Siemens Mobility A/S
Borupvang 9
2750 Ballerup
CVR no.: 39 49 27 68

Annual Report 2018/2019

(2nd Financial Year)

The annual report was presented and approved at the Company's General meeting on December 6, 2019

Anne Friis

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Statements

Statement by Management

The Executive Board and the Supervisory Board have today discussed and approved the annual report, including the Management's review of Siemens Mobility A/S for 2018/2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act. We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Company's financial position at September 30, 2019 and of the results of the Company's operations and cash flows for the financial year October 1, 2018 – September 30, 2019.

In our opinion, the Management's review gives a fair view of the matters discussed in the Management's review. We recommend that the annual report be approved at the annual general meeting.

Ballerup, December 6, 2019

Executive Board:

Steen Nørby Nielsen

Supervisory Board:

Claus Møller
(Chairman)

Hans Henrik Jensen

Steen Nørby Nielsen

Statements

Independent auditor's report

To the shareholder of Siemens Mobility A/S

Opinion

We have audited the financial statements of Siemens Mobility A/S for the financial year October 1, 2018 – September 30, 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at September 30, 2019 and of the results of the Company's operations and cash flows for the financial year October 1, 2018 – September 30, 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements 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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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Independent auditor's report (Continued)

- 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 in preparing the financial statements 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 contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

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Statements

Independent auditor's report (continued)

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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 Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, December 6, 2019

Ernst & Young
Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28

Thomas Bruun Kofoed
State Authorised Public Accountant
mne28677

Simon Blendstrup
State Authorised Public Accountant
mne44060

Company details

Siemens Mobility A/S
Borupvang 9
2750 Ballerup

Phone number:	44 77 44 77
Website:	https://new.siemens.com/global/en/products/mobility.html
CVR no.:	39 49 27 68
Established:	April 16. 2018
Registered office:	Ballerup
Financial year:	October 1 – September 30

Supervisory Board

Claus Møller, Chairman
Hans Henrik Jensen
Steen Nørby Nielsen

Executive Board

Steen Nørby Nielsen

Auditor

Ernst & Young
Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg, Denmark

Annual general meeting

The ordinary annual general meeting takes place on December 6, 2019.

Management's review

Two year financial highlights

DKK '000	2018/2019	2017/2018
Revenue	336.326	336.344
Operating profit	19.042	23.979
Net financials	-3.680	-2.787
Profit for the year	**11.534**	**16.530**
Proposed dividend	11.534	0
Fixed assets	2.632	2.309
Non-fixed assets	311.756	307.572
Total assets	**314.388**	**309.881**
Share capital	501	500
Equity	130.545	118.950
Cash flow from operating activities	-12.834	1.342
Cash flow from investing activities	-850	-1.342
– portion related to investments in property and equipment	*-850*	*-1.342*
Total cash flows	**-13.684**	**0**
Average number of employees	197	171
Asset turnover	1,1	1,1
Return on equity	9,2	13,9
Profit margin	5,8	7,1
Return on assets	6,3	7,7
Solvency equity	41,5	38,4

Comparative figures are restated to reflect demergers and mergers.
For additions/disposals of business segments reference is made to accounting policies in note 1.

Definitions of financial ratios according to the Danish Society of Financial Analysts

Asset turnover
The year's revenue relative to average operating assets.

Return on equity
Profit/loss for the year relative to average equity.

Profit margin
Operating profit/loss before interest as a percentage of revenue.

Return on assets
Operating profit/loss before interest as a percentage of average operating assets.

Solvency ratio
Closing equity as a percentage of total liabilities at year-end.

The Siemens Mobility activities were transferred to Siemens Mobility A/S by way of demerger with accounting effect from

Management's review

The Siemens Mobility activities were transferred to Siemens Mobility A/S from Siemens A/S by demerger with accounting effect from 1 October 2018. Siemens Mobility A/S is now owned by Siemens Mobility Holding B.V., Den Haag, the Netherlands.

Main activity

Siemens Mobility A/S combines all Siemens businesses in the area of passenger and freight transportation, including rail vehicles, rail automation systems, rail electrification systems, road traffic technology, digital solutions, and related services. The Company also provides its customers with consulting, planning, financing, construction, service and operation of turnkey mobility systems. Moreover, Siemens Mobility offers integrated mobility solutions for networking of different types of traffic systems.

The principal customers of Siemens Mobility A/S are public and state-owned companies in the transportation and logistics sectors, so its markets are driven primarily by public spending. Customers usually have multi-year planning and implementation horizons, and their contract tenders therefore tend to be independent of short-term economic trends. Siemens Mobility's principal competitors are multinational companies. Consolidation among Siemens Mobility's competitors is continuing and has already led to the formation of a strong market leader in China, planning to expand its international business. This is expected to impact global market dynamics.

Trends in Siemens Mobility A/S' markets are characterized by the need for solutions that make daily mobility simpler, more flexible, faster, more reliable, and affordable. Cities and national economies face the challenge of reducing the costs, space requirements, noise, and carbon emissions of transportation. The pressure on mobility providers and policymakers to meet these mobility and transportation needs is increasing as the urban population growth is expected to continue.

Siemens Mobility A/S' R&D strategy is focused on maximum availability, high throughput and enhanced passenger experience. Although there is a growing need for mobility worldwide, the possibilities for building new roads and railways are limited. Meeting the demand for mobility requires intelligent solutions that make transport more efficient, safe and environmentally friendly. Decarbonization and seamlessly connected intermodal (e)mobility are key factors for the future of transportation. Consequently, Siemens Mobility A/S' R&D activities emphasize digitalization in developing state-of-the art mobility solutions for rail and road combined with new business models such as availability-as-a-service (AaaS) via our data analytics application suite Railigent powered by MindSphere.

Siemens Mobility A/S 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. Siemens Mobility's investments focus mainly on maintaining or enhancing its production facilities and on meeting project demands.

Management's review

Projects

Siemens Mobility A/S is in the process of executing four large and important projects in the area of public transportation.

Firstly, we are delivering a new Communications-based Train Control system for the S-bane in Copenhagen, Denmark. This new system will improve infrastructure capacity and enhance the passenger experience.

Secondly, we are implementing rail electrification on the mainlines rail in Denmark. It is a very important project in the transition to a "green" mainline infrastructure, and several lines are already handed over and in operation.

Thirdly, the municipalities around the Danish capital Copenhagen have decided to establish a light rail line covering the area from Lyngby over Herlev and Glostrup down to Ishøj south to Copenhagen. The light rail is called "Hovedstadens Letbane". Once handed over, the line will offer a more efficient and "green" transport option in and between the Copenhagen suburbs. Siemens Mobility is currently implementing this project.

Fourthly, the main train operator in Denmark DSB has decided to purchase 26+8 new locomotives from Siemens Mobility. Once in operation, the new innovative Vectron locomotives will reduce the carbon footprint of the Danish public transportation sector.

The four projects are being delivered by Siemens Mobility A/S in close cooperation with affiliated companies in the Siemens Group.

Service and maintenance

Siemens Mobility A/S has a service obligation in all of the large projects mentioned above, and we will use our experience within IT and big data analysis and our technology to enhance the capacity and performance of our systems to benefit our customers. We will also use these skills and this experience to optimize the performance of the legacy systems that we are maintaining for our customers until the systems' end of life.

Corporate Governance
In addition to applicable legislation, the management processes in Siemens Mobility A/S are based on the Company being a subsidiary of the German Siemens Group. Moreover, Siemens Mobility A/S strives to comply with applicable corporate governance standards.

Risks
The Company's most significant operational risks are related to its ability to handle major, complex projects and construction projects in accordance with agreed performance specifications and deadlines. Therefore, Siemens Mobility A/S focuses on training and certifying project managers. Moreover, Siemens Mobility A/S has issued guidelines for the approval of projects of a certain size and complexity.

Siemens Mobility A/S' business relates primarily to the public transportation sector, including the supply of components and machinery.

In addition to increasing markets and large projects, also hacking of Siemens Mobility A/S' systems, breach of the provisions of the Danish Competition Act, and supplier failures expose the business to risk. Risk reduction is a constant focus of Siemens Mobility A/S, and the Company's management systems are specifically designed to address these risks.

Siemens Mobility's management systems handle financial risks, including currency, interest rate and credit risks as described in the Management's review.

Corporate Social Responsibility
Siemens Mobility A/S' strategy is based on a general understanding of the Company's role in society, entailing that the Company must create value – not only for its shareholders but also for the societies in which it operates. Siemens Mobility A/S' activities must serve a purpose beyond profit, contributing to solving some of humanity's considerable challenges such as global warming.

The risk of carrying on business in Denmark in respect of corruption and bribery as well as compliance with basic human and labor rights is limited as Denmark remains listed as one of the least corrupt countries in the world on Transparency International's Corruption Perceptions Index. At the same time, Siemens Mobility's internal control systems contribute to minimizing the risk of non-compliance with legislation.

Protection of human rights
Siemens' Business Conduct Guidelines contain the basic principles and rules on how Siemens' employees are expected to act towards each other, external business partners and the general public. The requirement to comply with applicable rule of law, respect people of various ethnic origin, culture, religion, sexual orientation, gender, etc., and managers' special responsibility to meet their organizational and supervisory duties are emphasized.

These principles imply that Siemens Mobility A/S tolerates neither discrimination based on the above-mentioned differences nor offensive behavior, sexual harassment or other types of abuse. These principles are also reflected in the requirements for Siemens' suppliers, which are described in the section on suppliers below.

Employees

One of Siemens Mobility A/S' key assets is the skilled, creative and highly committed employees. Activities to support employees' skills and commitment are therefore prioritized, and measures are implemented on a continuous basis to improve employees' health and job satisfaction as well as their professional and personal development.

Siemens Mobility A/S has therefore implemented a number of policies to support these measures, including a sickness absence policy, a senior employees' policy, a recruitment and diversity policy as well as a policy against harassment, violence and bullying (including anti-discrimination etc.). Moreover, Siemens Mobility A/S has a well-functioning working environment organization, monitoring developments and initiating intiatives in cooperation with Management.

In terms of salary, Siemens Mobility A/S pays equal salary for equal work based on qualifications and experience.

The risk of stress is one of the most significant risk factors, and we have continuous focus on this area, where both managers and employees are offered training on how to prevent and handle stress in the workplace. The Howdy app has been implemented, enabling employees to continuously monitor their stress level and get help early if needed.

In respect of workplaces outside Siemens Mobility A/S, safety is a significant focus area, and we have implemented "safety walk and talk", which means that managers regularly pay inspection visits and discuss safety precautions with employees. In general, sickness absence and the number of industrial accidents is low, which indicates that the efforts made to increase safety and health in the workplace are effective.

Employee commitment and job satisfaction are gauged every quarter in a global employee satisfaction survey forming the basis for dialogue and improvement measures in the entire Company. The most recent survey was carried out in June 2019 with 141 employees participating, corresponding to 77% of the Company's employees. The majority of employees express that they are proud of working for Siemens Mobility A/S.

Supplier responsibility

Suppliers make up a significant part of the overall value chain, and Siemens AG considers it part of its responsibility to ensure that the Company's suppliers live up to high standards. For purposes of elucidating Siemens' principles for good business conduct, the company has prepared a Code of Conduct for Siemens Suppliers to be observed by all the company's suppliers. Siemens' Code of Conduct for Siemens Suppliers is based on the UN's Global Compact, which lays down principles regarding the CSR areas protection of human rights, freedom of association, abolition of child labour and discrimination, protection of the environment and anticorruption.

The yearly evaluation among suppliers did not show violation of Code of Conduct for Siemens suppliers. When entering into particularly close business relations with Siemens Mobility A/S, enterprises and other stakeholders (Business Partners) are furthermore subjected to a compliance due diligence process.

Siemens Mobility GmbH is the principal single supplier in relation to Siemens Mobility A/S. To ensure that the Company's third-party suppliers observe all applicable guidelines, significant suppliers are subjected to an annual quality, supply security, environmental management and working environment. This check contributes to reducing the risk of supplier failure and supply chain compliance issues.

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Management's review

Diversity
Siemens AG strives to promote diversity across its global entities as the Company should reflect the local communities. Moreover, diversity is considered a valuable source of innovation and development, and similarly, lack of diversity thus poses a risk of stagnation.

Siemens Mobility A/S would like to unfold the full potential of all employees and ensure that men and women have the same opportunities for obtaining leadership positions. We have a policy on women in management. We also have targets for increasing the proportion of women at all management levels.

Therefore, and subject to the Danish reporting requirements in section 99B of the Danish Financial Statements Act regarding goals and policies for the underrepresented gender, the Supervisory Board of Siemens Mobility A/S has set the goal that the ratio of women appointed by the general meeting should be 20% in 2022. At September 30, 2019, no women were appointed to the Supervisory Board by the general meeting, which means that the goal has not yet been achieved. There has not been any new election to the Supervisory Board in 2018/2019.

To promote Siemens Mobility A/S as a diverse workplace, all candidates are encouraged to apply for open positions, regardless of gender, race, age, and cultural background.

There is diversity in the recruitment basis, and recruitment is based on a comprehensive assessment of the candidates, comprising both technical skills and personal qualities, and it aims to have both genders represented in the application field for all positions. Furthermore, the recruiters and hiring managers have been trained to be aware of – and avoid – unconscious bias in their selection of candidates.

The share of women in Siemens Mobility A/S at September 30, 2019 is 21%. The goal is for the share of female managers to be at least at the same level in 2020. In 2018, the share of female managers was 10%. In 2019, the number had increased to 22%. In the following year there will be a focus on further increasing the share of female managers.

Environment
Siemens Mobility A/S wants to be known as a green company with targeted efforts to protect the environment. Being certified according to ISO 14001, Siemens Mobility A/S has laid down general environmental impact reduction goals. Specific targets have been set for key parameters such as the consumption of electricity, heating and water in our buildings and carbon emissions from our company cars.

Siemens Mobility A/S' headquarters at Borupvang 9 are certified in accordance with the so-called LEED Gold standard (Leadership in Energy and Environment Design), which ensures optimum energy utilization and a healthy indoor climate.

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The overview below shows the trend in the financial ratios of the building.

Waste and consumption of electricity, water and heating [1]	2018/2019	2017/2018
Total volume waste in tons *- hereof portion to be recycled as a percentage (target: 60 %)*	120,1 *60%*	119,6 *59%*
Consumption of electricity in kwh per m^2 (target: 82,45)	79,0	76,6
Consumption of heating in kwh per m^2 (target: 77,7)	31,9	31,1
Consumption of water in litres per m^2 (target: 397,4)	350,8	361,2

[1] At the address Borupvang 9.

The total waste volume shows a minor increase of less than 1% in 2018/2019. At the same time, the share of waste being recycled has increased to 60%, which is right on target. The consumption of electricity and heat has increased while water consumption has decreased by 3% due to the introduction of water-saving fixtures. The consumption of electricity and heat continues to increase below the specified maximum values.

The development in consumption and emissions is monitored continuously to assess the possibility of reducing the environmental impact to the widest extent possible. For instance, the company car policy includes carbon emission limits on company cars.

The table below shows the trend in carbon emissions from company cars owned by Siemens Mobility A/S.

CO_2 emissions from company cars [1]	2018/2019	2017/2018
Standard emissions (g/km)	124,9	115,0
Actual emissions (g/km)	173,2	169,7

At September 30, 2019, the standard figure for the total fleet of company cars was 124.9 g/km, which is an increase in comparison to last year's level. Actual emissions have also increased and remain significantly above the norm. Collectively in 2018/2019, the company cars emitted a total of just over 113 tons of CO_2. In addition, service cars emitted almost 52 tons of CO_2.

The company car policy has been adjusted in 2019, so in the future, the cars' energy classes will be the basis for assessment of the cars' energy efficiency.

To motivate employees to choose a company car with low carbon emissions, an additional self-payment has been introduced if you choose an energy efficiency class B car. Conversely, if you choose an energy efficiency class A++ car, you may select an electric or a hybrid car. It is not possible to choose energy efficiency class C cars.

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Management's review

The environmental risks associated with Siemens Mobility A/S' activities in Denmark are relatively small, as the Company does not have any production facilities and thus only handles environmentally hazardous waste to a limited extent.

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Management's review

Income statement
In the year under review, revenue reduced to 336.326 thousand (2017/2018: 336.344 thousand), amounts to an increase of 0 %.

The level of revenue is in line with the expectations for the financial year in the 2017/2018 Annual Report.

Profit for the year is reduced compared to 2017/2018 to 11.534 thousand. (2017/2018: 16.530 thousand), a proposal is made for distribution of dividend of 11.534 thousand.

Profit for the year of 11.534 thousand is in line with expectations in the 2017/2018 Annual Report, and Management considers the profit for the year to be satisfactory.

Balance sheet
The balance sheet sum has increased from 309.881 thousand in 2017/2018 to 314.388 thousand at the end of the financial year.

Cash flow
Cash flows from operating activities improved from 1.342 thousand to -12.834 thousand, due to less income, a increase of adjustments in cash flow and a higher reduction of the working capital.

Expectations for the future
Management expect a growing market in 2019/2020 specially within the rolling stock business where big tenders are in process. The revenue is expected to be at the same level in fiscal year 2018/2019.

The result for fiscal year 2019/2020 is expected to be on same level in fiscal year 2018/2019.

Incentive plans

Siemens AG has established a stock award plan according to which key executives may be granted stock awards in Siemens AG.

In this connection, an amount of 295 thousand was recognised under expense in the 2018/2019 income statement of Siemens Mobility A/S.

Furthermore, Siemens AG has established a program for all employees, allowing them to acquire shares with an option to acquire extra shares after two years' ownership.

Siemens AG also has a program for all employees, allowing registered employees to purchase shares on a regular basis.

In this connection, an amount of 780 thousand was recognised under expense in the in 2018/2019 income statement for Siemens Mobility A/S.

Special risks

Financial risks
Due to its operations and financing, the Company's exposure to changes in exchange rates and interest rates is relatively low. It is the Company's policy not to engage in active speculation in financial risks. Thus, the Company's financial management activities are aimed only at managing risks already assumed.

Currency risks
The Company's activities are affected by exchange rate fluctuations as revenue is generated, in all material respects, in Danish kroner, whereas purchases of products are primarily effected in foreign currencies. The Company's exchange rate risks are primarily hedged through derivative financial instruments. It is the Company's currency policy to hedge projects with a net exposure of more than EURO 1 million.

The product business is hedged for three-month periods at a time based on expected sales/purchases.

Furthermore, the Company hedges minimum 75% of its net currency positions, and net positions of EURO 1 million are not hedged.

Interest rate risks
The Company's interest-bearing debt primarily consists of financial debt to group entities. It is not the Siemens Company's policy to hedge interest rate risks relating to intra-group balances. An increase of 1 percentage point in the general interest rate level will imply an increase in the Company's annual interest expenses of DKK 0,1 million.

Credit risks
The Company is not exposed to any significant risks relating to any particular customer or business partner. The Company's policy in respect of credit risks implies that all major customers and other cooperators are credit rated on an ongoing basis.

Financial statements October 1 – September 30

Income statement

DKK '000	Note	2018/2019	2017/2018
Revenue	2	336.326	336.344
Production costs		-265.225	-271.236
Gross profit		**71.101**	**65.108**
Distribution costs		-51.989	-39.303
Adminstrative expenses		-70	-1.826
Profit before other operating income		**19.042**	**23.979**
Other operating income	3	560	0
Profit from ordinary activities		**19.602**	**23.979**
Financial income	4	37	0
Financial expenses	5	-3.717	-2.787
Profit from ordinary activities		**15.922**	**21.192**
Tax on profit from ordinary activities	6	-4.388	-4.662
Profit for the year		**11.534**	**16.530**

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Financial statements October 1 – September 30

Balance sheet
DKK '000

Assets

	Note	2018/2019	2017/2018
Non current assets			
Property, plant and equipment	7		
Other property, plants and equipment		2.632	2.309
Total property, plant and equipment		**2.632**	**2.309**
Total Non current assets		**2.632**	**2.309**
Current assets			
Inventories		5.516	6.544
Total inventories		**5.516**	**6.544**
Receivables	8		
Trade receivables		29.707	27.232
Construction, contracts, net		271.739	271.724
Other receivables		4.681	1.786
Prepayments	10	113	286
Total receivables		**306.240**	**301.028**
Cash		**0**	**0**
Total current assets		**311.756**	**307.572**
Total assets		**314.388**	**309.881**

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Financial statements October 1 – September 30

Balance sheet
DKK ’000

Liabilities

	Note	2018/2019	2017/2018
Equity			
Share capital		501	500
Retained earnings		118.510	118.450
Proposed dividend		11.534	0
Total equity		**130.545**	**118.950**
Provisions			
Warranty commitments	11	4.691	9.667
Deferred tax	9	20.500	16.600
Other provisions	12	17	5
Total provisions		**25.208**	**26.272**
Liabilities			
Short-term liabilities			
Financial debt to group entities		13.684	0
Prepayments received from customers		43.941	60.179
Joint tax group liability		488	0
Trade payables		19.679	11.355
Other payables		80.701	93.125
Prepayments	13	142	0
Total short-term liabilities		**158.635**	**164.659**
Total liabilities		**158.635**	**164.659**
Total equity and liabilities		**314.388**	**309.881**

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Financial statements October 1 – September 30

Statement of changes in equity

DKK '000	Share capital	Retained earnings	Proposed dividend	Total
Equity at October 1, 2017	0	102.054	0	102.054
Capital contribution	500	0	0	500
Value adjustment of hedging instruments, opening	0	-134	0	-134
Profit for the year	0	16.530	0	16.530
Equity at September 30, 2018	**500**	**118.450**	**0**	**118.950**
Capital contribution	1	0	0	1
Value adjustment of hedging instruments, opening	0	134	0	134
Value adjustment of hedging instruments, year end	0	-74	0	-74
Profit for the year	0	0	11.534	11.534
Equity at September 30, 2019	**501**	**118.510**	**11.534**	**130.545**

The share capital consists of 501 shares of DKK 1.000 each.

The share capital has not changed the past two years.

Financial statements October 1 – September 30

Cash flow statement

DKK '000	Note	2018/2019	2017/2018
Revenue		336.326	336.344
Costs and other operating income		-316.724	-312.365
Adjustments	14	-4.437	-1.970
Cash generated from operating activities before changes in working capital		**15.165**	**22.009**
Changes in working capital	15	-24.380	-17.746
Financial income and expenses, net		-3.680	-2.787
Value adjustments of securities		61	-134
Cash flows from operating activities		**-12.834**	**1.342**
Purchase of property, plant and equipment		-850	-1.342
Cash flow for investing activities		**-850**	**-1.342**
Cash flows from operating, investing and financing activities for the year		**-13.684**	**0**
Cash and cash equivalents at October 1		0	0
Cash and cash equivalents at September 30		**-13.684**	**0**
Cash and cash equivalents can be specified as follows:			
Receivables from group entities		-13.684	0
Cash and cash equivalents year end		**-13.684**	**0**

The cash flow statement cannot be directly derived from the other components of the financial statements.

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Financial statements October 1 – September 30

Notes

1 Accounting policies

The Siemens Mobility activities were transferred to Siemens Mobility A/S from Siemens A/S by demerger with accounting effect from 1 October 2018. Siemens Mobility A/S is now owned by Siemens Mobility Holding B.V., Den Haag, the Netherlands.

The financial statements of Siemens Mobility A/S for 2018/2019 have been prepared in accordance with the provisions of the Danish Financial Statements Act applicable to large reporting class C entities.

The pooling-of-interests method is applied to mergers of or demergers into group entities.

With effect from October 1, 2018, the Company has implemented the following amended standards and interpretations

- IFRS 15, revenue from contracts with customers.

The implementation did not affect the recognition, measurement or information in the annual report and is not expected to have a material impact on the financial reporting for future periods.

The financial statements are presented in Danish kroner DKK '000

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is made up of the original cost less instalments, if any, and plus or minus the accumulated amortisation of the difference between the cost and the nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account. Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost.

Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

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Foreign currency translation

Transactions denominated in foreign currencies are translated into DKK at the exchange rates at the date of the transaction. Receivables and payables denominated in foreign currencies are translated into DKK at the exchange rates at the balance sheet date. Realised and unrealised

Exchange gains and losses are recognised in the income statement under cost of sales and financial income and expenses relating to foreign-currency loans, respectively. Exchange gains and losses related to hedging transactions where the hedged item is not included in the balance sheet, are, however, measured in the balance sheet as cut-off items once the hedged item is realised.

Income statement

Revenue

The company's net sales consist of sales of commercial and finished goods, construction contracts, service contracts and sales.

When concluding client contracts, each contract is assessed for compliance with IFRS 15's five steps to asses:

1. Customer contract identification.
2. Identification of purchase obligations.
3. Determining the transaction price.
4. Allocating the transaction price of identified purchase obligations.
5. Recognition of revenue when purchase obligations are met.

The company's customer contracts are divided into individually identifiable purchase obligations that are recognized and measured separately at fair value.

Where a sales agreement includes multiple purchase obligations, the total transaction price of the sales agreement is allocated proportionally to the individual purchase obligations of the agreement.

Net sales are recognized when the customer has gained control over the individual identifiable delivery obligation.

Recognized revenue is measured at the fair value of the agreed remuneration, excluding VAT and taxes levied on behalf of a third party. All types of discounts granted are recognized in revenue. The fair value corresponds to the agreed price discounted to present value, where the payment terms exceed 12 months.

The part of the total remuneration that is variable, for example in the form of discounts, bonus payments, penalty payments, etc., is only recognized in revenue

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Revenue (continued)

when it is reasonably certain that no subsequent reimbursement thereof will occur, for example due to lack of fulfillment.

When selling commercial and finished goods, revenue is recognized when the customer has control over the product. Although a sales contract for the sale of finished goods and merchandise often contains multiple purchase obligations, they are treated as one total delivery obligation, with control typically passing at the same time.

Contracting contracts are recognized over time as the work is carried out, either on the client's property or the project is so adapted to the client's specific needs that it cannot be put into operation by others without relatively high costs, while the customer is obliged to settle on an ongoing basis including a reasonable profit for the work performed.

Recognition is based on input-based inventories based on actual consumed costs according to total projected costs and this is considered to be the best method to reflect the ongoing transfer of control.

When the result of a contract cannot be reliably estimated, revenue is recognized only in accordance with the costs incurred, to the extent that it is considered probable that the costs will be recovered.

Net sales from service contracts where the control is carried out on an ongoing basis are accrued and recognized in the period to which they relate. Prepaid service contracts are recognized as accruals.

Production costs

Production costs comprise costs, including depreciation and amortization and salaries, incurred in generating revenue for the year.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc. during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses paid in the year to manage and administer the Company, including expenses related to administrative staff, office expenses and amortisation and depreciation.

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Other operating income

Other operating income comprises items of a secondary nature relative to the Company's primary objective, including net income from property leasing and gains/losses on the sale of fixed assets and activities.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, capital gains and losses, foreign-currency payables and transactions, amortisation of financial assets and liabilities as well as surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax for the year

The Company is subject to the Danish rules on joint taxation of the Siemens group Danish activities.

Siemens A/S is the administration company in respect of the joint taxation arrangement and accordingly settles all corporation taxes to the tax authorities.

The current Danish corporation tax is allocated by settling the joint taxation contributions between the jointly taxed entities in proportion to their taxable income. Loss-making entities receive joint taxation contributions from entities which have been able to apply the loss to reduce their own taxable income.

Tax for the year comprises current corporate tax, joint taxation contribution and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

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Balance sheet

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful life of the assets. The depreciation periods are:

Other property, plant and equipment: 3-10 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Depreciation is recognised in the income statement as "Production costs", "Distribution costs", and "Administrative expenses", respectively.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains or losses are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively.

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Impairment of assets

The carrying amount of property, plant and equipment is tested annually for indication

of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is indication of impairment. Write-down is made to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected

net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost based on weighted average. Where the net realisable value is lower than cost, inventories are written down to this lower value.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

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Receivables

Receivables are measured at amortised cost. Write-down is made for expected losses.

Construction contracts

Major construction contracts are measured at the market value by reference to the stage of completion. The market value is measured according to the stage of completion at the balance sheet date and the expected, aggregate income from the individual construction contracts.

Other construction contracts are measured at cost, including materials, wages/salaries and indirect production overheads.

Each construction contract is recognised in the balance sheet under "Receivables" or "Payables", depending on whether the net value of the order less amounts invoiced on account and prepayments is positive or negative.

When it is probable that the total contract costs will exceed the total contract revenue, a provision is made for the anticipated loss on the contract. The provision is listed as an expense under production costs.

Prepayments

Prepayments comprise costs to be incurred in subsequent financial years.

Equity

Proposed dividend expected to be distributed for the year is recognised as a liability at the date of adoption and is presented as a separate line item in equity.

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Corporate tax and deferred tax

The Company and all its Danish group entities are jointly taxed.

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet under "Balances with group entities".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Provisions

Provisions comprise expected expenses relating to warranty commitments, losses on contracts, etc.

Liabilities

Financial liabilities are recognised at the date of borrowing at the proceeds received less transaction costs paid. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

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Cash flow statement

The cash flow statement shows the Company's net cash flow for the year, broken down by operating, investing and financing activities, and the Company's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities

Cash flows from operating activities are presented using the indirect method and are made up as the net profit or loss for the year, less operating expenses and adjusted for non-cash operating items, changes in working capital, paid net financials and extraordinary items and paid corporate taxes.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities, property, plant and equipment and securities related to investing activities.

Cash flows from financing activities

Cash flows from financing activities comprise payments derived from changes in the size or composition of the company's share capital, dividend distributed as well as the raising and repayment of mortgage debt, other long-term liabilities and short-term bank debt.

Cash

Cash comprises cash, intra-group receivables and payables.

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2 Events after the balance sheet date

There have not been any events after the end of the financial year.

Revenue

DKK '000	2018/2019	2017/2018
Sales of goods, national	331.266	336.344
Sales of goods, international	5.060	0
	336.326	**336.344**
Projects	229.443	219.475
Service	106.883	116.869
	336.326	**336.344**

3 Other operating expenses

Gain on sale of activity	560	0
	560	**0**

4 Financial income

Other financial income	37	0
	37	**0**

5 Financial expenses

Interest payable for other group entities	75	0
Guarantees	3.182	0
Other financial expenses	460	2.787
	3.717	**2.787**

6 Tax on profit from ordinary activities

Tax on the taxable income for the year	488	4.662
Adjustment of deferred tax	3.900	0
	4.388	**4.662**

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7 Property, plant and equipment

DKK '000	Other property, plant and equipment
Cost at October 1, 2018	4.464
Additions for the year	850
Cost at September 30, 2019	**5.314**
Depreciation at October 1, 2018	-2.155
Depreciation of the year	-527
Depreciation September 30, 2019	**-2.682**
Carrying amount September 30, 2019	**2.632**
Carrying amount September 30, 2018	**2.309**

8 Receivables

Of total receivables, long-term borrowing totals DKK 0. (2017/2018: DKK 0)

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9 Deferred tax asset

DKK '000	2018/2019	2017/2018
Deferred tax at October 1	16.600	16.600
Changes in deferred tax for the year	3.900	0
	20.500	**16.600**
The deferred tax asset relates to:		
Property, plant and equipment	-55	-27
Non-fixed assets	22.602	19.480
Provisions	-1.274	-2.214
Liabilities	-773	-639
	20.500	**16.600**

10 Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

11 Warranty commitments

DKK '000	2018/2019	2017/2018
Warranty commitments at October 1	9.667	11.122
Used during the year	-337	-395
Release of unused warranty commitments	-5.352	-1.872
Provision for the year	713	812
Warranty commitments at September 30	**4.691**	**9.667**
Expected maturities for warranty commitments:		
0-1 year	109	8.697
1-5 years	4.582	970
Total warranty commitments	**4.691**	**9.667**

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12 Other provisions

DKK '000	2018/2019	2017/2018
Other provisions at October 1	5	314
Release of unused provisions	0	-309
Provisions for the year	12	0
Other provisions at September 30	**17**	**5**
Expected maturities for other provisions:		
0-1 year	17	5
Total provisions	**17**	**5**

13 Prepayments

Prepayments comprises payments received concerning income in subsequent years..

14 Cash flow statement – adjustments

DKK '000	2018/2019	2017/2018
Depreciation	527	0
Change in warranty provisions	-4.981	9.667
Change in other provisions	17	5
Change in other things	0	9.629
	-4.437	**19.301**

15 Changes in working capital

DKK '000	2018/2019	2017/2018
Changes in inventories	1.028	-6.544
Changes in receivables	-5.212	-300.528
Change in trade payables, etc.	-20.196	164.659
	-24.380	**-142.413**

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Notes without reference

16 Use of derivative financial instruments

As part of its hedging of recognised and non-recognised transactions, Siemens Mobility A/S makes use of forward exchange contracts.

Recognised transactions

Hedging of recognised transactions includes the most significant receivables and payables.

	Payment/maturity	Receiv-ables	Liabilities	Hedged through forward exchange contracts	Net position
USD	>1 year	185	0	0	185
EUR	>1 year	3.407	-8.078	190.945	186.274
NOK	>1 year	269	-6	0	263
GBP	>1 year	330	0	0	330
CHF	>1 year	5	0	0	5
SEK	>1 year	0	-275	0	-275
		4.196	-8.359	190.945	186.782

At September 30, 2019, unrealised net losses on derivative financial instruments entered into for foreign currency hedging purposes totaled DKK -2.852 thousand, which has been recognised in the income statement.

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17 Related parties and related party transactions

The Company's related parties include the Supervisory Board, the Executive Board, executive officers and their family members. Related parties further include entities in the Siemens AG Company.

The company's related party transactions (companies in the Siemens AG Group) include the majority of purchases of goods and services.

DKK '000	2018/2019	2017/2018
Acquisition of goods and services from related parties	10.254	8.841
Sale of goods and services to related parties	52.452	23.523

No transactions were carried through with shareholders in the year.

For information on transactions with the Supervisory Board and the Executive Board, reference is made to the note on staff costs. For information on financial transactions, reference is made to the notes on financial income and financial expenses

Balances with related parties are specified in the balance sheet.

18 Staff costs

DKK '000	2018/2019	2017/2018
Staff costs included in gross result, sales- and administrative costs constitute:		
Salaries, pensions etc.		
Wages and salaries	140.691	120.981
Pensions	13.905	11.683
Other social security costs	1.220	1.300
	155.816	**133.964**
Average number of employees	197	171

Pursuant to section 98b of the Danish Financial Statements Act, information on companies in accounting class c must be provided with information on management attached. The company's Executive Board consists of one person and no remuneration is paid to supervisory board, and this information has been omitted

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19 Fees paid to auditor appointed at the annual general meeting

DKK '000	2018/2019	2017/2018
Total fees paid to auditor appointed at the annual general meeting	213	0
Specified as follows:		
Fee for statutory audit	168	0
Fee for other assurance assistance	25	0
Fee for non-audit services	20	0
Total fees paid to auditor appointed at the annual general meeting	**213**	**0**

20 Distribution of profit/loss

Proposed distribution of profit/loss		
Proposed dividend	11.534	0
Retained earnings	0	16.530
	11.534	**16.530**

21 Contingent liabilities

DKK '000	2018/2019	2017/2018
Performance bonds vis-à-vis third party	*1.503.151*	*1.363.864*
Lease liabilities (Rent)	5.877	0
Lease liabilities (Operating leases)	4.865	1.265

The Company is jointly and severally liable with other jointly taxed group entities for payment of corporation taxes for the income years after 2018 and withholding taxes falling due for payment on or after April 16, 2018 in the group of jointly taxed entities.

22 Pending legal actions

The Company is not a party to any significant pending legal actions.

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23 Ownership

The following shareholders are listed in the Company's share register as holding at least 5% of the votes or at least 5% of the share capital:

Siemens Mobility Holding B.V., Den Haag, Netherland

Siemens Mobility A/S' ultimate parent is Siemens AG, Wittelbacherplatz 2, Munich, Germany. The consolidated financial statements of Siemens AG may be obtained from the Company.

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