Report of Board of Directors 2021

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, 2020, until September 30th, 2021.

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) signaling systems and power supply for rail transport, 2) intelligent traffic solutions for road, 3) trains, locomotives, metro trains and trams and 4) services 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 extend also valid in the currently ongoing COVID-19 pandemic. However, COVID-19 has led to an increased price level and longer delivery time of some key components, but due to good planning these changes 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 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 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 642 million during the fiscal year 2021 compared with an order intake of NOK 1 073 million in fiscal 2020. The total order reserve is now NOK 7 991 million. The main contributor to this significant order backlog is the Bane NOR ERTMS signaling project contracted in April 2018.

Total revenues in fiscal year 2021 ended on NOK 1 067 million, compared with NOK 650 million in fiscal year 2020. In 2021 the a profit before tax became NOK 56.6 million (5.3%), and net profit NOK 44 million. The profit before tax of fiscal year 2020 was NOK 29.6 million (4.6%).

The current order reserve equals around 7.5 times the revenues of fiscal year 2021. 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 million in the years to come.

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, 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 224 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 51,7 million (NOK 38.7 million in fiscal 2020) which corresponds to an equity ratio of 14,2%. 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 2021.

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 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 of the Norwegian kroner valuta. Whereas impacts of currency exchange exposure were to a large degree eliminated through hedges, the company could benefit from positive impacts of the strong EUR from costumer contracts applying EUR as payment currency.

Cash flow

The cash flow from operations was equal to NOK 6,4 million, whereas the comparable profit after tax was NOK 43,5 million. 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

As of September 30, 2021, Siemens Mobility AS had 107 permanent employees, in addition to 7 temporary employees and 23 hired from external staffing agencies.

Gender balance		**Temporary employees**		**Maternity leave** (Average weeks entered)		**Actual part-time**	
Women	Men	Women	Men	Women	Men	Women	Men
21	86	1	6	17,6	11,9	1	5

In principle, Siemens Mobility only offers full-time positions. However, we are open to offering part-time work to employees who, for social, health or other important welfare reasons, apply for temporary or permanent part-time positions. We also have some employees in lower percentages of full-time employment, but these are positions of a temporary nature such as internships for students. We believe we can state with certainty that no one works involuntarily on a part-time basis.
The average age among permanent employees is 45,9 years. Female average age is 42 years, while male average age is 46 years. As for most technical occupations, the gender distribution is still unbalanced. Women make up 20% of the permanent employees.

Across position levels and job families the average wages are lower for female employees than for male employees. This can partly be explained by difference in age and experience, but an important reason is that there are few women in higher level management positions. Siemens Mobility AS 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 and more detailed Equality Statement is published on the company web pages.

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 continuously with a zero-injury philosophy to prevent accidents and to ensure that no work-related injuries, illnesses or accidents should be neglected. There has been one LTC (Lost Time Case) in fiscal year 2021 due to a minor tendon injury. 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 2021 was at 0,96 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 increased in the public spending from 2020 to 2021 with 20%. And in the agreed budget of 2022 the spending will stay on this high level. 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 confirm, to the best of our knowledge, that the financial statements for the period 1st of October 2020 to 30th of September 2021 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 2021, the Company generated a net income after tax of NOK 44 million. The Board of Directors proposes a dividend of 44 million.

Net income:	44 million
Dividend:	44 million

Oslo,
December 16th, 2021
Board of Directors
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	2021	2020
01.10. - 30.09. (Amount in 1 000 NOK)			
Sales revenue	2	1 066 797	649 587
Total operating income		**1 066 797**	**649 587**
Cost of Sales	9	792 863	468 042
Payroll expenses	4	147 143	130 064
Depreciation and Amortisation	8, 22	6 228	5 936
Other operating expenses	5	40 360	29 923
Total operating expenses		**986 595**	**633 964**
Operating profit/loss		**80 202**	**15 623**
Net interest and finance costs	**6**	**-24 335**	**13 978**
Profit before Tax		**55 867**	**29 601**
Income Tax	7	-12 296	-6 569
Net profit for the year		**43 571**	**23 031**
Other Comprehensive Income (OCI)			
OCI on Cash Flow Hedges		16 717	-22 684
OCI Deferred Tax impact		-3 678	4 990
OCI net amount	**13**	**13 039**	**-17 693**
Total comprehensive income		**56 611**	**5 338**

STATEMENT OF FINANCIAL POSITION

Siemens Mobility AS

Assets per 30.09. (Amount in 1 000 NOK)	**Note**	**2021**	**2020**
Non-current assets			
Deferred tax assets	7	0	416
Total intangible assets		**0**	**416**
Tangible assets	8	140	0
Right of use assets	22	24 548	29 979
Total property, plant and equiment		**24 689**	**29 979**
Other non-current receivables	3, 18	316	2 895
Total financial assets		**316**	**2 895**
Total non-current assets		**25 005**	**33 290**
Current assets			
Inventories	**9**	**2 026**	**1 091**
Accounts receivables	10, 18	105 441	65 653
Other current receivables from Group companies	11	223 824	223 745
Other current receivables	12, 18	8 633	28 641
Total receivables		**337 898**	**318 039**
Total current assets		**339 924**	**319 130**
TOTAL ASSETS		**364 929**	**352 420**

STATEMENT OF FINANCIAL POSITION

Siemens Mobility AS

Equity and Liabilities per 30.09. (Amount in 1 000 NOK)	**Note**	**2021**	**2020**
Equity			
Share capital		13 404	13 404
Share premium reserve		6 976	6 976
Total share capital		**20 380**	**20 380**
Other equity		31 334	18 295
Total retained earnings		**31 334**	**18 295**
Total equity	**13**	**51 715**	**38 675**
Liabilities			
Deferred tax	7	13 704	0
Total provisions for liabilities		**13 704**	**0**
Long term lease liabilities	22	18 937	25 540
Other long-term liabilities	15	14 961	33 300
Total other long-term liabilities		**33 898**	**58 840**
Accounts payable	18	97 421	44 108
Tax payable	7	1 758	17 673
Public duties payable		18 892	18 489
Dividend		43 571	0
Advances from customers	18	3 450	3 229
Warranty provisions		2 200	2 121
Short term lease liabilities	22	6 060	4 758
Other current liabilities	16, 18	92 260	164 526
Total current liabilities		**265 613**	**254 905**
Total liabilities		**313 214**	**313 744**
TOTAL EQUITY AND LIABILITIES		**364 929**	**352 420**

STATEMENT OF FINANCIAL POSITION

Siemens Mobility AS

Oslo, 16.12.2021
The board of Siemens Mobility AS

Stein Håheim	Lars Johan Andresen	Nils Klippenberg
member of the board	chairman of the board/General Manager	member of the board

STATEMENT OF CASH FLOW

Siemens Mobility AS

	Note	2021	2020
Period 01.10. - 30.09.			
(Amount in 1 000 NOK)			
Cash flow from operating activities			
Profit before tax		55 867	29 601
Income tax paid in fiscal year		-17 769	-937
Ordinary depreciation/amortisation	8	6 228	5 936
OCI on Cash Flow Hedges		16 717	-22 684
Changes in inventory, accounts receivables and payables	9, 10	12 590	-20 025
Changes in other accruals	11, 15	-67 245	12 159
Net cash flow from operating activities		**6 388**	**4 050**
Cash flow used in investing activities			
Payments on the purchase of property, plant and equipment	8	210	0
Net cash flow used in investing activities		**210**	**0**
Cash flow from financing activities			
Change in intra-group balances in Group cash pooling system	11	-79	2 279
Lease payments		-6 519	-6 328
Net cash flow from financing activities		**-6 598**	**-4 049**
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 30.09.2021		**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 statement of financial position. Contract income which has not been billed is shown as contract assets under other receivables.

Expenses in manufactoring 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 temporarliy 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 recieved.

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 exeeds 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 manufactoring 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 pertinen notes to the accual 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-deductable 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, 2021.

Implementation of new Financial Reporting Standards

The accounting principles applied are consistent with previous years.

Note 2 Sales revenue

	2021	2020
Rail Infrastrucure	907 164	564 958
Customer Services	38 521	40 877
Intelligent Traffic Systems	107 605	29 990
Rolling Stock	13 506	13 762
Sales revenue	**1 066 797**	**649 587**

The majority of the Company's revenue relate to business conducted in Norway. There was no export during fiscal year 2021.

Note 3 Other non-current receivables

Other non-current receivables	2021	2020
Receivables from employees (see note 4)	99	523
Other non-current receivables	216	2 372
Total other non-current receivables	**316**	**2 895**

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 2020 to 2021 is mainly connected to hedging instruments.

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

Salary expenses	2021	2020
Salaries	116 631	104 992
Social security tax	15 861	13 924
Net pension cost*	8 252	6 843
Other expenses	6 400	4 305
Totals	**147 143**	**130 064**
Average number of employees:	103	98

* In 2021 pension cost consist of the cost of the defined contribution-based scheme of 8,3 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 2021.

The CEO's salary for the period from 01.10.2020 - 30.09.2021 was 2,1 MNOK, thereof bonus 182.585 NOK. Other reportable compensation totaled 16.559 NOK.

The CEO is covered by the pension scheme for senior management at Siemens Mobility AS. The regular deposits to the pension scheme amounted 136.360 NOK in 2021.

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 renumeration
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, 2021, the CEO has reserved 925 stock awards; splitted in 664 Siemens AG shares and 261 Siemens Energy AG shares. 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, 2021. The management has not received any payment or financial benefits from other companies in the same group, other than those shown above. No additional renumeration has been given for special services beyond the normal functions of a manager.

Information concerning other employees
The company has receivables against employees totaling 99.483 NOK. Thereof loans totaling 84.375 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	**2021**	**2020**
Proposed fees for statutory audit for the year	426	376
Total	**426**	**376**

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

Note 5 Specification of other operating expenses according to type

Other operating expenses	**2021**	**2020**
Shipping and transport expenses	2 093	1 403
Leasing of machinery, equipment, etc	4 578	2 556
Equipment, fixtures and fittings (not capitalized)	417	455
Office expenses	730	616
External workers	18 552	13 745
Travel and subsistence expenses	2 074	2 490
Entertainment expenses	10	72
Subscriptions and gifts	197	171
Warranty and service expenses	547	1 547
License and patent costs	334	331
Marketing expenses	28	150
Other costs	10 800	6 388
Total other operating expenses	**40 360**	**29 923**

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 supplieres 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 6 Specification of interest items and other financial items

	2021	2020
Interest income from companies in the same group	20	657
Other interest income	196	7
Exchange rate gains	2 434	37 171
Total interest income and other financial items	**2 650**	**37 834**
Interest expenses from companies in the same group	-14	-16
Other interest expenses *	-1 333	-1 494
Other financial expenses	-9	-16
Exchange rate losses	-25 629	-22 331
Total interest expenses and other financial expenses	**-26 985**	**-23 857**
Net interest items and other financial items	**-24 335**	**13 978**

* Other interest expenses inlcudes interest expenses connected to lease obligation. (see note 22)

Note 7 Tax

Taxable profit	2021	2020
Profit before tax	55 867	29 601
Permanent differences/other differences	22	260
Changes in taxable/tax-deductable temporary differences	-64 178	6 447
Impact of items recognized in equity	16 717	-22 684
Total	**8 428**	**13 624**
22% tax payable	1 854	2 997
Tax payable in tax expense	**1 854**	**2 997**

Tax expense for the year	2021	2020
Tax payable on profit	1 854	2 997
Change in deferred tax	14 120	-1 418
Change in deferred tax, demerged company	0	0
Change in deferred tax recognized directly in equity*	-3 678	4 990
Total	**12 295**	**6 568**

Tax payable in the balance sheet	2021	2020
Tax payable on the profit of the year	1 758	2 997
Tax payable previous years	0	14 676
Total	**1 758**	**17 673**

Taxable/deductable differences that offset each other	2021	2020
Fixed assets/non-current liabilities	22	62
Current assets/current liabilities	56 227	-24 709
Total difference that offset each other	**56 248**	**-24 647**
Items recognized directly in equity*	6 041	22 758
Total basis for deferred tax	**62 289**	**-1 889**
22 % (2020: 22,2 %) Deferred tax (+)/Deferred tax asset (-)	13 704	-416
Change in deferred tax	14 210	-1 418
of which without effect on tax expenses	3 678	-4 990

* 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	2021 Tax expense	As a % of profit before tax
Tax caculated as an average nominal tax rate	12 291	22,0%
Effect on permanent differences for items recognised directly in equity	4	0,0%
Tax expenses according to Income Statement	**12 295**	**22,0%**

Note 8 Tangible assets

	Company equipment, fixtures and fittings 2021
Opening balance per 01.10.2020	0
Aquisitions during the year	210
Sales during the year - cost price	0
Aquisition costs per 30.09.2021	**210**
Accumulated depreciation and write-downs for the year	-70
Closing balance 30.09.2021	**140**

Depreciation method	linear
Useful life	3 - 5 years

Note 9 Inventories

Inventories	2021	2020
Inventories of purchased goods for re-sale	2 026	1 091
Total	**2 026**	**1 091**
Provision for obsolete goods	4	154
Costs of sales for the year	792 863	468 042

Note 10 Accounts receivables

Accounts receivables	2021	2020
Gross accounts receivables	105 444	65 862
Provision for losses on receivables	-3	-209
Net accounts receivables	**105 441**	**65 653**

Outstanding receivables older than 60 days comprise approximately 0,1% of gross receivables. Siemens Mobilitiy AS continuously follows up and evaluates risk and believes that the provisions for bad debts are adequate, based on an evalutaion 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, 2021 amount to 224 MNOK and are classified as assets in other current receivables.

Note 12 Other current receivables

Other current receivables	2021	2020
Accrued, unbilled revenue from production contracts (see note 17)	126	13 835
Other accrued unbilled revenue	4 289	8 447
Currency derivates (see note 18)	2 020	4 826
Other current receivables	2 198	1 533
Total other current receivables	**8 633**	**28 641**

Note 13 Equity

	Share capital	Share premium	Cash flow hedge reserve	Retained earnings	Total equity
Balance 30.09.2020	13 404	6 976	-17 752	36 046	38 675
Total result 2021	0	0	13 039	43 571	56 611
Proposed dividend 2021	0	0	0	-43 571	-43 571
Per 30.09.2021	**13 404**	**6 976**	**-4 712**	**36 045**	**51 715**

The full amount of net income of 2021 will be paid out as dividend.

As of September 30th, 2021 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 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 2021 MNOK 7,0 was paid as defined contribution.

Note 15 Other long-term liabilities

Other long-term liabilities	2021	2020
Staff provision for long period of service	4 141	2 366
Currency instruments with negative value (see note 18)	6 373	26 960
Guarantee provision	2 447	2 263
Other non-current liabilities	2 000	1 710
Total other long-term liabilities	**14 961**	**33 300**

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

Note 16 Other current liabilities

Other current liabilities	2021	2020
Salaries and holiday pay	21 318	17 560
Provisions for liabilities	876	30
Production projects billed in advance (see note 17)	67 024	140 780
Currency instruments with negative value (see note 18)	1 522	3 855
Other current liabilities	1 520	2 301
Total other current liabilities	**92 260**	**164 526**

Note 17 Long-term manufacturing contracts

This note shows accumulated figures thorugh 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	2021	2020
Recognized	1 312 679	927 442
Expenses	-1 196 558	-872 508
Net profit/loss	**116 120**	**54 935**
Revenue from projects	893 756	538 520
Estimated remaining procuction costs for loss-making projects	76	142
Earned, unbilled revenue included under other current receivables from manufacturing projects where the percentage of completion method is used (see note 12).	126	13 835
Production billed in advance, included in other current receivables from manufacturing projects where the percentage of completion method is used (see note 16).	67 024	140 780

The entire expetcted 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 derivates 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. There is a minor exposure in SEK as of 30.09.2021. 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	**2021**	**2020**
Realized gain/loss (-) from expired hedging contracts	141	12 370
Unrealized gain/loss (-) from valuation of existing hedging contracts	778	12 227

The following amounts relating to currency hedging contracts are recognised in other revenues and expenses (adjusted for deferred tax)	**2021**	**2020**
Unrealized gain/loss (-) recognized in the financial year	13 039	-17 693
Accumulated gain/loss (-) not reversed from equity	-4 712	-17 752

List of unrealized currency forwards contract as of 30.09.2021

Currency forward contracts (counter position NOK)	**Amount in foreign currency**	**Amount in NOK**	**Agreed average exchange rate**	**Exchange rate as of 30.09.2021**	**Av. remaining maturity in days**
Sales EUR	26 095	274 154	10.50585	10.165	439
Purchases EUR	4 824	50 423	10.45311	10.165	191
Sales GBP	1 669	19 188	11.49593	11.8125	251
Purchases GBP	2.019	23.069	11.42632	11.8125	335
Purchases SEK	578	574	0.9937	0.9997	91

Fair value of the derivates that are recognized in the Balance sheet as of 30.09.2021	**2021**	**2020**
EUR	-5 963	-24 049
GBP	299	433
SEK	4	0
Total	**-5 659**	**-23 616**

Positive holdings: short-term portion	2 020	4 826
Positive holdings: long-term portion	216	2 372
Negative holdings: short-term portion	-1 522	-3 855
Negative holdings: long-term portion	-6 373	-26 960
Total	**-5 659**	**-23 616**

(see table for currency derivates 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 MNOK 0.216 and long-term negative holdings MNOK -6.373.

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 form 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, 2021, 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	**2024**	**2027**
	-3 724	-2 518

Financial instruments according to category

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**

Assets as of 30.09.2020	**Loans and receivables**	**Derivatives used for hedging purposes**	**Total**
Other non-current receivables	523	2 372	2 895
Accounts receivable	65 653	0	65 653
Other current receivables	23 815	4 826	28 641
Total	**89 991**	**7 198**	**97 189**

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**

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**

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	**2021**	**2020**
Siemens Mobility GmbH	320 233	128 691
Siemens Mobility AG	60 844	58 050
Siemens AS	23 628	25 534
Siemens Mobility Austria GmbH	18 590	1 988
Siemens Mobility Limited	2 301	19 485
Others	11 028	8 298
Total	**436 625**	**242 046**

Sales	**2021**	**2020**
Siemens AS	834	819
Total	**834**	**819**

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 2021, Siemens Mobility AS has the following off-balance-sheet liabilities:

Guarantees
As of September 30th, 2021 Siemens Mobility AS has guarantees with a face value of 104,9 MNOK, issued by external financial institutions. This also includeds a guarantee for tax liabilities amounting to 6 MNOK. In addition Siemens Mobility AS has garantees 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 01.10.2020	29 322	657	29 979
Additions during the year	0	434	434
Contract modification	298	-5	293
Balance per 30.09.2021	**29 620**	**1 086**	**30 706**
Depreciation during the year	5 899	259	6 158
Closing balance per 30.09.2021	**23 721**	**827**	**24 548**

Movement of the lease obligation	**Buildings**	**Cars**	**Total**
Opening balance per 01.10.2020	29 637	661	30 298
Additions during the year	0	434	434
Contract modification	298	-5	293
Interest	482	9	490
Lease payments	-6 254	-265	-6 519
Balance per 30.09.2021	**24 163**	**834**	**24 997**

Lease liabilities	
Short term	6 060
Long term	18 937
Total	**24 997**

Undiscounted payments	**Within 1 year**	**2-3 years**	**4-5 years**
Future undiscounted rental payments	6 447	12 301	7 164

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

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 2021, this amounted to TNOK 926. Book liability amounts to TNOK 438.

	2021		2020	
	Average rate in EUR per share	**Options**	**Average rate in EUR per share**	**Options**
Per 01.01.		3 039		2 649
Granted	80,46	815	64,19	693
Forfeited	-	-	27,61	-184
Vested	85,47	-563	62,79	-119
Target Achievement	41,04	-307	-	-
Settlement	-	-	-	-
Per 30.09.		**2 984**		**3 039**

Due to the carve out of the energy business from Siemens AG to Siemens Engery AG and furter listing of Siemens Energy AG at Frankfurt Stock Exchange in September 2020, employees who had granted stock options before the separate listing have earned a right of some Siemens Energy AG. Per 30.09.21 this amounts to 1.108 shares at an average rate of 17.73 EUR.

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 2021, the cost amounted to TNOK51.

	2021		2020	
	Average rate in EUR per share	**Number of shares**	**Average rate in EUR per share**	**Number of shares**
Per 01.01.		585		437
Granted	95,40	421	94,86	356
Forfeited		-	72,94	-12
Vested	72,94	-230	98,13	-191
Settlement	89,69	-34	97,85	-4
Per 30.09.		**741**		**585**

Due to the carve out of the energy business from Siemens AG to Siemens Engery AG and furter listing of Siemens Energy AG at Frankfurt Stock Exchange in September 2020, employees who participated in the Share Matching Plan before the separate listing have earned thr right to some Siemens Energy AG shares. Per 30.09.21 this amounts to 169 shares at an average rate of 22,14 EUR.

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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 2021, 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 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 2021 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 General Manager (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, 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, 17 December 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Leiv Aschehoug
State Authorised Public Accountant (Norway)

Leiv Thorkil Aschehoug
Statsautorisert revisor
På vegne av: Ernst & Young AS
Serienummer: 9578-5999-4-979477
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