Information by regions

	External revenues		Non-current assets [1]		Capital employed [1]		Gross capital expenditures		Net capital expenditures		Employees [1]	
JAN 1 TO DEC 31 / € million	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Germany	24,055	21,568	46,187	43,811	37,983	36,671	14,363	13,282	5,338	4,788	209,763	207,996
Europe (excluding Germany)	14,278	12,031	5,757	5,799	4,145	4,472	833	1,012	813	990	84,260	85,699
Asia/Pacific	4,957	3,519	1,291	1,109	1,139	1,026	258	182	258	182	16,985	16,764
North America	3,180	2,236	271	243	680	483	40	38	40	38	9,256	9,027
Rest of world	780	548	37	36	82	60	13	8	13	8	3,452	3,282
Consolidation	–	–	-977	-919	-1,009	-948	-120	-120	-120	-120	–	–
DB Group adjusted	**47,250**	**39,902**	**52,566**	**50,079**	**43,020**	**41,764**	**15,387**	**14,402**	**6,342**	**5,886**	**323,716**	**322,768**
Reconciliation	-175	-1	–	–	–	–	–	–	–	–	–	–
DB Group	**47,075**	**39,901**	**52,566**	**50,079**	**43,020**	**41,764**	**15,387**	**14,402**	**6,342**	**5,886**	**323,716**	**322,768**

[1] As of balance sheet date.

Basic principles and methods

FUNDAMENTAL INFORMATION

Deutsche Bahn AG (DB AG), and its subsidiaries (together DB Group) provide services in the fields of passenger transport, freight transport and logistics, and operate an extensive rail infrastructure which is also available to non-Group users on a non-discriminatory basis. Whereas rail infrastructure activities are conducted primarily in the company's domestic market of Germany, business activities in passenger and freight transport are conducted on a Europe-wide basis and logistics activities are conducted on a worldwide basis.

DB AG, Potsdamer Platz 2, 10785 Berlin is an Aktiengesellschaft (stock corporation); its shares are held entirely by the Federal Republic of Germany (Federal Government). The company is listed in the trade register of the Amtsgericht (local court) Berlin-Charlottenburg under the number HRB 50000. DB Group has issued securities in accordance with section 2 (1) clause 1 of the Securities Trading Act (Wertpapierhandelsgesetz; WpHG); these securities are traded on organized markets in accordance with section 2 (11) WpHG.

These consolidated financial statements have been prepared by the Management Board, and will be submitted to the Supervisory Board for the Supervisory Board meeting on March 30, 2022.

PRINCIPLES OF PREPARING FINANCIAL STATEMENTS

The consolidated financial statements are prepared on the basis of section 315e Commercial Code (Handelsgesetzbuch; HGB) and in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU and their interpretation by the IFRS Interpretations Committee. The accounting standards have been applied consistently throughout the entire reporting period with no changes compared with the previous year.

The financial year of DB AG and its incorporated subsidiaries is the same as the calendar year. The consolidated financial statements are prepared in euros. Unless otherwise specified, all figures are stated in millions of euros (€ million).

STRUCTURE OF THE BALANCE SHEET AND THE STATEMENT OF INCOME

Assets and liabilities are stated in the balance sheet either as current or non-current items. Assets and liabilities are classified as current if they will be realized or are due within 12 months after the end of the year under review. The notes to the balance sheet take account of the requirements of the ordinance relating to the structure of the annual financial statements of transport companies. The statement of income uses the structure of total cost accounting.

CONSOLIDATION METHODS

a) Consolidation principles

In the consolidated financial statements of DB AG, DB AG and all companies (subsidiaries) are fully consolidated in accordance with IFRS 10 from the time at which DB AG acquires control.

For the purpose of standardized accounting, the affiliated companies have applied the accounting directive of the parent company.

Capital is consolidated in accordance with the acquisition method in line with IFRS 3.

The equity attributable to Group shareholders is shown separately from the non-controlling interests in the equity of subsidiaries. The amount is calculated based on the non-controlling interests at the time of the initial consolidation and the changes in equity attributable to this interest after that time.

Non-controlling interests are calculated on a pro rata basis from the assets, liabilities and contingent obligations valued with their fair value.

Intra-Group liabilities as well as expenses and income and intercompany results between fully consolidated companies are completely eliminated.

b) Business combinations

All subsidiaries acquired after December 31, 2002, have been consolidated using the acquisition method under IFRS 3.

Any difference between the acquisition costs of the business combination and the acquired assets valued at fair value is shown as goodwill. If the purchase price is lower than the fair value of the acquired assets, the difference is recognized immediately in the statement of income after reassessment.

The acquisition and sale of shares in an already fully consolidated company that do not result in a change of control are recognized in equity with no impact on profit and loss. In this respect, there have been no changes in the carrying amounts of the assets and liabilities recognized from such transactions.

c) Joint ventures, joint operations and associated companies

Joint ventures are defined as companies that are managed by DB AG jointly with another party either directly or indirectly, and in which the partners own rights to the net assets of the company.

A joint operation is defined as agreements that are managed by DB AG jointly with another party either directly or indirectly, and in which the parties involved in the joint operation have rights relating to the assets and obligations relating to the liabilities attributable to the agreement.

Associated companies are defined as equity participations in which DB Group is able to exercise a major influence on the financial and business policy. Major influence is normally defined as a situation in which DB AG directly or indirectly holds 20 to 50% of the voting rights in these companies and the related assumption of association is not refuted.

In exceptional cases, companies in which DB Group holds fewer than 20% of the voting rights are also classified as associates. Despite such a low shareholding, a major influence is deemed to exist in such cases, for instance as a result of various rights of codetermination in major issues concerning business policy or because members of general management are appointed by DB Group.

Joint ventures and associates are accounted for using the equity method in accordance with IAS 28 (Investments in Associates and Joint Ventures). Alternatively, they are valued in accordance with IFRS 5 if the shares are classified as held-for-sale.

Intercompany results attributable to transactions with associated companies or joint ventures are eliminated on a pro rata basis.

In the case of joint operations, the assets, liabilities, income and expenses have to be recognized on a pro rata basis.

CURRENCY TRANSLATION

Currency translation uses the concept of functional currency according to IAS 21 (The Effects of Changes in Foreign Exchange Rates) or IAS 29 (Financial Reporting in Hyperinflationary Economies) for annual financial statements of subsidiaries that are based in a hyperinflationary country.

No major subsidiary was domiciled in a hyperinflationary economy in the year under review or the previous year.

The consolidated financial statements are prepared in euros (reporting currency); in accordance with IAS 21, the financial statements of subsidiaries whose functional currency is not the euro are converted into the reporting currency.

The following exchange rates are some of the rates used for currency translation purposes:

	as of Dec 31		annual average	
€ 1 EQUIVALENT TO	**2021**	2020	**2021**	2020
Australian Dollar (AUD)	1.56150	1.58960	1.57495	1.65541
Canadian Dollar (AUD)	1.43930	1.56330	1.48267	1.52961
Swiss Franc (CHF)	1.03310	1.08020	1.08103	1.07041
Renminbi Yuan (CNY)	7.19470	8.02250	7.62671	7.87213
Danish Krone (DKK)	7.43640	7.44090	7.43703	7.45438
Pound Sterling (GBP)	0.84028	0.89903	0.85958	0.88936
Hong Kong Dollar (HKD)	8.83330	9.51420	9.19130	8.85331
Japanese Yen (JPY)	130.38000	126.49000	129.85488	121.79628
Norwegian Krone (NOK)	9.98880	10.47030	10.16329	10.72502
Polish Zloty (PLN)	4.59690	4.55970	4.56556	4.44356
Swedish Krona (SEK)	10.25030	10.03430	10.14628	10.48882
Singapore Dollar (SGD)	1.52790	1.62180	1.58888	1.57364
US Dollar (USD)	1.13260	1.22710	1.18249	1.14148

CRITICAL ESTIMATIONS AND ASSESSMENTS

The consolidated financial statements are based on assessments and assumptions relating to the future. Based on past experience and reasonable expectations of future events, the estimations and assessments that are derived are continuously reviewed and adjusted where appropriate. Nevertheless, the estimations will not always correspond to the subsequent actual circumstances.

The estimations and assessments that may involve a significant risk during the next year under review in the form of major adjustments to the carrying amounts of assets and liabilities are discussed under the relevant items.

COMPARABILITY WITH THE PREVIOUS YEAR

After due consideration is given to the following issues (in particular the Covid-19 pandemic), the financial information presented for the year under review is comparable with the financial information for the previous year.

Accounting and valuation methods

A) STANDARDS, REVISIONS OF STANDARDS AND INTERPRETATIONS THAT ARE THE SUBJECT OF MANDATORY FIRST-TIME ADOPTION FOR REPORTING PERIODS STARTING JANUARY 1, 2021, OR EARLY ADOPTION

In the year under review, the consolidated financial statements took account of all new and revised standards and interpretations which are the subject of mandatory first-time adoption starting on or after January 1, 2021, which are also relevant for DB Group and which have not been the subject of early adoption in previous periods. The changes to the standards have been recognized in accordance with the transitional regulations. The impact of the new regulations is considered to be immaterial.

B) STANDARDS, REVISIONS OF STANDARDS AND INTERPRETATIONS THAT HAD BEEN ADOPTED AS OF THE REPORTING DATE, BUT THAT ARE NOT YET THE SUBJECT OF MANDATORY ADOPTION AND EARLY ADOPTION

Various new accounting standards and interpretations have been published, although they are not the subject of mandatory adoption for reporting periods up to December 31, 2021, and have not been the subject of early adoption by DB Group. The impact of the new regulations is considered to be immaterial.

Information regarding major events and transactions, particularly in connection with the Covid-19 pandemic

In DB Group, revenues in the year under review increased to € 47,075 million (previous year: € 39,901 million). All segments with the exception of DB Netze Stations reported positive revenue development compared to the previous year, the growth being driven particularly by the DB Schenker segment. Revenues from the DB Long-Distance, DB Regional, DB Netze Stations and DB Arriva segments have not yet returned to pre-pandemic levels.

In conjunction with various government support programs, DB Group companies have received Federal grants in connection with the Covid-19 pandemic, largely in the form of compensation payments for temporary train-path price reductions and income grants. If such grants are not concession fees, they are mainly shown under other operating income in DB Group (Note (3) 198). DB AG was also awarded a payment to the capital reserve by the Federal Government as compensation for losses of revenues from fares at DB Long-Distance totaling € 550 million (Note (25) 216). In addition, the DB AG dividend payment allocated in the financing cycle to replacement capital expenditures under the Performance and Financing Agreement (€ 650 million) was replaced by additional Federal funds.

As a result of the positive business development and government support measures, EBIT improved significantly in the year under review to € –298 million (previous year: € –4,757 million); operating cash flow increased significantly to € 3,900 million (previous year: € 1,420 million).

Major events and transactions, and the corresponding impact on the consolidated financial statements, are described in greater detail in the following.

IMPLEMENTATION OF THE MEASURES FROM THE CLIMATE ACTION PROGRAM 2030

On the basis of the Federal Government's Climate Action Program 2030, additional Federal funds totaling € 11 billion will be made available by 2030 to strengthen the rail system. At the end of January 2020, the Federal Ministry of Finance (BMF) and the Federal Ministry for Digital and Transport (BMDV), and DB AG, DB Netz AG, DB Station&Service AG and DB Energie GmbH, agreed on the inflow and use of the funds in a joint letter of intent. The funds will be used exclusively for infrastructure; half will be paid as equity and half as grants to DB Netz AG and DB Station&Service AG. In terms of content, the funds will be used in the categories of a robust network, digital rail, attractive railway stations and infrastructure measures operated on a purely commercial basis. Following the completion of coordination with the EU Commission, the equity measures set out in the 2021 Federal budget for 2020 and 2021, totaling € 2.125 billion, were implemented in November 2021.

PROVISIONS RELATING TO ONEROUS CONTRACTS

Particularly in connection with the Covid-19 pandemic, lower revenues from fares from transport contracts meant that it was necessary for further additions to be made to provisions for onerous contracts. At DB Regional, the additions to provisions for pending losses amounted to € 183 million as of December 31, 2021 (as of December 31, 2020: € 280 million); at DB Arriva, the corresponding figure was € 17 million (as of December 31, 2020: € 118 million); (Note (32) 226 ff.).

ESTIMATION AND FORECAST UNCERTAINTY

In view of the Covid-19 pandemic, and also because it is extremely difficult for the corresponding consequences to be foreseen as of the end of the year under review, any estimations and forecasts in the year under review are subject to a particular degree of uncertainty. We consider such estimation uncertainty in detail under the respective notes.

LIQUIDITY MANAGEMENT AND GOING-CONCERN ASSUMPTION

As well as additional payments to the capital reserve of DB AG by the Federal Government, additional senior bond issues were made during the year under review (Note (28) 216 ff.). In view of the unrestricted access of DB Group to the capital market and the financing commitments of the Federal Government which have been agreed for infrastructure capital expenditures, as well as the implementation of measures to partly offset losses due to Covid-19, the going-concern assumption is applicable for DB Group for the foreseeable future without any restrictions.

Statement of cash flows

Of the financial receivables and earmarked bank deposits recognized, only the cash flows from cash securities for derivative financial instruments (credit support agreements) are allocated to cash flow from financing activities. Receivables from financing to third parties and the cash changes to receivables from transport concessions are shown under cash flow from investing activities (payments for investments in financial assets). The remaining financial receivables (in particular finance lease receivables) were allocated to cash flow from ordinary business operations.

As a result, the inflow of funds from financing activities increased in the year under review by € 197 million and the outflow of funds from investing activities increased by € 92 million, while cash flow from ordinary business operations decreased by € 105 million.

Scope of consolidation and investments in other companies

GRI 102-10

A) SUBSIDIARIES

According to IFRS 3, the acquisition cost of a business combination is determined by the fair values of the assets given and the liabilities incurred or assumed at the date of the transaction. The acquired identifiable assets, liabilities and contingent liabilities are valued under IFRS 3 with their fair value at the date of acquisition, irrespective of any non-controlling interests. Alternatively, acquired non-current assets or groups of assets which are classified as held-for-sale in accordance with IFRS 5 are shown with their fair value less costs to sell.

Changes in the scope of fully consolidated companies of DB Group are detailed in the following:

	Germany 2021	Rest of world 2021	Total 2021	Total 2020
FULLY CONSOLIDATED SUBSIDIARIES				
As of Jan 1	115	404	**519**	**542**
Additions	1	7	**8**	**3**
Additions due to changes in type of incorporation	0	1	**1**	**3**
Disposals	-3	-2	**-5**	**-29**
Disposals due to changes in type of incorporation	0	0	**0**	**0**
As of Dec 31	**113**	**410**	**523**	**519**

Additions of companies and parts of companies

The additions of companies to the scope of consolidation consist of three acquired groups of companies, one newly established company and the acquisition of the remaining 95% of the shares in another subsidiary. From the portfolio point of view of DB Group, none of the acquisitions was significant.

Overall, a total figure of net € 52 million was spent on company acquisitions according to IFRS 3 in the year under review (previous year: € 16 million). They are set out in the following:

COMPANY	Activities	Segment
SIGNON Deutschland GmbH (SIGNON), Berlin	Planning, consulting, engineering and testing services for railways in Germany	DB Netze Track
Vähälä Group (Vähälä), comprising: Vähälä Logistics Oy, Oulu / Finland, Lauri Vähälä Oy, Oulu / Finland, Kiitoterminaali Oy Oulu / Finland	Full-service logistics companies with national land transport services in Central and Northern Finland	DB Schenker
Loserco Group (Loserco), comprising: Loserco Andalucía, S.L., Córdoba / Spain, Loserco Logística y Servicios de Córdoba, S.L., Córdoba / Spain, Loserco Malaga, S.L., Córdoba / Spain, Transportes Santos Campos S.A., Benicarlo / Spain	Land transport companies in Spain	DB Schenker

Goodwill is to a large extent substantiated by the synergy effects expected for the period after the acquisition. The findings are as follows:

€ million	2021	thereof due to SIGNON	thereof due to Vähälä	thereof due to Loserco
PURCHASE PRICE				
Payments made	52	24	18	10
+ Outstanding purchase price payments	–	–	–	–
Total transferred equivalent	**52**	**24**	**18**	**10**
− Fair value of net assets acquired	35	13	14	8
Goodwill	**17**	**11**	**4**	**2**

After initial consolidation, SIGNON has generated revenues of € 6 million and a net loss of € −2 million, Vähälä has generated revenues of € 10 million and a net loss of € −2 million, and Loserco has generated revenues of € 2 million and a net profit of € 0 million.

Disposals of companies and parts of companies

The disposals from the scope of consolidation relate to two mergers and three liquidations; there were no sales. In the previous year, there was a cash inflow from sales of € 4 million.

As was the case in the previous year, there were no major effects on results due to the loss of control in the year under review.

The results are shown in the other operating expenses (Note (7) 202f.) or other operating income (Note (3) 198).

Effects on the consolidated statement of income

Overall, the effects of the changes in the scope of consolidation on the consolidated statement of income which have occurred compared with the previous year are not of a material nature.

B) JOINT VENTURES, ASSOCIATED COMPANIES AND COMPANIES WITH JOINT BUSINESS OPERATIONS

	Germany 2021	Rest of world 2021	Total 2021	Total 2020
JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD				
As of Jan 1	12	13	**25**	**26**
Additions	0	0	**0**	**0**
Additions due to changes in type of incorporation	0	0	**0**	**0**
Disposals	0	0	**0**	**0**
Disposals due to changes in type of incorporation	0	0	**0**	**-1**
As of Dec 31	**12**	**13**	**25**	**25**
ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD				
As of Jan 1	49	37	**86**	**88**
Additions	0	0	**0**	**3**
Additions due to changes in type of incorporation	0	0	**0**	**0**
Disposals	-2	-1	**-3**	**-3**
Disposals due to changes in type of incorporation	0	0	**0**	**-2**
As of Dec 31	**47**	**36**	**83**	**86**
COMPANIES WITH JOINT BUSINESS OPERATIONS				
As of Jan 1	0	1	**1**	**1**
Additions	0	0	**0**	**0**
Additions due to changes in type of incorporation	0	0	**0**	**0**
Disposals	0	0	**0**	**0**
Disposals due to changes in type of incorporation	0	0	**0**	**0**
As of Dec 31	**0**	**1**	**1**	**1**

From the perspective of DB Group, no joint venture, associated company or company with joint business operations is significant, either individually or when viewed together.

CAPITAL MANAGEMENT IN DB GROUP

The purpose of financial management of DB Group is not only to achieve sustainable growth in the enterprise value but also to comply with a capital structure that is adequate for maintaining a very good credit rating.

Based on adjusted EBIT, return on capital employed (ROCE) is calculated as a key component of the value management concept. The capital employed represents the use of capital provided by shareholders and debt investors that is tied up in DB Group and that is associated with yield expectations. The parameter is derived on the basis of the respective closing balance sheet for the year under review. The following table shows the process of calculating capital employed, using the asset and liability items shown in the balance sheet.

As of Dec 31 / € million	2021	2020	Change absolute	Change %
Property, plant and equipment	50,100	47,704	+ 2,396	+ 5.0
+ Intangible assets / goodwill	2,387	2,290	+ 97	+ 4.2
+ Inventories	2,155	1,937	+ 218	+ 11.3
+ Trade receivables	6,476	4,849	+ 1,627	+ 33.6
+ Receivables and other assets	3,799	3,345	+ 454	+ 13.6
− Receivables from plan assets [1]	- 101	-	- 101	-
− Financial receivables and earmarked bank deposits (excluding receivables from finance lease)	- 541	- 625	+ 84	- 13.4
+ Income tax receivables	63	55	+ 8	+ 14.5
+ Assets held for sale	0	0	0	-
− Trade liabilities	- 8,097	- 6,312	- 1,785	+ 28.3
− Miscellaneous and other liabilities	- 4,224	- 4,042	- 182	+ 4.5
− Income tax liabilities	- 252	- 191	- 61	+ 31.9
− Other provisions	- 7,496	- 6,041	- 1,455	+ 24.1
− Deferred income	- 1,249	- 1,205	- 44	+ 3.7
Capital employed	**43,020**	**41,764**	**+ 1,256**	**+ 3.0**

[1] Starting in the year under review, receivables from plan assets are deducted when calculating the capital employed.

For further calculation, the adjusted EBIT and adjusted EBITDA in the following table is derived from the operating profit (EBIT) shown in the statement of income. The corresponding details at the segment level have been calculated using the same method.

€ million	2021	2020	Change absolute	Change %
Operating loss (EBIT)	- 298	- 4,757	+ 4,459	+ 93.7
Income from the disposal of financial instruments	- 7	- 4	- 3	- 75.0
Expenses from the disposal of financial instruments	3	0	+ 3	-
Train-path price subsidy to tackle the Covid-19 pandemic	- 2,098	-	- 2,098	-
Allocation to provision for ecological burdens	515	-	+ 515	-
Adjustment of provisions / receivables from tunnel accident	144	59	+ 85	-
Restructuring / contractual personnel obligations	133	114	+ 19	+ 16.7
Adjustment of provisions for restoration obligations and real estate write-ups (DB Netze Track)	- 122	79	- 201	-
Energy expenses attributable to other periods	19	72	- 53	- 73.6
Impairment goodwill DB Arriva	-	1,411	- 1,411	- 100
Other	120	68	+ 52	+ 76.5
Operating loss (EBIT) adjusted for special items	**- 1,591**	**- 2,958**	**+ 1,367**	**+ 46.2**
PPA amortization customer contracts (depreciation)	39	55	- 16	- 29.1
EBIT adjusted	**- 1,552**	**- 2,903**	**+ 1,351**	**+ 46.5**
Scheduled depreciation and impairments	3,804	5,372	- 1,568	- 29.2
PPA amortization customer contracts (depreciation)	- 39	- 55	+ 16	+ 29.1
Special items for scheduled depreciation, recognized impairments / recoveries	74	- 1,412	+ 1,486	-
EBITDA adjusted	**2,287**	**1,002**	**+ 1,285**	**+ 128**

Special items totaling € −1,293 million (previous year: € 1,799 million) were adjusted in EBIT in the year under review. These are mainly attributable to temporary train-path price reductions for long-distance rail passenger transport and rail freight transport included in the Federal Government's Covid-19 support measures (with retroactive effect from March 2020). This was partially offset by additions to provisions from the revaluation of ecological burdens (subsidiaries / other) and for settlement proceedings relating to a tunnel accident (DB Netze Track). Other special items resulting from the adjustment of provisions for real estate risks and restoration obligations and from real estate write-ups (DB Netze Track) and the formation of provisions for obligation surpluses relating to employment agreements (subsidiaries / other). In addition, the amortization of customer and franchise agreements has been reclassified from EBIT; these will be written down mainly at DB Arriva over the remaining term of the respective contracts as a result of being capitalized as intangible assets as part of the process of purchase price allocations (PPA) (€ 39 million; previous year: € 55 million).

The capital employed and the adjusted EBIT have resulted in the following figures for ROCE:

€ million	2021	2020	Change absolute	Change %
EBIT adjusted	- 1,552	- 2,903	+ 1,351	+ 46.5
/ Capital employed as of Dec 31	43,020	41,764	+ 1,256	+ 3.0
ROCE (%)	**- 3.6**	**- 7.0**	**-**	**-**

Notes to the statement of income

GRI 201-1

As a general rule, all income and expenses are reported on an unnetted basis, unless IFRS accounting rules permit or require offsetting.

Expenses are recognized in the income statement at the point at which the service is used or at the point at which the expenses are incurred.

The special items detailed at income and expenses ("Total") are issues that are considered to be unusual either in terms of the amount involved and / or the actual reason behind the issue. Irrespective of the amount involved, this item comprises book profits and losses arising from transactions with investments / financial assets as well as depreciation on long-term customer contracts that have been capitalized as part of the purchase price allocation process in connection with company acquisitions. In addition, the special items recognize individual issues if they are of an exceptional nature, if they are definable for accounting purposes, if they can be measured and if the amount involved is material. In addition to the special items, effects from changes in the scope of consolidation and exchange rate effects are also disclosed separately. The item "Total – comparable" does not involve IFRS figures; instead, it involves additional disclosures in accordance with internal reporting.