

Report of Board of Directors 2022

Siemens Mobility AS

The business and basis for reporting

Siemens Mobility AS (hereinafter referred to as the "Company") conducts business in Norway on behalf of the German headquartered Siemens Mobility Group. This report covers the fiscal year period from October 1st, 2021, until September 30th, 2022.

Business model

Siemens Mobility Group is a leader in transport solutions, and contribute to shape connected mobility. The mobility environment is being shaped by three megatrends: climate change, population growth and digitalization. These trends demand for seamless, sustainable, reliable, and secure mobility solutions to ensure a high quality of life for approximately 9.6 billion people worldwide by 2050. And those people will aspire for seamless transportation from the first to the last mile.

The Company delivers a broad range of solutions for passenger and freight transportation within and between cities, based on the full portfolio of the Siemens Mobility Group. This includes 1) signaling systems and power supply for rail transport, 2) metro trains and 3) services tailored to each customer's needs.

The Company's main customers are public entities within transport, logistics and rail infrastructure. The markets served by the Siemens Mobility Group are therefore primarily dependent on public spending. The Company's customers typically plan and implement projects over several years. Tenders are largely unaffected by short-term economic developments, and this is to a large extent also valid in uncertain times in Europe, e.g. during the COVID-19 pandemic and the ongoing war in Ukraine. The pandemic, the Russia/Ukraine war, and the energy crisis have led to an increased price level and longer delivery time of some key components. These market changes have so far had a minor impact on profit and delivery time on the Company's projects.

The Company's main competitors are multinational companies, as well as local small and medium-sized companies within the road traffic and rail electrification segments.

Key activities performed by the Company typically include project management, engineering, programming, and installation of new solutions as well as customer services. The Company's personnel are the most valuable resource for conducting these activities.

Key project partners typically include electrical and signaling installation companies and civil works companies as well as other business segments in the Siemens family.

Technology, research and development

Although the Company does not conduct formal R&D, efforts are put in place to adapt and customize the portfolio and global research and development performed by the Siemens Mobility Group to the specifics of the Norwegian market.

The Siemens Mobility Group's research and development strategy is geared to the customers' needs for maximum availability, high throughput, and improved passenger comfort. Despite a growing need for global mobility, the possibilities for building new roads and railways are limited. Therefore, intelligent solutions are demanded to make traffic more efficient and at the same time safe and environmentally friendly. Decarbonization and seamlessly interlinked intermodal (e-)mobility are key factors for the future of transport. Therefore, the Siemens Mobility Group invests in the future mobility landscape together with other partners in areas such as sensor technologies, connectivity/IoT solutions, software for intermodal transport, Digital Twin/BIM, artificial intelligence, and additive manufacturing.

Development of main financial KPIs

The Company booked new orders of NOK 2 950 million during the fiscal year 2022 compared with an order intake of NOK 642 million in fiscal 2021. The total order reserve is now NOK 10 080 million. The main contributor to this significant order backlog is the Bane NOR ERTMS signaling project contracted in April 2018 and Sporveien CBTC signaling project contracted in December 2021.

Total revenues in fiscal year 2022 ended on NOK 1 370 million, compared with NOK 1 067 million in fiscal year 2021. In 2022 the profit before tax became NOK 108.3 million (7.9%), and net profit NOK 84.5 million. The profit before tax of fiscal year 2021 was NOK 55.9 million (5.3%).

The current order reserve equals around 7.4 times the revenues of fiscal year 2022. This secures a stable business development in the years to come. Taking the opportunities in the Norwegian market into consideration, the Company expects to deliver revenues of approximately NOK 800-1000 million in the upcoming years.

Ownership and corresponding intellectual property of major products and system solutions lie within the Siemens Mobility headquarter in Germany. In many contracts, especially large ones, the Company acts as distributor, which is limiting the profitability of those contracts. As these types of contracts are the main drivers in the years to come, profitability is expected to decrease to a level of 4-6%.

Financial position

Financing is provided through customer payments received. As of the balance sheet day, the Company has a receivable of NOK 168 million towards the Siemens Group pertaining to the global corporate cash pooling system. Available credit lines towards the Siemens Group ensure the required financing to execute the Company's business. The Board of Directors acknowledges the Company's financing structure to be robust and commensurate with the business needs.

Even though most customers are state-owned enterprises, the Company manages credit risks through a risk-based evaluation of counterparts, and appropriate provisions in accounts receivables, as required.

As of the balance sheet day the equity is NOK 51,4 million (NOK 51,7 million in fiscal 2021) which corresponds to an equity ratio of 10,2%. The Board of Directors considers the current level to be commensurate with the requirements.

The Company's ratings have become stable with high creditworthiness, e.g. AA level from rating agency Bisnode in October 2022.

Foreign exchange

Due to the international nature of the value chain the Company operates within, it is exposed to fluctuations in the exchange rate of Norwegian Krone compared to other currencies, particularly Euro. In accordance with Siemens corporate guidelines, the majority of currency risks are mitigated through the usage of forward contracts. Foreign exchange contracts are concluded towards the Siemens Group's internal bank who act as counterpart in all transactions.

Cash flow

The cash flow from operations was equal to NOK -4,2 million, whereas the comparable profit after tax was NOK 84,5 million. The main reason for the deviation is delayed milestones payments on the ERTMS project.

Participation in the Siemens Group's cash pooling system implies that cash is not recorded as cash, but short-term receivables towards affiliated company. However, the funds may be utilized as cash.

Employees

As of September 30, 2022, the Company had 111 permanent employees, in addition to 8 delegates, 10 temporary employees and 37 hired from external staffing agencies.

The average age among permanent employees is 45,4 years. Female average age is 40,9 years, while male average age is 46,7 years. As for most technical occupations, the gender distribution is still unbalanced. Women make up 22% of the permanent employees.

The Company aims to increase the number of female employees in general, and especially in management, project management and engineering. The company monitors the development of wages and gender equality closely. A separate Equality Statement is published on the company web pages, www.mobility.siemens.com/no/no.html.

At the Company, we know that our employees make us who we are. We do everything in our power to attract and retain the best employees. We want to be the employer of choice, and one of the ways we do that is by empowering and motivating employees within a culture focused on excellence, lifelong learning and personal development. We strive to create a work environment characterized by respect, inclusion and diversity.

At the Company, we are convinced that talent and commitment should be the driving force behind professional development. Everyone should be able to rely on fair treatment regardless of race, sexual orientation, gender, age, disability, professional back-ground or other personal characteristics. We aim to create an environment in which people are treated with respect and in which their individual strengths are valued.

We continue to focus on developing young talents. Everyday learning from challenging assignments and projects, reflection and feedback contributes to our focus on the continuous development of both the individual and Siemens Mobility as an organization. Succession planning is an important instrument to ensure leadership continuity and is a crucial part of the ongoing development work. Our target is to develop well-qualified internal candidates for our managerial positions.

Corporate Responsibility and Sustainability

Our understanding of sustainability is fully based on Siemens' company values responsibility, excellence and innovation. We define sustainable development as the means to achieve profitable and long-term growth. And, for us, it is based on three main aspects: environment, people and society, as well as responsible business practices.

Siemens Mobility contributes with large positive impact to climate and society by delivering emission free and energy efficient solutions to our customers. The Company's vision is to make transportation electric and seamless, thereby increasing passenger and goods capacity without increasing the demand for energy.

The Company continuously assesses the economic, social, ethical and environmental factors that are affected by its business activity. Siemens Mobility lives by several clear and transparent criteria to ensure that the Company places emphasis on corporate social responsibility. This is reflected in the Siemens Business Conduct Guidelines.

The Company has a high ethical standard for the relationship with employees, customers, partners and surroundings. Siemens has a comprehensive compliance program with positive effects for both local and global business. Siemens Mobility holds the following certificates: ISO9001, ISO14001, and ISO45001.

Siemens Mobility AS is covered by the Transparency Act's duty to carry out due diligence assessments (§3) and submit an annual report on this (§5). Due diligence assessments have been initiated in 2022, and will be continued as per the legislation. The first annual report will be published by the deadline of 30 June 2023 at www.mobility.siemens.com/no/no.html.

Health, Safety and Environment

The Company works continuously with a zero-injury philosophy to prevent accidents and to ensure that no work-related injuries, illnesses or accidents should be neglected. Every effort is made to prevent injuries and accidents and the safety of each employee is taken seriously both by the manager and by the employee.

There have been two LTCs (Lost Time Cases) in fiscal year 2022. No serious accidents have occurred in fiscal year 2022 that have caused lasting damage to the company's employees. Absence due to sick leave in fiscal year 2022 was at 2,44 per cent.

The Company is committed to the United Nations' Sustainable Development Goals and works continuously to translate these goals into actionable objectives for each part of the business. During fiscal year 2022, one incident caused minor damage to the environment.

Market

In December 2021 the Company signed a substantial agreement with Sporveien for delivering a new digital signaling system for the Oslo Metro (CBTC Communication Based Train Control). The contract includes installation of a CBTC system across 94 km of line including the 8.2 km Fornebu Line, which is currently under construction. The contract also includes maintenance and support for 25 years. The Company is the market leader for signaling systems in Norway. This solid market position and ongoing customer contracts ensure a strong and stable activity base for the foreseeable future.

The Norwegian government presented the budget for 2023 which included plans to decrease spending in large infrastructure projects in the next years. Previously planned government road and infrastructure projects will therefore be postponed. However, a lack of spending in major infrastructure projects will increase demand for improved technology and solutions to provide more capacity and availability. Existing projects like CBTC and ERTMS will therefore be prioritized, and the market is still attractive for Siemens Mobility.

In the electrification market, the energy crisis and increased electricity prices, is driving the demand for energy efficient technology. This also benefits the Company's solutions within rail electrification. The contract for a new converter station at Sande in Vestfold county, which will contribute to a 5 million kWh in annual reduction in energy consumption, is an example of how our technology contributes to increased energy efficiency for our customers.

It is projected that Norway will increase its population from 5 million today to more than 7 million in 2050. This population adds to urbanization, increasing demand for efficient transportation in denser city areas. In addition, Norwegians have increasingly higher expectations to transport services, due to the digital shift seen in all parts of the society. People will expect to move faster, more comfortably, more flexibly and cheaper. This increases demand for more interconnected transport solutions. Finally, Norway has a goal of reducing transport emissions 50% below 2019 levels by 2030, which currently is the country's largest climate emission sector. These trends and goals further drive investments in energy efficient technology solutions for the public transportation sectors of metro, bus and train.

Continued Operations

The Board of Directors confirm, to the best of our knowledge, that the financial statements for the period 1st of October 2021 to 30th of September 2022 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company. The annual financial statements are presented based on the going concern assumption and in the view of the Board of Directors presenting a true and fair view of the company's development and performance. We confirm that the basis for continued operations is present, cf. Section 3-3a of the Norwegian Accounting Act.


Allocation of the result of the year

During the fiscal year 2022, the Company generated a net income after tax of NOK 84.45 million. The Board of Directors proposes a dividend of 84.45 million.

Net income: 84.45 million

Dividend: 84.45 million

Oslo, 14.12.2022
The board of Siemens Mobility AS



Stein Håheim
member of the board



Lars Johan Andresen
chairman of the board/
General manager



Nils Klippenberg
member of the board

STATEMENT OF INCOME

Siemens Mobility AS

| | Note | 2022 | 2021 |
|--|------|------------------|------------------|
| 01.10. - 30.09. (Amount in 1 000 NOK) | | | |
| Sales revenue | 2 | 1,369,618 | 1,066,797 |
| Total operating income | | 1,369,618 | 1,066,797 |
| Cost of Sales | 3 | 1,030,831 | 792,863 |
| Payroll expenses | 4, 5 | 169,442 | 147,143 |
| Depreciation and Amortisation | 6, 7 | 7,391 | 6,228 |
| Other operating expenses | 8 | 59,572 | 40,360 |
| Total operating expenses | | 1,267,236 | 986,595 |
| Operating profit | | 102,382 | 80,202 |
| Net interest and finance costs | 9 | 5,935 | -24,335 |
| Profit before Tax | | 108,317 | 55,867 |
| Income Tax | 10 | -23,864 | -12,296 |
| Net profit for the year | | 84,453 | 43,571 |
| <i>Other Comprehensive Income (OCI)</i> | | | |
| Net gain/loss (-) on cash flow hedges measured at fair value | | -388 | 16,717 |
| Deferred Tax impact | | 85 | -3,678 |
| Net other comprehensive income | 11 | -303 | 13,039 |
| Total comprehensive income | | 84,150 | 56,611 |

STATEMENT OF FINANCIAL POSITION

Siemens Mobility AS

| Assets per 30.09. (Amount in 1 000 NOK) | Note | 2022 | 2021 |
|---|-------------|----------------|----------------|
| Non-current assets | | | |
| Tangible assets | 7 | 70 | 140 |
| Right of use assets | 6 | 22,362 | 24,548 |
| Total property, plant and equipment | | 22,432 | 24,689 |
| Other non-current receivables | 12, 17 | 1,048 | 316 |
| Total financial assets | | 1,048 | 316 |
| Total non-current assets | | 23,480 | 25,005 |
| Current assets | | | |
| Inventories | 3 | 8,814 | 2,026 |
| Accounts receivables | 13, 17 | 59,810 | 105,441 |
| Other current receivables from Group companies | 14 | 168,342 | 223,824 |
| Other current receivables | 15, 17 | 245,930 | 8,633 |
| Total receivables | | 474,083 | 337,898 |
| Total current assets | | 482,897 | 339,924 |
| TOTAL ASSETS | | 506,377 | 364,929 |

STATEMENT OF FINANCIAL POSITION

Siemens Mobility AS

| Equity and Liabilities per 30.09. (Amount in 1 000 NOK) | Note | 2022 | 2021 |
|--|-----------|----------------|----------------|
| Equity | | | |
| Share capital | | 13,404 | 13,404 |
| Share premium reserve | | 6,976 | 6,976 |
| Total share capital | | 20,380 | 20,380 |
| Other equity | | 31,032 | 31,334 |
| Total retained earnings | | 31,032 | 31,334 |
| Total equity | 11 | 51,412 | 51,715 |
| Liabilities | | | |
| Deferred tax | 10 | 35,501 | 13,704 |
| Total provisions for liabilities | | 35,501 | 13,704 |
| Long term lease liabilities | 6 | 15,683 | 18,937 |
| Other non-current liabilities | 16 | 18,223 | 14,961 |
| Total other long-term liabilities | | 33,906 | 33,898 |
| Accounts payable | 17 | 110,007 | 97,421 |
| Tax payable | 10 | 1,705 | 1,758 |
| Public duties payable | | 47,451 | 18,892 |
| Dividends | 11 | 84,453 | 43,571 |
| Advances from customers | 17 | 9,052 | 3,450 |
| Warranty provisions | | 2,245 | 2,200 |
| Short term lease liabilities | 6 | 7,197 | 6,060 |
| Other current liabilities | 17, 18 | 123,448 | 92,260 |
| Total current liabilities | | 385,558 | 265,613 |
| Total liabilities | | 454,965 | 313,214 |
| TOTAL EQUITY AND LIABILITIES | | 506,377 | 364,929 |

STATEMENT OF FINANCIAL POSITION

Siemens Mobility AS

Oslo, 14.12.2022

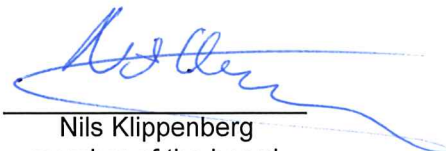
The board of Siemens Mobility AS



Stein Håheim
member of the board



Lars Johan Andresen
chairman of the board/General Manager



Nils Klippenberg
member of the board

STATEMENT OF CASH FLOW

Siemens Mobility AS

| | Note | 2022 | 2021 |
|---|------------|---------------|---------------|
| Period 01.10. - 30.09. (Amount in 1 000 NOK) | | | |
| Cash flow from operating activities | | | |
| Profit before tax | | 108,317 | 55,867 |
| Income tax paid in fiscal year | | -1,290 | -17,769 |
| Ordinary depreciation/amortisation | 6, 7 | 7,391 | 6,228 |
| OCI on Cash Flow Hedges | | -388 | 16,717 |
| Changes in inventory, accounts receivables and payables | 3, 13, 17 | 51,429 | 12,590 |
| Changes in other accruals | 12, 15, 16 | -169,651 | -67,245 |
| Net cash flow from operating activities | | -4,192 | 6,388 |
| Cash flow used in investing activities | | | |
| Payments on the purchase of property, plant and equipment | 7 | 0 | 210 |
| Net cash flow used in investing activities | | 0 | 210 |
| Cash flow from financing activities | | | |
| Change in intra-group balances in Group cash pooling system | 14 | 55,482 | -79 |
| Paid dividend | 11 | -43,571 | 0 |
| Lease payments | 6 | -7,719 | -6,519 |
| Net cash flow from financing activities | | 4,192 | -6,598 |
| Net change in cash and cash equivalents | | 0 | 0 |
| Cash and cash equivalents as of 01.10.2021 | | 0 | 0 |
| Cash and cash equivalents as of 30.09.2022 | | 0 | 0 |

Note 1 Accounting principles

General

The company prepares the annual accounts in accordance with Section 3-9 of the Norwegian Accounting Act and the Regulation on simplified application of International Financial Reporting Standards (IFRS). This in principle entails that recognition and measurement follow IFRS and the presentation and note disclosures are in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

The annual accounts consist of the Statement of Income, Statement of financial position, Cash flow statement and Disclosures in the Notes. The Annual report and Financial statement consist of the report from the Board Directors, Financial statements and the Auditor's report. Siemens Mobility AS uses a non-calendar financial year that ends September 30th. All figures are stated in thousand NOK, unless specified otherwise.

Basis for the preparation of the annual accounts

The company accounts have been prepared under the historical cost vention, with the exception of the following accounting items: financial instruments at fair value through the income statement.

Foreign currencies

Foreign currency transactions are translated using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated to NOK at the exchange rates on the balance sheet date. Non-monetary items that are recorded at historical exchange rates expressed in foreign currency are translated to NOK using the exchange rate prevailing on the transaction dates. Non-monetary items that are recorded at fair value expressed in foreign currency are translated using the exchange rates determined on the balance sheet date. Exchange rate fluctuations are recognized in the income statement on an ongoing basis and are represented in the accounts as financial income or financial expenses.

Principles for revenue recognition

General

Revenue recognition is based on the fundamental principle that companies must recognize revenue so that the expected remuneration is recognized according to a pattern which reflects the transfer of goods or services to the customer. Sales revenues are disclosed net of value added tax and discounts. Revenue from sale of goods is recognized when the delivery obligations have been fulfilled, i. e. when control of the contracted goods or services has been transferred to the customer. On the sale of services and long-term manufacturing projects, control is transferred over time, and income is regnized in step with deliveries to the customer. See the separate section concerning accounting of long-term manufacturing contracts. Interest income is recognized on the basis of the effective interest method as it is earned.

Long-term manufacturing contracts

Siemens Mobility AS activities mainly consist of ongoing projects with a duration ranging from a few months to three or four years. The ERTMS and CBTC projects are exceptions, respectively they last to 2035 and 2053. Revenues and expenses are recognized through the Income statement based on the percentage of completion of the project. This is calculated as the expenses accrued as a percentage of the total estimated expenses. Expenses and profit are estimated on an accrual basis and the percentage of completion is updated for each accounting period, which at Siemens means on a monthly basis. In the event of doubt, a best estimate is used. The relevant share of the expected profit is recognized through the Income statement on an accrual basis using the best estimate principle. The profit for individual projects is estimated each month prior to recognizing the accrued share of the expected profit. For projects that are expected to result in a loss, the entire loss is charged as soon as it is known. Balance sheet items related to manufacturing contracts are presented as gross amounts in the statement of financial position. Contract income which has not been billed is shown as contract assets under other receivables.

Expenses in manufacturing contracts which, as at the Balance sheet date, are not included in the calculation of the percentage of completion, but are carried as an asset in the Balance sheet under other receivables. Advance invoicing is calculated as the accrued income in the contract less invoicing. Advance invoicing of contracts is presented as a contract obligation under other current liabilities and is not netted against other receivables.

When they are signed, additional orders that are not deemed to be a separate contract are taken into account in the contract's planned revenue. For projects where there is an obligation to continue working, expenses incurred on unsigned, but probable contracts, additional orders are recognized temporarily as an asset in the Balance sheet. If there is significant uncertainty regarding a customer's solvency, costs are recognized as they are accrued, revenue is only recognized when payment has been received.

Provisions are made for guarantee work and other areas of uncertainty. Past experience tells us that for some projects, disagreement with the customer may arise with regard to the interpretation of contract and additional work. In such cases, claims and counter-claims are made which are usually settled through negotiation, court cases or arbitration. These cases are included in the accounts according to best estimate.

Other contracts

For projects which are not defined as long-term manufacturing contracts, the completed method is applied to income recognition. Accrued costs are then capitalized as contract assets under other receivables and are recognized together with revenue when the customer gains control of the product or service.

Service contracts

Service contracts are recognized as the services are provided.

Borrowing costs

Borrowing costs are recognized as an expense when incurred. Borrowing costs are capitalized to the extent that they are related directly to the production of a fixed asset. Interest expenses accrue during the construction period until the fixed asset is ready for use. If the cost price exceeds the fair value of the fixed asset, the value will be written down.

Classification of Statement of financial position items

Assets and liabilities relating to the business cycle as well as items which fall due for payment within one year of the Balance sheet date are classified as current assets or current liabilities. Current assets and current liabilities are measured at the lower/higher of cost and fair value. The fair value of current assets is defined as the estimated future selling price less the anticipated cost of disposal. Other assets are classified as fixed assets. Fixed assets are valued at cost.

Fixed assets with a limited useful life are depreciated over their expected useful life. Fixed assets are written down to fair value in the event of a reduction in value that is not expected to be temporary. Write-downs are reversed if the reason for the write-down no longer exists.

Receivables

Accounts receivables are valued at their face value at the balance sheet date less provisions for estimated losses.

Inventories

Inventories of purchased goods are valued at the lower of average cost or expected net selling price. Obsolete goods are written down to expected future selling price. Raw materials and goods in process, as well as work in progress, are booked at the lower of the complete manufacturing cost or expected net selling price. The manufacturing cost includes direct and indirect costs, including the share of fixed manufacturing costs.

Use of estimates

On preparing the Financial statements, the management are required to make judgements, estimates and assumptions when applying the company's accounting principles. Even though the estimates are based on management's best judgement at the relevant time, the actual results may deviate from these estimates and underlying assumptions. Larger estimates are related to provisions for risks in projects, determining lead times for the possession of tangible and intangible assets, as well as recognized provisions and on determining pension liabilities. The basis for the estimates is described in more detail in these accounting principles and elsewhere in the pertinent notes to the annual accounts.

Contingent outcomes

Contingent losses that are probable and measurable are expensed.

Forward currency contracts

Siemens Mobility AS hedges cash flows from contracts signed in foreign currency as part of its risk management strategy. Forward contracts are measured at fair value on the Balance sheet date. The effectiveness of the hedging is monitored continuously and documented in accordance with the rules for hedge accounting. If the requirements for the use of hedge accounting are no longer met, the hedged item and the hedging instrument are measured separately using the relevant accounting rules.

When hedging cash flows, unrealized gains and losses on the hedging instrument are recognized in equity. Deferred tax on the provision is recognized directly in equity. Fair value accounting is used for other hedging contracts. Unrealized gains and losses on the hedging instrument are recognized through the Income statement on a monthly basis.

Tangible and intangible assets

Tangible and intangible assets are measured at cost less accumulated depreciation and write-downs. Tangible and intangible assets are assessed at the lower of cost and fair value. Plant and equipment with a useful life of less than three years or a cost price under NOK 15,000 are expensed in the acquisition year. Costs relating to normal maintenance and repairs are expensed under operating expenses as they arise. The cost of significant improvements to an asset, which are expected to increase future value and profit, are capitalized and depreciated over the anticipated useful life of the asset. Assets are depreciated on a straight-line basis over their useful lives, starting from the date on which they were first put in.

Office equipment are treated as operating lease contracts for accounting purposes. The leases for premises and cars in which the company has assumed a significant portion of the risk and benefits associated with ownership of the asset are classified as financial leases. For further information see section "Leasing agreements below".

Lease agreements

IFRS 16 Leases requires the lessee to recognize leases in the balance sheet, so that the value of the right to use asset and the corresponding lease obligation are shown in the balance sheet. The lease obligation is measured at the present value of the lease payments, and the right to use asset is derived from this calculation. Upon subsequent measurement, the right to use asset shall be depreciated, while the lease obligation is reduced by current installments. Leases that fall under the definition of "low value assets" are not recognized in the balance sheet. Also for short-term leases where the non-cancellable lease period is less than 12 months, the lease costs are recognized directly in the income statement.

Several of the company's leases include other services and components, such as common costs, fuel and taxes. Non-lease components are separated from the lease agreement and recognized as an operating expense in the income statement.

In order for an agreement to fall within the requirements of IFRS 16, the agreement must meet the definition of a lease, including the assets must be identifiable and the lessee must have the right to control the use of the assets in a given period. Significant agreements in Siemens Mobility mainly relate to leases associated with buildings and other real estate and vehicles that will be included in the standard.

Several Siemens Mobility leases includes options for extensions or terminations. It is the non-cancellable rental period that forms the basis for the rental obligation. The period covered by the extension or termination option is plotted on the probability of extension.

The present value of the rent payments shall be discounted with the tenant's marginal borrowing rate when the implicit interest rate of the lease cannot be easily determined. The method for determining the company's marginal borrowing rates is used consistently and reflects the borrowing rate for the relevant asset class and the length of the rental period.

Pension costs and pension liabilities

Siemens Mobility AS has defined contribution-based occupational pension scheme (defined contribution plan) for all employees. The period's pension costs comprise paid contributions and employer's national insurance contributions. For qualifying salaries of between 0 G and up to 7,1 G (where G is the National Insurance Scheme's basic amount) a pension contribution of 5 % of the qualifying salary were payable. For qualifying salaries between 7,1 G and 12 G a contribution of 13 % were payable. The company has no defined benefit-based pension schemes, neither unsecured nor secured.

Employees' options and share program

Siemens AG, the parent company of Siemens Mobility AS, has issued stock awards to staff in senior management positions at Siemens Mobility AS. In addition, all employees may join a savings agreement linked to the purchase of Siemens AG shares. For every three shares the employee purchases, Siemens AG will give one share. Both of these options schemes are measured at fair value on the date of issue. The fair value on the date of issues is expensed on a straight-line bases over the duration of the option.

Tax expense

Taxes consist of tax payable and changes in deferred tax. Tax payable is calculated on the basis of profit or loss for tax purposes. Changes in deferred tax are calculated on the basis of changes in taxable and tax-deductible temporary differences.

Cash flow statement

Siemens Mobility AS uses the indirect model for presentation of the cash flow statement in accordance with simplified IFRS for cash flow statements. The indirect model shows gross cash flows from investing and financing activities, while the accounting profit is reconciled with the net cash flow from operating activities. Siemens Mobility AS participates in a group corporate cash pooling system, in which the funds are defined as intra-group receivables and liabilities. Therefore, the company has no cash and cash equivalents as of September 30th, 2022.

Implementation of new Financial Reporting Standards

The accounting principles applied are consistent with previous years.

Note 2 Sales revenue

| | 2022 | 2021 |
|-----------------------------|------------------|------------------|
| Rail Infrastructure | 1,255,430 | 907,164 |
| Customer Services | 106,980 | 107,605 |
| Rolling Stock | 7,209 | 13,506 |
| Intelligent traffic systems | 0 | 38,521 |
| Sales revenue | 1,369,618 | 1,066,797 |

* Intelligent traffic systems was in 2022 merged into the segment Customer Services.

The majority of the Company's revenue relate to business conducted in Norway. There was no export during fiscal year 2022.

Note 3 Inventories

| Inventories | 2022 | 2021 |
|--|--------------|--------------|
| Inventories of purchased goods for re-sale | 8,814 | 2,026 |
| Total | 8,814 | 2,026 |
| Provision for obsolete goods | 249 | 4 |
| Costs of sales for the year | 1,030,831 | 792,863 |

Note 4 Salary expenses, number of employees, remuneration, loans to employees, etc.

| Salary expenses | 2022 | 2021 |
|------------------------------|----------------|----------------|
| Salaries | 134,755 | 116,631 |
| Social security tax | 18,564 | 15,861 |
| Net pension cost* | 9,053 | 8,252 |
| Other expenses | 7,071 | 6,400 |
| Totals | 169,442 | 147,143 |
| Average number of employees: | 115 | 103 |

* In 2022 pension cost consist of the cost of the defined contribution-based scheme of 9 MNOK excluding social security tax (see note 4).

Information concerning the Board of Directors and the CEO

Neither the Board members, nor the Chair of the Board did receive any fees during fiscal year 2022.

The CEO's salary for the period from 01.10.2021 - 30.09.2022 was 2,3 MNOK, thereof bonus 333.827 NOK. Other reportable compensation totaled 19.012 NOK.

The CEO is covered by the pension scheme for senior management at Siemens Mobility AS. The regular deposits to the pension scheme amounted 140.730 NOK in 2022.

An agreement is in place with the CEO concerning severance pay equivalent to 6 months salary in the event of notice of termination by Siemens Mobility AS.

Stock awards - share-based remuneration

The gain on stock awards is calculated by comparing the Siemens AG share price with the strike price when the stock awards are exercised. All stock awards allocated may be exercised two years after allocation, and thereafter for one year. Exercising these options requires the individual in question to be employed by the company for two years following allocation. Anyone who leaves the company after two years must exercise their option at the latest one month after their last day. As of September 30th, 2022, the CEO has reserved 1 022 stock awards; splitted in 822 Siemens AG shares and 200 Siemens Energy AG shares. Also, the CFO has been allocated stock awards as compensation for his role in Siemens Mobility AS.

Loans and provision of security

Neither the Chair of Board nor the CEO has loans from Siemens Mobility AS as of September 30th, 2022. The management has not received any payment or financial benefits from other companies in the same group, other than those shown above. No additional remuneration has been given for special services beyond the normal functions of a manager.

Information concerning other employees

The company has receivables against employees totaling 46.875 NOK. Thereof loans totaling 46.875 NOK which are repayable over a maximum of 10 years. A standard interest rate is charged on the loans. No particular security has been provided for the loans, other than the issue of a promissory note.

| Fees to auditor | 2022 | 2021 |
|--|-------------|-------------|
| Proposed fees for statutory audit for the year | 378 | 426 |
| Total | 378 | 426 |

(Value added tax is not included in the audit fees.)

Note 5 Pension scheme

Siemens Mobility AS is obliged to provide an occupational pension scheme in accordance with the Norwegian Mandatory Occupational Pensions Act, and has a defined contribution-based occupational pension scheme which satisfies the requirements of this Act.

The Company has in addition:

- Defined contribution extra pension as compensation for calculated reduced pension due to change from benefit to contribution scheme
- Defined contribution Top Hat extra pension covering one member and is saving for age pension. Gross pension benefit constitutes 25 % of pensionable income. Pensionable income is fixed yearly salary with deduction of 12G (The basic amount in the National insurance scheme).

In 2022 8 MNOK was paid as defined contribution.

Note 6 Leasing agreements according to IFRS16

| Movement of Right of use assets | Buildings | Cars | Total |
|--|------------------|-------------|---------------|
| Opening balance per 01.10.2021 | 23,721 | 827 | 24,548 |
| Additions during the year | 5,134 | 0 | 5,134 |
| Balance per 30.09.2022 | 28,855 | 827 | 29,682 |
| Depreciation during the year | 7,020 | 301 | 7,321 |
| Closing balance per 30.09.2022 | 21,835 | 527 | 22,362 |

| Movement of the lease obligation | Buildings | Cars | Total |
|---|------------------|-------------|---------------|
| Opening balance per 01.10.2021 | 24,164 | 834 | 24,997 |
| Additions during the year | 5,134 | 0 | 5,134 |
| Interest | 461 | 7 | 468 |
| Lease payments | -7,411 | -307 | -7,719 |
| Balance per 30.09.2022 | 22,347 | 533 | 22,880 |

| Lease liabilities | 2022 | 2021 |
|--------------------------|---------------|---------------|
| Short term | 7,197 | 6,060 |
| Long term | 15,683 | 18,937 |
| Total | 22,880 | 24,997 |

| Undiscounted payments | Within 1 year | 2-3 years | 4-5 years |
|-------------------------------------|----------------------|------------------|------------------|
| Future undiscounted rental payments | 7,548 | 14,571 | 1,436 |

Lease contracts for buildings lasts until December 2025, while car leasees have a duration of 3-4 years.

Note 7 Tangible assets

| Company equipment, fixtures and fittings 2022 | |
|---|-------------|
| Opening balance per 01.10.2021 | 140 |
| Aquisitions during the year | 0 |
| Sales during the year - cost price | 0 |
| Aquisition costs per 30.09.2022 | 140 |
| Depreciation during the year | -70 |
| Closing balance 30.09.2022 | 70 |
| <hr/> | |
| Depreciation method | linear |
| Useful life | 3 - 5 years |

Note 8 Specification of other operating expenses according to type

| Other operating expenses | 2022 | 2021 |
|--|---------------|---------------|
| Shipping and transport expenses | 2,619 | 2,093 |
| Leasing of machinery, equipment, etc | 5,190 | 4,578 |
| Equipment, fixtures and fittings (not capitalized) | 690 | 417 |
| Office expenses | 871 | 730 |
| External workers | 31,265 | 18,552 |
| Travel and subsistence expenses | 5,285 | 2,074 |
| Entertainment expenses | 85 | 10 |
| Subscriptions and gifts | 345 | 197 |
| Warranty and service expenses | 1,006 | 547 |
| License and patent costs | 152 | 334 |
| Marketing expenses | 27 | 28 |
| Other costs | 12,039 | 10,800 |
| Total other operating expenses | 59,572 | 40,360 |

Siemens Mobility AS presents its Statement of income based on the content of the revenue and expenses. Operating expenses comprise all operational costs that are not related to cost of sales, payroll expenses and the cost of capital in the form of depreciation. The main elements of other operating expenses are grouped in the table above and are not project relevant with exception of external workers. Most external workers are working on projects that generate revenue.

License and patent costs relate to software costs from external suppliers and internal license costs billed by Siemens AG.

The item "other costs" mainly consists of general administration costs such as personnel administration, communication administration, purchasing, research and development, IT, legal, finance, strategic planning and general administration.

Note 9 Specification of interest items and other financial items

| | 2022 | 2021 |
|---|----------------|----------------|
| Interest income from companies in the same group | 344 | 20 |
| Other interest income | 84 | 196 |
| Exchange rate gains | 22,219 | 2,434 |
| Total interest income and other financial items | 22,647 | 2,650 |
| Interest expenses from companies in the same group | -139 | -14 |
| Other interest expenses * | -848 | -1,333 |
| Other financial expenses | -50 | -9 |
| Exchange rate losses | -15,676 | -25,629 |
| Total interest expenses and other financial expenses | -16,712 | -26,985 |
| Net interest items and other financial items | 5,935 | -24,335 |

* Other interest expenses includes interest expenses connected to lease obligation (see note 6).

Note 10 Tax

| Taxable profit | 2022 | 2021 |
|--|----------------|---------------|
| Profit before tax | 108,317 | 55,867 |
| Permanent differences/other differences | 157 | 22 |
| Changes in taxable/tax-deductable temporary differences | -100,338 | -64,178 |
| Impact of items recognized in equity | -388 | 16,717 |
| Total | 7,748 | 8,428 |
| 22% tax payable | 1,705 | 1,854 |
| Tax payable in tax expense | 1,705 | 1,854 |
| Tax expense for the year | 2022 | 2021 |
| Tax payable on profit | 1,982 | 1,854 |
| Change in deferred tax | 21,797 | 14,120 |
| Change in deferred tax recognized directly in equity* | 85 | -3,678 |
| Total | 23,863 | 12,295 |
| Tax payable in the balance sheet | 2022 | 2021 |
| Tax payable on the profit of the year | 1,705 | 1,758 |
| Tax payable previous years | 0 | 0 |
| Total | 1,705 | 1,758 |
| Taxable/deductable differences that offset each other | 2022 | 2021 |
| Fixed assets/non-current liabilities | -25 | 22 |
| Current assets/current liabilities | 154,963 | 56,227 |
| Total difference that offset each other | 154,938 | 56,248 |
| Items recognized directly in equity* | 6,430 | 6,041 |
| Total basis for deferred tax | 161,368 | 62,289 |
| 22 % Deferred tax (+)/Deferred tax asset (-) | 35,501 | 13,704 |
| Change in deferred tax | 21,797 | 14,120 |
| of which without effect on tax expenses | -85 | 3,678 |

* Changes in the balance sheet positions financial instruments, pensions, and deferred taxes, which are related to these bookings, are partly posted directly in equity.

| Calculation of Effective Tax rate | 2022 Tax expense | As a % of profit before tax |
|---|-------------------------|------------------------------------|
| Tax calculated as an average nominal tax rate | 23,830 | 22,0% |
| Effect on permanent differences for items recognised directly in equity | 34 | 0,0% |
| Tax expenses according to Income Statement | 23,863 | 22,0% |

Note 11 Equity

| | Share capital | Share premium | Cash flow hedge reserve | Retained earnings | Total equity |
|------------------------|---------------|---------------|-------------------------|-------------------|---------------|
| Balance 30.09.202021 | 13,404 | 6,976 | -4,712 | 36,046 | 51,715 |
| Total result 2022 | 0 | 0 | -303 | 84,453 | 84,150 |
| Proposed dividend 2022 | 0 | 0 | 0 | -84,453 | -84,453 |
| Per 30.09.2022 | 13,404 | 6,976 | -5,015 | 36,046 | 51,412 |

The full amount of net income of 2022 will be paid out as dividend.

As of September 30th, 2022 the Company's share capital consisted of 30 000 shares at a nominal value of 446,813 NOK. All of the company's shares are owned by Siemens Mobility Holding B.V., which in turn is owned 100% by Siemens AG.

Note 12 Other non-current receivables

| Other non-current receivables | 2022 | 2021 |
|---|--------------|-------------|
| Receivables from employees (see note 4) | 47 | 99 |
| Other non-current receivables (see note 17) | 1,001 | 216 |
| Total other non-current receivables | 1,048 | 316 |

The list shows the book value of receivables falling due later than one year after the balance sheet date. For Other non-current receivables the change from 2021 to 2022 is mainly connected to currency derivatives.

Note 13 Accounts receivables

| Accounts receivables | 2022 | 2021 |
|-------------------------------------|---------------|----------------|
| Gross accounts receivables | 59,811 | 105,444 |
| Provision for losses on receivables | -1 | -3 |
| Net accounts receivables | 59,810 | 105,441 |

Outstanding receivables older than 60 days comprise approximately 0,1% of gross receivables. Siemens Mobility AS continuously follows up and evaluates risk and believes that the provisions for bad debts are adequate, based on an evaluation of the receivables.

Note 14 Means of payment

Siemens Mobility AS has no restricted liquid assets. Siemens Mobility AS has a bank guarantee worth 10 MNOK to cover tax liabilities.

Banking activities are undertaken through Siemens AG and an external bank. Siemens Mobility AS has low liquidity risk, since the company is part of the Siemens corporate cash pooling system.

Net deposits in Siemens Mobility AS as of September 30th, 2022 amount to 168,342 MNOK and are classified as assets in other current receivables from Group Companies.

Note 15 Other current receivables

| Other current receivables | 2022 | 2021 |
|---|----------------|--------------|
| Accrued, unbilled revenue from production contracts (see note 19) | 219,546 | 126 |
| Other accrued unbilled revenue | 21,138 | 4,289 |
| Currency derivatives (see note 17) | 2,941 | 2,020 |
| Other current receivables | 2,305 | 2,198 |
| Total other current receivables | 245,930 | 8,633 |

Note 16 Other long-term liabilities

| Other long-term liabilities | 2022 | 2021 |
|--|---------------|---------------|
| Staff provision for long period of service | 5,183 | 4,141 |
| Currency instruments with negative value (see note 17) | 7,929 | 6,373 |
| Warranty provision | 2,690 | 2,447 |
| Other non-current liabilities | 2,420 | 2,000 |
| Total other long-term liabilities | 18,223 | 14,961 |

The list shows the book value of liabilities falling due more than one year after balance sheet date.

Note 17 Currency derivatives and financial instruments

Financial instruments are used for hedging purposes where there is an offsetting item in the underlying cash flows from operations.

Siemens Mobility AS has significant currency exposure relating to purchases and sales in EUR and GBP. All hedging is undertaken through Siemens AG.

Siemens Mobility AS has no financial instruments linked to interest rate exposure.

| The following amounts relating to currency hedging contracts are recognized as financial income/expenses for the financial year | 2022 | 2021 |
|---|-------------|-------------|
| Realized gain/loss (-) from expired hedging contracts | 348 | 141 |
| Unrealized gain/loss (-) from valuation of existing hedging contracts | 655 | 778 |
| The following amounts relating to currency hedging contracts are recognised in other revenues and expenses (adjusted for deferred tax) | 2022 | 2021 |
| Unrealized gain/loss (-) recognized in the financial year | -303 | 13,039 |
| Accumulated gain/loss (-) not reversed from equity | -5,015 | -4,712 |

List of unrealized currency forwards contract as of 30.09.2022

| Currency forward contracts (counter position NOK) | Amount in foreign currency | Amount in NOK | Agreed average exchange rate | Exchange rate as of 30.09.2022 | Av. remaining maturity in days |
|--|-----------------------------------|----------------------|-------------------------------------|---------------------------------------|---------------------------------------|
| Sales EUR | 29 845 | 313 873 | 10.51672 | 10.5838 | 590 |
| Purchases EUR | 16 554 | 173 866 | 10.50319 | 10.5838 | 389 |
| Sales GBP | 385 | 4 587 | 11.91019 | 11.9862 | 61 |
| Purchases GBP | 901 | 10 520 | 11.67239 | 11.9862 | 133 |

| Fair value of the derivatives that are recognized in the Balance sheet as of 30.09.2022 | 2022 | 2021 |
|--|---------------|---------------|
| EUR | -4,624 | -5,963 |
| GBP | 181 | 299 |
| SEK | | 4 |
| Total | -4,443 | -5,659 |

| | | |
|---------------------------------------|---------------|---------------|
| Positive holdings: short-term portion | 2,941 | 2,020 |
| Positive holdings: long-term portion | 1,001 | 216 |
| Negative holdings: short-term portion | -456 | -1,522 |
| Negative holdings: long-term portion | -7,929 | -6,373 |
| Total | -4,443 | -5,659 |

(see table for currency derivatives and financial instruments)

The fair value of hedging instruments is determined by multiplying the difference between the exchange rate on the balance sheet date and the agreed exchange rate by the hedged amount in foreign currency and applying a discount rate. An administration fee is included for the issuer of the hedging instruments (Siemens AG).

In the Statement of Income, the valuation and settlement of hedging contracts are entered under financial expenses and income. In the Balance sheet, the values of open hedging contracts are recognized in other current or non-current receivables or other current or non-current liabilities. The share of the long-term positive holdings comprises 1 MNOK and long-term negative holdings -7.9 MNOK.

Siemens Mobility AS uses cash flow hedge accounting for significant cash flows. The purpose of cash flow hedge accounting is to avoid any impact on the Income statement from unrealized gains and losses on the hedging instrument. The effectiveness of the hedging is monitored and documented in accordance with the rules for cash flow hedge accounting. If the requirements for the use of cash flow hedge accounting are no longer met, the hedged item and the hedging instrument are measured separately using the relevant accounting rules.

With cash flow hedge accounting, unrealized gains and losses on the hedging instrument are recognized in equity. Deferred tax on the provision is recognized directly in equity. Other hedging contracts that are not classified as cash flow hedge accounting are recorded at fair value in the Income statement.

As of September 30th, 2022, there are no ineffective hedges.

Periods during which hedged cash flows in foreign currencies, classified as cash flow hedge accounting, are assumed to affect the Income statement.

| Year in which hedged cash flows are expected to be reclassified from equity to the Income statement | 2023 | 2024 | 2025 | 2026 | 2027 |
|--|-------------|-------------|-------------|-------------|-------------|
| | 982 | -5928 | 77 | -24 | -788 |

Financial instruments according to category

| Assets as of 30.09.2022 | Loans and receivables | Derivatives used for hedging purposes | Total |
|------------------------------------|------------------------------|--|----------------|
| Other non-current receivables | 47 | 1,001 | 1,048 |
| Accounts receivable | 59,810 | 0 | 59,810 |
| Other current receivables | 242,989 | 2,941 | 245,930 |
| Total | 302,846 | 3,942 | 306,788 |

| Assets as of 30.09.2021 | Loans and receivables | Derivatives used for hedging purposes | Total |
|------------------------------------|------------------------------|--|----------------|
| Other non-current receivables | 99 | 216 | 316 |
| Accounts receivable | 105,441 | 0 | 105,441 |
| Other current receivables | 6,613 | 2,020 | 8,633 |
| Total | 112,153 | 2,236 | 114,389 |

| Obligations as of 30.09.2022 | Other financial liabilities | Derivatives used for hedging purposes | Total |
|---|------------------------------------|--|----------------|
| Other non-current liabilities | 10,294 | 7,929 | 18,223 |
| Accounts payable | 110,007 | 0 | 110,007 |
| Advances from customers | 9,052 | 0 | 9,052 |
| Other current liabilities | 122,992 | 456 | 123,448 |
| Total | 252,344 | 8,385 | 260,729 |

| Obligations as of 30.09.2021 | Other financial liabilities | Derivatives used for hedging purposes | Total |
|---|------------------------------------|--|----------------|
| Other non-current liabilities | 8,588 | 6,373 | 14,961 |
| Accounts payable | 97,421 | 0 | 97,421 |
| Advances from customers | 3,450 | 0 | 3,450 |
| Other current liabilities | 90,738 | 1,522 | 92,260 |
| Total | 200,196 | 7,895 | 208,092 |

Note 18 Other current liabilities

| Other current liabilities | 2022 | 2021 |
|--|----------------|---------------|
| Salaries and holiday pay | 24,698 | 21,318 |
| Provisions for liabilities | 2,312 | 876 |
| Production projects billed in advance (see note 19) | 94,609 | 67,024 |
| Currency derivatives with negative value (see note 17) | 456 | 1,522 |
| Other current liabilities | 1,373 | 1,520 |
| Total other current liabilities | 123,448 | 92,260 |

Note 19 Long-term manufacturing contracts

This note shows accumulated figures through the life span of projects that has not yet been handed over to customer and reached warranty phase. A life span of a project can go over several accounting periods.

| Work in progress | 2022 | 2021 |
|--|----------------|----------------|
| Recognized | 2,010,078 | 1,312,679 |
| Expenses | -1,771,923 | -1,196,558 |
| Net profit/loss | 238,156 | 116,120 |
| Revenue from projects | 1,215,819 | 893,756 |
| Estimated remaining production costs for loss-making projects | 33,373 | 76,251 |
| Earned, unbilled revenue included under other current receivables from manufacturing projects where the percentage of completion method is used (see note 15). | 219,546 | 126 |
| Production billed in advance, included in other current receivables from manufacturing projects where the percentage of completion method is used (see note 18). | 94,609 | 67,024 |

The entire expected loss on these projects is charged as a provision, which is reduced in parallel with the progress of the project or realization of the losses.

Project risk and uncertainty

Siemens Mobility AS mainly has long-term contracts, of which many are fixed-price contracts based on bids. Delays, quality issues or increases in project costs can result in costs which are not covered by the revenues from the project in question. If a project is defined as loss-making, a provision is posted for expected future losses. For accounting purposes, the recorded loss is the best estimate at the close of the financial period. Circumstances and information can change in subsequent periods and the final outcome may therefore be better or worse than the assessment made at the time the accounts were prepared.

Note 20 Financial market risks

To hedge against foreign currency exposure, Siemens Mobility AS enters into forward contracts with Siemens AG. Siemens Mobility AS does not use financial instruments linked to interest-bearing items. As a result of the strong liquidity of Siemens AG, Siemens Mobility AS has a low liquidity risk. Accounts receivable are assessed continuously based on changes in market conditions and the management's assessment. We consider this to be taken into account in the provisions for losses on receivables (see note 13).

Currency risk and the use of financial instruments are described in note 17.

Note 21 Transactions with related parties

| Purchases | 2022 | 2021 |
|-------------------------------|----------------|----------------|
| Siemens Mobility GmbH | 355,203 | 320,233 |
| Siemens Mobility AG | 57,670 | 60,844 |
| Siemens AS | 23,451 | 23,628 |
| Siemens Mobility Austria GmbH | 1,467 | 18,590 |
| Siemens Mobility Limited | 3,586 | 2,301 |
| Others | 14,581 | 11,028 |
| Total | 455,958 | 436,625 |

| Sales | 2022 | 2021 |
|--------------|-------------|-------------|
| Siemens AS | 451 | 834 |
| Total | 451 | 834 |

Purchases from and sales to related parties are regarded as commercial transactions. Purchases and sales between related parties principally take place in connection with collaboration. Originated in the use of common services within the group, Siemens Mobility AS accounts for a number of cost allocations.

Siemens Mobility AS has no intra-group balances related to liabilities and receivables, since purchases and sales are paid for directly from the group cash pool (see note 14). For details on the hedging of the currency risk exposure please see note 17.

Note 22 Other off-balance-sheet liabilities

At the end of FY 2022, Siemens Mobility AS has the following off-balance-sheet liabilities:

Guarantees

As of September 30th, 2022 Siemens Mobility AS has guarantees with a face value of 305,6 MNOK, issued by external financial institutions. This also included a guarantee for tax liabilities amounting to 10 MNOK. The guarantees concern obligations to the authorities and contractual parties.

Note 23 Share value-based payments

Senior executives in Siemens Mobility AS are granted options from Siemens AG. The period from allocation to exercise is 3 years. The option cost is recognized in the income statement in Siemens Mobility AS. Siemens Mobility AS will be charged the expected monthly cost of the options from Siemens AG at the time of granting. That cost builds up a debt in Siemens Mobility AS to Siemens AG. The cost is based on the fair value of the options on the balance sheet date. At the time of exercise, the actual value of the options is assumed. This forms the basis for the final cost invoiced by Siemens AG. The Norwegian marginal tax is calculated and paid to the Norwegian tax authorities, while the rest of the amount is paid to the employee from Siemens Mobility AS. Total expense recognition for these options is entered under salary costs. In the business year 2022, this amounted to TNOK 744. Book liability amounts to TNOK 1,263.

| | 2022 | | 2021 | |
|--------------------|----------------------------------|--------------|----------------------------------|--------------|
| | Average rate in EUR per share | Options | Average rate in EUR per share | Options |
| Per 01.10. | | 2 984 | | 3 039 |
| Granted | 100,44 | 1 348 | 80,46 | 815 |
| Forfeited | 32,36 | -317 | - | - |
| Vested | 72,63 | -607 | 85,47 | -563 |
| Target Achievement | 106,69 | -61 | 41,04 | -307 |
| Per 30.09. | | 3,347 | | 2 984 |

Stock options for employees

Every financial year, all employees in the Siemens Group are offered the purchase of Siemens shares through the Share Matching Plan program. Employees who enter into the agreement are deducted a fixed amount of 0 - 5% of their gross salary each month.

The amount is invested the following month in Siemens shares. After a vesting period of three years, Siemens gives one free share for every third share the employee owns. Siemens Mobility AS is quarterly charged the cost of administering the Share Matching Plan in addition to the fourth share the employees receive after three years. For the business year 2022, the cost amounted to TNOK -24.

| | 2022 | | 2021 | |
|-------------------|----------------------------------|---------------------|----------------------------------|---------------------|
| | Average rate in EUR per share | Number of shares | Average rate in EUR per share | Number of shares |
| Per 01.10. | | 741 | | 585 |
| Granted | 127,76 | 389 | 95,40 | 421 |
| Vested | 83,42 | -339 | 72,94 | -230 |
| Settlement | 127,76 | -10 | 89,69 | -34 |
| Per 30.09. | | 782 | | 741 |

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Siemens Mobility AS

Opinion

We have audited the financial statements of Siemens Mobility AS (the Company), which comprise the statement of financial position as at 30 September 2022, the statements of income and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 30 September 2022 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical 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 opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 opinion. 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 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. 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 continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors 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.

Oslo, 14 December 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Leiv Aschehoug
State Authorised Public Accountant (Norway)

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Leiv Thorkil Aschehoug

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