



Annual financial report

As of 31 March 2022

**Management report on consolidated financial statements,
As of 31 March 2022**

1. Main events of year ended 31 March 2022

1.1 The acquisition of Bombardier Transportation

On 29 January 2021, Alstom announced the completion of the acquisition of Bombardier Transportation. Leveraging on its clear Alstom in Motion strategy and its strong operational fundamentals and financial trajectory, Alstom, integrating Bombardier Transportation, strengthens its leadership in the growing sustainable mobility market by reaching a critical size in all geographies and integrating further solutions and assets to better serve its customers worldwide.

Next steps

Alstom is about to finalize sales of certain assets of the combined Group in line with the commitments described in the European Commission's press release on 31 July 2020 and classified as Assets Held for Sale (see Note 9):

- a transfer of Bombardier Transportation's contribution to the V300 ZEFIRO very high-speed train and an offer of IP license for the train co-developed by Hitachi and Bombardier Transportation for use in future very high-speed tenders in the UK has been agreed on the 1 December 2021 with Hitachi Rail. Closing of the transaction is expected in the first quarter 2022/23. Alstom will continue to honor its obligations under the existing orders for Rolling Stock from Trenitalia and ILSA to ensure a seamless transition;
- the divestment of its Coradia Polyvalent platform, its Reichshoffen production site in France, as well as its Talent 3 platform has been agreed on the 24 November 2021 with CAF. Closing of the transaction is expected during the first semester 2022/23.

Concerning the divestment of the Bombardier Talent 3 Platform, the scope of remedies has been adjusted on the first semester 2021/2022 to exclude current Talent 3 commercial contracts as well as the related production facility located within the Hennigsdorf site in Germany. The remaining Assets Held for Sale on the Talent 3 platform are related mainly to Intellectual property rights and workforce (subject to conditions).

The commitments concerning Bombardier Transportation's Signalling On-Board Units and Train Control Management Systems (TCMS) has been put in place.

The divestitures both complied already with all applicable social processes and consultations with employee representatives' bodies. Regulatory approvals have been granted for one divestment, the other one being still pending.

1.2 Shareholding and governance

On 2 June 2021, Bouygues S.A. sold 11,000,000 Alstom S.A. shares, representing 2.96% of Alstom's share capital.

At the end of this transaction, Bouygues retained 0.16% of the share capital of Alstom.

1.3 Transmashholding (TMH) impairment

The Group is closely monitoring the dramatic situation currently happening in Ukraine.

In that respect, The Group is complying with all applicable sanctions and laws. It has decided to suspend all deliveries towards Russia and confirmed as well suspending all future business investments in Russia.

So far, there is very limited direct exposure on operational activities performed by Alstom in Ukraine and Russia. Alstom was developing a partnership project with UZ, Ukraine rail operator including locomotive supplies and associated services. Nevertheless, current discussions on this project have been suspended due to the current context.

Main exposure on Alstom balance sheet relies on the fact that the Group owns as a capital investment a 20% stake in Transmashholding (TMH), the Russian locomotives and rail equipment provider primarily serving the local market. There was no material business nor operational link between Alstom and TMH. TMH is consolidated through equity method in the Alstom's consolidated Financial Statements. As at March 31, 2022, and before re-assessment, the carrying value of Alstom's interest in TMH amounted to €441 million, with a currency translation adjustment at €(202) million, and TMH's contribution to Alstom's 21/22 net income was slightly negative at €(10) million.

Considering the current environment, and in particular the adoption of trade and financial sanctions, Alstom is assessing all the available options regarding this investment. In this context, a non-cash impairment charge of €(441) million corresponding to the carrying value of the equity investment has been recorded as at March 31, 2022, in the line "Share in net income of equity-accounted investments" of the Consolidated Income Statement.

1.4 One Alstom team Agile, Inclusive and Responsible

In 2021/22, the Group confirmed its ESG 2025 targets enlarged to the whole new perimeter to deliver a strong response to increased expectations on sustainability performance from stakeholders. Its priorities remain: Enabling decarbonisation of mobility, Caring for our people, Creating a positive impact on society and Acting as a responsible business partner.

Alstom has expanded its Sustainability strategy and is committed to achieving Net Zero carbon in its value chain by 2050. It reflects the commitment of Alstom in the decarbonisation of mobility. Alstom will not only reduce its own direct and indirect emissions (scope 1 & 2) but also will work with suppliers and customers (scope 3) to make its solutions Net Zero through their entire life cycle. Those new commitments are in line with Paris Agreement goals and will be submitted to validation to the independent Science Based Targets initiative (SBTi) in 2022.

In addition, Alstom publishes for the first year information about European Taxonomy, with the three KPIs Sales, Capex and Opex reaching a best-in-class 99% eligibility to EU taxonomy, confirming the importance of the sector in which Alstom operates in achieving the EU's ambition goal of carbon neutrality by 2050. The EU Taxonomy purpose is to redirect capital flows towards sustainable activities and help navigate transition to a low carbon economy.

1.5 Key figures for Alstom in the fiscal year 2021/22

Group's key performance indicators for the fiscal year 2021/22:

<i>(in € million)</i>	% Variation Mar. 22/ Mar. 21		
	Year ended 31 March 2022	Year ended 31 March 2021	Actual
Orders Received ⁽¹⁾	19,262	9,100	112%
Orders Backlog	81,013	74,537	9%
Sales	15,471	8,785	76%
Adjusted Gross Margin before PPA ⁽¹⁾	2,148	1,536	40%
aEBIT ⁽¹⁾	767	645	19%
aEBIT % ⁽¹⁾	5.0%	7.3%	
EBIT before PPA ⁽¹⁾	275	384	
EBIT ⁽⁴⁾	(169)	300	
Adjusted Net Profit ⁽¹⁾⁽²⁾	(173)	301	
Net Profit - Group share ⁽³⁾	(581)	247	
Free Cash Flow ⁽¹⁾	(992)	(703)	
Capital Employed ⁽¹⁾	12,102	11,229	
Net Cash/(Debt) ⁽¹⁾	(2,085)	(899)	
Equity	9,024	9,117	

(1) Non - GAAP. See definition page 17

(2) Based on Net profit from continuing operations, excluding amortisation expenses of the purchase price allocation, net of corresponding tax

(3) Incl. Net profit from discontinued operations and excl. non-controlling interests

(4) Incl. PPA from Chinese joint ventures counted as share in net income of equity investees in the Notes for €(13) million

1.6 Pro-forma growth

The below table shows the “pro forma like-for-like New Alstom” variations, orders and sales corresponding to the like-for-like variation of Alstom after the acquisition of Bombardier Transportation integrating Bombardier Transportation during the fiscal years prior to their acquisition.

<i>(in € million)</i>	Year ended 31 March 2022	Year ended 31 March 2021		Mar. 22/Mar. 21	
	Actual figures	Actual figures	Pro-forma figures	% Var Actuals	% Var pro- forma ⁽¹⁾
Orders Received	19,262	9,100	14,491	112%	33%
Sales	15,471	8,785	13,976	76%	11%

Note: (1) Any reference in this document to variations « Pro forma like-for-like New Alstom », orders and sales, correspond to non-audited financial performance indicators used by the Group that are not defined by accounting standards setters and defined in section 9.9.

1.7 Acquisitions and partnerships

Speed Innov

Through its affiliate SpeedInnov, a joint venture created in 2015 with ADEME, Alstom focused on its 'Very high-speed train of the future' project, aiming to promote a new generation of very high-speed trainset which will reduce acquisition and operating costs by at least 20%, optimize the environmental footprint and develop the commercial offer to improve passenger experience. In this context, Alstom subscribed to a capital increase in this joint venture in an amount of €15 million in September 2021 increasing its stake from 74.0% to 75.4% with no change in the consolidation method (Joint control).

Other Acquisitions

On 1 April 2021, Alstom acquired the totality of Helion Hydrogen Power shares, a company based in France and renamed "Alstom Hydrogène". This promising, innovation-driven company, previously a 100% subsidiary of AREVA Energies Renouvelables, is specialized in high power fuel cells, thus complementing Alstom's expertise in hydrogen technology.

On 2 April 2021, Alstom fully acquired Flertex a group based in France, specialized in the design and manufacture of brake linings (pads and shoes) for braking systems, particularly for the rail industry but also for other industrial applications.

Final Goodwill amounts to €14 million for other acquisitions. Their contributions to the sales of the group are not material.

2. Commercial performance

During the fiscal year 2021/22, the Group witnessed significant commercial success across multiple geographies and product lines. The order intake stood at €19.3 billion, representing a growth of 33% on a “Pro forma like-for-like New Alstom” comparable basis. For the same period last year, under an adverse market environment impacted by Covid-19, Alstom reported an order intake of €9.1 billion, of which €0.7 billion contributed from the Bombardier Transportation acquisition in the 2 months period of February and March 2021.

Geographic breakdown					% Variation
Actual figures	Year ended	% of	Year ended	% of	Mar. 22/ Mar. 21
<i>(in € million)</i>	31 March 2022	contrib	31 March 2021	contrib	Actual
Europe	12,745	66%	6,027	66%	111%
Americas	3,970	21%	1,050	11%	278%
Asia/Pacific	2,289	12%	1,059	12%	116%
Africa/Middle East/Central Asia	258	1%	964	11%	(73%)
ORDERS BY DESTINATION	19,262	100%	9,100	100%	112%

Product breakdown					% Variation
Actual figures	Year ended	% of	Year ended	% of	Mar. 22/ Mar. 21
<i>(in € million)</i>	31 March 2022	contrib	31 March 2021	contrib	Actual
Rolling stock	9,801	51%	4,484	49%	119%
Services	4,168	21%	2,045	23%	104%
Systems	2,654	14%	930	10%	185%
Signalling	2,639	14%	1,641	18%	61%
ORDERS BY DESTINATION	19,262	100%	9,100	100%	112%

In **Europe**, Alstom recorded €12.7 billion order intake during the fiscal year 2021/22, as compared to €6.0 billion over the same period last year.

The Group continued its success in the French market, by receiving the contract for approximately €1.1 billion to provide suburban trains for the Paris area, and the contract for the 100% automatic metro system for Line 18 of the of the “Grand Paris Express” network. Alstom has also signed a contract for the delivery of 16 8-car trains for the Marseille-Toulon-Nice line including maintenance support for a 10-year period. The acquisition of Bombardier Transportation further strengthened our performance in Germany, where the Group secured several major Rolling Stock contracts, including the delivery of an additional 64 Class 490 S-Bahn trains to S-Bahn Hamburg GmbH worth approximately €500 million, the supply of 29 Coradia Stream™ High-Capacity electric double-deck multiple units to DB Regio for RE50 and RB51 lines in Hesse region, the delivery of 17 modern high-capacity Coradia Stream™ electric multiple units to DB Regio for the Main-Weser network, and the delivery of 32 Coradia™ Continental regional trains to Hessische Landesbahn. Alstom also signed a contract with Germany’s Baden-Wuerttemberg State Institute for Rail Vehicles (SFBW) to retrofit 118 regional trains with the European Train Control System (ETCS) Automatic Train Operation (ATO) digital signalling technology.

In addition, Alstom won the largest railway contract in Denmark’s history as part of a landmark framework agreement with Danish State Railways (DSB) valued at a total of €2.6 billion, including the first firm order of 100 Coradia Stream™ regional trains as well as a 15-year full-service maintenance agreement valued at €1.4 billion. In Norway, the Group has signed the most significant rail procurement in the country’s history. Under the framework contract with Norske

Tog (NT) for the provision of up to 200 Coradia™ Nordic regional trains valued at over €1.8 billion, the first firm order of 30 trains is worth €380 million. And in Ireland, Alstom signed a ten-year framework agreement with Iarnród Éireann/Irish Rail (IE) for up to 750 new X'trapolis™ commuter rail cars for Ireland's DART (Dublin Area Rapid Transit) network, with a firm initial order for 19 five-car trains, valued at €270 million, including a 15-year support services contract.

In the United Kingdom, the Hitachi-Alstom High Speed (HAH-S) 50/50 joint venture has signed contracts with High Speed Two (HS2) to design, build, and maintain the next generation of very high speed trains for HS2 Phase 1 as part of the £1.97 billion contract, including an initial 12-year train maintenance contract.

In Italy, Alstom was awarded a framework contract to supply Trenitalia with 150 Coradia Stream™ regional trains for a total value of around €910 million. In Romania, Alstom will provide preventive and corrective maintenance services as well as overhauls for a total fleet of 82 trains over 15 years to Bucharest's metro network operator Metrorex, valued at €500 million. And it will supply 20 Coradia Stream™ inter-regional trains and associated 15-year maintenance services to the Romanian Railway Reform Authority (RRA). In Belgium, the Group has been awarded contracts to supply a further 98 double-deck M7 multifunction train cars to the Société Nationale des Chemins de Fer Belges (SNCB) under a framework contract signed in 2015, and it signed a framework agreement to deliver up to 50 third-generation electric Traxx™ locomotives to SNCB for use on its passenger services with a first firm order for 24 locomotives. In Greece, Alstom, as part of a consortium with Avax and Ghella, will provide rolling stock, signalling and infrastructure solutions for the first section of Athens Metro Line 4.

Last year's stand-alone commercial performance in Europe was driven by a significant contract to provide 152 high-capacity trains including maintenance services and spare parts to Renfe in Spain; the supply of 34 Coradia Stream™ High Capacity double-decker EMU trains including maintenance services to LNVG and 64 low-floor trams in consortium with Kiepe Electric to KVB in Germany; a large systems contract for Toulouse Metropole's third metro line, an order to supply 49 tramways for Nantes, an additional order for 11 Citadis™ Dualis™ trains under the conditions of the SNCF framework contract TTNG, and a Signalling contract of the ARGOS partnership with SNCF to develop the new generation interlocking solution in France; and a contract for 30 Metropolis™ trains for Bucharest metro in Romania.

In **Americas**, Alstom reported €4.0 billion order intake, as compared to €1.1 billion over the same period last year, notably led by the exceptional performance in Latin America where the Group secured the Tren Maya railway project in Mexico, worth €1.0 billion. For this project, Alstom-Bombardier led consortium will supply 42 X'trapolis™ trains, the full signalling system as well as maintenance. In Brazil, the Group will deliver 36 eight-car trains for the 8-Diamante and 9-Esmerala lines in São Paulo. In Chile, the Group will provide its Urbalis™ CBTC signalling system and 37 Metropolis™ trains for Metro de Santiago's new Line 7. In North America, Alstom signed a contract to supply 60 new Flexity™ streetcars for the City of Toronto, a contract to provide operations and maintenance services for the automated people mover (APM) system at Dallas Fort Worth International Airport (DFW) for the next 10 years, and a contract to supply its state-of-the-art Cityflo™ 650 Communications-Based Train Control (CBTC) solution for the Miami-Dade Metromover system.

The performance in Americas last year was mainly driven by the initial order from Metra for 200 push-pull commuter rail cars in the United States.

In **Asia/Pacific**, the order intake stood at €2.3 billion, as compared to €1.1 billion over the same period last year. The Alstom-led consortium with Taiwanese engineering and contracting services company CTCL won a contract to provide its state-of-the-art integrated metro system for Taipei Circular Line Phase Two, with Alstom's share valued at over €430 million. In addition, Alstom signed a €300 million contract with Victoria's Department of Transport (DoT) to locally supply 25 six-car X'trapolis™ trains for Melbourne's suburban rail network.

Last year's performance in Asia/Pacific was driven by the contract to supply metro cars for Mumbai Line 4 and a major signalling and telecommunications system contract for rapid rail line between Delhi and Meerut in India, as well as the extension project of Taipei Metro Line 7 in Taiwan.

In **Africa/Middle East/Central Asia**, the Group reported €0.3 billion order intake, as compared to €1.0 billion over the same period last year, mainly driven by the contract to provide Casa Transports with 66 Citadis™ X05 trams and an option for 22 additional trams for lines 3 and 4 expected to open by end of 2023. The performance last year was mainly driven by the securing of rolling stock and maintenance follow-on orders of currently active projects.

Alstom received the following major orders during the fiscal year 2021/22:

Country	Product	Description
Australia	Rolling stock	Supply of 25 six-car X'trapolis™ trains for Melbourne's suburban rail network
Belgium	Rolling stock	Supply of 98 additional double-deck multifunction M7 train cars to SNCB
Brazil	Rolling stock	Supply of 36 Metropolis™ trains for São Paulo Metropolitan Train System lines 8 and 9
Canada	Rolling stock	Supply of 60 new Flexity™ streetcars for the City of Toronto
Chile	Rolling Stock / Signalling	Supply of Urbalis™ CBTC signalling system and 37 Metropolis™ trains for Metro de Santiago's new Line 7
Denmark	Rolling stock / Services	Supply of first firm order of 100 Coradia Stream™ regional trains as well as 15-year full-service maintenance for DSB
France	Rolling stock	Supply of 146 suburban trains for the Paris area
France	Rolling stock / Services	Supply of 16 eight-car trains for the Marseille-Toulon-Nice line, operated by Transdev, and maintenance support for a 10-year period
Germany	Rolling stock	Supply of an additional 64 Class 490 S-Bahn trains for S-Bahn Hamburg GmbH
Germany	Rolling stock	Supply of 29 Coradia Stream™ High-Capacity electric double-deck multiple units to DB Regio for RE50 and RB51 lines in Hesse region
Greece	Systems	Supply of rolling stock, signalling and infrastructure solutions for Athens Metro Line 4
Ireland	Rolling stock / Services	Supply of 19 five-car X'trapolis™ commuter trains (1 st batch) including a 15-year support services contract under a framework contract with Iarnród Éireann/Irish Rail
Mexico	Systems / Services	Supply of Tren Maya railway project, including 42 X'trapolis™ trains, the full signalling system as well as maintenance
Norway	Rolling stock	Supply of 30 Coradia™ Nordic regional trains (1 st batch) under a framework contract with Norske Tog
Romania	Rolling stock / Services	Supply of 20 Coradia Stream™ inter-regional trains and associated 15-year maintenance services
Romania	Services	15-years full maintenance services for Bucharest metro fleet, operated by Metrorex
Taiwan	Systems	Supply of the integrated metro system for Taipei Circular Line phase two
UK	Rolling stock / Services	Supply of next generation of very high speed trains for HS2 Phase 1, including an initial 12-year train maintenance contract in joint venture with Hitachi

3. Orders backlog

As of 31 March 2022, the orders backlog stood at €81.0 billion, driven by strong commercial performance while providing the Group with strong visibility over future sales. This represents a 9% increase on an actual basis as compared to 31 March 2021 mainly driven by orders received exceeding combined sales.

Geographic breakdown

Actual figures <i>(in € million)</i>	Year ended 31 March 2022	% of contrib	Year ended 31 March 2021	% of contrib
Europe	44,202	55%	40,804	55%
Americas	13,116	16%	10,491	14%
Asia/Pacific	11,622	14%	11,209	15%
Africa/Middle East/Central Asia	12,073	15%	12,033	16%
BACKLOG BY DESTINATION	81,013	100%	74,537	100%

Product breakdown

Actual figures <i>(in € million)</i>	Year ended 31 March 2022	% of contrib	Year ended 31 March 2021	% of contrib
Rolling stock	40,832	50%	39,052	53%
Services	26,789	33%	24,737	33%
Systems	6,282	8%	4,692	6%
Signalling	7,110	9%	6,056	8%
BACKLOG BY DESTINATION	81,013	100%	74,537	100%

During budget exercises, Alstom re-assesses how the company backlog evolution impacts the future sales cycles. Budget processes are designed to estimate, based on the latest contract costs and planning assumptions, how the contract sales from backlog can develop over time. The March 2022 backlog contribution to the next three fiscal years revenue is expected to reach a €35 billion - €37 billion range.

4. Income statement

4.1 Sales

Alstom's combined sales amounted to €15.5 billion for the fiscal year 2021/22, representing a growth of 11% on a "Pro forma like-for-like New Alstom" comparable basis. Sales related to non-performing backlog, representing sales on projects with a negative margin at completion, as identified at September 30st 2021, amounted to €2.6 billion during the fiscal year. Total sales over the fiscal year 2021/22 have increased by 76% on an actual basis as compared to Alstom sales last year.

Geographic breakdown Actual figures	Year ended		Year ended		% Variation
	% of		% of		Mar. 22/ Mar. 21
	31 March 2022	contrib	31 March 2021	contrib	Actual
<i>(in € million)</i>					
Europe	9,584	62%	5,316	61%	80%
Americas	2,563	17%	1,351	15%	90%
Asia/Pacific	2,172	14%	1,093	12%	99%
Africa/Middle East/Central Asia	1,152	7%	1,025	12%	12%
SALES BY DESTINATION	15,471	100%	8,785	100%	76%

Product breakdown Actual figures	Year ended		Year ended		% Variation
	% of		% of		Mar. 22/ Mar. 21
	31 March 2022	contrib	31 March 2021	contrib	Actual
<i>(in € million)</i>					
Rolling stock	8,647	56%	4,530	51%	91%
Services	3,406	22%	1,745	20%	95%
Systems	1,155	7%	947	11%	22%
Signalling	2,263	15%	1,563	18%	45%
SALES BY DESTINATION	15,471	100%	8,785	100%	76%

In **Europe**, combined sales reached €9.6 billion, accounting for 62% of the Group's total sales and representing an increase of 80% on an actual basis. It was mainly driven by the continued execution of large rolling stock contracts, including the Coradia StreamTM trains in Italy and the Netherlands, the Regio 2N regional trains and the Francilien suburban trains for SNCF in France, the TWINDEXX double-deck trains for SBB in Switzerland, the ICE 4 trains for Deutsche Bahn in Germany, the Aventra trains in the United Kingdom and the double-deck M7-type multifunctional coaches for SNCB in Belgium.

In **Americas**, combined sales stood at €2.6 billion for the fiscal year 2021/22, accounting for 17% of the Group's sales and representing an increase of 90% compared to last year on an actual basis. The projects of Amtrak high-speed trains in the United States and the light metro system for REM in Canada remain top sales contributors within the region, together with the FlexityTM light rail vehicles for Metrolinx and TTC in Toronto, the metro cars for BART fleet of the future in San Francisco and the ALP-45DP locomotives for New Jersey Transit.

In **Asia/Pacific**, sales amounted to €2.2 billion, accounting for 14% of the Group's sales. These sales were driven by the continuous ramp-up of the production of electric locomotives in India and MetropolisTM trains for Sydney metro

extension in Australia and the continued execution of the systems contract for the Bangkok monorail in Thailand and the IGBT 3-phase propulsion sets for Indian Railways.

In **Africa/Middle East/Central Asia**, sales stood at €1.2 billion, contributing 7% to the Group's total sales. The systems contracts for the Cairo monorail trains in Egypt and the rolling stock contract for the X'Trapolis™ Mega commuter trains in South Africa are the main sales contributors within the region, as well as the KZ8A freight locomotives for Kazakh Railways and Azerbaijan Railways.

4.2 Research and development

During the fiscal year 2021/22, research and development gross costs amounted to €667 million, i.e. 4.3% of sales, reflecting the Group's continuous investments in innovation to develop smarter and greener mobility solutions, supporting Alstom In Motion strategy which is based on three pillars: Green Mobility, Smart Mobility and Inclusive and Healthier Mobility. Net R&D amounts to €530 million before PPA amortisation.

<i>(in € million)</i>	Year ended 31 March 2022	Year ended 31 March 2021
R&D Gross costs	(667)	(443)
<i>R&D Gross costs (in % of Sales)</i>	4.3%	5.0%
Funding received	82	91
Net R&D spending	(585)	(352)
Development costs capitalised during the period	124	106
Amortisation expense of capitalised development costs ^(*)	(69)*	(63)
R&D expenses (in P&L) ^(*)	(530)	(309)
<i>R&D expenses (in % of Sales)</i>	3.4%	3.5%

() For the fiscal year ended 31 March 2022, excluding €(74) million of amortisation expenses of the purchase price allocation of Bombardier Transportation.*

Alstom continued the development of the very high-speed trains **Avelia Horizon™**, fully funded by SpeedInnov, with two pre-series trains already performing static tests, that will be followed by dynamic tests in Velim test centre and subsequently on the French tracks. Moreover, Alstom together with Ademe have decided to extend, through SpeedInnov, the **Avelia Horizon™** range to configurations required to address European markets.

The other Rolling stock developments were focused on Alstom **Coradia Stream™** range which has been further extended with longer cars and 15kV traction chain (DACH), Alstom **TRAXX Multi-system 3 - locomotives**, with the development of the passenger version at 200kph and Alstom **Green traction** (battery and hydrogen) program. Hydrogen expertise was reinforced by the acquisition of Helion (new generation of stacks to improve performances and lifetime).

Services product line is focused on addressing green, sustainable and more efficient operation concepts. **Green re-tractioning initiatives** include for example the retrofit with hydrogen-fuelled internal combustion engines for locomotives and the ability to provide autonomy for non-electrified lines via so-called "Last-mile" functionality. This is now applicable for short distances with diesel-hybrid solution, up to 100 km with battery solution, 600 km for bi-mode hydrogen/catenary trains and up to 1,000 km for hydrogen solution without catenary.

Signalling product line worked on **Atlas ETCS** convergence, **ERTMS** level 2 on-board solution, to equip the entire Norwegian railway fleet with **ATLAS™** on-board train control solution. Alstom kept on developing **CBTC solutions**

Urbalis Fluence™ and **Urbalis 400™** (Taipei CL2, Santiago L7) for metros and tramways, delivering Shenzhen L20 (Fluence) and the **ICONIS Suite** for Operational Control Centres, maximizing traffic fluidity and orchestrating operations from distance.

Alstom Innovations cluster continued to develop autonomous freight, where it had a successful GoA2 (Grade of Automation 2) test with SNCF under real mainline operating conditions. In January 2022, Alstom successfully tested, with a real freight locomotive, a first set of perception features able to “see” lateral red-light signals which is a first necessary step towards GoA3.

4.3 Operational performance

In the fiscal year 2021/22, Alstom’s combined adjusted EBIT reached €767 million, equivalent to a 5.0% operational margin, as compared to €645 million or 7.3% during same period last year. Synergies plans post Bombardier Transportation merger are on track, with a €102 million adjusted EBIT impact for the fiscal year 2021/22.

The operational margin percentage was negatively impacted by the €2.6 billion sales traded at zero gross margin, mostly related to legacy Bombardier Transportation projects. Alstom invested significantly in these projects during the fiscal year 2021/22, making strong progress on projects stabilisation, therefore confirming the Group ambition to progressively improve its backlog profitability. This stabilisation was also reflected through a progressive ramp up of production, allowing an increase of Sales and associated margin in the second semester.

Selling and Administrative costs as a percentage of sales represented 6.4% for the combined group as compared to 7.2% on an actual basis last year, confirming the Group ability to deliver significant cost synergies in the coming years.

Over the period, the contribution resulting from the inclusion of the share in net income of the equity-accounted investments whose activity are considered as part of the operating activities of the Group amounted to €145 million, increasing from the €50 million reported last year. The contribution from CASCO Signal Limited joint-ventures amounted to €50 million, whereas former Bombardier Transportation joint-ventures contributed €95 million.

4.4 From adjusted EBIT to adjusted net profit

During the fiscal year 2021/22, Alstom recorded restructuring and rationalisation charges of €(138) million consisting mainly of expenses related to a transformation plan in Germany and Switzerland for €(105) million, the closure of Aptis for €(16) million and €(17) million linked mainly to various initiatives in France, Europe, and in the United States.

Integration costs, impairment & others amounted to €(209) million, consisting of costs related to the integration of Bombardier Transportation for an amount of €(94) million, €(46) million exceptional impact from Aptis activities following Alstom’s announced and planned discontinuance of activities, remedies and assets held for sales impairment for €(28) million, legal proceedings for €(8) million, and other exceptional expenses for €(33) million.

Taking into consideration restructuring and rationalisation charges, integration costs, impairment & others, Alstom’s combined EBIT before amortisation of assets exclusively valued when determining the purchase price allocation (“PPA”) stood at €275 million. This compares to €384 million in the same period last fiscal year.

Net financial expenses of the period amounted to €(25) million, as compared to €(68) million in the same period last fiscal year. This is mainly due to the financial FX effect related to the inefficient part of the acquisition of Bombardier

Transportation hedging having impacted the previous fiscal year, as well as a more favourable commercial Forward Points due to this exercise's portfolio mix, especially Cairo Monorail.

The Group recorded an income tax charge of €(27) million in the fiscal year 2021/22, corresponding to an effective tax rate before PPA of 27%, compared to €(63) million for the same period last fiscal year and an effective tax rate of 27%.

The share in net income from equity investments amounted to €(334) million, excluding the amortisation of the purchase price allocation ("PPA") from Chinese joint ventures of €(13) million. It is impacted by the impairment of Transmashholding (TMH) of €(441) million, offsetting the strong performance of CASCO joint-venture as well as Alstom Sifang (Qingdao) Transportation Ltd. (formerly Bombardier Sifang) and Bombardier NUG Propulsion System Co. Ltd.

Net profit attributable to non-controlling interest totalled €21 million, compared to €12 million in the same period last fiscal year.

Adjusted net profit, representing the group's combined share of net profit from continued operations excluding PPA net of tax, amounts to €(173) million for the fiscal year 2021/22. This compares to an adjusted net profit of €301 million in the same period last fiscal.

4.5 From adjusted net profit to net profit

During the fiscal year 2021/22, amortisation of assets exclusively valued when determining the purchase price allocation ("PPA") in the context of business combination amounted to €(444) million before tax. Positive tax effect associated with the PPA amounts to €41 million, compared to €23 million last year.

The Group's share of net profit from continued operations (Group share), including net effect from PPA after tax for €(403) million, stood at €(576) million, compared to €240 million in the same period last fiscal year.

The net profit from discontinued operations stood at €(5) million. As a result, the Group's combined Net profit (Group share) stood at €(581) million for the fiscal year 2021/22, compared to €247 million in the same period last fiscal year.

5. Free cash-flow

<i>(in € million)</i>	Year ended 31 March 2022	Year ended 31 March 2021
EBIT before PPA	275	384
Depreciation and amortisation	445	307
Restructuring variation	100	(16)
Capital expenditure	(303)	(158)
R&D capitalisation	(125)	(106)
Change in working capital (*)	(1,383)	(1,001)
Financial cash-out	9	(79)
Tax cash-out	(141)	(94)
Other	131	60
FREE CASH FLOW	(992)	(703)

() Change in working capital for €1,383 million corresponds to the €1,349 million changes in working capital resulting from operating activities disclosed in the condensed interim consolidated financial statements from which €100m million variations of restructuring provisions and €(66) million of corporate tax and other tax have been excluded.*

The Group's Free Cash Flow stands at €(992) million for the fiscal year 2021/22 as compared to €(703) million during the comparable period last year.

As expected, the cash generation was notably impacted by an unfavourable €(1,383) million change in working capital compared to €(1,001) million last year; owing to continued projects stabilisation efforts related to Bombardier Transportation legacy projects, project working capital phasing and industrial ramp-up.

Depreciation and amortisation excluding PPA amounted to €445 million (€876 million including PPA), compared to €391 million last year (€307 million including PPA). Right-of-use assets amortisation amounted to €139 million compared to €99 million for the fiscal year 2020/21, increase mainly attributable to the Bombardier Transportation contribution in the combined group.

Financial net cash improved up to €9 million, compared to €(79) million cash-out last year, mainly attributable to interest generated by excess cash deposited by Alstom subsidiaries on deposit accounts and the remuneration of our Negotiable European Commercial Paper programme issuance.

For the fiscal year 2021/22, Alstom spent €303 million in capital expenditures. Apart from investments required to maintain assets in operational state across our industrial footprint, major investments include the developments to support readiness of manufacturing activities in France (Crespin and La Rochelle) or in America (Hornell and Sahagun) as well as the necessary investment to achieve our production rates in Africa/Middle East/Central Asia (South Africa), France (Valenciennes), Asia/Pacific (Sri City) and Europe (Ceska Lipa and Wroclaw).

"Other" Free Cash Flow items as listed above reached €131 million this fiscal year and included mainly dividends from Casco Signal Limited and Bombardier Transportation Chinese joint ventures.

6. Net Cash/(debt)

At 31 March 2022, the Group recorded a net debt position of €(2,085) million, compared to the €(899) million net cash balance that the group reported on 31 March 2021. This €(1,186) million decrease is mainly driven by Free Cash Flow consumption.

In addition to its available cash and cash equivalents, amounting to €810 million at 31 March 2022, the Group benefits from strong liquidity with:

- €1,750 million Revolving Credit Facility maturing in January 2025, and two 1-year extension options at the lenders' discretion. This facility is undrawn at March closing;
- €2,500 million Revolving Credit Facility maturing in January 2027, and two 1-year extension options at the lenders' discretion. This facility is also undrawn at March closing.

With these RCF's lines, the group benefits from €5,060 million of liquidity available, backing up the Negotiable European Commercial Paper programme increased at €2,500 million in July 2021.

7. Equity

The Group Equity on 31 March 2022 amounted to €9,024 million (including non-controlling interests), from €9,117 million on 31 March 2021, mostly impacted by:

- net profit/(loss) of €(581) million (Group share);
- actuarial hypothesis variation on pensions (recorded in equity) of €326 million net of tax;
- currency translation adjustment of €161 million.

8. Subsequent events

On April 25, 2022, Alstom signed the Share Purchase Agreement with CAF (Construcciones y Auxiliar de Ferrocarriles) for the divestment of its Coradia Polyvalent platform, its Reichshoffen production site in France and its Talent 3 platform.

9. Non-GAAP financial indicators definitions

This section presents financial indicators used by the Group that are not defined by accounting standard setters.

9.1 Orders received

A new order is recognised as an order received only when the contract creates enforceable obligations between the Group and its customer.

When this condition is met, the order is recognised at the contract value.

If the contract is denominated in a currency other than the functional currency of the reporting unit, the Group requires the immediate elimination of currency exposure using forward currency sales. Orders are then measured using the spot rate at inception of hedging instruments.

9.2 Book-to-bill

The book-to-bill ratio is the ratio of orders received to the amount of sales traded for a specific period.

9.3 Adjusted Gross Margin before PPA

Adjusted Gross Margin before PPA is a Key Performance Indicator to present the level of recurring operational performance. It represents the sales minus the cost of sales, adjusted to exclude the impact of amortisation of assets exclusively valued when determining the purchase price allocations (“PPA”) in the context of business combination as well as non-recurring “one off” items that are not supposed to occur again in following years and are significant.

9.4 Adjusted EBIT and EBIT before PPA

9.4.1 Adjusted EBIT

Adjusted EBIT (“aEBIT”) is the Key Performance Indicator to present the level of recurring operational performance. This indicator is also aligned with market practice and comparable to direct competitors.

Starting September 2019, Alstom has opted for the inclusion of the share in net income of the equity-accounted investments into the aEBIT when these are considered to be part of the operating activities of the Group (because there are significant operational flows and/or common project execution with these entities). This mainly includes Chinese joint-ventures, namely CASCO joint-venture for Alstom as well as, following the integration of Bombardier Transportation, Alstom Sifang (Qingdao) Transportation Ltd. (formerly Bombardier Sifang) and Bombardier NUG Propulsion System Co. Ltd.

aEBIT corresponds to Earning Before Interests and Tax adjusted for the following elements:

- net restructuring expenses (including rationalisation costs);
- tangibles and intangibles impairment;
- capital gains or loss/revaluation on investments disposals or controls changes of an entity;
- any other non-recurring items, such as some costs incurred to realise business combinations and amortisation of an asset exclusively valued in the context of business combination, as well as litigation costs that have arisen outside the ordinary course of business;
- and including the share in net income of the operational equity-accounted investments.

A non-recurring item is a “one-off” exceptional item that is not supposed to occur again in following years and that is significant.

Adjusted EBIT margin corresponds to Adjusted EBIT expressed as a percentage of sales.

9.4.2 EBIT before PPA

Following the Bombardier Transportation acquisition and with effect from the fiscal year 2021/22 condensed consolidated financial statements, Alstom decided to introduce the “EBIT before PPA” indicator aimed at restating its Earnings Before Interest and Taxes (“EBIT”) to exclude the impact of amortisation of assets exclusively valued when determining the purchase price allocations (“PPA”) in the context of business combination. This indicator is also aligned with market practice.

The non-GAAP measure adjusted EBIT (aEBIT hereafter) and EBIT before PPA indicators reconcile with the GAAP measure EBIT as follows:

<i>(in € million)</i>	Year ended 31 March 2022	Year ended 31 March 2021
Sales	15,471	8,785
Adjusted Earnings Before Interest and Taxes (aEBIT)	767	645
<i>aEBIT (in % of Sales)</i>	<i>5.0%</i>	<i>7.3%</i>
Restructuring and rationalisation costs	(138)	(14)
Integration costs, impairment & others	(209)	(197)
Reversal of Net Interest in Equity Investees pick-up	(145)	(50)
EARNING BEFORE INTEREST AND TAXES (EBIT) BEFORE PPA	275	384
PPA amortisation*	(444)	(84)
EARNING BEFORE INTEREST AND TAXES (EBIT)	(169)	300

(* Gross amount before tax)

9.5 Adjusted net profit

The adjusted net profit” indicator aims at restating the Alstom’s net profit from continued operations (Group share) to exclude the impact of amortisation of assets exclusively valued when determining the purchase price allocations (“PPA”) in the context of business combination, net of the corresponding tax effect.

This non-GAAP measure adjusted net profit indicator reconciles with the GAAP measure Net profit from continued operations attributable to equity holders (Net profit from continued operations – Group share) as follows:

<i>(in € million)</i>	Year ended 31 March 2022	Year ended 31 March 2021
Adjusted Net Profit	(173)	301
Amortization of assets valued when determining the purchase price allocation	(403)	(61)
NET PROFIT FROM CONTINUED OPERATIONS (GROUP SHARE)	(576)	240

9.6 Free cash flow

Free Cash Flow is defined as net cash provided by operating activities less capital expenditures including capitalised development costs, net of proceeds from disposals of tangible and intangible assets. Free Cash Flow does not include any proceeds from disposals of activity.

The most directly comparable financial measure to Free Cash Flow calculated and presented in accordance with IFRS is net cash provided by operating activities.

A reconciliation of Free Cash Flow and net cash provided by operating activities is presented below:

<i>(in € million)</i>	Year ended 31 March 2022	Year ended 31 March 2021
Net cash provided by / (used in) operating activities	(577)	(457)
<i>Of which operating flows provided / (used) by discontinued operations</i>		
Capital expenditure (including capitalised R&D costs)	(428)	(263)
Proceeds from disposals of tangible and intangible assets	13	17
FREE CASH FLOW	(992)	(703)

Alstom uses the Free Cash Flow both for internal analysis purposes as well as for external communication as the Group believes it provides accurate insight into the actual amount of cash generated or used by operations.

During the fiscal year 2021/22, the Group Free Cash Flow was at €(992) million compared to €(703) million last fiscal year.

9.7 Capital employed

Capital employed corresponds to hereafter-defined assets minus liabilities.

- Assets: sum of goodwill, intangible assets, property, plant and equipment, equity-accounted investments and other investments, other non-current assets (other than those related to financial debt and to employee defined benefit plans), inventories, costs to fulfil a contract, contract assets, trade receivables and other operating assets;
- Liabilities: sum of non-current and current provisions, contract liabilities, trade payables and other operating liabilities.

At the end of the fiscal year 2021/22, capital employed stood at €12,102 million, compared to €11,228 million at the end of March 2021.

<i>(in € million)</i>	Year ended 31 March 2022	Year ended 31 March 2021
Non current assets	17,273	17,069
less deferred tax assets	(452)	(541)
less non-current assets directly associated to financial debt	(141)	(174)
less prepaid pension benefits	-	-
Capital employed - non current assets (A)	16,680	16,354
Current assets	13,068	11,167
less cash & cash equivalents	(810)	(1,249)
less other current financial assets	(81)	(28)
Capital employed - current assets (B)	12,177	9,889
Current liabilities	16,209	14,828
less current financial debt	(313)	(526)
plus non current lease obligations	566	590
less other obligations associated to financial debt	(143)	(172)
plus non current provisions	437	295
Capital employed - liabilities (C)	16,756	15,016
CAPITAL EMPLOYED (A)+(B)-(C)	12,102	11,228

9.8 Net cash/(debt)

The net cash/(debt) is defined as cash and cash equivalents, marketable securities and other current financial asset, less borrowings. On 31 March 2022, the Group recorded a net cash level of €(2,085) million, as compared to the net cash position of €(899) million on 31 March 2021 on a stand-alone basis.

<i>(in € million)</i>	Year ended 31 March 2022	Year ended 31 March 2021
Cash and cash equivalents	810	1,250
Other current financial assets	54	28
Other non current assets	27	-
<i>less:</i>		
Current financial debt	313	526
Non current financial debt	2,663	1,651
NET CASH/(DEBT) AT THE END OF THE PERIOD	(2,085)	(899)

9.9 Pro forma like-for-like New Alstom

The "proforma like-for-like New Alstom" variations, orders and sales, correspond to the like-for-like variation of Alstom after the acquisition of Bombardier Transportation integrating Bombardier Transportation over the comparable periods preceding the acquisition. The pre-acquisition financial data used to calculate the "proforma like-for-like New Alstom" variations, sales, are extracted from the historical accounts of Alstom and Bombardier Transportation respectively. In order to ensure the comparability of the results, the proforma restatements as presented in chapter 3 of the URD "Unaudited proforma Condensed Financial Information as of 31 March 2021" have been applied. Data related to the commercial performance correspond to orders intake recorded by Alstom and Bombardier Transportation integrating Bombardier Transportation over the comparable periods preceding the acquisition. These indicators are not presented on an organic basis and, therefore, are not restated in order to eliminate the impact of changes in scope of consolidation and changes resulting from the translation of the accounts into euro following the variation of foreign currencies against the euro.

Sales Q1, Q2 and Q3 2020/21 of Bombardier Transportation were converted at the average quarterly foreign exchange rate EUR/USD of 1/1.1004 for Q1 as communicated in Bombardier Inc Q2 2020 financial report; 1/1.1648 for Q2 as communicated in Bombardier Inc Q3 2020 financial report; 1/1.1910 for Q3 as communicated in Bombardier Inc Q4 2020 financial report.

Sales Q4 corresponds to like-for-like variation for Alstom and Bombardier Transportation combined, considering the activity of Bombardier Transportation as a whole until the closing date as of Jan 29th 2021 and the Q4 2020/21 of New Alstom which included Alstom legacy Q4 2020/21 and Bombardier Transportation contribution for 2 months (February and March 2021). Bombardier Transportation monthly financial data of January 2021 (unaudited) are extracted from the Bombardier Transportation management account in euros. Financial data post acquisition date is extracted from the historical statements of Alstom and Bombardier Transportation combined, prepared in euros under IFRS.

Orders received Q1, Q2 and Q3 2020/21 of Bombardier Transportation were converted at the quarterly closing foreign exchange rate EUR/USD of 1/1.1284 for Q1 as communicated in Bombardier Inc Q2 2020 financial report; 1/1.1702 for Q2 as communicated in Bombardier Inc Q3 2020 financial report; 1/1.2271 for Q3 as communicated in Bombardier Inc Q4 2020 financial report. Bombardier Transportation orders for Jan 2021 were extracted from the Bombardier Transportation management account in euros.

9.10 Adjusted income statement, EBIT and Adjusted Net Profit

This section presents the reconciliation between the consolidated income statement and the MD&A management view.

<i>(in € million)</i>	Total Consolidated Financial Statements (GAAP)	Adjustments				Total Consolidated Financial Statements (MD&A view)
		(1)	(2)	(3)	(4)	
31 March 2022						
Sales	15,471					15,471
Cost of Sales	(13,746)	357	46	20		(13,323)
Adjusted Gross Margin before PPA ^(*)	1,725	357	46	20	-	2,148
R&D expenses	(604)	74				(530)
Selling expenses	(354)					(354)
Administrative expenses	(642)					(642)
Equity pick-up	-				145	145
Adjusted EBIT ^(*)	125	431	46	20	145	767
Other income / (expenses)	(281)		(46)	(20)		(347)
Equity pick-up (reversal)	-				(145)	(145)
EBIT / EBIT before PPA ^(*)	(156)	431	-	-	-	275
Financial income (expenses)	(25)					(25)
Pre-tax income	(181)	431	-	-	-	250
Income tax Charge	(27)	(41)				(68)
Share in net income of equity-accounted investments	(347)	13				(334)
Net profit (loss) from continued operations	(555)	403	-	-	-	(152)
Net profit (loss) attributable to non controlling interests (-)	(21)					(21)
Net profit (loss) from continued operations (Group share) / Adjusted Net Profit (loss) ^(*)	(576)	403	-	-	-	(173)
Purchase Price Allocation (PPA) net of corresponding tax effect	-	(403)				(403)
Net profit (loss) from discontinued operations	(5)					(5)
Net profit (Group share)	(581)					(581)

() non-GAAP indicator, see definition in section 9*

Adjustments 31 March 2022:

- (1) Impact of business combinations: amortisation of assets exclusively valued when determining the purchase price allocation (PPA), including corresponding tax effect;
- (2) Impact of Aptis closure: reclassification of operational results as non-recurring items following Alstom's announced and planned discontinuance of Aptis activities;
- (3) Reclassification of other operational costs to non-recurring items;
- (4) Reclassification of share in net income of the equity-accounted investments when these are considered to be part of operating activities of the Group

<i>(in € million)</i>	Total Consolidated Financial Statements (GAAP)	Adjustments				Total Consolidated Financial Statements (MD&A view)
		(1)	(2)	(3)	(4)	
31 March 2021						
Sales	8,785					8,785
Cost of Sales	(7,400)	62	21	68		(7,249)
Adjusted Gross Margin before PPA (*)	1,385	62	21	68	-	1,536
R&D expenses	(318)	9				(308)
Selling expenses	(230)					(230)
Administrative expenses	(403)					(403)
Equity pick-up	-				50	50
Adjusted EBIT (*)	434	71	21	68	50	645
Other income / (expenses)	(134)	13	(21)	(68)		(211)
Equity pick-up (reversal)	-				(50)	(50)
EBIT / EBIT before PPA (*)	300	84	-	-	-	384
Financial income (expenses)	(68)					(68)
Pre-tax income	232	84	-	-	-	316
Income tax Charge	(63)	(23)				(86)
Share in net income of equity-accounted investments	83					83
Net profit (loss) from continued operations	252	61	-	-	-	313
Net profit (loss) attributable to non controlling interests (-)	(12)					(12)
Net profit (loss) from continued operations (Group share) / Adjusted Net Profit (loss) (*)	240	61	-	-	-	301
Purchase Price Allocation (PPA) net of corresponding tax effect	-	(61)				(61)
Net profit (loss) from discontinued operations	7					7
Net profit (Group share)	247					247

(*) non-GAAP indicator, see definition in section 9

Adjustments 31 March 2021:

- (1) Impact of business combinations: amortisation of assets exclusively valued when determining the purchase price allocation (PPA), including corresponding tax effect;
- (2) Impact of Aptis closure: reclassification of operational results as non-recurring items following Alstom's announced and planned discontinuance of Aptis activities;
- (3) Reclassification of other operational costs to non-recurring items;
- (4) Reclassification of share in net income of the equity-accounted investments when these are considered to be part of operating activities of the Group

9.11 From Enterprise Value to Equity Value

<i>(in € million)</i>		Year ended 31 March 2022
Total Gross debt, incl. Lease obligations	(1)	3,539
Pensions liabilities net of prepaid and deferred tax asset related to pensions	(2)	803
Non controlling interest	(3)	113
Cash and cash equivalents	(4)	(810)
Other current financial assets	(4)	(54)
Other non-current financial assets	(5)	(48)
Net deferred tax liability / (asset)	(6)	(276)
Investments in associates & JVs, excluding Chinese JVs	(7)	(118)
Non-consolidated Investments	(8)	(79)
Bridge		3,070

- (1) Long-term and short-term debt and Leases (Note 27), excluding the lease to a London metro operator for €146 million due to matching financial asset (Notes 15 and 27)
- (2) As per Note 29 restated from Accruals for employees benefit costs not yet deductible as per Note 8.2
- (3) As per balance sheet
- (4) As per balance sheet
- (5) Other non-current assets: Loans to non-consolidated Investments for €(21) million and deposit on a US loan for €(27) million (Notes 15 and 27)
- (6) Deferred Tax Assets and Liabilities – as per balance sheet, restated from Accruals for employee benefit costs not yet deductible as per Note 8.2
- (7) JVs – to the extent they are not included in the share in net income of the equity-accounted investments whose activity are considered as part of the operating activities of the Group / FCF, ie excluding Chinese JVs
- (8) Non-consolidated investments as per Note 14

9.12 Bombardier Transportation PPA amortisation plan

This section presents the amortisation plan of the Purchase Price Allocation of Bombardier Transportation.

<i>(in € million)</i>	Year ended 31 March 2022
Amortisation Plan, as per P&L booking (*)	
2021	(71)
2022	(428)
2023	(398)
2024	(372)
2025	(376)
2026	(267)
2027	(215)
2028	(205)
2029	(167)
2030	(140)
2031	(108)
2032	(97)
Beyond	(290)

() excludes PPA other than related to the purchase of Bombardier Transportation*