobility solutions in passenger and freight transportation.

The Company's Management Board also heads Mobility. Siemens Mobility GmbH is home to the central functions of Mobility and performs the majority of its business activities; it is therefore an integral part of Mobility. Accordingly, information is provided in part from the point of view of Mobility, in accordance with the Management Board's perspective. The key figures of the separate financial statements prepared in accordance with German Commercial Code (HGB) are neither an internal controlling nor a planning parameter for the Siemens Mobility GmbH Management Board.

Due to rounding, individual numbers may not add up exactly to the sum indicated.

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative and universally valid version.

1.2 Business model

The business model within Mobility is uniform and thus also extends to Siemens Mobility GmbH.

Mobility encompasses all Siemens businesses that deal with passenger and freight transportation. Offers in the rail vehicles business include trains for local and regional transportation, such as vehicles for metro systems, trams and light rail vehicles and commuter trains, as well as trains and passenger coaches for intercity and mainline transportation, such as high-speed trains. Offers in the rail vehicles business also include locomotives for freight and passenger transportation as well as solutions for automated transportation, such as automated people movers. Offers in the rail infrastructure business include products and solutions for railway automation, such as automatic train control systems, interlocking systems, operations control and telematics systems, digital station solutions and railway communication systems, signaling products for vehicles and crossings, as well as yard and depot solutions. Furthermore, the rail infrastructure business includes offers for electrification, such as AC and DC traction power supply, contact lines and network control, as well as intermodal solutions, such as platforms for fleet management, route planning, ticketing and payment solutions and data analytics. In addition, Mobility's service business offers customer services for rail vehicles and rail infrastructure over the entire life cycle, such as maintenance and digital services. In the turnkey business, Mobility bundles consulting, planning, construction, service and operation of ready-to-run mobility systems. The intelligent traffic systems business, which has been branded Yunex Traffic since July 1, 2021, offers traffic management solutions such as autonomous driving, eHighway systems and toll solutions.

Mobility distributes its products, systems and solutions through a worldwide network of sales units. Mobility's main customers are public and state-owned companies in the transportation and logistics sectors. The markets served by Mobility are therefore driven primarily by public spending. Mobility's customers usually have multi-year planning and implementation horizons, and their contract tenders tend to be independent of short-term economic trends. Large contracts in the rail vehicle and rail infrastructure business are often awarded together with service contracts that do not generate revenue until after the corresponding products and solutions have been commissioned, which may be several years after the contract has been awarded. Therefore, a long-term increase in the service order backlog is seen as an indicator of future stable revenue from the service business.

The main trends shaping Mobility's markets are urbanization and the need to reduce emissions, especially those caused by transportation. The growing population in urban centers needs easier, faster, more flexible, more reliable and less expensive mobility in their everyday lives. At the same time, cities and national economies face the challenge of reducing traffic-related CO₂ and noise emissions, as well as the space requirements and costs of mobility. The pressure on mobility providers to meet all these requirements is expected to increase steadily. In addition, improving the availability, connectivity and sustainability of rail infrastructure increasingly requires digital solutions that offer opportunities for growth.

Even though a partly very sharp decline in passenger numbers due to COVID-19 has put a heavy burden on mobility providers, the general trends towards urbanization and decarbonization remain unchanged. In many countries, economic stimulus packages are providing funding for rail and public transport operators to address these trends. This ultimately results in greater market growth than was expected before the COVID-19 crisis.

Mobility's principal competitors are multinational companies. Consolidation among Mobility's competitors is continuing.

In January 2021, Alstom S.A., France, announced the completion of the acquisition of Bombardier Transportation. In August 2021, Hitachi Ltd, Japan, announced an agreement for Hitachi Rail to acquire Thales' Ground Transportation Systems

business. The acquisition is expected to close at the end of Hitachi's 2022 fiscal year. Hitachi thus becomes a significant competitor for Mobility in the signaling technology business.

While CRRC remains the largest OEM (original equipment manufacturer) in the rail industry, the acquisition of Bombardier Transportation makes Alstom number two in global sales.

Market consolidation may increase competitive pressure within the rail supply industry. Also, it may reduce procurement options for rail companies.

1.3 Research and development (R&D)

Mobility's R&D strategy is focused on making trains and infrastructures smarter, thereby increasing life cycle sustainability, improving the passenger experience and ensuring availability. Decarbonization and seamlessly interlinked (e-)mobility are key factors for the future of transport. Mobility's main R&D areas include:

- Development of efficient vehicle platforms with optimized life cycle costs and maximum customer flexibility;
- Environmentally friendly, alternative energy supplies for trains (batteries, hydrogen, dual mode) and trucks (eHighway - in cooperation with Continental);
- Digital services for railways via the Railigent application suite;
- 'Signaling in the Cloud', a new system architecture for rail infrastructure and the use of IoT/cloud technologies;
- Solutions for more automated and autonomous rail travel;
- New innovative brake monitoring systems for freight trains; and
- Digital technologies and IoT solutions, including cyber security, connectivity, simulation and digital twin, data analytics and AI, additive manufacturing and software systems and processes.

The recent acquisitions of Padam Mobility SAS, France, and – shortly after the balance sheet date – SQCAP B.V. (Sqills), Netherlands, underline Mobility's commitment to developing its innovative software suite to address our customers' core processes and enable Mobility-as-a-Service solutions. Both acquisitions were made by Siemens Mobility GmbH sister companies.

In fiscal 2021, research and development expenses at Siemens Mobility GmbH amounted to EUR -325,333 thousand (previous year EUR -354,431 thousand). The research intensity, which is the ratio of research and development expenses to sales revenue, is therefore 7.4% (previous year 7.7%). In fiscal 2021, Siemens Mobility GmbH had an average of approximately 1,350 employees (whereby the term 'employees' as used herein includes persons of all sexes) in research and development.

2. Economic report

2.1 Economic conditions

2.1.1 Overall economic conditions

The global economic development in fiscal 2021 was still dominated by the coronavirus pandemic (COVID-19) and its many repercussions. After the recession in calendar 2020, in which global gross domestic product (GDP) contracted by 3.4%, calendar 2021 is expected to show a very strong rebound with global GDP increasing by 5.5%.

Global economic activity expanded at very high rates in the third quarter of calendar 2020 after the first wave of COVID-19 ebbed. Subsequent infection waves in winter months caused fears of a new global recession. However, economic activity had already adapted to the pandemic and was supported by massive stimulus programs, especially in Europe and the U.S. Globally, governments allocated nearly USD 11 trillion in stimulus programs and more than USD 6 trillion in liquidity support to businesses and households in response to the pandemic. Central banks gave support with expansionary measures, in particular new quantitative easing programs, while short-term interest rates were at or near zero. Accordingly, the global economy continued to expand also in the fourth quarter of calendar 2020 and the first quarter of calendar 2021, despite renewed outbreaks and lockdowns. In December 2020, the first countries approved new COVID-19 vaccines, which were developed in a very short time and which are of paramount importance in order to solve the health crisis and economic challenges.

However, momentum again weakened in the first half of calendar 2021, due to increasing infections in many countries. The new Delta variant was more contagious than previous virus strains. Vaccine roll-out could not keep up with the spread of this new variant, especially in emerging countries. In addition, supply disruptions, which were both caused and magnified by the pandemic, impaired the recovery. Bottlenecks had impacts across the value chains from raw materials to high tech goods, especially semiconductors, and were exemplified by extraordinary disruptions in global logistics systems. In addition, many companies were surprised by the strong recovery and high demand for goods which often exceeded their production

plans and short-term capacity. The extraordinarily high demand for goods was caused by consumers with high excess savings and limited spending alternatives as many service offerings were still not available ('services-to-products shift'). Limited supply, logistics bottlenecks and record high consumer demand for goods caused substantial increases of producer prices for many products, which partly translated to an increase of general inflation. In addition, energy prices increased, and base effects from reduced 2020 price levels as well as temporary effects (e.g. provisional changes in taxation) contributed to the elevated rate of inflation.

The Chinese economy – with the world's largest manufacturing sector – benefited particularly from the high global demand for goods and is expected to grow by 8.2% in calendar 2021. However, tensions in the property sector and energy shortages weighed on economic activity in the second half of calendar 2021.

Overall, the other major economies have experienced very strong economic rebounds and GDP is expected to grow strongly in calendar 2021: European Union (EU) 5.0%, U.S. 5.4%, Japan 2.3%, India 7.7%. For advanced countries in aggregate, calendar 2021 GDP is expected to expand by 4.9%. For emerging markets, the increase in calendar 2021 GDP is estimated at 6.4%.

The partly estimated figures presented here for GDP are based on an IHS Markit report dated October 15, 2021.

2.1.2 Sector-specific economic conditions

Markets served by Mobility grew moderately in fiscal 2021 as they partly recovered from impacts related to COVID-19. The market for rolling stock saw large orders across all segments, especially for high-speed trains, commuter trains and locomotives. The rail infrastructure market has seen growth both in urban and mainline segments due to the renewal and extension of mainline tracks and the ongoing trend towards automatic train protection (ATP), including communications-based train control (CBTC) and European train control system (ETCS) technologies. Service demand partly recovered from prior-year impacts related to COVID-19, due to growing installed bases which drove a corresponding increase in the spare parts and maintenance market. On a geographic basis, market development in Europe continued to be characterized by awards of mid-size to large orders, particularly in Germany, Denmark and in Switzerland. While demand in the Middle East rose, demand in Africa was held back by ongoing uncertainties related to budget constraints and political climates. In the Americas region, investment activities were driven by demand for urban and mainline transport, especially in the U.S. and Canada. In the Asia, Australia region, markets saw continued investment in railways, especially in China.

2.2 Business performance

In fiscal 2021, Mobility and thus also Siemens Mobility GmbH were able to maintain their competitive leading position in terms of profitability. Ongoing projects were executed predominantly according to plan, with business performance being characterized by major projects in the area of high-speed trains as well as urban and mainline transport. The main revenue drivers were the delivery of the fourth generation ICE (ICE 4) for Deutsche Bahn, deliveries of MIREO trains for S-Bahn Rhein-Neckar and DB Regio, and the last Velaro trains to TCDD in Turkey. In addition to the major rolling stock contracts, a large number of projects and product deliveries were executed in the fields of signaling technology and electrification; also, the Qatar Education City turnkey project was accepted by the customer. There were no particular seasonal influences on order processing.

2.3 Position of the Company

2.3.1 Earnings position

(EUR'000)	Fiscal year	
	2021	2020
Revenue	4,386,400	4,589,536
Income from business activity	199,532	132,589
Income margin	4.5%	2.9%

Revenue from high-speed trains and urban and mainline traffic amounted to EUR 3.1 billion and was mainly characterized by the completion and final invoicing of major projects, including the acceptance of trains for the ICE 4 (EUR 1.0 billion) and MIREO S-Bahn Rhein-Neckar (EUR 0.2 billion) projects, and the last Velaro high-speed trains for TCDD in Turkey (EUR 0.2 billion). The infrastructure business with revenue of EUR 1.2 billion was characterized by many short- to medium-term projects as well as classic product supplies, and, in fiscal 2021, also by the acceptance of the Qatar Education City turnkey project (EUR 0.2 billion). The order comprises the provision of electrification, signaling and communications systems as well as the production of 19 three-module Avenio low-floor trams.

In fiscal 2021, the Siemens Mobility GmbH order books could once more be filled with further orders. Orders for high-floor trains for the cities of Duesseldorf and Duisburg (EUR 0.4 billion), the installation of electronic interlocking technology in Taiwan (EUR 0.2 billion), but also various urban train orders, among others for the Danube-Isar line (EUR 0.3 billion), contributed significantly to this development.

The ratio of research and development expenses (EUR -325,333 thousand) to revenue is 7.4%. The main drivers are the development of the urban train platform 'DESIRO HC', alternative drive technologies for mainline transport (battery and fuel cell) and the high-speed train platform 'Velaro Novo'. In the area of infrastructure, substantial amounts were invested in the past year for the 'SINET' development project (digital signaling technology).

The share of selling and general administrative expenses (EUR -351,968 thousand and EUR -126,315 thousand respectively) in revenue is 10.9% in fiscal 2021.

Like revenue, earnings were mainly influenced by the processing of projects for rail vehicles and rail infrastructure.

In addition to income from operations, Siemens Mobility GmbH received income from investments of EUR 282,643 thousand. Of this amount, dividends and profit transfers from affiliated companies account for EUR 274,774 thousand; they originate mainly from the UK, the U.S., Switzerland, Russia and Germany. This corresponds to an increase of EUR 163,196 thousand compared to the corresponding income from affiliated companies in fiscal 2020.

Due to interest income and interest expenses (EUR -236 thousand and EUR -8,006 thousand, respectively) and other financial income (expenses), net of EUR -109,241 thousand, mainly due to interest-related increases in pension provisions (EUR -106,373 thousand), total income from business activity from Siemens Mobility was EUR 199,532 thousand (profit margin 4.5%).

Due to the existing control and profit-and-loss transfer agreement between Siemens Mobility GmbH and the parent company Siemens AG, the entire net profit after taxes for the year was transferred accordingly. In fiscal 2021, the profit transfer amounted to EUR 172,409 thousand.

With effect from July 1, 2021, Siemens Mobility GmbH transferred its road traffic technology business to Yunex GmbH, Germany, whose operational activities have been conducted by the new company since the fourth quarter of 2021.

The information presented does not include any further notable one-off effects.

2.3.2 Net assets position

(EUR'000)	Sep. 30	
	2021	2020
Assets		
Non-current assets	3,841,854	3,704,702
Intangible assets	22,434	26,264
Property, plant and equipment	189,794	180,496
Financial assets	3,629,626	3,497,942
Current assets	2,403,147	1,729,768
Receivables and other assets	2,392,125	1,721,569
Cash and cash equivalents	11,022	8,199
Prepaid expenses	9,945	11,684
Asset difference from the offsetting	6,003	11,719
Total Assets	6,260,950	5,457,872

Property, plant and equipment mainly includes machinery for the production sites, test facilities and laboratory as well as office equipment. Property, plant and equipment increased by EUR 9,298 thousand and now stands at EUR 189,794 thousand as of the balance sheet date.

Financial assets include in particular the carrying amounts of shareholdings in affiliated companies and investments in the Mobility companies in the UK (EUR 1,376,879 thousand), the U.S. (EUR 934,369 thousand), Switzerland (EUR 392,680 thousand) and Austria (EUR 402,309 thousand). The increase in financial assets is mainly due to a capital increase in the shareholding in Siemens Mobility Austria GmbH, Austria, and the non-cash capital increase at Yunex GmbH. The shareholding in Yunex GmbH was increased by the carrying amounts of the net assets contributed.

The increase in current assets by EUR 673,379 thousand resulted primarily from the Mobility Cash Management. In December 2018, Siemens Mobility GmbH established the Siemens Mobility Cash-Management-System, which in turn participates in the Siemens AG Cash-Management-System. In this context, Siemens Mobility GmbH has enabled its subsidiaries and other companies that are affiliated with Siemens AG pursuant to sections 15 et seq. of the German Stock Corporation Act (AktG) and are attributed to Mobility to participate in the Mobility Cash-Management-System in accordance with applicable laws and official regulations. The establishment of the Mobility Cash-Management-System resulted in financial receivables from and financial liabilities to these companies, with corresponding effects on the Siemens Mobility GmbH balance sheet.

Due to the offsetting of advance payments received (EUR 5,028,312 thousand) against inventories, the excess of advance payments reported under liabilities amounts to EUR 801,542 thousand.

Gross inventories break down as follows:

(EUR'000)	Sep. 30	
	2021	2020
Total inventories (gross)	4,226,770	4,053,895
Raw materials, consumables and supplies	198,370	170,439
Work in progress and finished goods, merchandise	376,813	413,191
Uncharged deliveries and services	3,211,424	2,855,528
Advance payments made	440,164	614,737

Uncharged deliveries and services essentially comprise capitalized expenses incurred in connection with the provision of deliveries and services for projects in the plant business that had not yet been invoiced to the customer as of the balance sheet date. The increase is driven by regular project progress.

Receivables and other assets break down as follows:

(EUR'000)	Sep. 30	
	2021	2020
Receivables and other assets	2,392,125	1,721,569
Trade receivables	33,018	86,205
Receivables from affiliated companies	2,288,239	1,557,173
Receivables from companies in which shareholding interests are held	1,288	5,616
Other receivables and other assets	69,580	72,574

The liabilities side of the balance sheet is as follows:

Shareholders' equity and liabilities		
(EUR'000)	Sep. 30	
	2021	2020
Shareholders' equity	1,650,064	1,650,064
Subscribed capital	50,000	50,000
Capital reserve	1,494,053	1,494,053
Unappropriated net income	106,011	106,011
Provisions	1,559,043	1,482,563
Liabilities	3,042,139	2,311,234
Deferred income	9,704	14,011
Total shareholders' equity and liabilities	6,260,950	5,457,872

Shareholder' equity remains unchanged at EUR 1,650,064 thousand, as the net profit for the year was transferred to Siemens AG through the control and profit-and-loss transfer agreement. There was a slight increase of EUR 76,480 thousand in provisions, which is mainly due to the increase in pension obligations. Liabilities increased significantly due to the obligation under the Mobility Cash-Management-System to affiliated companies.

Provisions mainly consist of provisions for pensions and similar obligations in the amount of EUR 847,726 thousand (previous year: EUR 749,886 thousand) and provisions for warranty obligations in the amount of EUR 261,802 thousand (previous year: EUR 294,085 thousand). The increase in provisions for pensions and similar obligations resulted mainly from interest rate effects.

The item liabilities totaling EUR 3,042,139 thousand is composed of the surplus of customer prepayments compared to inventories of EUR 801,542 thousand, trade payables of EUR 579,666 thousand, liabilities to affiliated companies of EUR 1,324,503 thousand and other liabilities of EUR 335,176 thousand as well as liabilities of EUR 1,252 thousand to companies in which a shareholding interest is held.

With the divestment of the road traffic technology business into Yunex GmbH on July 1, 2021, the corresponding assets and liabilities were transferred to the new company as a non-cash contribution.

2.3.3 Financial position

As of the balance sheet date, the Company had cash and cash equivalents of EUR 11,022 thousand (previous year: EUR 8,199 thousand).

Financing is provided through advance payments received and the liquidity of the Siemens Group. Accordingly, the Company expects to be able to meet its payment obligations.

Mobility's investments result primarily from project requirements, development services and from the maintenance and expansion of production facilities.

2.3.4 Overall assessment

Mobility and Siemens Mobility GmbH had a high order backlog as of the balance sheet date and were profitable in fiscal 2021. The revenue level of EUR four billion forecast for the Company in the previous year was achieved. Earnings were within the expected range and were affected significantly by the dividend payments received and/or profit transfers from the relevant shareholdings. The Company is financed through advance payments received from customers and Siemens' liquidity.

3. Report on expected developments and associated material opportunities and risks

3.1 Report on expected developments

Worldwide economy

After the deepest recession and the fastest rebound in decades, in calendar 2020 and calendar 2021, respectively, the global economic recovery is expected to continue with slowing momentum in fiscal 2022. Global gross domestic product (GDP) is expected to expand by 4.3% in calendar 2022. The outlook is still subject to a high level of uncertainty. The biggest source of concern remains COVID-19. New variants could emerge before widespread vaccination is reached globally, or they could escape existing immunity, while vaccine effectiveness might fade more quickly than expected.

However, in our baseline forecast we assume the impact of the Delta variant will recede further, vaccination rates will continue to rise, especially in emerging economies, and the global economy gradually will return to normal. The service sector will reopen further, and consumer spending for services will recover, which will contribute significantly to the global recovery. This is supported by consumers still having substantial pent-up savings which will continue to fuel consumer demand. In addition, companies in general have low levels of inventory and will seek to re-stock, adding to demand, even if consumer spending should slow. Also, many companies might want to have structurally higher inventory levels to improve supply chain resilience, as supply chains were often stressed during the pandemic. However, we expect supply shortages to continue in the first half of calendar 2022.

Besides a potential re-emergence of the pandemic, further risks exist for fiscal 2022. Supply bottlenecks might last longer than expected and restrain recovery. While we expect price pressures to subside for the most part in fiscal 2022 in our baseline outlook, persistent supply bottlenecks or further energy price increases could fuel inflation and inflation expectations, and thus prompt a faster-than-anticipated monetary tightening. This could reverberate in financial markets and weigh on investment spending. Risks for financial markets could also emerge from other sources, e.g. an escalation of the U.S.-China trade and technology conflict, high corporate or government debt levels or China's property sector which could undergo a substantial correction after a period of over-investment.

The necessary adjustments in the Chinese property sector, a high ratio of debt to GDP and worsening business conditions are expected to limit China's GDP growth in calendar 2022 to 5.7%. The European Union economy is expected to expand by 4.0% in calendar 2022, still supported by catch-up effects and announced stimulus programs becoming effective. In the U.S., GDP is expected to expand by 4.3%, with government spending having a negative effect on GDP growth, as it is reduced from calendar 2021 onwards, implying a negative fiscal impulse. An important pre-requisite is preventing federal limits on borrowing (the debt ceiling) from disrupting government operations and spending programs.

Global fixed investments are expected to expand by 4.4% in calendar 2022, after already growing by 6.4% in calendar 2021. The infrastructure sector for public transport will benefit from various green stimulus programs.

The forecasts presented here for GDP and fixed investments are based on a report from IHS Markit dated October 15, 2021.

Segments

For fiscal 2022, markets served by Mobility are expected to further recover from impacts related to COVID-19 and to grow clearly, partly benefiting from fiscal stimulus and investment programs. Mobility anticipates that rail operators in Europe, particularly in Germany and in the UK, will continue making significant investments and that customers in the Middle East and Africa will tender large turnkey systems, especially for additional rail lines in Egypt and Saudi Arabia. Markets in the Americas region are expected to remain strong, especially due to ongoing investments in urban and mainline transport and large investment programs dedicated to transportation and enhancements of existing infrastructure in the U.S. In China, investments in high-speed trains, urban transport, freight logistics and rail infrastructure are expected to continue to drive growth. In India, privatization is expected to drive infrastructure enhancements and upgrades and to lead to strong market growth through investments in mainline (high-speed, freight infrastructure, additional rolling stock), urban metro and rail electrification with ambitious electrification targets for the broad-gauge network. Despite an adverse short-term impact from COVID-19, rail transport and intermodal mobility solutions are expected to remain a high priority as urbanization continues to progress around the world. In emerging countries, rising incomes are expected to result in greater demand for public transport solutions.

Siemens Mobility GmbH

In principle, it can be assumed that Siemens Mobility GmbH and the market as a whole will grow, generate solid earnings contributions and generate liquidity from its operations. The revenue target corridor for the next twelve months for Siemens Mobility GmbH is between four and five billion EUR. However, there may be short-term fluctuations on the revenue side and thus also on the earnings side, since under HGB accounting the realization of revenue and earnings in the plant business is delayed in comparison with the ongoing processing of orders. The profit margin from operations in fiscal 2022 will also be strongly supported by the dividend transfer and the control and profit-and-loss transfer agreements with the Company's

shareholdings, which are above the fiscal 2021 level and are expected to lead to a moderate increase in profitability. This forecast does not take into account effects from portfolio measures.

3.2 Risk report

3.2.1 Risk management

Below, we describe risks that may have a material adverse effect on our financial (including effects on assets, liabilities and cash flows) and earnings position as well as on our reputation. The order of the risks presented within the four categories strategic risks, operational risks, financial risks and compliance risks reflects the current assessment of the relative risk level for Mobility and therefore provides an indication of the current significance of these risks for us. Additional risks that we are not currently aware of, or risks that we currently consider to be insignificant, may also adversely affect our business activities and objectives.

The following risks are primarily presented from Mobility's perspective, but apply equally to Siemens Mobility GmbH due to the integration of Siemens Mobility GmbH into Mobility's supply and service network.

3.2.2 Risks

Strategic risks

Economic, political and geopolitical framework (macroeconomic environment)

We see a high degree of uncertainty with regard to the future development of the global economy. Major risks result, for example, from the relations of the European Union and the U.S. with Russia and the increasing decoupling of China from the global economy. Other risks include trade conflicts, the further development and impact of the COVID-19 pandemic, shortages of primary products and raw materials leading to rising prices and longer delivery times worldwide, increasing economic vulnerability of various countries or regions (including Turkey, Latin America) and geopolitical tensions (e.g. in the Middle East). These may lead to a deterioration of the investment climate, delays or cancellations of orders and may affect infrastructure projects.

Protectionist trade policies such as the introduction of localization requirements and increasing trade barriers (e.g. in China), and changes in the political and regulatory environment in the markets in which Mobility operates may have a negative impact on our assets, liabilities, financial position and financial performance and may also result in penalties, other sanctions and damage to our reputation. In order to counter these risks, we continuously monitor the political situation in order to identify critical cases at an early stage. We do this with the aim of adapting our processes and our business model to possible changes and of increasing awareness of these changes within the organization.

Competitive environment

Mobility's business is confronted with a number of strong existing competitors as well as new competitors (mainly Asia). Some of them are trying to expand their rail business worldwide with a strategic focus on favorable manufacturing and financing conditions. The consolidation process in which we find ourselves in the railway industry may lead to increased competition, a change in our relative market position or unexpected price erosion.

In addition, increasing competition from Chinese players in the European markets (e.g. through new partnerships, alliances or consortia with historical international competitors or regional providers) poses a growing challenge and could have an impact on Mobility's future prospects and business activities.

We counter these risks with a variety of measures. For example, we monitor both existing and known potential competitors and market entry barriers, continuously monitor and analyze market and competition data, carry out benchmarking activities, strategic initiatives and sales initiatives, and exchange information, for example with industry associations.

COVID-19 pandemic

The COVID-19 pandemic, which had an impact on us as well, poses ongoing challenges. For example, we are facing a slow-down in decision-making processes, postponement of investments on the client side and delays in contract execution. A significant increase in the public debt burden may affect the number and timing of public infrastructure project awards. In addition, we must expect temporary or prolonged disruptions in the procurement/supply chain, travel restrictions and impacts on the health and safety of our employees and service providers, as well as on our manufacturing activities. The extent and duration of individual impacts on our business are difficult to predict, particularly due to epidemiological developments and the countermeasures taken by governments. For example, if mitigation measures are initiated at short notice or last for an unpredictably long time, this may have an unexpectedly significant impact on our business. To ensure the health and safety of our employees and our business continuity, we have initiated a wide range of measures. These include, among other things, the protection of our employees (for example, through the provision of personal protective equipment, COVID-19 tests and work from home) and the use of digital tools in the context of cooperation with our customers, suppliers and service providers.

We continuously monitor the situation to quickly identify new developments and adapt the measures taken to potential impacts.

Operational risks

Cyber and information security

Our business is dependent on digital technologies. The worldwide increase in threats to cyber security that we have observed and greater professionalism in cybercrime lead to risks relating to the security of products, systems and networks as well as risks relating to the confidentiality, availability and reliability of data. We take a number of measures to minimize risk, including employee training, as well as comprehensive monitoring of our networks and systems through the use of cyber defense with an AI solution to identify attacks more quickly in order to prevent damage to the Company, especially to critical infrastructure, our customers, our partners and Mobility as a whole. However, the Company's and our service providers' systems, products, solutions and services remain potentially vulnerable to attack. This may lead to disclosure, falsification or loss of data or even deliberate misuse of information systems, or to production downtime and supply bottlenecks, with potentially adverse effects on our reputation, competitiveness and business.

Competition for qualified staff

Competition for highly qualified staff, such as specialists, experts or talents in the fields of production, development, project management and digitalization, continues to be intense in the industry and regions in which we do business. We are constantly in need of highly qualified staff. Our future success depends in part on the extent to which we succeed in hiring, integrating, developing and retaining engineers and other skilled personnel for the Company. We counter this risk, for example, with structured succession planning, an improvement in our perception as an attractive employer, measures to promote employee loyalty and career management.

Approval processes in the railway industry (homologation)

The marketing of our rail products requires compliance with rail safety standards which vary widely at a global level and are regulated and monitored by various regulatory authorities. The approval procedures are very costly and may lead to delays and be more expensive than initially expected due to the scope of the audits and evidence required by the competent authorities, which may change over time. Delays caused by the homologation process or additional engineering or production costs associated with the approval may result in delays in delivery, cost overruns and contractual penalties or even the full or partial termination of contracts.

Financial risks

Market risks

We are subject to the influence of exchange rate fluctuations, particularly between the British pound and the euro as well as between the U.S. dollar and the euro, as a large proportion of our exports is transacted in countries that use the British pound or the U.S. dollar as their clearing currency. An appreciation or depreciation of the euro may impact our competitive position. We are also exposed to fluctuations in interest rates and raw materials prices. Adverse developments on the financial markets and changes in central bank policies may have an adverse impact on our results. We seek to manage and control these risks primarily through our ongoing operating and financing activities and use derivative financial instruments in order to hedge these market risks where appropriate.

Liquidity and financing risks, cash management, letters of comfort

Liquidity management is based on the Siemens financing policy.

Our treasury and financing activities may face unfavorable deposit and/or financing terms, triggered by adverse developments in connection with the financial markets, such as limited availability of funds and hedging instruments, a change in the Siemens credit ratings, in particular by rating agencies, negative interest rates and effects of more restrictive regulations in the financial sector, central bank policies and the use of financial instruments which result in a deterioration of our deposit terms or financing costs, as well as a termination of financing by Siemens AG or other Siemens Group entities. An increase in credit spreads due to uncertainties and risk aversion in the financial markets may lead to adverse changes in the fair values of our financial assets, in particular of our derivative financial instruments.

In fiscal 2021, Siemens Mobility GmbH participated in the Siemens Cash Management. The ability of Siemens Mobility GmbH to meet future payment obligations is ensured as the bank accounts participate in the cash pool of Siemens Corporate Treasury, including the possibility of drawing on liquidity from Siemens Corporate Treasury and to use the Siemens payment infrastructure.

Siemens AG has issued letters of comfort in favor of banks - partly for regulatory reasons - to the extent that these banks have provided Siemens Mobility GmbH and its subsidiaries with loan or guarantee facilities.

Risks from contingent liabilities

Siemens Mobility GmbH has entered into contingent liabilities in favor of customers. These contingent liabilities serve to secure the delivery and performance obligations of the foreign subsidiaries of the Company as well as its sister companies. These contingent liabilities are managed on the basis of the Siemens financial and risk policies.

Risks from pensions and similar obligations

Provisions for pensions and similar obligations may be affected both by a change in actuarial assumptions and by a change in the discount rate. They are also subject to legal risks, such as risks relating to the design of the pension plans. A significant increase in these obligations may have an adverse impact on Siemens' capital structure and thus reduce its refinancing opportunities and increase refinancing costs. Higher refinancing costs for Siemens may lead to higher refinancing costs for Siemens Mobility GmbH.

Compliance risks

Current and future investigations into allegations of corruption or cartels and other violations of the law

Proceedings against us regarding allegations of corruption, cartels or other violations of the law may have a variety of legal consequences, including fines, penalties, sanctions, court orders regarding future conduct, disgorgement of profit, exclusion from direct or indirect participation in certain transactions, loss of trade licenses or negative press coverage. Accordingly, we may be required, among other things, to comply with certain performance obligations in connection with such proceedings, including potential tax penalties. In addition, the detection of cases of public corruption may jeopardize our business with public and inter-governmental agencies and supranational organizations and lead to the appointment of supervisors to review our future business practices. We may also be asked to change our business practices and our compliance program.

A significant proportion of our business is with governments and state-owned companies. We are also involved in various projects funded by public and inter-governmental agencies or supranational organizations such as multilateral development banks. Pending and possible future investigations into allegations of corruption or cartels or other violations of the law may have adverse effects on our relationships with such clients, including exclusion from public contracts. They may also adversely affect existing private business relationships and the possibility of attracting new private business partners for potentially significant strategic projects and transactions such as strategic alliances, joint ventures or other forms of business cooperation. Such investigations may also lead to the termination of existing contracts, and third parties, such as customers and competitors, may initiate significant legal proceedings against us. In addition, future developments in ongoing or potential future proceedings, such as responses to regulatory requests and cooperation with authorities, may divert the management's attention and resources from other business matters. In addition, we may face compliance risks in connection with recently acquired businesses that are still in the integration process. In addition to other measures, Mobility has established a worldwide compliance organization that, among other things, conducts compliance risk reduction processes, such as compliance risk assessments. The Mobility Compliance System is part of the global Siemens Compliance System.

Regulatory risks and potential sanctions

As a global company, we conduct business with customers in countries that are subject to export control regulations, embargoes, economic sanctions or other forms of trade restrictions (hereinafter referred to as 'sanctions') imposed by the U.S., the EU or other countries or organizations. New or extended sanctions in countries in which we do business may result in a restriction of our existing business activities in these countries or indirectly in other countries. Also, policies of national authorities and institutional investors, such as pension funds and insurance companies, are in place that prohibit investments in and transactions with companies or that require the sale of shares in companies if such companies do business with countries identified by the U.S. Department of State as state sponsors of terrorism. In addition, we may be exposed to claims or other actions by customers due to the termination of our business in sanctioned countries. Finally, our reputation may also suffer due to our dealings with counterparties in such countries or with counterparties associated with such countries.

Changes to regulations, laws and policies

With a broad portfolio and global operations, Mobility is exposed to a variety of product- and country-specific regulations, laws and policies that affect our business activities and processes. We monitor the political and regulatory situation in all our major markets to identify potential problem areas and to adapt our business activities and processes to changing framework conditions at an early stage. Nevertheless, changes in regulations, laws and policies may have adverse effects on our business activities and processes as well as on our assets, liabilities, financial position and financial performance.

Protectionism (including localization)

Protectionism in trade policy and changes in the political and regulatory environment in markets in which we do business, such as import and export controls, customs regulations and other barriers to trade, including exclusion from certain markets, as well as price or currency restrictions, may influence our operations in various national markets and affect our assets, liabilities, financial position and financial performance. We may also be exposed to fines, other sanctions and reputational damage. In addition, uncertainty in the legal environment in some regions may limit our ability to enforce our rights and cause us to be subject to increasing costs for appropriate compliance programs.

Laws and regulations relating to environmental protection, health and safety

The mobility sector, especially the rail sector, is highly regulated. Current or future regulations regarding environmental, health and safety issues or changes of such regulations may require an adjustment of our operations and may result in a significant increase in our operating costs.

Although we have procedures in place to ensure that we comply with applicable environmental, health or safety regulations when conducting our business, we cannot rule out the risk that violations may occur. Non-compliance with the regulations or potential environmental, health or safety-related incidents expose us to the risk of injury, business interruption, penalties, liability, reputational damage or loss of licenses and permits that are important to our business.

We see this risk for ourselves, but also for third parties with whom we have a contractual relationship, including suppliers and service providers, and whose actions may be attributed to us.

Siemens Mobility GmbH is included in the group insurance policies of Siemens AG. For certain environmental risks, insurance cover is therefore provided in the form of liability insurance with coverage amounts that our management considers appropriate and customary for the industry. However, we may incur losses due to environmental damage that go beyond the insured sums or that may not be covered by the relevant insurance, and such losses may have adverse effects on our assets, liabilities, financial position and financial performance.

Current or future legal disputes

Siemens Mobility GmbH is and will continue to be involved in legal disputes or similar proceedings in various jurisdictions in the course of its normal operations. This also includes legal disputes arising from contracts with regard to which a transfer within the framework of the legal carve-out of the Mobility business within the Siemens Group was only possible economically, and for which Siemens Mobility GmbH is liable economically on the basis of intra-group agreements. Such legal disputes may in particular result in Siemens Mobility GmbH being ordered to pay damages and punitive damages, having to satisfy other claims, incurring criminal or civil sanctions, fines or disgorgements of profit, or having to bear similar consequences due to the obligation to assume liability within the Group. In individual cases, this may also lead to formal or informal exclusion from tenders or the revocation or loss of business licenses or permits. In addition, new legal proceedings may be initiated or the scope of pending legal proceedings may be expanded. Claims asserted as a result of legal proceedings are generally subject to interest. Some of these legal proceedings may result in adverse decisions or in administrative decisions, assessments or orders that differ from the expected outcome and that may have material effects on the Company's assets, liabilities, financial position and financial performance. Certain legal risks are covered by insurance at a level that management considers appropriate and customary for the industry. However, insurance cover does not protect the Company from damage to its reputation. In addition, legal proceedings may result in losses in excess of the sum insured or not covered by the insurance or going beyond any existing litigation loss provisions. Finally, it cannot be guaranteed that Siemens Mobility GmbH will continue to be able to procure adequate insurance cover at economically reasonable terms in the future.

3.2.3 Summary of the risk situation

In each of the four categories of strategic risk, operational risk, financial risk and compliance risk, the greatest challenges were first identified, with the risks resulting from the economic, political and geopolitical environment currently being the most significant for us.

At present, no risks have been identified that, either individually or in their entirety, may jeopardize the continuation of the Company.

3.3 Opportunities report

As part of our Enterprise Risk Management approach, we regularly identify and assess the opportunities arising in our business segments and act accordingly. In the following, we shall describe our most important opportunities. The following opportunities are primarily presented from Mobility's perspective, but apply equally to Siemens Mobility GmbH due to the integration of Siemens Mobility GmbH into Mobility's supply and service network.

The order of the opportunities presented reflects the current assessment of the relative dimension for Mobility and therefore provides an indication of the current significance of these opportunities for us. The opportunities described are not necessarily the only ones we have. Furthermore, our assessment of opportunities is subject to change as the Company, our markets and our technologies continue to evolve. Also, opportunities we see today may never materialize.

Climate change

While climate change represents a serious risk for the economy and society, we see an opportunity for additional business volume in the mitigation of its effects through initiatives to reduce CO₂ emissions, such as the European 'Union's European Green Deal' or the German government's climate protection program 'Klimaschutzprogramm 2030', for instance in areas such as rail vehicles, signaling technology as well as service and maintenance.

Turning COVID-19 challenges into opportunities

The opportunity to participate in COVID-19 government stimulus programs such as the European Union's 'Next Generation EU' stimulus plan is an opportunity for Mobility. Furthermore, we see the opportunity to strengthen our customer relationship through additional market offers that specifically address application cases directly related to the COVID-19 pandemic.

Positive results from innovations in digitalization

Innovations are a central component of Mobility's entrepreneurial concept. We promote innovation to develop sustainable mobility solutions for our customers that – in our opinion – meet the future requirements arising from megatrends such as climate change, urbanization and interconnected intermodal mobility. With new and innovative digital products, solutions and services, we, for example, intend to make trains and infrastructure intelligent, increase the availability of infrastructures, optimize route usage, enable operators to use rail data intelligently to optimize maintenance and operation, reduce the need for hardware installations with cloud-based solutions ('interlocking in the cloud'), improve passenger comfort and strengthen cyber security for our customers, thus generating additional revenue and earnings.

Excellent project handling

By increasing our project management efforts and learning from our mistakes in the course of project handling through formalized 'lessons learned' approaches, we see an opportunity to continuously reduce our non-conformance costs and to ensure on-time completion of our projects and solutions. Also, stringent risk and opportunities management in the projects as well as highly professional management of our suppliers helps us avoid contractual penalties, thus improving our earnings position.

Summary of the opportunities situation

We see the most significant opportunities for Mobility in participating in initiatives to reduce CO₂ emissions and in government COVID-19 stimulus programs, as described above.

3.4 Risk reporting related to the use of financial instruments

To hedge the risks arising from fluctuations in foreign currencies, we follow the binding Siemens guidelines and hedge our net foreign currency position in a range between 75% and 100%. Project business is almost completely hedged. The majority of derivatives used for hedging purposes are denominated in U.S. dollars, British pounds and Canadian dollars.

4. Corporate Governance Declaration

On November 5, 2018, the Supervisory Board of Siemens Mobility GmbH set targets for the proportion of women on the Supervisory Board and among the Managing Directors for the period up to October 31, 2023.

As a minimum, the level of 5/16 (equivalent to 31.25%) achieved at the time of the resolution should be maintained in the Supervisory Board. The same applies to the Management Board for the level of 1/3 (corresponds to approximately 33.3%) achieved at the time of the resolution.

On November 23, 2018, the Management Board set the following targets for the proportion of women in the two management levels below the Management Board, defined on the basis of the concrete reporting lines, which has in part already been achieved:

Management level	First	Second
Percentage of women globally as per September 30, 2021	21.1%	19.9%
Percentage of women Germany as per September 30, 2021	30.8%	19.3%
Percentage of women target September 30, 2023	25.0%	25.0%

Report on Gender Equality and Equal Pay pursuant to section 21 of the Transparency in Wage Structures Act (Entgelttransparenzgesetz) for calendar 2020 (unaudited)

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative and universally valid version.

At Siemens Mobility GmbH, we have been actively promoting diversity in our workforce for many years. Diversity strengthens our innovative power, releases the potential of our employees and thus contributes to our business success.

Against this background, we at Siemens Mobility GmbH have long been actively committed to increasing the employment of women at all levels.

We have ambitious goals in a professional field with a traditionally low proportion of women.

We are committed to more women in the fields of science, technology, engineering, and mathematics (STEM professions)

More women in STEM professions – this is an important issue for us. Various activities (for different target groups) therefore aim to inspire and attract more women in particular to STEM professions. For example, we have been participating in 'Girl's Day' for many years. In calendar years 2018 and 2019, we opened our doors to around 150 girls aged 14 and over at 5 locations on the occasion of 'Girl's Day', giving them the opportunity to get a taste of technical professions and to make contacts. Even though we were unable to hold the event in 2020 due to the pandemic, it was resumed again in calendar year 2021.

Our school contacts at the Siemens Mobility GmbH sites also serve to get students, and especially female students, interested in STEM professions at an early stage.

We support female and male students with our Siemens student programs. Under these programs, participants can gain in-depth insight into practical work at an international technology corporation and make their first professional contacts. With our student programs, we address people in a gender-neutral, equal-opportunity, inclusive and emancipated way. As part of our overarching goal of increasing the proportion of women in STEM professions, we also welcome the growing number of women here.

We are committed to more women in management positions

For many years, we at Siemens Mobility GmbH have been actively committed to more women in management positions. We are committed to diversity, equal opportunities and inclusion.

Since Siemens Mobility GmbH began operations in 2018, we have seen a steadily growing proportion of women in management positions.

In 2019, the Executive Mobility Women's Network 'Diversity drives Mobility' was initiated. The aim is to network women with further potential for higher management positions and to provide direct access to top management.

But also at the local level, advancement programs are increasingly addressing women. In doing so, we wish to encourage women to establish contacts in other areas and to expand their networks. We have also been using mentoring, shadowing and coaching as established and successful instruments for years.

Our workforce can rely on a discrimination-free working environment

Work at our Company is characterized by respect, diversity and inclusion. At Siemens Mobility GmbH, all employees can develop according to their own talents and preferences and can rely on fair treatment in a prejudice-free working environment. An expression of our culture is a cooperative approach to working together. We foster a working environment that is open to all people, regardless of ethnic origin, race, religion, belief, age, disability, gender, sexual identity and orientation. These principles are firmly anchored in our Siemens Business Conduct Guidelines and in our Work Rules.

In accordance with our Work Rules, every manager, as part of his or her management responsibility for the employees entrusted to him or her, must ensure that no discrimination against persons on the grounds of ethnic origin, race, religion and belief, disability, age, gender, sexual identity and orientation occurs.

Specific training offers from our Global Learning World as well as measures within the framework of our staff development and further education (e.g. mentoring programs and training courses) support our managers and our employees in the continuous realization of these principles.

We are committed to raising awareness of diversity

Added to this are our communication activities to raise awareness of diversity and, in particular, gender equality within and outside the Company. For example, we participated with a variety of activities in the German Diversity Day 2020 as part of the 'Charta der Vielfalt', as well as in 'Women's Day 2020'.

We promote diversity networks within the Company

We offer our employees the opportunity to establish, and participate in, in-house diversity networks. The numerous networks that exist on various diversity dimensions (e.g. gender, sexual identity, etc.) show that this meets with a positive response from our workforce. In particular, women's networks exist at various sites in which female employees promote various aspects of equality, for example, increasing the proportion of women in management positions.

We promote gender equality – also with our activities in external networks

We also play an active role in promoting gender equality through our involvement in cross-company networks and working groups. For example, our parent company Siemens AG participates in the initiative 'Initiative Chefsache', a network of managers from industry, academia, the public sector and the media who, with the support of German Chancellor Angela Merkel, have made gender equality a top management priority.

We contribute to the United Nations development goal 'Gender Balance'

With our commitment to gender equality, we also contribute to the achievement of the United Nations sustainable development goal 'Gender Balance'. Siemens AG, Siemens Mobility GmbH's parent company, signed the United Nations Women's Empowerment Principles on August 1, 2016. It is the first global initiative to specifically address the issue of advancing and empowering women in business.

We pay in a gender-neutral way

We pay our workforce regardless of gender, ethnic origin, race, religion, belief, disability, age, sexual identity and orientation.

Through collective agreements as well as through agreements with our corporate partners, we ensure transparent job-related pay based on gender-neutral criteria.

The pay structure for our non-pay-scale employees (including executive managerial employees) and its application is also gender-neutral, performance-, success- and market-oriented.

As part of our EFA process (Entwicklung, Förderung, Anerkennung, i.e. development, advancement, recognition), we always emphasize the importance of pay regardless of gender. In preparation for the EFA process, the following communication took place in recent years to all managers and to employees in the non-pay-scale group:

'Siemens is clearly committed to the equal treatment of all genders. This should once more be taken into account in the salary determination process this year, whereby care should continue to be taken to ensure that this equal treatment is reflected through development and salary maintenance for all employees in comparable positions and with comparable experience/skills.'

To enable our employees to develop their talents to the full, we offer numerous development opportunities in a modern working environment.

We are committed to work-life balance

Siemens Mobility GmbH is a family-conscious employer. Whether mobile work, sabbaticals or trial part-time, flextime or trust-based working time and special leave of absence options following parental leave – with our diverse options for flexibilization of the time and place of work, in line with requirements, we support our employees in balancing their professional and private lives and at the same time contribute to promoting gender equality.

Childcare facilities located close to the workplace as well as vacation and emergency childcare at numerous sites and a nationwide parenting service support our employees with children. For example, Siemens Mobility GmbH provided childcare facilities for approximately 270 children at 6 locations during the reporting period.

We made a further contribution to work-life balance with our childcare subsidies for the fiscal years since the start of operations in 2018.

We also support our workforce in reconciling work and caregiving by offering options for leave of absence for caregivers as well as counselling and training.

Figures on employees

In calendar 2020, the

- average total number of female employees at Siemens Mobility GmbH was **3,510**,
- average total number of male employees at Siemens Mobility GmbH was **12,723**,
- average number of female part-time employees at Siemens Mobility GmbH was **1,148**,
- average number of female full-time employees at Siemens Mobility GmbH was **2,362**,
- average total number of male part-time employees at Siemens Mobility GmbH was **1,037**,
- average number of male full-time employees at Siemens Mobility GmbH was **11,686**.

These figures are based on the specific concept of the term employees as defined in the Transparency in Wage Structures Act (in particular, dormant employment relationships were also taken into account). This results in deviations from the employee reporting in the Siemens Mobility GmbH annual financial statements.

Siemens Mobility GmbH

Annual Financial Statements as of September 30, 2021

Balance sheet

(EUR'000)	Sep. 30	
	2021	2020
Assets		
Non-current assets	3,841,854	3,704,702
Intangible assets	22,434	26,264
Property, plant and equipment	189,794	180,496
Financial assets	3,629,626	3,497,942
Current assets	2,403,147	1,729,768
Inventories	4,226,770	4,053,895
Advance payments received	(4,226,770)	(4,053,895)
Receivables and other assets	2,392,125	1,721,569
Trade receivables	33,018	86,205
Receivables from affiliated companies	2,288,239	1,557,173
Receivables from companies in which shareholding interests are held	1,288	5,616
Other receivables and other assets	69,580	72,574
Cash and cash equivalents	11,022	8,199
Prepaid expenses	9,945	11,684
Active difference resulting from offsetting	6,003	11,719
Total Assets	6,260,950	5,457,872
Shareholders' equity and liabilities		
Shareholders' equity	1,650,064	1,650,064
Subscribed capital	50,000	50,000
Capital reserve	1,494,053	1,494,053
Unappropriated net income	106,011	106,011
Provisions	1,559,043	1,482,563
Provisions for pensions and similar obligations	847,726	749,886
Other provisions	711,317	732,676
Liabilities	3,042,139	2,311,234
Advance payments received on orders	801,542	585,542
Trade payables	579,666	609,281
Liabilities to affiliated companies	1,324,503	893,665
Liabilities to companies in which shareholding interests are held	1,252	753
Other liabilities	335,176	221,994
Deferred income	9,704	14,011
Total shareholders' equity and liabilities	6,260,950	5,457,872

Income statement

(EUR'000)	Fiscal year	
	2021	2020
Revenue	4,386,400	4,589,536
Cost of sales	(3,528,013)	(3,723,875)
Gross profit from sales	858,387	865,661
Research and development expenses	(325,333)	(354,431)
Selling expenses	(351,968)	(322,591)
General administrative expenses	(126,315)	(100,673)
Other operating income	1,154	1,975
Other operating expenses	(21,552)	(11,492)
Income from operations	34,373	78,449
Income from investments	282,643	117,569
Interest income	(236)	2,052
Interest expenses	(8,006)	(10,228)
Other financial income(expenses), net	(109,241)	(55,254)
Income from business activity	199,532	132,589
Income taxes	(27,123)	(23,318)
Profits transferred under a profit-and-loss transfer agreement	(172,409)	(109,271)
Net income	0	0
Appropriation of net income		
Net income	0	0
Profit carried forward from previous year	106,011	106,011
Unappropriated net income	106,011	106,011

Notes

General information

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative and universally valid version.

The object of the business of Siemens Mobility GmbH is research and development, manufacture, sale and distribution as well as the operation and maintenance of products, systems, installations and solutions in the mobility sector, in particular related to electrification, automation and digitalization, as well as the provision of related services.

The fiscal year starts on October 1 of one year and ends on September 30 of the following year.

These financial statements were prepared in accordance with sections 242 et seq. and 264 et seq. of the German Commercial Code (HGB), the relevant provisions of the German Limited Liability Companies Act (GmbHG) and the articles of association. The regulations for large corporations apply.

Amounts are presented in EUR'000. Due to rounding, individual numbers may not add up exactly to the sum indicated.

The income statement is presented using the cost-of-sales method.

In order to improve the clarity of presentation, individual items of the balance sheet and income statement have been combined and are therefore broken down and explained separately in these notes. For the same reason, information on the allocation to other items and information on sub-items is also provided in the notes.

Register information

The Company is registered in the commercial register of the local court (Amtsgericht) of Munich under number HRB 237219 under the name Siemens Mobility GmbH with its registered offices in Munich.

Accounting and measurement principles

The accounting and measurement principles used to prepare the annual financial statements remain unchanged and are described below.

Revenue comprises income from the sale of products, the provision of services, the rental of products and the granting of licenses.

Negative interest from financial investments is shown under **interest income**, positive interest from borrowing under **interest expenses** as a deductible item.

Intangible assets acquired for consideration are capitalized at cost and depreciated on a straight-line basis over a maximum of the longer of five years or the contractual useful life. In the year of acquisition, depreciation takes place *pro rata temporis*.

The capitalization option is not exercised for internally generated intangible fixed assets.

Goodwill acquired against consideration is generally depreciated over the expected useful life of 15 years. This is based on the expected benefit of the acquired businesses and is determined in particular by economic factors such as future growth and profit expectations, synergy effects and headcount.

Property, plant and equipment: The composition of production costs is described in the context of the notes on inventories. Property, plant and equipment is generally depreciated using the straight-line method. In certain cases, the declining balance method of depreciation is applied. In these cases, the straight-line depreciation method is used as soon as this leads to higher depreciation. In the year of acquisition, depreciation takes place *pro rata temporis*.

Independently usable movable fixed assets of up to EUR 250 that are subject to wear and tear are immediately expensed at cost. Additions whose acquisition or manufacturing costs amount to more than EUR 250 but not more than EUR 800 are capitalized and fully depreciated in the year of acquisition.

Useful life of property, plant and equipment	In years
Factory and commercial buildings	20 to 50
Other buildings	5 to 10
Technical equipment and machinery	predominantly 10
Other equipment, factory and office equipment	3 to 8
Leased products	predominantly 3 to 5

Financial assets: Impairment losses are recorded if a decline in value is expected to be permanent. This is the case when objective evidence, in particular events or changed circumstances, indicate a significant or prolonged decline in value. Loans that do not bear interest or bear interest below market rates are discounted to their present value.

Inventories are carried at the lower of average acquisition/manufacturing cost or current market value. In addition to direct costs, production costs also include appropriate portions of production and material overheads as well as of the decline in value of fixed assets. General administration expenses and expenses for corporate social facilities, voluntary social benefits and occupational pensions are not capitalized. Write-downs are made for inventory risks resulting from reduced usability and technical obsolescence as well as in the context of the loss-free valuation of uncharged deliveries and services in the plant and service business.

Allowances on **receivables** are recognized according to the probability of default and according to country risk.

Deferred taxes: Siemens Mobility GmbH is included in the Siemens AG income tax group. Deferred taxes on temporary or quasi-permanent differences between the valuation of assets, liabilities and prepaid expenses or deferred income according to the commercial code and their valuation according to tax law are determined at the level of the controlled company and are reported in the balance sheet at the level of the controlling company, Siemens AG. Deferred taxes were measured at a tax rate of 31.33%.

Offsetting of assets, income and expenses: Assets which exclusively serve to meet pension obligations and residual partial retirement obligations and which are not available to other creditors are measured at fair value. Income and expenses from these assets are offset against the costs from the reversal of discounting of the corresponding liabilities, and are reported under other financial income (expenses), net.

Pensions and similar obligations: Siemens Mobility GmbH measures the payment obligations from pension commitments on the basis of biometric probabilities at the settlement amount determined using the projected-unit-credit method. Benefit entitlements from plans based on investment income from underlying assets are generally measured at the fair value of the underlying assets on the balance sheet date. If the development of the value of the underlying assets is lower than a promised return, the contributions are accumulated with the promised return and discounted to their present value in order to calculate the pension provision. Discounting is based on the respective average market interest rate published by Deutsche Bundesbank for a remaining term of 15 years.

Other provisions include appropriate and sufficient individual provisions for all identifiable risks from uncertain liabilities and for impending losses from pending transactions, taking into account the settlement amount required according to prudent business judgment. Material provisions with a remaining term of more than one year are discounted at the average market interest rate for the appropriate term as determined and published by Deutsche Bundesbank.

Currency translation: Receivables, other assets, securities, cash and cash equivalents, provisions and liabilities (excluding advance payments received on orders) as well as contingent liabilities in foreign currencies are generally valued at the mean spot exchange rate on the balance sheet date. Balance sheet items in foreign currencies that are part of the valuation unit used to hedge foreign currency risk are valued at the average spot exchange rate on the transaction date. Fixed assets and inventories acquired in foreign currencies are translated at the average spot exchange rate on the transaction date.

Derivative financial instruments are used exclusively for hedging purposes and, if the conditions are met, are combined with the hedged underlying transactions to form valuation units. When valuation units are formed, the changes in value or cash flows from the underlying and the hedging transactions are compared with each other; only a negative surplus from the ineffective portion of the market value changes is provided for. The unrealized profits and losses on the effective portion are fully offset and are neither recognized in the balance sheet nor in the income statement.

Notes to the balance sheet

Non-current assets

The development of the individual fixed asset items is shown in the following statement of changes in fixed assets, together with depreciation for the fiscal year.

(EUR'000)	Oct. 1, 2020	Additions	Reclassifica- tions	Acquisition or production costs		Oct. 1, 2020	Depre- ciation	Accumulated depreciation		Book values	
				Disposals	Sep. 30, 2021			Disposals	Sep. 30, 2021	Sep. 30, 2021	Sep. 30, 2020
Intangible assets											
Licenses and industrial property rights	11,642	1,131	0	(1,556)	11,218	(5,828)	(2,945)	1,459	(7,314)	3,903	5,814
Goodwill	27,073	0	0	0	27,073	(6,623)	(1,919)	0	(8,542)	18,531	20,450
Total	38,715	1,131	0	(1,556)	38,290	(12,451)	(4,865)	1,459	(15,856)	22,434	26,264
Property, plant and equipment											
Land, land rights and buildings, including build- ings on third-party land	10,740	2,644	1,263	(2)	14,646	(1,787)	(2,226)	2	(4,011)	10,634	8,954
Technical equipment and machinery	132,675	14,726	1,437	(7,490)	141,348	(33,091)	(16,159)	1,292	(47,959)	93,389	99,584
Other equipment, factory and office equipment	100,078	23,537	5,694	(12,838)	116,471	(43,273)	(23,001)	11,775	(54,499)	61,972	56,805
Leased products	0	12,285	0	(12,285)	0	0	(243)	243	0	0	0
Advance payments made and assets under con- struction	15,153	17,041	(8,395)	(1)	23,798	0	0	0	0	23,798	15,153
Total	258,646	70,234	0	(32,617)	296,263	(78,151)	(41,629)	13,311	(106,469)	189,794	180,496
Financial assets											
Shares in affiliated companies	3,374,000	240,380	11	(105,541)	3,508,849	(507)	0	0	(507)	3,508,342	3,373,493
Shares in investments	124,211	412	(11)	(3,550)	121,061	0	0	0	0	121,061	124,211
Securities	0	2,365	0	(2,365)	0	0	0	0	0	0	0
Loans	239	207	0	(223)	223	0	0	0	0	223	239
Total	3,498,449	243,364	0	(111,680)	3,630,133	(507)	0	0	(507)	3,629,626	3,497,942
Non-current assets	3,795,810	314,729	0	(145,852)	3,964,687	(91,109)	(46,494)	14,770	(122,833)	3,841,854	3,704,702

Information on shareholdings

(EUR'000)	Shareholding In %	Equity	Income (expenses) after taxes
Germany			
eos.uptrade GmbH, Hamburg	100	7,260	0 ²
HaCon Ingenieurgesellschaft mbH, Hanover	100	20,078	0 ²
Siemens Traction Gears GmbH, Penig	100	10,250	0 ²
Sternico GmbH, Wendeburg	49	296	33
IFTEC GmbH & Co. KG, Leipzig	50	9,309	1,911
Yunex GmbH, Munich	100	12	(7)
DKS Dienstleistungsgesellschaft mbH, Cologne	49	2,522	1,576
Elsewhere			
Bytemark Inc, Dover, DE / U.S.	97	-	. ³
ESTEL Rail Automation SPA, Algiers / Algeria	51	3,399	164
Siemens Mobility, Inc, Wilmington, DE / U.S.	100	938,654	57,732
Siemens Mobility Limited, London / United Kingdom	100	1,041,025	136,067
Siemens Mobility LLC, Moscow / Russian Federation	100	37,424	14,456
Siemens Mobility AG, Wallisellen / Switzerland	100	57,477	33,818
Siemens Mobility Austria GmbH, Vienna / Austria	100	128,340	(17,834)
Siemens Mobility S.A., Munro / Argentina	10	12,586	(829)
Ural Locomotives Holding Besloten Vennootschap, 's-Gravenhage / Netherlands	50	100,126	11,117
Siemens Mobility Ulasim Sistemleri Anonim Sirketi, Istanbul / Turkey	100	27,000	(1,897) ⁴
Limited Liability Company Siemens Elektroprivod, St. Petersburg / Russian Federation	100	38,526	7,381
Siemens Mobility S.R.L., Bucharest / Romania	2	11,746	1,772
Siemens Mobility, s.r.o., Bratislava / Slovakia	1	30,613	1,190
Yunex Ulasim Teknolojileri Anonim Sirketi, Kartal/Istanbul / Turkey	100	-	-. ¹
Yunex Limited, Poole, Dorset / United Kingdom	100	-	-. ¹
Yunex Traffic Austria GmbH, Vienna / Austria	100	-	-. ¹

1 The company was founded in fiscal 2021, annual financial statements not available yet

2 Control and profit-and-loss transfer agreement with Siemens Mobility GmbH

3 The company is not legally obligated to prepare annual financial statements

4 Financial statements September 30, 2019

Insofar as the disclosures are of minor significance for the presentation of assets, liabilities, financial position and financial performance, they are not made, in accordance with section 286 (3) no. 1 HGB.

The Company is a partner with unlimited liability of VAL 208 Torino GEIE, Milan, Italy.

Inventories

(EUR'000)	Sep. 30	
	2021	2020
Raw materials, consumables and supplies	198,370	170,439
Unfinished products	260,123	295,541
Finished products and merchandise	116,690	117,650
Uncharged deliveries and services	3,211,424	2,855,528
Advance payments made	440,164	614,737
Inventories	4,226,770	4,053,895

Uncharged deliveries and services essentially comprise capitalized expenses incurred in connection with the provision of deliveries and services for projects in the plant business that had not yet been invoiced to the customer as of the balance sheet date.

Receivables and other assets

(EUR'000)	Sep. 30	
	2021	2020
Trade receivables	33,018	86,205
of which with residual maturities of more than 1 year	10,690	20,120
Receivables from affiliated companies	2,288,239	1,557,173
of which with residual maturities of more than 1 year	0	0
Receivables from companies in which shareholding interests are held	1,288	5,616
of which with residual maturities of more than 1 year	500	3,673
Other receivables and other assets	69,580	72,574
of which with residual maturities of more than 1 year	9,616	5,871
Receivables and other assets	2,392,125	1,721,569

Receivables and other assets include EUR 1,879,504 thousand (previous year: EUR 1,292,151 thousand) in receivables from the sole shareholder Siemens AG. Of this amount, EUR 390,937 thousand (previous year: EUR 260,097 thousand) relates to receivables resulting from customer contracts that were transferred by Siemens AG to Siemens Mobility GmbH only economically, but not legally, as the contracting parties objected to, or have not yet agreed to, the legal transfer of these contracts.

Of the receivables from affiliated companies, a partial amount of EUR 2,509 thousand (previous year: EUR 2,683 thousand) relates to trade receivables.

Active difference resulting from offsetting

The active difference results from the offsetting in accordance with section 246 (2) 2 HGB of assets that exclusively serve to meet pension obligations (deferred compensation) or similar liabilities with long-term maturity (partial retirement program) and that are not accessible to other creditors (plan assets as defined in section 246 (2) 2 HGB) with such liabilities.

Information on offsetting pursuant to section 246 (2) 2 HGB:

(EUR'000)	Sep. 30 2021
Acquisition costs of assets	95,484
Fair value of the assets	103,379
Settlement amount of offset liabilities	97,375
Active difference resulting from offsetting	6,003

Shareholders' equity - amounts subject to dividend payout restriction

The valuation at fair value of assets to be netted in connection with partial retirement agreements does not result in amounts subject to a dividend payout restriction.

The difference that is subject to a dividend payout restriction between the plan assets as defined in section 246 (2) 2 HGB and the acquisition cost of these assets (profits not realized and not netted) amounts to EUR 4,416 thousand. The dividend payout restriction does not apply due to sufficient freely available provisions.

Unappropriated net income

Unappropriated net income includes profit carried forward from previous year of EUR 106,011 thousand.

Provisions for pensions and similar obligations

Siemens Mobility GmbH provides pension benefits through the Siemens Defined Contribution Pension Plan (BSAV), frozen plans with legacy commitments (vested benefits) and deferred compensation plans. The majority of active employees participate in the BSAV. The benefits under this plan are mainly based on the nominal contributions by the Company and their investment income from the underlying assets, with the Company guaranteeing a minimum rate of return. In the course of the introduction of the BSAV, the effect of salary increases was largely eliminated for benefits from the frozen plans with legacy commitments, so that valuation assumptions for salary increases including the career trend no longer have any material significance for the Siemens Mobility GmbH pension obligations. The plans are covered by assets via fiduciary structures of Siemens AG. Siemens Mobility GmbH does not yet have its own trust structure; the beneficial owner of the trust assets is Siemens AG.

The actuarial valuation of the settlement amount was based, *inter alia*, on a discount rate of 1.98% and a pension trend of 1.50%; a pension trend of 1.00% was assumed for the obligations under the BSAV. As of September 30, 2019, the mortality tables used in Germany (Siemens Bio 2017) are based primarily on data from the German Siemens population and, to a lesser extent, on data from the German Federal Statistical Office, using a set of formulas that complies with recognized actuarial rules.

The difference between the valuation of provisions for pension benefit obligations according to the corresponding average market interest rate from the past ten and the past seven fiscal years amounts to EUR 73,117 thousand.

Other provisions

Other provisions amounting to EUR 711,317 thousand (previous year: EUR 732,676 thousand) include miscellaneous provisions of EUR 701,156 thousand (previous year: EUR 727,430 thousand) and tax provisions of EUR 10,161 thousand (previous year: EUR 5,246 thousand).

Miscellaneous provisions mainly relate to provisions for warranties in the amount of EUR 261,802 thousand, provisions for personnel expenses in the amount of EUR 204,762 thousand, provisions for outstanding invoices for goods and services in the amount of EUR 128,785 thousand and provisions for default fines and contractual penalties in the amount of EUR 56,927 thousand.

Liabilities

The residual maturities of the liabilities are shown in detail in the following statement of changes in liabilities.

(EUR'000) Type of liability	Sep. 30 2021	of which with a residual maturity of			Sep. 30 2020	of which with a residual maturity of		
		up to 1 year	1 to 5 years	more than 5 years		up to 1 year	1 to 5 years	more than 5 years
1. Advance payments received on orders	801,542				585,542			
2. Trade payables	579,666	579,554	112	0	609,281	608,166	1,115	0
3. Liabilities to affiliated companies	1,324,503	979,815	344,688	0	893,665	723,119	170,545	0
4. Liabilities to companies in which shareholding interests are held	1,252	1,252	0	0	753	753	0	0
5. Other liabilities	335,176	284,709	50,467	0	221,994	155,813	16,309	49,872
<i>of which from taxes</i>	74,961				28,097			
<i>of which social security liabilities</i>	9,970				10,278			
Liabilities	3,042,139	1,845,331	395,266	0	2,311,234	1,487,851	187,969	49,872

Liabilities to affiliated companies amount to EUR 521,595 thousand (previous year: EUR 459,463 thousand) and are in relation to the sole shareholder Siemens AG. The liabilities to the shareholder include loan liabilities for three specific projects amounting to EUR 344,688 thousand (previous year: EUR 347,200 thousand).

Of the liabilities to affiliated companies, a partial amount of EUR 5,961 thousand (previous year: EUR 4,129 thousand) relates to trade receivables.

Notes to the Income Statement

Breakdown of revenue

Siemens Mobility GmbH operates in the following two areas of business:

- 'Infrastructure' supplies products, solutions and complete systems (turnkey business) for the automation and optimization of rail and road traffic. This business segment also includes complete solutions for rail and road traffic as well as rail electrification solutions.
- 'Rolling Stock' is a leading supplier of rail vehicles for commuter and mainline transportation as well as for urban passenger transport. The portfolio includes both product and system solutions.

In both business areas, information is also disclosed on the respective 'Customer Service' as a worldwide service provider for the provision of maintenance services for rail vehicles, railway and road infrastructure as well as for complete systems.

With effect from July 1, 2021, Siemens Mobility GmbH transferred its road traffic technology business to Yunex GmbH, Germany, whose operational activities will be conducted by the new company from the fourth quarter of 2021.

The item 'Others' includes the billing of the revenue-based license fee for the use of the 'SIEMENS' brand and the billing of IT services to affiliated companies.

(EUR'000)	Fiscal year	
	2021	2020
- by area of activity		
Infrastructure	1,154,648	1,221,496
Rolling Stock	3,165,135	3,312,138
Others	66,617	55,902
Revenue	4,386,400	4,589,536
- by region		
Germany	2,541,993	2,673,419
Americas	81,227	123,709
Asia, Australia	189,205	284,505
Europe, CIS, Africa, Middle East	1,573,976	1,507,904
Revenue	4,386,400	4,589,536

Cost of materials and personnel expenses

The cost of materials in fiscal 2021 amounts to EUR -3,221,553 thousand and is broken down as follows:

(EUR'000)	Fiscal year	
	2021	2020
Cost of raw materials, consumables and supplies and of purchased merchandise	(1,260,104)	(1,409,803)
Cost of purchased services	(1,961,449)	(1,832,851)
Cost of materials	(3,221,553)	(3,242,654)

The personnel expenses incurred in fiscal 2021 amounted to EUR -1,578,868; these expenses are broken down as follows:

(EUR'000)	Fiscal year	
	2021	2020
Wages and salaries	(1,307,424)	(1,267,946)
Social security, pensions and other benefit costs	(271,445)	(241,110)
of which for pensions	(71,431)	(48,332)
Personnel expenses	(1,578,868)	(1,509,056)

Income from investments

Income from investments in fiscal 2021 amounts to EUR 282,643 thousand and is broken down as follows:

(EUR'000)	Fiscal year	
	2021	2020
Income from shareholdings	271,184	112,098
of which in affiliated companies	263,418	106,215
Income from profit-and-loss-transfer agreements with affiliated companies	11,356	6,839
Expenses from loss transfers from affiliated companies	0	(1,476)
Appreciations on investments	0	109
Income from the disposal of investments	103	0
Income from investments	282,643	117,569

Interest income, interest expenses

Interest income from affiliated companies amounts to EUR -917 thousand (previous year: EUR 1,600 thousand), and includes expenses in the amount of EUR -3,605 thousand (previous year: EUR -1,861 thousand) due to negative interest from financial investments.

Interest expenses to affiliated companies amount to EUR -5,601 thousand (previous year: EUR -3,725 thousand), and includes income in the amount of EUR 2,471 thousand (previous year: 1,712 thousand) due to positive interest from borrowings.

Other financial income (expenses), net

Other financial income (expenses), net mainly consist of interest expenses for pensions in the amount of EUR -112,233 thousand (previous year: EUR -56,104 thousand), income in connection with deferred compensation (employee-financed pension plan) in the amount of EUR 3,735 thousand (previous year: EUR 1,864 thousand), as well as expenses of reversing the discounting of provisions in the amount of EUR -1,209 thousand (previous year: EUR -898 thousand).

Expenses and income relating to periods other than the period under review

The Siemens Mobility GmbH income statement includes expenses relating to other periods in the amount of EUR -5.122 thousand and income relating to other periods in the amount of EUR 79,363 thousand. Income relating to other periods is mainly attributable to the reversal of provisions.

Other information

Contingent liabilities

(EUR'000)	Sep. 30 2021
Liabilities from guarantees	32,559
Warranty obligations	293,738
<i>of which in the supply and service business of affiliated companies</i>	285,166
<i>of which miscellaneous</i>	8,572
Contingent liabilities	326,297

The warranty obligations include obligations of Siemens Mobility GmbH to affiliated companies in the amount of EUR 285,166 thousand.

Siemens Mobility GmbH enters into contingent liabilities only after careful consideration of the risks involved and only in connection with its own business activities or those of affiliated companies. Siemens Mobility GmbH currently assumes that the obligations underlying the contingent liabilities can be met by the respective principal debtors; this opinion is based on a continuous evaluation of the risk situation of the contingent liabilities entered into and takes into account any findings obtained up to the time of preparation of these financial statements. Siemens Mobility GmbH therefore considers the risk of claims for all contingent liabilities listed to be unlikely.

Off-balance sheet transactions

The Company uses supplier consignment warehouses to ensure that urgently needed parts are made available close to the production facilities. As a result, the Company is bound to certain suppliers, but there are no delivery times for parts held in these warehouses and the investment cost and/or capital commitment is lower compared with company-owned warehouses for goods or components. As of September 30, 2021, consignment stocks totaled EUR 4,281 thousand.

The Company purchases services from affiliated companies, e.g. in the areas of procurement, information technology or financial accounting. This serves to achieve cost synergies within the Group. The fees for these services are included in the functional costs.

Other financial obligations

Leasing and rental agreements in place as of the balance sheet date result in future payment obligations in the amount of EUR 279,223 thousand. This includes EUR 240,578 thousand due to affiliated companies. Of the total payment obligations arising from leasing and rental agreements, EUR 49,010 thousand relate to the upcoming fiscal year; the obligations to affiliated companies amount to EUR 35,631 thousand. The objects of these contracts are in particular rents for buildings and land.

In the course of its normal business operations, Siemens Mobility GmbH is involved in numerous legal and regulatory proceedings as well as governmental investigations (legal proceedings) in various jurisdictions. These may result in particular in Siemens Mobility GmbH being ordered to pay damages and punitive damages, having to satisfy other claims or incurring criminal or civil sanctions, fines or disgorgements of profit. In individual cases, this may also lead to formal or informal exclusion from tenders or the revocation or loss of business licenses or permits. In addition, new legal proceedings may be initiated or the scope of pending legal proceedings may be expanded. Some of these legal proceedings may result in adverse decisions for Siemens Mobility GmbH that may have material effects on its assets, liabilities, financial position and financial performance in the respective reporting period. As far as not recognized in the financial statements, Siemens Mobility GmbH does currently not expect any material negative effects on its assets, liabilities, financial position and financial performance.

From fiscal 2020 onwards, the Company has undertaken to pay its shareholder Siemens AG a revenue-based license fee for the use of the 'SIEMENS' brand. The fee amounts to one percent of the external net revenue of the Mobility companies as determined in accordance with Siemens Group accounting rules. Mobility companies in this context include the Company itself, Siemens Mobility SAS, France, Siemens Mobility Holding B.V., Netherlands, Siemens Mobility Real Estate GmbH & Co. KG and Siemens Mobility Real Estate Management GmbH as well as the subsidiaries of all these entities. The Company partially bills the fee to other Mobility companies.

Derivative financial instruments

Siemens Mobility GmbH's worldwide business activities expose it in particular to risks from exchange rate fluctuations which are managed within the framework of a proven risk management system, taking into account specified risk limits. Siemens Mobility GmbH uses foreign exchange forwards to hedge exchange rate fluctuations.

Siemens Mobility GmbH is also exposed to risks from changes in raw material prices. Siemens Mobility GmbH uses commodity forward contracts without physical delivery (financial hedges) for hedging purposes. Hedges for aluminum, lead and copper existed at the balance sheet date.

The contracting partner of all hedging contracts is Siemens AG.

The following table shows the hedging contracts in place at the balance sheet date:

(EUR'000)	Nominal amount	Fair value
	Sep. 30 2021	2021
Foreign exchange forwards	1,434,662	(18,760)
Commodity forwards	13,973	1,418
Existing derivative financial instruments	1,448,635	(17,342)

The nominal amount corresponds to the contract values of the individual derivative financial instruments, which – irrespective of the type of transaction concluded (purchase or sale) – are shown without netting (gross nominal amounts).

The valuation of derivative financial instruments and the determination of fair values depend on the type of instrument. For currency derivatives, it is determined on the basis of the fluctuations in the relevant exchange rates. If the conditions are met, derivative financial instruments are combined with the hedged underlying transactions to form valuation units. The effectiveness of the valuation unit is either guaranteed by risk management or demonstrated both prospectively and retrospectively on the basis of the relevant methods for measuring effectiveness (e.g. dollar-offset method, regression analysis, sensitivity analysis).

Valuation unit for hedging foreign exchange risk

The expected cash flows in foreign currency in the project business (plant and service business) are almost fully hedged and combined into valuation units (micro hedges).

The remaining net foreign currency position is hedged within a range of at least 75% but not more than 100% with the Siemens AG Treasury.

The net foreign currency position (before hedging) is combined with the offsetting currency hedging transactions to form a macro valuation unit. Underlying and hedging transactions are measured for this purpose using the underlying discounted cash flows. Incoming and outgoing payments resulting from currency hedging transactions and from pending and anticipatory transactions are shown net in the following table.

The derivative financial instruments have a maximum term up until 2033.

The net foreign currency position before and after hedging was as follows on the balance sheet date:

(EUR'000)	Sep. 30 2021
Foreign currency risk from balance sheet items	32,327
<i>of which assets</i>	111,399
<i>of which liabilities</i>	(79,073)
Foreign currency risk from pending transactions and anticipatory transactions	489,428
Net foreign currency position (before hedging)	521,755
Currency hedging transactions	(577,427)
<i>of which with external contracting partners</i>	0
<i>of which with affiliated companies</i>	(577,427)
Net foreign currency position (after hedging)	(55,672)

As of September 30, 2021, the foreign currency portfolio reaches a hedging degree (ratio of the absolute amounts of hedging transactions to underlying transactions) of 90.5%. It was not necessary to set up a provision for impending losses from pending transactions.

Corporate bodies

Supervisory Board:

Jenny Bofinger-Schuster, from May 16, 2021	Head of Sustainability & Operational Excellence, Siemens AG
Dr. Roland Busch - Chairman of the Supervisory Board	President & Chief Executive Officer, Siemens AG
Mesut Eken	Head of Corporate Shareholder Controlling, Siemens AG
Thorsten Gröger	IG Metall District Manager - District of Lower Saxony and Saxony-Anhalt
Nina Günther	Head of Labor Law, Employment Conditions, Consultations, Siemens AG
Bettina Haller - Deputy Chairwoman of the Supervisory Board	Chairwoman of the Central Works Council, Siemens Mobility GmbH
Silke Holzschuh-Reick	Head of Business Administration Mobility Customer Services Lifecycle Services, Siemens Mobility GmbH
Torsten Kaminski	Chairman of the Works Council, Siemens Mobility GmbH, Braunschweig site
Dr. Horst J. Kayser	Chairman Portfolio Companies, Siemens AG
Anatoli Klassen	Trade Union Secretary on the IG Metall executive board
Annette Kraus, from May 26, 2021	Chief Compliance Officer, Siemens AG
Martina Maier, until May 10, 2021	Chief Compliance Officer, Siemens AG
Dr. Christian Pfeiffer	Member of the Works Council, Siemens Mobility GmbH, Erlangen site
Matthias Rebellius, until May 15, 2021	Managing Board Member Siemens AG, Chief Executive Officer Smart Infrastructure, Chief Executive Officer of the national subsidiary Siemens Schweiz AG
Sabine Reichel, until November 30, 2020	Head of Investor Relations, Siemens AG
Dr. Eva Riesenhuber, from December 1, 2020	Head of Investor Relations, Siemens AG
Heinz Spörk	Chairman of the Works Council, Siemens Mobility GmbH, Krefeld site
Dr. Jürgen Wagner	Corporate Vice President & Corporate Financial Controller, Siemens AG
Klaus-Dieter Weber	Deputy Chairman of the Central Works Council, Siemens Mobility GmbH

Management Board

The following individuals were members of the Management Board in fiscal 2021:

- Karl Blaim, Chief Financial Officer
- Michael Peter, Chief Executive Officer

Total remuneration of the Supervisory Board

The members of the Supervisory Board do not receive any remuneration for their activities as members of the Supervisory Board.

Employees

The staff members employed on average held the following positions:

	Fiscal year 2021
Production	11,799
Research and development	1,350
Sales	880
Administration and general services	680
Employees	14,707

Group relations

The Siemens Mobility GmbH annual financial statements are included in the consolidated financial statements of Siemens AG, Berlin and Munich.

Siemens AG, Berlin and Munich, prepares consolidated financial statements for the largest and the smallest sets of companies. These statements are published in the German Federal Gazette.

Siemens Mobility GmbH was not required to prepare consolidated financial statements as per September 30, 2021, as Siemens AG prepares consolidated financial statements and a consolidated management report as of September 30, 2021, with exempting effect for Siemens Mobility GmbH; these can be obtained at the Siemens AG registered offices in Munich.

Auditor's fees

The auditor's fees charged for the fiscal year need not be disclosed as they are included in the Siemens AG consolidated financial statements.

Supplementary statement

There were no events of particular significance after the balance sheet date that had material financial impact.

Profit transfer

Siemens Mobility GmbH transferred EUR 172,408,526.10 to Siemens AG on the basis of the control and profit-and-loss transfer agreement.

Munich, December 17, 2021

The Management Board

Karl Blaim

Michael Peter

Independent Auditor's Report

To Siemens Mobility GmbH

Opinions

We have audited the annual financial statements of Siemens Mobility GmbH, Munich, which comprise the balance sheet as of September 30, 2021, and the income statement for the fiscal year from October 1, 2020 to September 30, 2021, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Siemens Mobility GmbH for the fiscal year from October 1, 2020 to September 30, 2021. In accordance with the German legal requirements, we have not audited the contents of the statement on corporate governance pursuant to section 289f (4) HGB (disclosures on the quota for women on executive boards) in Section 4 of the management report, nor the Report on gender equality and equal pay attached to the management report 'as an annex'.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of September 30, 2021 and of its financial performance for the fiscal year from October 1, 2020 to September 30, 2021 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the statement on corporate governance pursuant to section 289f (4) HGB referred to above (disclosures on the quota for women on executive boards), nor the report on gender equality and equal pay attached to the management report 'as an annex'.

Pursuant to section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and 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 annual financial statements and of the management report' section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Other information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to section 289f (4) HGB included in Section 4 of the management report (disclosures on the quota for women on executive boards) and the Report on gender equality and equal pay attached to the management report 'as an annex'.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the supervisory board for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 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 management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB 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 annual financial statements and this 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 annual financial statements and of the 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 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 control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company;
- 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 Company'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 annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective 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 Company to cease to be able to continue as a going concern;
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles;
- Evaluate the consistency of the management report with the annual financial statements, its conformity with law, and the view of the Company's position it provides;

- Perform audit procedures on the prospective information presented by the executive directors in the 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 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.

Munich, December 17, 2021

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Bostedt

Wirtschaftsprüfer
[German Public Auditor]

Süppel

Wirtschaftsprüferin
[German Public Auditor]

Published by
Siemens Mobility GmbH

Otto-Hahn-Ring 6
81739 Munich, Germany

© 2021 Siemens Mobility GmbH

