

Report of Board of Directors 2020

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 as from October 1st, 2019 until September 30th, 2020.

Business Model

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) Smart infrastructure to automate and digitize rail and road transport, 2) Power supply for rail and road transport., 3) Trains, locomotives, metro trains and trams and 4) Service tailored to each customer's needs. The Company also offers consulting services, turnkey mobility systems and mobility solutions connecting different traffic systems.

The Company's main customers are public entities in the transport and logistics sector. The markets served by the Siemens Mobility Group are therefore primarily dependent on public spending. Mobility's customers typically plan and implement projects over many years. Tenders are largely unaffected by short-term economic developments, and this is to a huge extent also valid in the currently ongoing COVID-19 pandemics. The Company's main competitors are multinational companies, as well as smaller local SMEs within the road traffic and rail electrification segments.

Key activities performed by the Company typically include customer relations, 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 electro 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

Company has been operating for a little over 2 years at 30.09.2020. After being setup as a separate legal entity following the decision to carve out the global Mobility business from Siemens AG, fiscal year 2019 was the first full and comparable fiscal year for Company.

The Company booked new orders of NOK 1.073 million during the fiscal year 2020 at a book-to-bill ratio of 2,8, after order intake of NOK 429 million in fiscal 2019. The total order reserve is now NOK 7.950 millions. The main contributor to this significant order backlog is the Bane NOR ERTMS signaling project contracted in

April 2018 before Company was established.

Total revenues in fiscal year 2020 ended on NOK 650 millions, after NOK 578 millions in fiscal year 2019. With a net income of NOK 29,6 millions (4,6%), and net income NOK 23 millions after taxes. The profit of fiscal year 2019 was NOK 29 millions (5%).

The current order reserve equals around 12 times the revenues of fiscal year 2020. This secures a stable business development in the years to come. Taking the opportunities in the Norwegian market into consideration, Company expects to deliver revenues around NOK 600 – 800 millions in the years to come.

Ownership and corresponding intellectual property of major products, systems solutions lie within the Siemens Mobility headquarter in Germany. In many – especially larger contracts – Company acts as distributor, which is limiting the profitability of those contracts for Company. Company projects that the expected turnover can be management at the current profit level of around 4% to 5%.

Financial Position

Financing is provided through customer payments received, and liquidity provided by the Siemens Group. As of the balance sheet day, the Company has a receivable of NOK 224 millions towards the Siemens Group pertaining to the global corporate cash pooling system. Available credit lines towards the Siemens Group ensures 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 being publicly 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 38,1 millions (NOK 34,2 millions in fiscal 2019) which corresponds to an equity ratio of 11%. The Board of Directors considers the current level to be commensurate with the requirements.

Since Company is now established as stand-alone entity for more than 2 years, ratings have become stable with high creditworthiness, e.g. AA level from rating agency Bisnode in November 2020.

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 kroner compared to other currencies, particularly Euro. In accordance with Siemens corporate guidelines, the majority of currency risks are mitigated through the usage of currency options and forward contracts. Foreign exchange contracts are concluded towards the Siemens Group's internal bank who act as counterpart in all transactions. This approach for hedging is particularly important since the start of the COVID-19 pandemics with high fluctuation and significant weakening of the Norwegian kroner valuta. Whereas negative impacts of currency exchange exposure were to a large degree eliminated through hedges, Company could benefit from positive impacts of the strong EUR from costumer contracts applying EUR as payment currency. The result of FY20 contains NOK 18 millions of positive effects from accounting for foreign exchange.

Cash Flow

The cash flow from operations was equal to NOK 4,1 millions, whereas the comparable profit after tax was NOK 23 millions. The main reason for the deviation is advance payments from customers as well as effects from tax payments and depreciation.

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

During the past fiscal year, the Company has increased its workforce and as of September 30, 2020,

Siemens Mobility AS had 106 permanent employees. In addition to 6 hired from external staffing agencies and 5 part time working students. The average age among permanent employees is 45,2 years. Female average age is 40 years, while male average age is 46 years.

As for most technical occupations, the gender distribution is still imbalanced. In total 22 percent female among the permanent employees. There is a higher percentage female employees in job families Quality management (75%), Finance (43%) and SCM-Procurement / Supply Chain Logistics (50%), but lower in job families Engineering (9%) and Project management (18%)

50 percentage of females are employed in particularly independent positions (position level 6 or higher), 53% of male employees are in the same group. Across different position levels and job families the average wages are approximately 10% lower for female employees than for male employees. In a holistic perspective this can be explained by difference in age and experience.

In position levels with the highest volume of employees, average wages are 5% lower for female employees in Engineering and Project management, while comparable positions in Finance have equal wages for male and female employees. The company follows the development of wages and gender equality closely.

Siemens Mobility AS aims to increase the number of female employees in general, and especially in management, project management and engineering.

At Siemens Mobility, 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 Siemens Mobility, 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

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.

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.

Health, Safety and Environment

Siemens Mobility AS works purposefully with a zero-injury philosophy to prevent accidents and to ensure that no work-related injuries, illnesses or accidents should be neglected. The company's H-value (number of injuries with absences per million working hours) ended at 0 in 2020. 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 himself. Siemens Mobility holds the following certificates: ISO9001, ISO14001, and ISO45001.

No serious accidents have occurred in the last business year that have caused lasting damage to the company's employees. Absence due to sick leave in fiscal year 2020 was at a low 0,98 per cent.

Market

With the large ERTMS contract signed in 2018, the Company has a strong and stable activity base for many years to come. In addition, we expect new opportunities to come in many areas of the Norwegian transport market, driven by urbanization, digitalization and climate change.

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 comfortable, more flexible and cheaper. This increases demand for more interconnected transport solutions. Finally, Norway has a goal of reducing transport emissions by 50% within 2030 compared to 2019, which currently is the country's largest climate emission sector. This drives investments in public transportation such as metro, bus and train.

Based on the abovementioned drivers, transportation demand is expected to increase and change. For example, the Norwegian railway directorate predicts that rail passenger demand will increase by 30 % in every decade until 2050. The annual public spending on rail will in the proposed budget for 2021 increase by 20 % compared with 2019. Still, the strong expected demand growth will require significant additional investments for trains and infrastructure. We therefore expect rail and other key markets to grow significantly in the years to come.

Continued Operations

The Board of Directors confirms that the basis for continued operations is present, cf. Section 3-3a of the Norwegian Accounting Act. 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 results for the financial year and its financial position as per 30 September 2020.

Allocation of the result of the year

During fiscal year 2020, the Company generated net income after tax of NOK 23 millions. The Board of Directors proposes to not pay out dividend, but allocate the funds to equity.

Net income: 23 millions

Transferred to other equity: 23 millions

Oslo,
February 8th, 2021
Board of Directors
Siemens Mobility AS

**Pfaller
Ralph**
Ralph Nikolaus Pfaller
Board Member

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**Andresen
Lars Johan**
Lars Johan Andresen
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General manager

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Nils Klippenberg
Board Member

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STATEMENT OF INCOME
Siemens Mobility AS

	Note	2020	2019
01.10. - 30.09. (Amount in 1 000 NOK)			
Sales revenue	2	649 587	577 560
Other operating income		0	177
Total operating income		649 587	577 737
Cost of Sales	9	468 042	370 487
Payroll expenses	3	130 064	115 874
Depreciation and Amortisation	7, 22	5 936	18
Other operating expenses	4	29 923	43 083
Total operating expenses		633 964	529 462
Operating profit/loss		15 623	48 275
Net interest and finance costs	5	13 978	-19 220
Profit before Tax		29 601	29 055
Income Tax	6	-6 569	-5 968
Net profit for the year		23 031	23 087
<i>Other Comprehensive Income (OCI)</i>			
OCI on Cash Flow Hedges		-22 684	243
OCI Deferred Tax impact		4 990	-57
OCI net amount	13	-17 693	186
Total comprehensive income		5 338	23 273

STATEMENT OF FINANCIAL POSITION
Siemens Mobility AS

Assets per 30.09. (Amount in 1 000 NOK)	Note	2020	2019
Non-current assets			
Deferred tax assets	6	416	0
Total intangible assets		416	0
Right of use assets	22	29 979	0
Fixtures and fittings, equipment and tools	7	0	10
Total property, plant and equipment		29 979	10
Other non-current receivables	8, 18	2 895	600
Financial fixed assets		2 895	600
Total financial assets		2 895	600
Total non-current assets		33 290	610
Current assets			
Inventories	9	1 091	420
Accounts receivables	10, 18	65 653	43 448
Other current receivables from Group companies	11	223 745	226 024
Other current receivables	12, 18	28 641	27 531
Total receivables		318 039	297 003
Total current assets		319 130	297 423
TOTAL ASSETS		352 420	298 033


STATEMENT OF FINANCIAL POSITION
Siemens Mobility AS

Equity and Liabilities per 30.09. (Amount in 1 000 NOK)	Note	2020	2019
Equity			
Share capital		13 404	13 404
Share premium reserve		6 976	6 976
Total share capital		20 380	20 380
Other equity		18 295	12 957
Total retained earnings		18 295	12 957
Total equity	13	38 675	33 337
Liabilities			
Deferred tax	6	0	1 003
Total provisions for liabilities		0	1 003
Long term lease liabilities	22	25 540	0
Other long-term liabilities	15	33 300	16 894
Total other long-term liabilities		58 840	16 894
Accounts payable	18	44 108	41 257
Tax payable	6	17 673	15 602
Public duties payable		18 489	29 782
Advances from customers	18	3 229	2 317
Warranty provisions		2 121	2 895
Short term lease liabilities	22	4 758	0
Other current liabilities	16, 18	164 526	154 946
Total current liabilities		254 905	246 799
Total liabilities		313 744	264 696
TOTAL EQUITY AND LIABILITIES		352 420	298 033

STATEMENT OF FINANCIAL POSITION
Siemens Mobility AS

Oslo, 08.02.2021

The board of Siemens Mobility AS

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Ralph Nikolaus Pfaller
member of the board

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Lars Johan Andresen
chairman of the board/General Manager

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Nils Klippenberg
member of the board

STATEMENT OF CASH FLOW

Siemens Mobility AS

	Note	2020	2019
Period 01.10. - 30.09. (Amount in 1 000 NOK)			
Cash flow from operating activities			
Profit before tax		29 601	29 055
Income tax paid in fiscal year		-937	-980
Ordinary depreciation/amortisation	7	5 936	18
OCI on Cash Flow Hedges		-22 684	243
Profit from sales of fixed assets		0	-177
Changes in inventory, accounts receivables and payables	9, 10	-20 025	43 913
Changes in other accruals	11, 15	12 159	117 278
Net cash flow from operating activities		4 050	189 350
Cash flow used in investing activities			
Proceeds from sale of property, plant, equipment		0	180
Net cash flow used in investing activities		0	180
Cash flow from financing activities			
Change in intra-group balances in Group cash pooling system	11	2 279	-204 181
Cash flow from share capital increase	13	0	14 649
Lease payments		-6 328	0
Net cash flow from financing activities		-4 049	-189 532
Net change in cash and cash equivalents		0	0
Cash and cash equivalents as of 01.10.2019		0	0
Cash and cash equivalents as of 30.09.2020		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 project is an exception, it lasts til 2035. 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 Balance sheet. 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 the allocation of fair values for acquisitions, 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".

Development costs are capitalized to the extent that a future economic benefit associated with the development of an identifiable intangible asset can be identified and the costs can be measured reliably. Otherwise, such costs are expensed as they occur. Capitalized development costs are depreciated on a straight-line basis over their useful live. Research costs are expensed as they are incurred.

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.

Implementation effect IFRS 16

The implementation of IFRS 16 has led to an increase in total. The implementation effect of IFRS 16 as of 1 October 2019 is presented below:

	30.09.2019	IFRS16 Effect	01.10.2019
ASSETS			
Non-Current Assets	610	35 141	35 751
Current Assets	297 423	0	297 423
Total Assets	298 033	35 141	333 174
EQUITY AND LIABILITIES			
Equity	33 337	0	33 337
Provisions and liabilities	1 003	0	1 003
Other long term liabilities	16 894	0	16 894
Current liabilities	246 799	35 141	281 940
Total Equity and liabilities	298 033	35 141	333 174

The table below shows the reconciliation of the lease obligation as of 01 October 2019:

Reconciliation of operational lease obligation under IAS17 towards leasing obligation under IFRS16	01.10.2019
Operational lease obligation per 30.09.2019	37 590
Discounting by using marginal borrowing rate	-2 449
Rental obligations recognized on first use as of October 1, 2019	35 141
Weighted average marginal borrowing rate:	2,2%

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, 2020.

Implementation of new Financial Reporting Standards

The accounting principles applied are consistent with previous years, with the exception of the implementation of IFRS 16 Leases.

IFRS16 Leasing agreements

Siemens Mobility has applied IFRS 16 Leases in the current year, starting from 01 October 2019. IFRS 16 Leases replaces IAS 17 Leases and related interpretations. The standard requires the tenant to enter lease agreements in the balance sheet, so that the value of the right of use of an asset and the corresponding lease obligation are shown in the balance sheet. The lease obligation is measured at the present value of lease payments, and the right to use asset is derived from this. Upon subsequent measurement, the right to use asset shall be depreciated, while the lease obligation is reduced by current installments. Rental payments that in accordance with IAS 17 were included in other operating costs are in accordance with IFRS 16 classified as depreciation and financial expenses.

Choice of implementation method

Siemens Mobility implemented IFRS 16 using a modified retrospective method, and comparative figures have consequently not been restated. The standard allows for several practical solutions related to recognition and first-time application. The right to use assets and lease obligations was initially measured at the same amount. Furthermore, the following practical solutions to leases, which were previously classified as operational leases, were used as a basis for implementation:

- The standard contains a transitional provision that allows the tenant to measure the book value of the right to use the asset for individual agreements as if the standard had been applied since the time of implementation. Siemens Mobility chose to apply this provision to the largest real estate lease.
- Omitted to recognize short-term leases and leases relating to low-value assets.

Note 2 Sales revenue

	2020	2019
Rail Infrastructure	564 958	456 660
Customer Services	40 877	60 638
Intelligent Traffic Systems	29 990	35 032
Rolling Stock	13 762	25 230
Sales revenue	649 587	577 560

The majority of the Company's revenue relate to business conducted in Norway. There was no export during fiscal year 2020.

Note 3 Salary expenses, number of employees, remuneration, loans to employees, etc.

Salary expenses	2020	2019
Salaries	104 992	90 931
Social security tax	13 924	13 663
Net pension cost*	6 843	6 434
Other expenses	4 305	4 846
Totals	130 064	115 874
Average number of employees:	98	91

* In 2020, net pension costs consist of the cost of the defined contribution-based scheme of 6,8 MNOK excluding social security tax (see note 14).

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 2020.

The CEO's salary for the period from 01.10.2019 - 30.09.2020 was 2,1 MNOK, thereof bonus 149.534 NOK. Other reportable compensation totaled 20.860 NOK.

The CEO is covered by the pension scheme for senior management at Siemens Mobility AS. The regular deposits to the pension scheme amounted 142.796 NOK in 2020.

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 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, 2020, the CEO has reserved 1023 stock awards. None of the Board members, except the CEO, have been allocated stock awards as compensation for their 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, 2020. 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 523.213 NOK. Thereof loans totaling 121.875 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	2020	2019
Proposed fees for statutory audit for the year	376	289
Total	376	289

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

Note 4 Specification of other operating expenses according to type

Other operating expenses	2020 *	2019
Shipping and transport expenses	1 403	1 231
Rental of premises	0	11 211
Leasing of machinery, equipment, etc	2 556	527
Equipment, fixtures and fittings (not capitalized)	455	511
Office expenses	616	93
External workers	13 745	10 534
Travel and subsistence expenses	2 490	3 783
Entertainment expenses	72	100
Subscriptions and gifts	171	192
Warranty and service expenses	1 547	2 092
License and patent costs	331	374
Marketing expenses	150	86
Other costs	6 388	12 349
Total other operating expenses	29 923	43 083

*Because of implementation of IFRS16 Leasing agreements, Rental of premises is not included in Operating expenses in 2020. Rental of premises is now presented in Statement of income as depreciation cost of Tangible Assets and interest cost of the lease obligation.

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 projects, 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.

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 5 Specification of interest items and other financial items

	2020	2019
Interest income from companies in the same group	657	408
Other interest income	7	674
Exchange rate gains	37 171	0
Total interest income and other financial items	37 834	1 082
Interest expenses from companies in the same group	-16	-49
Other interest expenses *	-1 494	-54
Other financial expenses	-16	-25
Exchange rate losses	-22 331	-20 174
Total interest expenses and other financial expenses	-23 857	-20 302
Net interest items and other financial items	13 978	-19 220

* In 2020 Other interest expenses includes interest expenses lease obligation after implementing IFRS16 Lease agreements. (see note 22)

Note 6 Tax

Taxable profit	2020	2019
Profit before tax	29 601	29 056
Permanent differences/other differences	260	175
Changes in taxable/tax-deductable temporary differences	6 447	41 443
Impact of items recognized in equity	-22 684	243
Total	13 624	70 918
22% tax payable	2 997	15 602
Tax payable in tax expense	2 997	15 602
Tax expense for the year	2020	2019
Tax payable on profit	2 997	15 602
Change in deferred tax	-1 418	-9 577
Change in deferred tax, demerged company	0	0
Change in deferred tax recognized directly in equity*	4 990	-57
Total	6 568	5 967
Tax payable in the balance sheet	2020	2019
Tax payable on the profit of the year	2 997	15 602
Tax payable previous years	14 676	0
Total	17 673	15 602
Taxable/deductable differences that offset each other	2019	2018
Fixed assets/non-current liabilities	62	88
Current assets/current liabilities	-24 709	4 227
Total difference that offset each other	-24 647	4 315
Items recognized directly in equity*	22 758	243
Total basis for deferred tax	-1 889	4 558
22 % (2019: 22 %) Deferred tax (+)/Deferred tax asset (-)	-416	1 003
Change in deferred tax	-1 418	-9 577
of which without effect on tax expenses	-4 990	57

* 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	2020 Tax expense	As a % of profit before tax
Tax calculated as an average nominal tax rate	6 511	22,0%
Effect on permanent differences	57	0,2%
Tax effect of change in tax rate from 23% to 22%	0	%
Tax effect of change in tax rate from 23% to 22% for items recognised directly in equity	0	0,0%
Tax expenses according to Income Statement	6 568	22,2%

Note 7 Tangible assets

Company equipment, fixtures and fittings 2020	
Opening balance per 01.10.2019	10
Aquisitions during the year	0
Sales during the year - cost price	0
Aquisition costs per 30.09.2020	10
Accumulated depreciation and write-downs for the year	-10
Closing balance 30.09.2020	0
Depreciation method	linear
Useful life	3 - 5 år

Note 8 Other non-current receivables

Other non-current receivables	2020	2019
Receivables from employees (see note 3)	523	366
Other non-current receivables	2 372	235
Total other non-current receivables	2 895	600

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 big change from 2019 to 2020 is connected to hedging instruments.

Note 9 Inventories

Inventories	2020	2019
Inventories of purchased goods for re-sale	1 091	420
Total	1 091	420
Provision for obsolete goods	154	209
Costs of sales for the year	468 042	370 487

Note 10 Accounts receivables

Accounts receivables	2020	2019
Gross accounts receivables	65 862	43 621
Provision for losses on receivables	-209	-173
Net accounts receivables	65 653	43 448

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 11 Means of payment

Siemens Mobility AS has no restricted liquid assets. Siemens Mobility AS has a bank guarantee worth 6 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, 2020 amount to 224 MNOK and are classified as assets.

Note 12 Other current receivables

Other current receivables	2020	2019
Accrued, unbilled revenue from production contracts (see note 17)	13 835	19 113
Other accrued unbilled revenue	8 447	6 360
Currency derivatives	4 826	623
Other current receivables	1 533	1 435
Total other current receivables	28 641	27 531

Note 13 Equity

	Share capital	Share premium	Cash flow hedge reserve	Retained earnings	Total equity
Balance 30.09.2019	13 404	6 976	-58	13 014	33 337
Capital increase	0	0	0	0	0
Total result 2020	0	0	-17 693	23 031	5 338
Per 30.09.2020	13 404	6 976	-17 751	36 045	38 675

As of September 30th, 2020 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 14 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 two members 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 2020 MNOK 6,8 was paid as defined contribution.

Note 15 Other long-term liabilities

Other long-term liabilities	2020	2019
Staff provision for long period of service	2 366	2 039
Currency instruments with negative value (see note 18)	26 960	12 368
Guarantee provision	2 263	1 352
Other non-current liabilities	1 710	1 134
Total other long-term liabilities	33 300	16 894

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

Note 16 Other current liabilities

Other current liabilities	2020	2019
Salaries and holiday pay	17 560	13 808
Provisions for liabilities	30	1 324
Production projects billed in advance (see note 17)	140 780	138 754
Currency instruments with negative value (see note 18)	3 855	773
Other current liabilities	2 301	288
Total other current liabilities	164 526	154 946

Note 17 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	2020	2019
Recognized	927 442	575 269
Expenses	-872 508	-510 417
Net profit/loss	54 935	64 852
Revenue from projects	538 520	410 472
Estimated remaining production costs for loss-making projects	142	392
Earned, unbilled revenue included under other current receivables from manufacturing projects where the percentage of completion method is used (see note 12).	13 835	19 113
Production billed in advance, included in other current receivables from manufacturing projects where the percentage of completion method is used (see note 16).	140 780	138 754

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 18 Currency derivatives and financial instruments

Based on current guidelines, 75-100% of future cash flows and positions in foreign currencies must be hedged on company level. 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	2020	2019
Realized gain/loss (-) from expired hedging contracts	12 370	7 919
Unrealized gain/loss (-) from valuation of existing hedging contracts	12 227	-10 593
The following amounts relating to currency hedging contracts are recognised in other revenues and expenses (adjusted for deferred tax)	2020	2019
Unrealized gain/loss (-) recognized in the financial year	-17 693	187
Accumulated gain/loss (-) not reversed from equity	-17 752	-58

List of unrealized currency forwards contract as of 30.09.2020

Currency forward contracts (counter position NOK)	Amount in foreign currency	Amount in NOK	Agreed average exchange rate	Exchange rate as of 30.09.2020	Av. remaining maturity in days
Sales EUR	29.788	312.497	10,49058	11,1008	581
Purchases EUR	8.216	85.807	10,44424	11,1008	217
Sales GBP	1.331	15.179	11,40380	12,1673	304
Purchases GBP	1.829	20.830	11.38845	12,1673	299

Fair value of the derivatives that are recognized in the Balance sheet as of 30.09.2020	2020	2019
EUR	-24 049	-12 378
GBP	433	95
Total	-23 616	-12 283
Positive holdings: short-term portion	4 826	623
Positive holdings: long-term portion	2 372	235
Negative holdings: short-term portion	-3 855	-773
Negative holdings: long-term portion	-26 960	-12 368
Total	-23 616	-12 283

(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 TNOK 2 371 and long-term negative holdings TNOK -26 959.

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, 2020, 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	2021	2023	2024	2027
(Amount in NOK 1.000)	650	338	-18.001	-6.407

Financial instruments according to category

Assets as of 30.09.2020	Loans and receivables	Derivatives used for hedging purposes	Total
Other non-current receivables	522	2 372	2 895
Accounts receivable	65 653	0	65 653
Other current receivables	23 815	4 826	28 641
Total	89 990	7 198	97 189

Assets as of 30.09.2019	Loans and receivables	Derivatives used for hedging purposes	Total
Other non-current receivables	366	235	600
Accounts receivable	43 448	0	43 448
Other current receivables	26 908	623	27 531
Total	70 721	858	71 579

Obligations as of 30.09.2020	Other financial liabilities	Derivatives used for hedging purposes	Total
Other non-current liabilities	6 340	26 960	33 300
Accounts payable	44 108	0	44 108
Advances from customers	3 229	0	3 229
Other current liabilities	160 672	3 855	164 526
Total	214 348	30 814	245 163

Obligations as of 30.09.2019	Other financial liabilities	Derivatives used for hedging purposes	Total
Other non-current liabilities	4 525	12 368	16 894
Accounts payable	41 257	0	41 257
Advances from customers	2 317	0	2 317
Other current liabilities	154 173	773	154 946
Total	202 272	13 141	215 414

Note 19 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 10).

Currency risk and the use of financial instruments are described in note 18.

Note 20 Transactions with related parties

Purchases	2020	2019
Siemens Mobility GmbH	128 691	369 581
Siemens Mobility AG	58 050	69 299
Siemens AS	25 534	27 147
Siemens Mobility Limited	19 485	12 715
Others	10 286	6 436
Total	242 046	485 178

Sales	2020	2019
Siemens AS	819	855
Total	819	855

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 11). For details on the hedging of the currency risk exposure please see note 18.

Note 21 Other off-balance-sheet liabilities

At the end of FY 2020, Siemens Mobility AS has the following off-balance-sheet liabilities:

Mortgages and guarantees

As of September 30th, 2020 Siemens Mobility AS has guarantees with a face value of 95,3 MNOK, issued by external financial institutions. This also includes a guarantee for tax liabilities amounting to 6 MNOK. In addition Siemens Mobility AS has guarantees towards Siemens Financial Services GmbH at the value of 4 MNOK. The guarantees concern obligations to the authorities and contractual parties.

Note 22 Leasing agreements according to IFRS16

Movement of Right of use assets	Buildings	Cars	Total
Opening balance per 01.10.2019	34 690	451	35 141
Additions during the year	544	423	967
Contract modification	-152	0	-152
Indexation	0	-45	-45
Balance per 30.09.2020	35 082	829	35 911
Depreciation during the year	5 760	171	5 932
Closing balance per 30.09.2020	29 322	657	29 979

Movement of the lease obligation	Buildings	Cars	Total
Opening balance per 01.10.2019	34 690	451	35 141
Additions during the year	544	423	967
Contract modification	-152	0	-152
Indexation	0	-45	-45
Interest	702	13	715
Lease payments	-6 147	-181	-6 328
Balance per 30.09.2020	29 637	661	30 298

Lease liabilities

Short term	4 758
Long term	25 540
Total	30 298

Undiscounted payments	Within 1 year	2-3 years	4-5 years
Future undiscounted rental payments	6 453	12 475	13 089

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Siemens Mobility AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Siemens Mobility AS, which comprise the statement of financial position as at 30 September 2020, the statement of income and statement of cash flow for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 30 September 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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 Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of 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 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 on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (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 law, regulations and generally accepted auditing principles in Norway, including 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 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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 10 February 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Leiv Aschehoug
State Authorised Public Accountant (Norway)

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Leiv Thorkil Aschehoug

Statsautorisert revisor

På vegne av: Ernst & Young AS

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