



Annual financial statements as at 31 December 2021 and management report

AUDIT REPORT

Huawei Technologies Deutschland GmbH
Düsseldorf

KPMG AG Wirtschaftsprüfungsgesellschaft

The English language text below (Appendices 1.1 to 1.4 and Section 2) is a translation provided for information purposes only. The original German text (Appendices 2.1 to 2.4 and 3) shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

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We would like to draw attention to the fact that there could be rounding differences compared to the mathematically accurate values (monetary units, percentages, etc.).

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To Huawei Technologies Deutschland GmbH, Düsseldorf

1 Audit engagement

At the annual shareholders' meeting held on 1 November 2021 of

Huawei Technologies Deutschland GmbH, headquartered in Düsseldorf,

– hereinafter also referred to as “Huawei” or the “Company” –

we were elected as auditor for financial year 2021. Accordingly, management has engaged us to audit the annual financial statements for the year ended 31 December 2021, together with the accounting records and the management report.

The terms governing this engagement are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on 1 January 2017, which are attached to this report as Appendix 4. Our liability is governed by Clause 9 of the General Engagement Terms. Our liability towards third parties is defined under Clauses 1 (2) and 9 of the General Engagement Terms.

2 Reproduction of the independent auditor's report (translation)

For the annual financial statements and management report we have issued an unqualified auditor's report (Appendix 3). The English language text below is a translation of the independent auditor's report.



Independent Auditor's Report

To Huawei Technologies Deutschland GmbH, Düsseldorf

Opinions

We have audited the annual financial statements of Huawei Technologies Deutschland GmbH, Düsseldorf, which comprise the balance sheet as at 31 December 2021, and the income statement for the financial year from 1 January to 31 December 2021, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Huawei Technologies Deutschland GmbH for the financial year from 1 January to 31 December 2021.

In accordance with German legal requirements, we have not audited the content of the corporate governance statement pursuant to Section 289f (4) HGB [Handelsgesetzbuch: German Commercial Code] (disclosures on the quota for women on executive boards), which is included in Section 4 of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021 and of its financial performance for the financial year from 1 January to 31 December 2021, in accordance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the Company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Other Information

Management is responsible for the other information. The other information comprises the corporate governance statement pursuant to Section 289f (4) HGB (disclosures on the quota for women on executive boards), which is included in Section 4 of the management report.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of a management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 opinions. 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 controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report 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 these systems.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective 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 be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company’s position it provides.
- perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

Düsseldorf, 30 March 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

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[German Public Auditor]



3 Basic findings

3.1 Evaluation of management's assessment of the Company's position

In our opinion, the following key statements in the management report are noteworthy:

- In financial year 2021 sales revenue decreased by EUR 495.1 million to EUR 1,390.1 million in comparison to the previous year. In the ICT area (information, communications and technology), total sales achieved EUR 831.8 million, a decrease compared with 2020 by 1.0 %, and the sales volume of the segment Consumers in 2021 decreased by 68.7 %, whereas segment Enterprise has increased by 32.5 % compared with 2020.
- Return on sales increased from 3.9 % in the previous year to 4.1 % in financial year 2021.
- In the ICT area, due to the increased sales opportunities from the Enterprise business the Company is expecting an increase in revenue for 2022. In the Consumer area, consider its business have more uncertainly related to the US entity list, the revenue forecast of 2022 is notably lower than last busines year. Total revenues are targeted with approximately EUR 1,542 million with a return on sales of 3.8 % for 2022.
- The German Government committed to clear technical safety standards for all suppliers. The two main relevant laws are the IT Security Law and Telecommunication Act (IT-SiG & TKG), approved by government cabinet on 16 December 2020. They passed the legislative process on 23 April 2021 (Federal Parliament) and 7 May 2021 (Federal Council) respectively. The other legislative topic is the Security Catalogue, dated 23 December 2020, amended by German regulator (BNetzA) on 18 August 2021 when publishing the list of critical functions according to the Telecommunication Act.
- If a product is identified by the customer as taking over critical functions, such critical components need to be certified and the supplier must provide a declaration of trustworthiness. If certification of critical components cannot be achieved the customer would no longer purchase these products.
- In case of a breach the declaration of trustworthiness issued in relation to the relevant critical component, the BMI could withdraw the trustworthiness for the specific critical component. As a result, customers would no longer purchase these products.
- Furthermore, the German government may limit a supplier's involvement in critical components if there are overriding public interests concerned. In these cases, there would be a significant negative impact on the Company's assets, liabilities, financial position and financial performance.
- Customers may renegotiate existing contracts to mitigate possible negative impacts resulting from the future legislation.
- Overall, the above mentioned scenarios present a risk of a negative impact on the Company's assets, liabilities, financial position and financial performance.

- Since 2019, pursuant to part 744.11(b) of the United States Export Administration Regulations (hereinafter referred to as “EAR”), the Bureau of Industry and Security (BIS) of the United States added Huawei Technologies Co., Ltd. and certain non-US affiliates (hereinafter referred to as “the Entities”) to the Entity List. Upon the Entities being added to Entity List, export, re-export or in-country transfer of items subject to EAR (including hardware, software and technology etc.) to the Entities shall be subject to BIS license requirement, which restrict access by the Entities to items produced from U.S. technology or software. As a result of being added to the “Entity list”, the shortage of relevant raw materials such as chips leads to insufficient supply of the Consumer Business Group, which has a negative impact on the revenue of the Company, especially in the high-end mobile phone market. This risk is a notable risk for Huawei Group. However, the Group has taken active measures to mitigate the impact of the event, and the Company is also exploring new business areas such as PCs and wearables products to expand the market and make the risk controllable.
- Should the macroeconomic situation worsen due to political tensions or protectionist measures, this could negatively affect investments of network providers, including on the domestic market. In this case, private consumption would be negatively affected as well. The Company is subject to this risk indirectly due to its dependence on the development of Huawei Group.
- Total revenues are targeted with approximately EUR 1,542 million with a return on sales of 3.8 % for 2022.

As a result of our audit, we found that the management report, as a whole, provides an appropriate view of the Company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with German legal requirements, we have not audited the content of the corporate governance statement (disclosures on the quota for women on executive boards), which is included in the management report.

3.2 Violations of regulations not affecting accounting

Supervisory board

The Company has employed more than 500 employees in the reporting period. Contrary to the obligation of Section 1 (1) One-third Participation Act [Drittelbeteiligungsgesetz], the Company has not established a supervisory board. The legal representatives have neither announced this in accordance with Section 97 (1) AktG in the company gazettes and at the same time by posting it in the Company, nor have they filed an application for a court decision in accordance with Section 98 (1) AktG.

4 Performance of the audit

4.1 Scope of the audit

We have audited the financial statements of Huawei Technologies Deutschland GmbH, Düsseldorf, which comprise balance sheet, income statement and notes to the financial statements, including the accounting records, and the management report for the financial year ended 31 December 2021.

Our responsibility is to express an opinion on these annual financial statements and the management report based on our audit.

An audit only covers compliance with other regulations to the extent that these other regulations can be expected to have an impact on the annual financial statements or the management report.

Pursuant to Section 317 (4a) HGB, an audit is not intended to extend to whether the Company's ability to continue as a going concern or the effectiveness and efficiency of management can be assured.

The contents of the corporate governance statement pursuant to Section 289f (4) HGB (disclosures on the quota for women on executive boards), included in the management report, are not within the scope of our audit in accordance with Section 317 (2) sentence 6 HGB. In the course of our audit it is only necessary to determine whether the disclosures pursuant to Section 289f (2) HGB have been made.

As presented in the independent auditor's report, our opinions on the annual financial statements and the management report do not cover the other information, and consequently we do not express an opinion or any form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information is materially inconsistent with the annual financial statements, with the management report information audited for content or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

4.2 Nature and scope of audit procedures

The general principles of our audit approach are already presented in the independent auditor's report (see Section 2 of this report (translation) resp. appendix 3). In addition, we provide the following information on our audit approach and audit performance:

Phase I: Development of an audit strategy focused on business risks

Obtaining an understanding of the Company's business as well as knowledge of the accounting systems and the internal control system

Establishing audit focus areas based on our risk assessment:

- Process of preparing the annual financial statements
- Completeness, existence, accuracy and valuation of inventories
- Completeness, existence and accuracy of trade receivables
- Completeness and accuracy of provisions
- Completeness and accuracy of trade payables
- Existence and accuracy of revenues

Establishing the audit strategy and timeline for the audit

Selecting the audit team and planning the deployment of specialists

Phase II: Selection and implementation of control-based audit procedures

Selection of control-based audit procedures based on risk assessments and knowledge of business processes and systems

Assessment of the design and effectiveness of selected accounting-related controls

Phase III: Tests of details and analytical review of items in the annual financial statements

Performance of analytical reviews of items in the annual financial statements

Tests of details on a sample basis and assessment of individual items with a view to the accounting options and judgements exercised, e.g.:

- obtaining confirmations from lawyers and credit institutions
- obtaining balance confirmations from debtors using a representative sample
- obtaining balance confirmations from creditors using a specified sample

Review of disclosures in the notes and assessment of the management report

Phase IV: Overall assessment of audit results and reporting

Formation of the audit opinion on the basis of the overall assessment of audit results

Reporting in the audit report and the independent auditor's report

Oral presentation of audit results to the management

We performed our audit (with interruptions) in the months of January to March 2022 until 30 March 2022. We carried out a preliminary audit in November 2021.

All explanations and evidence requested by us were provided. The management confirmed in writing that the accounting records, the annual financial statements and the management report are complete.

5 Findings on accounting and financial reporting

5.1 Accounting records and related documents

The Company's accounting records have been properly kept and maintained. The accounting records and related documents are properly authorised, sufficiently explained and filed in an orderly manner. Based on our findings, the accounting records and related documents comply with German legal requirements.

5.2 Annual financial statements

The annual financial statements as at 31 December 2021, presented to us for audit, were properly derived from the Company's accounting records and related documents. The opening balance sheet figures were properly carried forward from the prior year's annual financial statements. The German legal recognition, presentation and measurement requirements have been observed, in all material respects.

The balance sheet and income statement have been prepared, in all material respects, in accordance with the provisions of German commercial law applicable to corporations, including the German Legally Required Accounting Principles. The notes to the financial statements include all legally required information.

The protective clause referred to in Section 286 (4) HGB has been properly applied.

5.3 Management report

The management report prepared by management, in all material respects, complies with German legal requirements.

In accordance with German legal requirements, we have not audited the content of the corporate governance statement (disclosures on the quota for women on executive boards), which is included in the management report.

6 Opinion on the overall presentation of the annual financial statements

6.1 Comments on the overall presentation

The accounting policies applied to the annual financial statement items, in all material respects, comply with the requirements of German commercial law applicable to corporations. These are described in the notes to the financial statements (see Appendix 1.3 Section "Accounting and valuation principles applied").

The exercise of accounting and valuation options as well as accounting judgements with regard to the following annual financial statement items has a material effect on the Company's assets, liabilities, financial position and financial performance:

Valuation of inventories

Merchandise and work in process are measured at weighted average costs. For spare parts and loaned inventory, which are both included in merchandise, the devaluation is calculated based on historical scrap rates. The measurement of inventories is not based on a customer order-related basis. The Company expects the lower of cost or market risk not to be relevant as the distribution agreements with its main suppliers guarantee a positive margin for the Company. Overall, the allowances on inventories amounted to kEUR 5,436 in the financial year 2021 (prior year: kEUR 4,662).

Provisions for employee bonus and benefit plan

The accrual for employee bonus amounts to kEUR 39,593 (prior year: kEUR 31,258) and is calculated using management's best estimate. Based on the prior year's bonus payments and considering the development of the number of employees, a percentage surcharge for the expected development of the Company's bonus budget is applied. The determination of the bonus development is based on the business performance of the Company. Management views the bonus payments mainly as a factual obligation and is providing for the amount it expects to pay out.

In addition, Huawei grants certain employees the participation in a five-year benefit plan ("TUP"). The TUP scheme includes an annual dividend payment (short-term benefit) as well as a long-term component (unit value appreciation). Both benefits require a defined vesting period. The accrual for the benefit plan amounts to kEUR 4,036 (prior year: kEUR 6,334).

Deferred income

Deferred income amounting to kEUR 78,818 (prior year: EUR 0) contains deferred revenues relating to contractually agreed warranty services of the Carrier Network Business Group and Enterprise Business Group segments. In the prior year, the Company presented a deferred income amounting to kEUR 78,856 within other provisions. In 2021 the Company has reclassified the amounts which are now presented within deferred income. Huawei adopted the expected cost plus a margin approach and developed a model to determine individual allocation ratios, representing the proportion of “warranty revenue” as a percentage of product sales revenue, based on each customer contract. The recognized deferred income will be released to revenue on a straight-line basis over the remaining contract period.

The following transactions were carried out which had a material effect on the overall presentation of the annual financial statements:

Product supply agreements

The Company concluded with effect of 1 January 2019 product supply agreements with the affiliated companies and suppliers Huawei International Co. Limited, Hong Kong/China, and Huawei Device (Hong Kong) Co. Limited, Hong Kong/China. The contracts determine the prices for the purchase of Huawei Group products to ensure the Company gains a sufficient profit before interest and taxes. These agreements were renewed for the next two years at the end of December 2020.

Cash pool agreement

With effect of 22 October 2012, the Company entered into a cash pool agreement with Bank Mendes Gans N.V., Amsterdam/the Netherlands. Funds as well as borrowings will be charged with interests applying the interbank rate. The Company’s cash balance in the cash pool amounts to kEUR 124,521 at 31 December 2021 (prior year kEUR 100,916). To safeguard any possible claims of Bank Mendes Gans N.V. arising from the cash pool contract, Huawei Technologies Deutschland GmbH pledges all balances in its accounts opened with Bank Mendes Gans N.V. in favor of the bank.

6.2 Conclusion on the overall assertion of the annual financial statements

In the annual financial statements as at 31 December 2021, the Company exercised accounting and valuation options consistently with the prior year. The most significant instances of judgement from the point of view of the overall presentation consist of the bonus provisions.

The material transactions referred to in Section 6.1 of this report have overall contributed to a considerable increase in the Company's liquidity. Net income has also been affected positively overall by these transactions.

Based on an overall consideration of the accounting policies and material transactions described above, we are of the opinion that the annual financial statements give a true and fair view of the assets, liabilities and financial position of the Company and of its financial performance in accordance with German Legally Required Accounting Principles.

7 Concluding remarks

This audit report has been prepared in accordance with the principles of Auditing Standard 450 (as amended), promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

We hereby confirm pursuant to Section 321 (4a) HGB that we have conducted our audit in accordance with the applicable independence regulations.

The independent auditor's report (translation) is presented in Section 2. The original independent auditor's report is presented as Appendix 3.

Düsseldorf, 30 March 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Signiert von
Olivier Kossi Tokple
am 31.03.2022

Tokple
Wirtschaftsprüfer
[German Public Auditor]

Signiert von
Yixin Lu
am 31.03.2022

Lu
Wirtschaftsprüferin
[German Public Auditor]



Appendices

Appendix 1
Annual financial
statements as at
31 December 2021
and management report
(translation)

1.1 Balance sheet

1.2 Income statement

1.3 Notes

1.4 Management report

Huawei Technologies Deutschland GmbH, Düsseldorf

Balance sheet as at 31 December 2021 (translation)

Assets

	31 Dec. 2021		31 Dec. 2020	
	KEUR	KEUR	KEUR	KEUR
A. Fixed assets				
I. Intangible assets				
Purchased software		1		28
II. Property, plant and equipment				
1. IT Hardware	91,673		122,582	
2. Other equipment, operating equipment	14,908		17,624	
3. Advance payments and assets under construction	17,278	123,859	17,379	157,585
		123,860		157,613
B. Current assets				
I. Inventories				
1. Work in process	22,762		29,115	
2. Merchandise	88,332	111,094	82,890	112,005
II. Receivables and other assets				
1. Trade receivables	205,037		311,850	
2. Receivables from affiliated companies	35,707		15,450	
3. Other assets	5,576	246,320	2,316	329,616
III. Cash and cash equivalents		130,831		118,301
		488,245		559,922
C. Prepaid expenses		449		913
		612,554		718,448

Equity and liabilities

	31 Dec. 2021	31 Dec. 2020
	kEUR	kEUR
A. Equity		
I. Subscribed capital	150	150
II. Retained earnings	52,340	78,789
III. Net income for the year	36,708	43,551
	89,198	122,490
B. Provisions		
1. Tax provisions	0	7,095
2. Other provisions	243,509	412,741
	243,509	419,836
C. Liabilities		
1. Advance payments received on orders	63,288	39,661
2. Trade payables	16,511	26,083
3. Liabilities to affiliated companies	56,070	63,724
4. Other liabilities	65,160	46,654
	201,029	176,122
D. Deferred income	78,818	0
	612,554	718,448

Huawei Technologies Deutschland GmbH, Düsseldorf

Income statement for the period from 1 January to 31 December 2021 (translation)

	2021		2020	
	kEUR	kEUR	kEUR	kEUR
1. Revenue		1,390,111		1,885,245
2. Decrease in work in process		-6,353		-17,097
3. Other operating income		6,777		5,299
4. Cost of materials				
a) Cost of purchased goods	-797,925		-1,224,690	
b) Cost of purchased services	-219,432	-1,017,357	-265,845	-1,490,535
5. Personnel expenses				
a) Wages and salaries	-141,531		-129,418	
b) Social security, pension and other benefits	-11,320	-152,851	-11,615	-141,033
6. Amortisation of intangible assets and depreciation of property, plant and equipment		-70,540		-70,705
7. Other operating expenses		-92,119		-98,191
8. Other interest and similar income		61		2
9. Interest and similar expenses		-3,587		-3,790
10. Income taxes		-17,435		-25,645
11. Profit after taxes/Net income for the year		36,708		43,551

Huawei Technologies Deutschland GmbH, Düsseldorf

Registered office: Düsseldorf – Registered
court: Local court Düsseldorf, HRB 72992

Notes to the financial statements for the financial year 2021 (translation)

General statements

The annual financial statements are prepared based on the accounting and valuation principles applicable to large-sized limited liability companies of German Commercial Code (HGB) and German Limited Liability Companies Act (GmbHG).

The structure of the balance sheet and the income statement corresponds to the statutory regulations as set out in Sections 266 and 275 HGB.

The income statement structure is in line with total cost accounting structure.

The Company is a large-sized limited liability company in terms of Section 267 (3) HGB.

The accounting and valuation principles applied to the annual financial statements for the period from 1 January to 31 December 2021 are unchanged compared to prior year.

In the prior year deferred revenue relating to contractually agreed warranty services were presented within “other provisions”. As of 31 December 2021 the deferred revenue has been reclassified to “deferred income”. Therefore, the comparability to prior year is limited. In order to ensure comparability prior year figures are presented in section “Accounting and valuation principles applied”.

Management acts on the assumption of the Company as a going concern.

Accounting and valuation principles applied

Purchased **intangible assets** and **property, plant and equipment** are recorded at their acquisition respectively construction costs. Similar assets (especially servers) are recorded at weighted average cost. Intangible assets and property, plant and equipment with restricted useful lives are amortised respectively depreciated according to individual expected useful life period using the straight-line method pro rata temporis.

The useful lives are determined as follows:

	Years
Purchased software	3
Computer, notebooks and peripheral devices	3 - 6
Office machines	7 - 8
Fixtures and furniture	10 - 13

Low value assets with acquisition costs up to EUR 800.00 are immediately expensed in their acquisition year.

Merchandise is recorded at continuous average cost price. For **work in process** deductions for stock risks relating to the turnover period as well as reduced usability are applied.

Receivables and other assets are recorded at nominal value. The general credit risk is considered by respective allowances based on the aging of underlying receivables.

Cash and cash equivalents are recorded at their nominal value.

Prepaid expenses contain payments made before the balance sheet date that are expenses attributable to the financial year 2022.

Shareholder's equity is recorded at its nominal value.

Provisions are recorded at the amount expected to be paid under reasonable commercial assessment. Other provisions contain all risks and obligations identifiable as at balance sheet date. Provisions with a residual term exceeding one year are discounted applying an average market discount rate concurrent with their term. Related interest expenses as well as income are calculated on the assumption that changes of the interest rate occur at period end. Interest effects due to changed assumptions are presented within the operating result.

Liabilities are recorded at the amount to be paid.

Deferred income represents receipts before the balance sheet date in case that they represent income for a specific period after the balance sheet date.

Receivables and liabilities denominated in foreign currencies are converted using the average spot exchange rate valid as at balance sheet date in accordance with Section 256a

HGB. In case of long-term items this exchange rate only applies if this would lead to decreased receivable amount respectively increased payable amount.

Deferred taxes are calculated on all temporary differences between commercial balance sheet and balance sheet under German tax law. An overall deferred tax liability is recorded accordingly in the commercial balance sheet. An overall deferred tax asset is not recorded voluntarily in accordance with Section 274 (1) HGB.

Commentaries on balance sheet and income statement

The gross development of the different **fixed assets** items is shown in separate attachment to these notes (Development of fixed assets).

Trade receivables due from third parties are due within one year completely and amount to kEUR 205,037 (prior year: kEUR 311,850) as at balance sheet date.

As in prior year, **receivables from affiliated companies** amount to kEUR 35,707 (prior year: kEUR 15,450), relate to trade receivables and are due within one year. As in prior year, they do not contain any receivable due from the shareholder.

Other assets comprise rental deposits with a remaining period exceeding one year in the amount of kEUR 2,124 (prior year: kEUR 1,993) and reimbursements of income tax prepayments for the financial year 2021 in the amount of kEUR 2,521 (prior year: kEUR 0).

Deferred tax assets are mainly related to temporary differences from inventory provisions as well as to sales provisions. The calculation of deferred taxes is based on the combined tax rate of 31.82 % (prior year: 31.80 %). The combined tax rate comprises trade tax, corporate income tax and solidarity surcharge. Waiving the option of Section 274 (1) sentence 2 HGB, Huawei Technologies Deutschland GmbH does not record for the deferred tax asset as at 31 December 2021.

The **subscribed capital** of EUR 0.2 million is completely paid. In the shareholder meeting at 1 July 2021 the shareholder resolved a profit distribution by reduction of retained earnings with an amount of kEUR 70,000. The payment was made at the end of July 2021.

Other provisions comprise provisions for expected price guarantees and discounts of kEUR 118,515 (prior year: kEUR 190,331), warranty provisions of kEUR 22,228 (prior year: kEUR 107,508), payroll related provisions of kEUR 56,774 (prior year: kEUR 50,074), provisions for outstanding invoices of kEUR 32,932 (prior year: kEUR 43,966), provisions for outstanding subcontractor invoices of kEUR 11,871 (prior year: kEUR 19,732), legal provisions of kEUR 897 (prior year: kEUR 856) and other provisions of kEUR 292 (prior year: kEUR 273).

Due to the reclassification of deferred revenue from other provisions to deferred revenue amounting to kEUR 78,818 as of 31 December 2021, the comparability is impaired. In the prior

year, deferred revenue amounting to kEUR 78,856 were presented as “warranty provisions” within other provisions.

Advance payments received on orders amount to kEUR 63,288 (prior year: kEUR 39,661).

Trade payables due from third parties amount to kEUR 16,511 (prior year: kEUR 26,083) and are due within one year completely, as in prior year.

As in prior year, **liabilities to affiliated companies** relate to trade payables and are due within one year. As in prior year, they do not contain any payables due to the shareholder.

Other liabilities comprise mainly tax related liabilities in the amount of kEUR 55,100 (prior year: kEUR 23,737). All liabilities are due within one year.

Deferred income amounting to kEUR 78,818 (prior year: EUR 0) includes deferred revenues relating to contractually agreed warranty services of the Carrier Network Business Group and Enterprise Business Group segments.

Revenues split up as follows:

	2021	2020
	EUR m	EUR m
Carrier Network BG	831.8	840.5
Enterprise BG	303.0	228.7
Consumer BG	255.3	816.0
	1,390.1	1,885.2

The sales are conducted within Germany (kEUR 1,348,043; prior year: kEUR 1,813,267) as well as abroad (kEUR 42,068; prior year: kEUR 71,978).

Other operating income comprises gains on foreign exchange translation amounting to kEUR 1,068 (prior year: kEUR 1,329), and income related to prior periods amounting to kEUR 3,144 (prior year: kEUR 3,796) resulting essentially from reversed accruals kEUR 5 (prior year: kEUR 800) and refund for payment of social security contributions kEUR 3,139 (prior year: kEUR 2,996) in last year.

Other operating expenses comprise losses on foreign exchange translation amounting to kEUR 1,223 (prior year: kEUR 1,462). In the business year 2021 **expenses related to prior periods** amount to kEUR 335 (prior year kEUR 332) resulting from the disposal of fixed assets.

Interest income (incl. interest income from bank balances) amounts to kEUR 61 (prior year: kEUR 2) while **interest expenses** amount to kEUR 3,587 (prior year: kEUR 3,790). Thereof interest expenses to related parties amount to kEUR 338 (prior year: kEUR 198). Interest expenses from discounting of long-term accruals amount to kEUR 0 (prior year: kEUR 29)

Other commentaries

Relevant contracts with related parties

The Company concluded with effect of 1 January 2019 product supply agreements with the Huawei group companies Huawei International Co. Limited, Hong Kong/China, and Huawei Device (Hong Kong) Co. Limited, Hong Kong/China. These contracts arrange the purchase prices for deliveries of Huawei Group Products to the Company. The contracts also contain a compensation mechanism to accommodate any difficulties arising in price settings caused by volatility of the sales market relevant to the Company as well as the not foreseeable amount of market development costs. Following this, the contracts determine a certain intended profit margin to ensure a reasonable profit before interests and taxes. These contracts were renewed for the next two years at the end of December 2020.

Audit expenses

In the business year 2021 the fee of the external auditor amounts to kEUR 172 (prior year: kEUR 138) and it was only for audit services.

Contingent liabilities

With contract signed on 12 November 2012 Huawei Technologies Deutschland GmbH entered a Cash Pool Contract with the Bank Mendes Gans N.V., Amsterdam/the Netherlands. To safeguard any possible claims of Bank Mendes Gans N.V. arising from the cash pool contract, Huawei Technologies Deutschland GmbH pledges all balances in its accounts opened with Bank Mendes Gans N.V. in favor of the bank. These have a balance of kEUR 124,521 (prior year kEUR 100,916) as at the balance sheet date.

Any claims against the Company from these contingent liabilities are currently assessed by management to be remote because of the liquidity situation of the primary debtors.

The Company has signed an absolute guarantee against the landlord of the office building in Düsseldorf in the amount of EUR 800k dated on 19 December 2013 with indefinite period of time. This guarantee was granted in terms of the rental contract between the affiliated company Huawei Technologies Duesseldorf GmbH, Düsseldorf, and the landlord.

Any claim against the Company from these contingent liabilities are currently assessed by management as unlikely because of the liquidity situation of the primary debtors.

Besides the above-mentioned contingent liabilities, no further contingent liabilities relevant to assess the financial situation of the Company exist.

Other financial obligations

As at the balance sheet date the Company had other financial obligations relating to rental and leasing contracts in the amount of kEUR 25,351 (prior year: kEUR 31,225). These obligations split up to the following remaining residual terms:

	Residual Term < 1 year	Residual Term 1 - 5 years	Residual Term > 5 years	Total
	kEUR	kEUR	kEUR	kEUR
Buildings	6,272	18,322	-	24,593
Car leasing	437	321	-	757
Total rental and lease obligations	6,708	18,642	-	25,351

During the business year 2021 the Company has employed 720 employees (exclusively white-collar) in average (prior year: 767). These employees split up as follows:

	2021	2020
Local employees	486	498
Expatriates	234	269
Total	720	767

Managing directors of the Company during the business year 2021 were:

- Mr. Defeng Zuo, Chief Executive Officer (CEO), Düsseldorf, (since 24 June 2019),
- Mr. Jian Li, President of European Region of Huawei Group, Warshau/Polen, (until 24 August 2021),
- Mr. Xiaowen Ye, Chief Finance Officer (CFO), Düsseldorf, (until 24 August 2021).

Because only one managing director received a compensation from the Company during the business year, the compensation of the managing directors is not provided in accordance with Section 286 (4) HGB.

Group affiliation

The Company is a 100 % subsidiary of Huawei Technologies (Netherlands) B.V., Amsterdam/ the Netherlands, and consolidated in the smallest subgroup consolidated financial statements of Huawei Technologies Coöperatief U.A., Amsterdam/the Netherlands as well as in the consolidated financial statements of Huawei Investment & Holding Co., Ltd., Shenzhen/China, which is preparing the consolidated financial statements for the biggest Group sphere. The consolidated financial statements of Huawei Technologies Coöperatief U.A. are published on the webpage of the Netherlands Chamber of Commerce, while the consolidated financial statements of Huawei Investment & Holding Co., Ltd. are published on the home page of Huawei Group.

Proposal of appropriation of net income for the year

The management proposes to carry forward the net income for the year of EUR 36,707,681.82.

Post balance sheet date events

We are not aware of any relevant incidents occurred after balance sheet date. The COVID 19 pandemic didn't and doesn't have a substantial impact on the operation of the Company.

Düsseldorf, 30 March 2022

Huawei Technologies Deutschland GmbH

Defeng ZUO

Managing Director

Huawei Technologies Deutschland GmbH, Düsseldorf

Development of fixed assets in the financial year 2021 (gross development)

Costs of acquisition and construction					
	1.1.2021	Additions	Disposals	Reclassi- fications	31.12.2021
	kEUR	kEUR	kEUR	kEUR	kEUR
I. Intangible assets					
Purchased software	891	0	32	0	859
II. Property, plant and equipment					
1. IT Hardware	311,025	20,361	15,139	15,028	331,275
2. Other equipment, operating equipment	24,243	1,826	237	1	25,833
3. Advance payments and assets under construction	17,379	17,277	2,349	-15,029	17,278
	352,647	39,464	17,725	0	374,386
	353,538	39,464	17,757	0	375,245

Cumulative amortisation and depreciation				Net book value	
1.1.2021	Amortisation and depreciation during the financial year	Disposals	31.12.2021	31.12.2021	31.12.2020
kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
863	27	32	858	1	28
188,443	66,041	14,882	239,602	91,673	122,582
6,619	4,472	166	10,925	14,908	17,624
0	0	0	0	17,278	17,379
195,062	70,513	15,048	250,527	123,859	157,585
195,925	70,540	15,080	251,385	123,860	157,613

Huawei Technologies Deutschland GmbH

Düsseldorf

Management report for the financial year 2021 (translation)

1. Fundamental information about the Company

Huawei Technologies Deutschland GmbH (hereinafter also referred to as "Huawei") is a local affiliate of Huawei Group¹ on the German market. It has been active since 2001. In year 2021, Huawei Technologies Deutschland GmbH employs more than 700 people in more than ten locations (among them Düsseldorf, Bonn, Eschborn, Munich and Berlin). Among Huawei's German customers are Deutsche Telekom, Vodafone and Telefónica.

The objective of the Company is the trading and distribution of telecommunications equipment products and all related activities and services.

Huawei's product portfolio encompasses network infrastructure, enterprise business, professional services and software as well as mobile end devices such as smartphones and tablet PCs.

Huawei is an important player in the implementation of the Federal Government's efforts to promote broadband expansion, e.g. in 5G roll-out and bringing broadband access to rural areas. We have Open Labs in Munich and a joint innovation centre with Deutsche Telekom to develop customised solutions together with partners. It is very important for Huawei to contribute to cyber security, e.g. we are an active member of the initiative "Deutschland sicher im Netz" (Germany safely online). Moreover, Huawei has been part of the Federal Government's IT summit for several years. We actively participate in industry discussions and industrial events, such as Plattform Industrie 4.0, several working groups of BITKOM in Germany and are active member of the Initiative D21.

The products of Huawei Technologies Deutschland GmbH were provided by the Huawei Group, Huawei Group has long adhered to a "multi-path, multi-source" procurement strategy, and does not rely on a single country or a single supplier.

2. Report on economic position

Macroeconomic and industry related frame conditions

The German Council of Economic Experts (GCEE) reports within the annual report 2021/2022 about the ongoing and moderate growth of the world economy. For 2021, the GCEE expects gross domestic product (GDP) in the euro area as a whole to grow

¹ The Huawei Group is one of the world's leading providers of telecommunications solutions and serves most of the Top 50 telecommunication companies worldwide. Huawei Group is comprised of Huawei Investment & Holding Co. Ltd. and all affiliated companies.

strongly at a rate of 5.2 %. In 2022, the GDP growth rate in the euro area is expected to increase by 4.3 %.²

For Germany, GCEE expects the GDP to grow at a rate of 2.7 % in 2021. The labour market in Germany has developed better at the first half of 2021 than in 2020.

The inflation rate in 2021 was about 3.1 % in Germany.³

According to BITCOM (industry association of the German information and telecommunications sector) the information, communications and technology (ICT) industry achieved total revenue of EUR 178.4 billion in FY 2021. ICT sales is expected to rise by 3.6 % to EUR 184.9 billion in 2022.⁴

In this regard, the most important driver for growth is still IT products, especially IT related services as well as telecommunication devices.

Business development

Huawei Technologies Deutschland GmbH is the German distributor company of the Huawei Group. Revenues are earned in the segments network equipment, terminals (consumer) and other accessories as well as installation and other services. In financial year 2021, sales revenue decreased by EUR 495.1 million to EUR 1,390.1 million and thus decreased by 26.3 %. The Company therefore generated revenues slightly below the expectations (budget EUR 1,400.0 million) for this year. However, profit before tax (actual EUR 54.1 million; forecast EUR 51.6 million) exceeded the original forecast slightly. In the ICT area (Carrier Network Business Group), total sales achieved EUR 831.8 million, a decrease compared with 2020 by 1.0 %, and the sales volume of the segment Consumers in 2021 decreased by 68.7 %, whereas segment enterprise has increased by 32.5 % compared with 2020.

With an overall decrease in other operating expenses compared to sales, operating income⁵ decreased from EUR 73.0 million in the previous year to EUR 57.6 million. Return on sales⁶ increased from 3.9 % in the previous year to 4.1 % in financial year 2021. The Company therefore slightly exceeded the expected return on sales (budget 3.7%) for 2021.

The most relevant financial key performance indicators of Huawei Deutschland are revenues and return on sales.

² The German Council of Economic Experts. (10 November 2021). *ECONOMY: SUPPLY-SIDE BOTTLENECKS DAMPEN GROWTH*. Annual Report 2021/22. https://www.sachverstaendigenrat-wirtschaft.de/fileadmin/dateiablage/gutachten/jg202122/JG202122_Chapter_1.pdf

³ The German Council of Economic Experts. (10 November 2021). *TRANSFORMATION GESTALTEN: BILDUNG, DIGITALISIERUNG UND NACHHALTIGKEIT*. Annual Report 2021/22. <https://www.sachverstaendigenrat-wirtschaft.de/en/annualreport-2021.html?returnUrl=%2Fen%2Findex.html&cHash=0246529df7714d8aea64d9dd5adc87f1>

⁴ Bitkom. (2022, January). *ITK-Marktzahlen*. Press Release. https://www.bitkom.org/sites/default/files/2022-01/bitkom_itk_marktzahlen_januar_2022_kurzfassung.pdf

⁵ Profit before interest and income taxes

⁶ (Operating income x 100) / revenue

	2021	2020	Change	
	Million EUR	Million EUR	Million EUR	%
Sales revenue	1,390.1	1,885.2	-495.1	-26 %
Other operating income	6.8	5.3	1.5	28 %
Change in inventory	-6.4	-17.1	10.7	-63 %
Cost of materials	-1,017.4	-1,490.5	473.1	-32 %
Gross earnings	373.1	382.9	-9.8	-3 %
Personnel expenses	-152.9	-141.0	11.9	8 %
Depreciation	-70.5	-70.7	-0.2	0 %
Other operating expenses	-92.1	-98.2	-6.1	-6 %
Operating expenses	-315.5	-309.9	-5.6	2 %
Operating result	57.6	73.0	-15.4	-21 %
Financial result	-3.5	-3.8	0.3	-8 %
Income taxes	-17.4	-25.6	8.2	-32 %
Annual net profit	36.7	43.6	-6.9	-16 %

Profit situation

The profit situation of our Company was decreasing.

	2021	2020	Development	
	Million EUR	Million EUR	Million EUR	%
Carrier Network BG	831.8	840.5	-8.7	-1,0 %
Enterprise BG	303.0	228.7	74.3	32,5%
Consumers BG	255.3	816.0	-560.7	-68,7 %
	1,390.1	1,885.2	-495.1	-26,3 %

Sales revenues decreased in financial year 2021 by 26.3 % to EUR 1,390.1 million in comparison to the previous year.

With disproportional decreased material expenses the gross profit ratio of 26.8 %⁷ is higher than in the previous year (20.3 %). The increase in personnel expenses amounts to EUR 11.9 million and is mainly due to the bonus increase. The decrease in other operating expenses amounts to EUR 6.1 million and results from the reduced business activity.

To ensure a reasonable profit margin the Company has agreed product supply agreements with the Huawei International Co. Limited, Hong Kong/China, and Huawei Device (Hong Kong) Co. Limited, Hong Kong/China.

⁷ Gross earning / sales revenue

The income tax ratio in financial year 2021 amounts to 32.2 % (previous year: 37.1 %).

After taking the financial result into account and deducting income tax burdens (EUR 17.4 million; previous year: EUR 25.6 million) the annual surplus for our Company amounts to EUR 36.7 million, after EUR 43.6 million in 2020.

Asset and financial situation

The financial situation of our Company is characterised by the decreased business volume in financial year 2021.

	31.12.2021	31.12.2020	Change	
	Million EUR	Million EUR	Million EUR	%
Fixed assets	123.9	157.6	-33.7	-21 %
Inventories	111.1	112.0	-0.9	-1 %
Receivables and other assets	246.3	329.6	-83.3	-25 %
Cash and cash equivalents	130.8	118.3	12.5	11 %
Current assets	488.2	559.9	-71.7	-13 %
Prepaid expenses	0.4	0.9	-0.5	-51 %
Total assets	612.5	718.4	-105.9	-15 %
Equity	89.2	122.5	-33.3	-27 %
Provisions	243.5	419.8	-176.3	-42 %
Liabilities	201.0	176.1	24.9	14 %
Deferred income	78.8	0.0	78.8	
Total equity and liabilities	612.5	718.4	-105.9	-15 %

Total assets decreased by EUR 105.9 million on 31 December 2021 to EUR 612,5 million.

On the assets side investments of EUR 39.5 million, amortisations of EUR 70.5 million, and disposals of EUR 2.7 million led to a decrease in fixed assets by EUR 33.7 million. In addition to investments in our IT networks and in the remaining business equipment, additional project-specific investments were made in IT hardware and software in the amount of EUR 20.4 million (previous year: EUR 48.9 million, with disclosure under assets under construction).

Current assets decreased by EUR 71.7 million to EUR 488.2 million. Inventories slightly decreased by EUR 0.9 million to EUR 111.1 million. Receivables and other assets decreased by 25 % to the amount of EUR 246.3 million. Inventories, receivables and prepayments account for 58 % of the total assets. Equity decreased by EUR 33.3 million to EUR 89.2 million. The equity capital ratio on 31 December 2021 amounted to 14.6 %⁸ (prior year 17.1 %); the asset coverage is 72.0 %⁹ (prior year 77.7 %).

⁸ equity / total assets

⁹ equity / fixed assets

Other provisions decreased from EUR 412.7 million to EUR 243.5 million, mainly due to decreased accruals for sales deductions (EUR -71.8 million) and the reclassification of deferred revenues relating to contractual and individual agreed warranty services (EUR - 78.8 million) to deferred income. Liabilities increased by EUR 24.9 million, caused by increased advance payments received on order (EUR +23.6 million) and other liabilities (EUR +18.5 million), partly offset by the decrease of trade payables (EUR -9.6 million) and liabilities to affiliated companies (EUR -7.7 million).

The financing of our business operations is done using equity capital as well as short-term credits within the framework of a cash pooling procedure. Due to the cash flow of the past financial years and the complete earnings retention we have liquid funds in the amount of EUR 130.8 million (prior year EUR 118.3 million) on the balance sheet date.

At the time of preparing the financial statements and management report, we are very satisfied with the development of the asset, finance and profit situation of the Company.

3. Forecast, opportunities and risks report

Forecast report

The Company expects growth and a steady expansion. For example, all major German telecommunications providers use Huawei products and solutions.

It is Huawei's most important goal to always offer new and cutting-edge solutions to our customers, and to further develop existing products reliably and economically.

In the carrier infrastructure segment, we want to achieve a sustainable increase in market shares by both winning new business and deepening our partnerships with existing customers. We want to further improve Huawei's position in the strategically important markets for enterprise networks by expanding our cooperation with the most important network providers.

In the ICT area, due to the increased sales opportunities from the Enterprise business we are expecting an increase in revenue for 2022. In the Consumer area, consider its business have more uncertainty related to the US entity list, the revenue forecast of 2022 is notably lower than last business year. Total revenues are targeted with approximately EUR 1,542 million with a return on sales of 3.8 % for 2022.

The statements contained in this management report regarding future developments are based on assessments by the management which have been made according to the best of their knowledge and belief at the time of creation. These statements are by nature subject to a number of risks and uncertainties which, should they arise, could lead to different results than those anticipated.

Opportunities and risks report

Management has set up a compliance team which assumes responsibility to ensure a proper framework for the risk management system. All relevant potential risks are identified, analysed and assessed regularly. Apart from defining responsibilities, the risk management system defines indicators for any risks that might threaten the Company's existence. Currently no material risks regarding the financing or solvency situation have been identified. The solvency situation is monitored permanently.

Opportunities

We are reporting about opportunities in ranking with declining relevance:

The digital economy has become a major engine of global economic growth. Green and low-carbon technologies have become new drivers for sustainable development. This combination of digital transformation and green development presents Huawei with extensive new opportunities.

As communication and IT/cloud infrastructures are the basis of digitalisation the market for information and communications technology will become even more significant in the future, which leads to opportunities for further growth for Huawei.

Network and service providers which are the customer base of Carrier Network Business Group of Huawei Technologies Deutschland and their steady investments in LTE and 5G and fixed network broadband technologies are a vital factor for our sustainable business in this area. Over the past years, the German network providers have made considerable investments in these domains. Here we see already increasing demand and growing investments in coming years due to the importance of 5G and fibre-based networks for consumers and German industries to ensure Germany as attractive economic location.

Industrial production processes are being digitalised ever faster and more comprehensively throughout all segments of the value chain. As an example, so called private mobile networks based on 5G technology are getting momentum in German production industry right now.

Digital competence has become of central importance for companies. Supporting IT systems are being replaced by networked digital production systems that directly create value for companies.

The transformation in the direction of cloud-based intelligent data centres and related high-performance connectivity is intensified. Our intelligent network and WIFI-6 campus solutions are fitting to the growing demand as well as our storage solutions serving the trend of importance and growing volumes of data.

Increased demand of digital technology on the one hand requires substantial capabilities of reduction of power consumption on the other hand to support ambitious carbon neutrality targets of Germany. Our technologies and solutions are well prepared as we can also provide products in terms of "power consumption per bit".

In our newly established Digital Power Business Unit we concentrate all businesses related to technologies and solutions for renewable energies, vehicle charging technologies and solutions for infrastructure site power.

With an already well-established market share in Germany we see huge demand and growing opportunities for Huawei in Germany. German/European climate targets, current risky dependencies on fossil energy resources as well as high electrical energy costs are extremely challenging for Germany and the economy. So, we expect a respective push regards "Green Transformation" and increased investments in all related segments.

With our comprehensive portfolio of technologies, products, and solutions we see huge opportunities for sustainable continuous business growth of our Digital Power Unit.

Risks

We are reporting about risks in ranking with declining relevance:

The German Government committed to clear technical safety standards for all suppliers. The two main relevant laws are the IT Security Law and the Telecommunication Act (IT-SiG & TKG), approved by government cabinet on 16 December 2020. They passed the legislative process on 23 April 2021 (Federal Parliament) and 7 May 2021 (Federal Council) respectively. The other legislative topic is the Security Catalogue, dated 23 December 2020, amended by German regulator (BNetzA) on 18 August 2021 when publishing the list of critical functions according to the Telecommunication Act.

If a product is identified by our customer as taking over critical functions, such critical components need to be certified and the supplier must provide a declaration of trustworthiness. If certification of critical components cannot be achieved, our customers would no longer purchase these products.

In case of breach the declaration of trustworthiness issued in relation to the relevant critical component, the BMI could withdraw the trustworthiness for the specific critical component. As a result, our customers would no longer purchase these products.

Furthermore, the German government may limit a supplier's involvement in critical components if there are overriding public interests concerned. In these cases, there would be a significant negative impact on the Company's assets, liabilities, financial position and financial performance.

Customers may renegotiate existing contracts to mitigate possible negative impacts resulting from the future legislation.

Overall, the above mentioned scenarios present a risk of a negative impact on the Company's assets, liabilities, financial position and financial performance.

The products of Huawei Technologies Deutschland GmbH were provided by Huawei Group. Therefore, Huawei Technologies Deutschland GmbH is subject to certain risks and relies on the products purchased from inside the Group.

Since 2019, pursuant to part 744.11(b) of the United States Export Administration Regulations (hereinafter referred to as "EAR"), the Bureau of Industry and Security (BIS) of the United States added Huawei Technologies Co., Ltd. and certain non-US affiliates

(hereinafter referred to as “the Entities”) to the Entity List. Upon the Entities being added to the Entity List, export, re-export or in-country transfer of items subject to EAR (including hardware, software and technology etc.) to the Entities shall be subject to BIS license requirement, which might restrict access by the Entities to items produced from U.S. technology or software. As a result of being added to the “Entity list”, the shortage of relevant raw materials such as chips leads to insufficient supply of the Consumer Business Group, which has a negative impact on our revenue, especially in the high-end mobile phone market. This risk is a notable risk for the Huawei Group. However, the Group has taken active measures to mitigate the impact of the event, and the Company is also exploring new business areas such as PCs and wearables products to expand the market and make the risk controllable.

Should the macroeconomic situation worsen due to political tensions or protectionist measures, this could negatively affect investments of network providers, including on the domestic market. In this case, private consumption would be negatively affected as well. The Company is subject to this risk indirectly due to its dependence on the development of the Huawei Group.

The Company generates a large share of its revenues with a small number of customers. In case one or more of these major customers would decide to significantly reduce the transaction volume with the Company, this would lead to a negative impact on the asset, finance, and profit situation of the Company.

Risks related to exchange rates are minimal as the monetary transactions between the Company and its customers or suppliers are processed predominantly in Euro.

In management’s view the general risk associated with credits is low as our main customers are established corporations from the ICT industry.

4. Corporate governance declaration

The Company has set up targets (11 %) and deadlines (in 3 years) in respect of the equal participation of women for managing directors and the two management levels below. Women's share in executive positions at levels below the managing director is 11.5 %. The share in managing director is 0 %. The reason is that the impact of covid-19 pandemic on job markets led to more difficulties on recruiting female employees for positions of managing director.

Düsseldorf, 30 March 2022
Huawei Technologies Deutschland GmbH

Defeng ZUO
Managing Director

Appendix 2
Jahresabschluss
zum 31. Dezember 2021
und Lagebericht

2.1 Bilanz

2.2 Gewinn- und Verlustrechnung

2.3 Anhang

2.4 Lagebericht

Huawei Technologies Deutschland GmbH, Düsseldorf

Bilanz zum 31. Dezember 2021

Aktiva

	31.12.2021		31.12.2020	
	TEUR	TEUR	TEUR	TEUR
A. Anlagevermögen				
I. Immaterielle Vermögensgegenstände				
Entgeltlich erworbene Software		1		28
II. Sachanlagen				
1. IT Hardware	91.673		122.582	
2. Sonstige Betriebs- und Geschäftsausstattung	14.908		17.624	
3. Geleistete Anzahlungen und Anlagen im Bau	17.278	123.859	17.379	157.585
		123.860		157.613
B. Umlaufvermögen				
I. Vorräte				
1. Unfertige Erzeugnisse	22.762		29.115	
2. Handelswaren	88.332	111.094	82.890	112.005
II. Forderungen und sonstige Vermögensgegenstände				
1. Forderungen aus Lieferungen und Leistungen	205.037		311.850	
2. Forderungen gegen verbundene Unternehmen	35.707		15.450	
3. Sonstige Vermögensgegenstände	5.576	246.320	2.316	329.616
III. Kassenbestand und Guthaben bei Kreditinstituten		130.831		118.301
		488.245		559.922
C. Rechnungsabgrenzungsposten		449		913
		612.554		718.448

Passiva

	31.12.2021	31.12.2020
	TEUR	TEUR
A. Eigenkapital		
I. Gezeichnetes Kapital	150	150
II. Gewinnvortrag	52.340	78.789
III. Jahresüberschuss	36.708	43.551
	89.198	122.490
B. Rückstellungen		
1. Steuerrückstellungen	0	7.095
2. Sonstige Rückstellungen	243.509	412.741
	243.509	419.836
C. Verbindlichkeiten		
1. Erhaltene Anzahlungen auf Bestellungen	63.288	39.661
2. Verbindlichkeiten aus Lieferungen und Leistungen	16.511	26.083
3. Verbindlichkeiten gegenüber verbundenen Unternehmen	56.070	63.724
4. Sonstige Verbindlichkeiten	65.160	46.654
	201.029	176.122
D. Rechnungsabgrenzungsposten	78.818	0
	612.554	718.448

Huawei Technologies Deutschland GmbH, Düsseldorf

Gewinn- und Verlustrechnung für die Zeit vom 1. Januar bis 31. Dezember 2021

	2021		2020	
	TEUR	TEUR	TEUR	TEUR
1. Umsatzerlöse		1.390.111		1.885.245
2. Verminderung des Bestands an unfertigen Erzeugnissen		-6.353		-17.097
3. Sonstige betriebliche Erträge		6.777		5.299
4. Materialaufwand				
a) Aufwendungen für bezogene Waren	-797.925		-1.224.690	
b) Aufwendungen für bezogene Leistungen	-219.432	-1.017.357	-265.845	-1.490.535
5. Personalaufwand				
a) Löhne und Gehälter	-141.531		-129.418	
b) Soziale Abgaben und Aufwendungen für Altersversorgung und für Unterstützung	-11.320	-152.851	-11.615	-141.033
6. Abschreibungen auf immaterielle Vermögensgegenstände des Anlagevermögens und Sachanlagen		-70.540		-70.705
7. Sonstige betriebliche Aufwendungen		-92.119		-98.191
8. Sonstige Zinsen und ähnliche Erträge		61		2
9. Zinsen und ähnliche Aufwendungen		-3.587		-3.790
10. Steuern vom Einkommen und vom Ertrag		-17.435		-25.645
11. Ergebnis nach Steuern/Jahresüberschuss		36.708		43.551

Huawei Technologies Deutschland GmbH, Düsseldorf

Sitz: Düsseldorf – Registergericht: Amtsgericht
Düsseldorf, HRB 72992

Anhang für das Geschäftsjahr 2021

Allgemeine Angaben

Der Jahresabschluss ist auf der Grundlage der Bilanzierungs- und Bewertungsvorschriften für große Kapitalgesellschaften des Handelsgesetzbuches sowie des GmbHG aufgestellt.

Die Gliederung der Bilanz und der Gewinn- und Verlustrechnung folgt den allgemeinen Gliederungsvorschriften der §§ 266 und 275 HGB.

Für die Gewinn- und Verlustrechnung wurde das Gesamtkostenverfahren angewandt.

Die Gesellschaft ist eine große Kapitalgesellschaft im Sinne des § 267 Abs. 3 HGB.

Die dem Jahresabschluss für das Geschäftsjahr vom 1. Januar bis 31. Dezember 2021 zugrunde liegenden Bilanzierungs- und Bewertungsmethoden wurden unverändert zum Vorjahr angewendet.

Im Vorjahr wurden Umsatzabgrenzungen für bestimmte vertraglich vereinbarte Garantieservices unter den sonstigen Rückstellungen ausgewiesen. Zum 31. Dezember 2021 wurden diese Umsatzabgrenzungen in den passiven Rechnungsabgrenzungsposten umgliedert. Insoweit ist die Vergleichbarkeit mit dem Vorjahr beeinträchtigt. Zur Herstellung der Vergleichbarkeit wurden die entsprechenden Vorjahreszahlen im Abschnitt „Erläuterungen zur Bilanz und Gewinn- und Verlustrechnung“ angegeben.

Die Geschäftsführung geht von der Fortführung der Unternehmenstätigkeit aus.

Bilanzierungs- und Bewertungsmethoden

Erworbene **immaterielle Vermögensgegenstände** und **Sachanlagen** werden zu Anschaffungs- bzw. Herstellungskosten bewertet. Gleichartige Vermögensgegenstände (vor allem Server) werden zu einer Gruppe zusammengefasst und mit dem gewogenen Durchschnittswert angesetzt. Immaterielle Vermögensgegenstände und Vermögensgegenstände des Sachanlagevermögens, deren Nutzung zeitlich begrenzt ist, werden entsprechend ihrer voraussichtlichen Nutzungsdauer planmäßig nach der linearen Methode pro rata temporis abgeschrieben.

Die Nutzungsdauern wurden wie folgt angesetzt:

	Jahre
Entgeltlich erworbene Software	3
Computer, Notebooks und Peripheriegeräte	3 - 6
Büromaschinen	7 - 8
Büroeinrichtung und andere Einrichtungsgegenstände	10 - 13

Geringwertige Vermögensgegenstände mit Anschaffungskosten von bis zu EUR 800,00 werden im Jahr der Anschaffung als Betriebsaufwand gebucht.

Die Bewertung der **Handelswaren** erfolgt zu fortlaufenden Durchschnittseinstandspreisen. Die **unfertigen Erzeugnisse** werden um Abschläge für Bestandsrisiken, die sich aus der Lagerdauer und aus verminderter Verwertbarkeit ergeben, abgewertet.

Der Ansatz von **Forderungen und sonstigen Vermögensgegenständen** erfolgt zum Nennwert. Das allgemeine Kreditrisiko wird durch eine entsprechende Wertberichtigung berücksichtigt, die der Altersstruktur der Forderungen Rechnung trägt.

Der **Kassenbestand und Guthaben bei Kreditinstituten** werden mit dem Nennwert angesetzt.

Der **aktive Rechnungsabgrenzungsposten** beinhaltet Ausgaben vor dem Stichtag, die Aufwand des Geschäftsjahres 2022 darstellen.

Das **Eigenkapital** ist zum Nennwert bewertet.

Die **Rückstellungen** sind in Höhe des Erfüllungsbetrags angesetzt, der nach vernünftiger kaufmännischer Beurteilung notwendig ist. Bei den sonstigen Rückstellungen sind alle zum Bilanzstichtag erkennbaren Risiken und Verpflichtungen angemessen berücksichtigt worden. Rückstellungen mit einer Restlaufzeit von mehr als einem Jahr sind mit dem ihrer Laufzeit entsprechenden durchschnittlichen Marktzinssatz abgezinst. Bei der Ermittlung der Zinsaufwendungen und /-erträge aus der Diskontierung wird davon ausgegangen, dass die Änderung des Zinssatzes zum Ende der Periode eintritt. Dabei werden Zinseffekte aus der Änderung von Annahmen im Betriebsergebnis ausgewiesen.

Verbindlichkeiten sind mit ihren Erfüllungsbeträgen passiviert.

Passive **Rechnungsabgrenzungsposten** werden gebildet für Einnahmen vor dem Abschlussstichtag, soweit sie Ertrag für eine bestimmte Zeit nach diesem Tag darstellen.

Fremdwährungsforderungen und -verbindlichkeiten werden entsprechend § 256a HGB zum Devisenkassamittelkurs am Abschlussstichtag umgerechnet. Bei einer Restlaufzeit von mehr als einem Jahr gilt dies weiterhin nur, falls die Umrechnung bei Forderungen einen niedrigeren oder bei Verbindlichkeiten einen höheren Betrag ergibt.

Latente Steuern werden für temporäre Differenzen zwischen der Handels- und Steuerbilanz der Gesellschaft ermittelt. Eine sich insgesamt ergebende Steuerbelastung wird in der Bilanz als latente Steuerverbindlichkeit am Abschlussstichtag angesetzt. Im Falle einer Steuerentlastung wird vom entsprechenden Aktivierungswahlrecht gemäß § 274 Abs. 1 HGB kein Gebrauch gemacht.

Erläuterungen zur Bilanz und Gewinn- und Verlustrechnung

Die Entwicklung der einzelnen Posten des **Anlagevermögens** ist aus der Anlage zum Anhang (Anlagenspiegel) ersichtlich.

Die **Forderungen aus Lieferungen und Leistungen** sind innerhalb eines Jahres vollständig fällig und betragen zum Bilanzstichtag TEUR 205.037 (i. Vj. TEUR 311.850).

Die **Forderungen gegen verbundene Unternehmen** in Höhe von TEUR 35.707 (i. Vj. TEUR 15.450) betreffen, wie im Vorjahr, Forderungen aus Lieferungen und Leistungen und sind innerhalb eines Jahres fällig. Analog zum Vorjahr bestehen keine Forderungen gegen die Gesellschafterin zum Bilanzstichtag.

Die **sonstigen Vermögensgegenstände** enthalten Forderungen aus Kauttionen mit einer Restlaufzeit von mehr als einem Jahr in Höhe von TEUR 2.124 (i. Vj. TEUR 1.993) und Forderungen aus Erstattung von ertragsteuerlichen Vorauszahlungen für das Geschäftsjahr 2021 in Höhe von TEUR 2.521 (i. Vj. TEUR 0).

Aktive latente Steuern betreffen im Wesentlichen temporäre Differenzen bei der Vorratsabwertung sowie bei Vertriebsrückstellungen. Die Ermittlung der latenten Steuern erfolgt auf Basis eines kombinierten Steuersatzes in Höhe von 31,82 % (i. Vj. 31,80 %). Der kombinierte Steuersatz umfasst Gewerbesteuer, Körperschaftsteuer und Solidaritätszuschlag. Unter Verzicht auf das Wahlrecht des § 274 Abs. 1 Satz 2 HGB wird von einer Aktivierung latenter Steuern im Einzelabschluss der Huawei Technologies Deutschland GmbH abgesehen.

Das **gezeichnete Kapital** in Höhe von EUR 0,2 Mio. ist vollständig eingezahlt. In der Gesellschafterversammlung am 1. Juli 2021 wurde eine Gewinnausschüttung durch Auflösung des Gewinnvortrags von TEUR 70.000 beschlossen. Die Auszahlung erfolgte Ende Juli 2021.

Die **sonstigen Rückstellungen** setzen sich aus Rückstellungen für zu erwartende Preisgarantien und Nachlässe von TEUR 118.515 (i. Vj. TEUR 190.331), für Gewährleistungen von TEUR 22.228 (i. Vj. TEUR 107.508), für Löhne und Gehälter von TEUR 56.774 (i. Vj. TEUR 50.074), für sonstige ausstehende Rechnungen von TEUR 32.932 (i. Vj. TEUR 43.966), für ausstehende Abrechnungen durch Subunternehmer von TEUR 11.871 (i. Vj. TEUR 19.732), für Rechtsstreitigkeiten in Höhe von TEUR 897 (i. Vj. TEUR 856) sowie aus sonstigen Rückstellungen in Höhe von TEUR 292 (i. Vj. TEUR 273) zusammen.

Aufgrund der Umgliederung der abgegrenzten Umsatzerlöse aus vertraglich vereinbarten Garantieleistungen in Höhe von TEUR 78.818 zum 31. Dezember 2021 in den passiven Rechnungsabgrenzungsposten ist die Vergleichbarkeit mit dem Vorjahr beeinträchtigt. Im Vorjahr wurden die entsprechenden Umsatzabgrenzungen in Höhe von TEUR 78.856 als „Gewährleistungsrückstellungen“ unter den sonstigen Rückstellungen ausgewiesen.

Erhaltene Anzahlungen auf Bestellungen betragen TEUR 63.288 (i. Vj. TEUR 39.661).

Die **Verbindlichkeiten aus Lieferungen und Leistungen** gegenüber Dritten betragen TEUR 16.511 (i. Vj. TEUR 26.083) und sind, wie im Vorjahr, sämtlich innerhalb eines Jahres fällig.

Analog zum Vorjahr bestehen die **Verbindlichkeiten gegenüber verbundenen Unternehmen** aus Verbindlichkeiten aus Lieferungen und Leistungen und sind innerhalb eines Jahres fällig. Verbindlichkeiten gegenüber der Gesellschafterin bestehen, wie im Vorjahr, zum Bilanzstichtag nicht.

Die **sonstigen Verbindlichkeiten** beinhalten im Wesentlichen Verbindlichkeiten aus Steuern in Höhe von TEUR 55.100 (i. Vj. TEUR 23.737). und sind, wie im Vorjahr, sämtlich innerhalb eines Jahres fällig.

Der **passiver Rechnungsabgrenzungsposten** in Höhe von TEUR 78.818 (i. Vj. TEUR 0) beinhaltet die Umsatzabgrenzung der vertraglich vereinbarten Garantieleistungen für verkaufte Produkte der Segmente Carrier Network Business Group und Enterprise Business Group.

Die **Umsatzerlöse** gliedern sich wie folgt auf:

	2021	2020
	Mio. EUR	Mio. EUR
Carrier Network BG	831,8	840,5
Enterprise	303,0	228,7
Consumer	255,3	816,0
	1.390,1	1.885,2

Die Umsatzerlöse wurden sowohl im Inland (TEUR 1.348.043; i. Vj. TEUR 1.813.267) als auch im Ausland (TEUR 42.068; i. Vj. TEUR 71.978) erzielt.

Die **sonstigen betrieblichen Erträge** enthalten Währungsumrechnungsgewinne in Höhe von TEUR 1.068 (i. Vj. TEUR 1.329). Die ausgewiesenen periodenfremden Erträge von TEUR 3.144 (i. Vj. TEUR 3.796) resultieren mit TEUR 5 (i. Vj. TEUR 800) aus der Auflösung von Rückstellungen und mit TEUR 3.139 (i. Vj. TEUR 2.996) aus der Rückzahlung von Sozialversicherungsbeiträgen für Vorjahre.

In den **sonstigen betrieblichen Aufwendungen** wurden Währungsumrechnungsverluste in Höhe von TEUR 1.223 (i. Vj. TEUR 1.462) erfasst. Im Geschäftsjahr 2021 sind **periodenfremde Aufwendungen** in Höhe von TEUR 335 (i. Vj. TEUR 332) aus dem Abgang von Anlagevermögen angefallen.

Im Geschäftsjahr steht ein **Zinsertrag** (inkl. Zinserträge aus Bankguthaben) in Höhe von TEUR 61 (i. Vj. TEUR 2) dem **Zinsaufwand** in Höhe von TEUR 3.587 (i. Vj. TEUR 3.790) gegenüber. Davon beträgt der Zinsaufwand gegen konzernverbundene Unternehmen TEUR 338 (i. Vj. TEUR 198). Der Zinsaufwand aus der Diskontierung der sonstigen, langfristigen Rückstellungen beträgt TEUR 0 (i. Vj. TEUR 29).

Sonstige Angaben

Wesentliche Verträge im Verbundbereich

Mit Wirkung vom 1. Januar 2019 hat die Gesellschaft mit den Huawei Konzerngesellschaften Huawei International Co. Limited, Hong Kong/China, sowie Huawei Device (Hong Kong) Co. Limited, Hong Kong/China, jeweils einen Vertriebsvertrag geschlossen. Die Verträge regeln u. a. die Festsetzung der Preise für die Lieferungen der Konzernprodukte an die Gesellschaft. Die Verträge sehen einen Ausgleichsmechanismus vor, der den Schwierigkeiten bei der Festsetzung der Preise infolge der Volatilität des Absatzmarktes der Gesellschaft und der nicht im Vorfeld absehbaren Höhe der Markterschließungskosten Rechnung tragen soll. Danach legen die Verträge eine bestimmte Gewinnmarge fest, um einen angemessenen Gewinn vor Zinsen und Steuern sicherzustellen. Diese Verträge wurden Ende Dezember 2020 für die nächsten zwei Jahre verlängert.

Kosten der Abschlussprüfung

Im Geschäftsjahr 2021 beträgt das für den Abschlussprüfer erfasste Gesamthonorar TEUR 172 (i. Vj. TEUR 138) und dieses entfällt ausschließlich auf Abschlussprüfungsleistungen.

Haftungsverhältnisse

Mit Vertrag vom 12. November 2012 ist die Huawei Technologies Deutschland GmbH dem Cash-Pool-Vertrag mit der Bank Mendes Gans N.V., Amsterdam/Niederlande, beigetreten. Zur Absicherung der Ansprüche der Bank Mendes Gans N.V. aus dem Cash-Pool-Vertrag hat die Huawei Technologies Deutschland GmbH alle ihre Bankguthaben aus Konten bei der Bank Mendes Gans N.V. an die Bank verpfändet. Diese haben zum Stichtag ein Guthaben von TEUR 124.521 (i. Vj. TEUR 100.916).

Eine Inanspruchnahme aus diesem Haftungsverhältnis schätzt die Gesellschaft derzeit aufgrund der Liquiditätslage der primären Schuldner derzeit als unwahrscheinlich.

Mit Datum vom 19. Dezember 2013 hat die Gesellschaft eine unbefristete, selbstschuldnerische Bürgschaft in Höhe von TEUR 800 gegenüber der Vermieterin des Bürogebäudes in Düsseldorf gewährt. Diese Bürgschaft wurde entsprechend dem Mietvertrag zwischen der Schwestergesellschaft Huawei Technologies Duesseldorf GmbH, Düsseldorf, und der Vermieterin abgeschlossen.

Eine Inanspruchnahme der Gesellschaft aus diesen Haftungsverhältnissen schätzt die Gesellschaft derzeit aufgrund der Liquiditätslage des primären Schuldners als unwahrscheinlich.

Darüber hinaus sind keine weiteren für die Beurteilung der Finanzlage bedeutsamen Verpflichtungen zu vermerken.

Sonstige finanzielle Verpflichtungen

Am Bilanzstichtag bestanden sonstige finanzielle Verpflichtungen aus Miet- und Leasingverträgen im Gesamtbetrag von TEUR 25.351 (i. Vj. TEUR 31.225). Sie weisen folgende Restlaufzeiten auf:

	Restlaufzeit < 1 Jahr	Restlaufzeit 1 - 5 Jahre	Restlaufzeit > 5 Jahre	Summe
	TEUR	TEUR	TEUR	TEUR
Gebäude	6.272	18.322	-	24.593
Kfz-Leasing	437	321	-	757
Mietverpflichtungen gesamt	6.708	18.642	-	25.351

Im Geschäftsjahr 2021 betrug die durchschnittliche Anzahl der Mitarbeiter (ausschließlich Angestellte) 720 (i. Vj. 767). Diese teilen sich wie folgt auf:

	2021	2020
Lokale Mitarbeiter	486	498
Entsendete Mitarbeiter	234	269
Summe	720	767

Geschäftsführer der Gesellschaft im Geschäftsjahr 2021 waren:

- Herr Defeng Zuo, Chief Executive Officer (CEO), Düsseldorf, (seit dem 24. Juni 2019),
- Herr Jian Li, President of European Region of Huawei Group, Warschau/Polen, (bis zum 24. August 2021),
- Herr Xiaowen Ye, Chief Finance Officer (CFO), Düsseldorf, (bis zum 24. August 2021).

Da nur ein Geschäftsführer im Geschäftsjahr Bezüge von der Gesellschaft erhalten hat, unterbleiben gemäß § 286 Abs. 4 HGB die Angaben zu den Geschäftsführerbezügen.

Konzernzugehörigkeit

Die Gesellschaft wird als 100%ige Tochtergesellschaft der Huawei Technologies (Netherlands) B.V., Amsterdam/Niederlande, sowohl in den Teilkonzernabschluss der Huawei Technologies Coöperatief U.A., Amsterdam/Niederlande, die für den kleinsten Konsolidierungskreis den Konzernabschluss erstellt, als auch in den Konzernabschluss der Konzernobergesellschaft Huawei Investment & Holding Co., Ltd., Shenzhen/China, einbezogen, die den Konzernabschluss für den größten Konsolidierungskreis aufstellt. Der Konzernabschluss der Huawei Technologies Coöperatief U.A., Amsterdam/Niederlande, wird auf der Website des niederländischen Handelsregisters veröffentlicht, während der Konzernabschluss der Huawei Investment & Holding Co., Ltd. auf der Website der Huawei-Gruppe bekannt gegeben wird.

Ergebnisverwendungsvorschlag

Die Geschäftsführung schlägt vor, den Jahresüberschuss von EUR 36.707.681,82 auf neue Rechnung vorzutragen.

Nachtragsbericht

Es sind keine Vorgänge von besonderer Bedeutung nach dem Schluss des Geschäftsjahres eingetreten. Die Covid-19-Pandemie hat nach wie vor keine nennenswerten Auswirkungen auf die Geschäftstätigkeit der Gesellschaft.

Düsseldorf, 30. März 2022

Huawei Technologies Deutschland GmbH

Defeng ZUO
Geschäftsführer

Huawei Technologies Deutschland GmbH, Düsseldorf

Entwicklung des Anlagevermögens im Geschäftsjahr 2021 (Bruttodarstellung)

	Anschaffungs- und Herstellungskosten				
	1.1.2021 TEUR	Zugänge TEUR	Abgänge TEUR	Um- buchungen TEUR	31.12.2021 TEUR
I. Immaterielle Vermögensgegenstände					
Entgeltlich erworbene Software	891	0	32	0	859
II. Sachanlagen					
1. IT Hardware	311.025	20.361	15.139	15.028	331.275
2. Sonstige Betriebs- und Geschäftsausstattung	24.243	1.826	237	1	25.833
3. Geleistete Anzahlungen und Anlagen im Bau	17.379	17.277	2.349	-15.029	17.278
	352.647	39.464	17.725	0	374.386
	353.538	39.464	17.757	0	375.245

Kumulierte Abschreibungen			Buchwerte		
1.1.2021	Kumulierte Abschreibungen des Geschäftsjahres	Abgänge	31.12.2021	31.12.2021	31.12.2020
TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
863	27	32	858	1	28
188.443	66.041	14.882	239.602	91.673	122.582
6.619	4.472	166	10.925	14.908	17.624
0	0	0	0	17.278	17.379
195.062	70.513	15.048	250.527	123.859	157.585
195.925	70.540	15.080	251.385	123.860	157.613

Huawei Technologies Deutschland GmbH

Düsseldorf

Lagebericht für das Geschäftsjahr 2021

1. Grundlagen der Gesellschaft

Die Huawei Technologies Deutschland GmbH (nachfolgend „Huawei“) ist eine in Deutschland ansässige Gesellschaft des Huawei-Konzerns¹, die seit 2001 auf dem deutschen Markt tätig ist. Die Huawei Technologies Deutschland GmbH beschäftigte 2021 über 700 Mitarbeiterinnen und Mitarbeiter an mehr als zehn Standorten (darunter Düsseldorf, Bonn, Eschborn, München und Berlin). Zu den Kunden der Gesellschaft zählen hierzulande u. a. die Deutsche Telekom, Vodafone und Telefónica.

Gegenstand der Gesellschaft ist Handel und Vertrieb von Telekommunikationsausrüstungsprodukten und alle damit verbundenen Aktivitäten und Dienstleistungen.

Das Produktportfolio von Huawei umfasst Netzwerkinfrastruktur, Enterprise Business, Professional Services und Software sowie mobile Endgeräte wie Smartphones und Tablet-PCs.

Huawei ist ein wichtiger Akteur bei der Umsetzung der Bestrebungen der Bundesregierung zur Förderung des Breitbandausbaus, z. B. beim Ausbau des 5G-Netzes und der Erschließung des ländlichen Raums. Open Labs in München und ein gemeinsames Innovationszentrum mit der Deutschen Telekom stehen als Partner zur Verfügung, um gemeinsam maßgeschneiderte Lösungen zu entwickeln. Huawei legt besonderen Wert darauf, einen Beitrag zur Cybersicherheit zu leisten und ist z. B. aktives Mitglied der Initiative „Deutschland sicher im Netz“. Außerdem hat sich Huawei seit mehreren Jahren am Digital-Gipfel der Bundesregierung beteiligt. Wir nehmen aktiv an Branchengesprächen und -veranstaltungen teil, wie z. B. der Plattform Industrie 4.0 und an verschiedenen Arbeitsgruppen der BITKOM in Deutschland und sind aktives Mitglied der Initiative D21.

Die Produkte der Huawei Technologies Deutschland GmbH werden vom Huawei-Konzern geliefert, der seit langem eine Beschaffungsstrategie mit verschiedenen Wegen und aus verschiedenen Quellen verfolgt und sich nicht auf ein einziges Land oder einen einzigen Lieferanten stützt.

¹ Der Huawei-Konzern ist einer der weltweit führenden Anbieter von Telekommunikationslösungen und bedient die meisten der Top 50 Telekommunikationsunternehmen weltweit. Der Huawei Konzern setzt sich aus der Huawei Investment & Holding Co. Ltd. und allen übrigen Huawei-Gesellschaften zusammen.

2. Wirtschaftsbericht

Gesamtwirtschaftliche und branchenbezogene Rahmenbedingungen

In seinem Jahresgutachten für 2021/2022 geht der Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung (nachfolgend Sachverständigenrat) von einem anhaltenden moderaten Wachstum der Weltwirtschaft aus. Für das Jahr 2021 erwartet der Sachverständigenrat für den Euro-Raum einen starken Anstieg des BIP um insgesamt 5,2 %. Für 2022 wird von einer Zuwachsrate des BIP im Euro-Raum von 4,3 % ausgegangen.²

Der Sachverständigenrat hat für Deutschland seine Prognose für das BIP-Wachstum im Jahr 2021 auf 2,7 % gesenkt. Der Arbeitsmarkt hat sich in Deutschland im ersten Halbjahr 2021 besser als 2020 entwickelt.

Die Inflationsrate lag 2021 in Deutschland bei ca. 3,1 %³.

Gemäß BITKOM erzielte die ITK-Branche (Information- und Kommunikationstechnik) im Geschäftsjahr 2021 einen Gesamtumsatz von EUR 178,4 Mrd. Für 2022 wird mit einem Anstieg der ITK-Umsätze um 3,6 % auf EUR 184,9 Mrd. gerechnet.⁴

Wichtigster Wachstumstreiber ist dabei nach wie vor der Bereich der IT-Produkte und insbesondere der IT-Dienstleistungen sowie der Telekommunikationsgeräte.

Geschäftsverlauf

Die Huawei Technologies Deutschland GmbH ist die deutsche Vertriebsgesellschaft des Huawei-Konzerns. Ihre Umsätze erzielt die Gesellschaft in den Bereichen Netzwerkausrüstung, Terminals (Verbraucher) und sonstigem Zubehör sowie Installations- und sonstige Serviceleistungen. Im Geschäftsjahr 2021 hat die Gesellschaft insgesamt einen Umsatzrückgang um EUR 495,1 Mio. auf EUR 1.390,1 Mio. zu verzeichnen, das entspricht einem Rückgang von 26,3 %. Die Gesellschaft hat somit die erwarteten Umsatzerlöse (Budget EUR 1.400,0 Mio) leicht unterschritten. Allerdings hat das Ergebnis vor Steuern (IST EUR 54,1 Mio.; Budget EUR 51,6 Mio.) das ursprüngliche Budget leicht übertroffen. Im Bereich ITK (Carrier Network Business Group) wurden Umsätze von insgesamt EUR 831,8 Mio. erreicht, im Vergleich zu 2020 entspricht dies einem Rückgang um 1,0 %; das Umsatzvolumen im Bereich Consumers verringerte sich 2021 um 68,7 %,

² Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung (10. November 2021). *KONJUNKTUR: ANGEBOTSEITIGE ENGPÄSSE DÄMPFEN WACHSTUM* Jahresgutachten 2021/22. https://www.sachverstaendigenrat-wirtschaft.de/fileadmin/dateiablage/gutachten/jg202122/JG202122_Chapter_1.pdf

³ Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung. (10. November 2021). *TRANSFORMATION GESTALTEN: BILDUNG, DIGITALISIERUNG UND NACHHALTIGKEIT*. Jahresgutachten 2021/22. <https://www.sachverstaendigenrat-wirtschaft.de/en/annualreport-2021.html?returnUrl=%2Fen%2Findex.html&cHash=0246529df7714d8aea64d9dd5adc87f1>

⁴ Bitkom. (Januar 2022). *ITK-Marktzahlen*. Pressemitteilung. https://www.bitkom.org/sites/default/files/2022-01/bitkom_itk_marktzahlen_januar_2022_kurzfassung.pdf

wohingegen der Bereich Enterprise im Vergleich zu 2020 eine Erhöhung um 32,5 % zu verzeichnen hat.

Bei insgesamt zurückgehenden betrieblichen Aufwendungen im Vergleich zu den Umsatzerlösen, ging das Betriebsergebnis ⁵ von EUR 73,0 Mio. im Vorjahr auf EUR 57,6 Mio. zurück. Die Umsatzrendite⁶ erhöhte sich von 3,9 % im Vorjahr auf 4,1 % im Geschäftsjahr 2021. Die im Vorjahr erwartete Umsatzrendite (Budget 3,7%) wird somit leicht übertroffen.

Die bedeutsamsten finanziellen Leistungsindikatoren der Huawei Deutschland sind die Umsatzerlöse sowie die Umsatzrendite.

	2021	2020	Veränderung	
	Mio. EUR	Mio. EUR	Mio. EUR	%
Umsatzerlöse	1.390,1	1.885,2	-495,1	-26 %
Sonstige betriebliche Erträge	6,8	5,3	1,5	28 %
Bestandsveränderungen	-6,4	-17,1	10,7	-63 %
Materialaufwand	-1.017,4	-1.490,5	473,1	-32 %
Rohhertrag	373,1	382,9	-9,8	-3 %
Personalaufwand	-152,9	-141,0	11,9	8 %
Abschreibungen	-70,5	-70,7	-0,2	0 %
Sonstiger betrieblicher Aufwand	-92,1	-98,2	-6,1	-6 %
Betriebsaufwand	-315,5	-309,9	5,6	2 %
Betriebsergebnis	57,6	73,0	-15,4	-21 %
Finanzergebnis	-3,5	-3,8	0,3	-8 %
Ertragsteuern	-17,4	-25,6	8,2	-32 %
Jahresüberschuss	36,7	43,6	-6,9	-16 %

Ertragslage

Die Ertragslage unserer Gesellschaft ist rückläufig.

	2021	2020	Entwicklung	
	Mio. EUR	Mio. EUR	Mio. EUR	%
Carrier Network BG	831,8	840,5	-8,7	-1,0%
Enterprise BG	303,0	228,7	74,3	32,5%
Consumers BG	255,3	816,0	-560,7	-68,7%
	1.390,1	1.885,2	-495,1	-26,3%

⁵ Ergebnis vor Zinsen und Ertragsteuern

⁶ (Betriebsergebnis*100)/ Umsatzerlöse

Die Umsatzerlöse haben sich im Geschäftsjahr 2021 im Vergleich zum Vorjahr um 26,3 % auf EUR 1.390,1 Mio. verringert.

Mit überproportional zurückgegangenen Materialaufwendungen liegt die Rohertragsquote⁷ mit 26,8 % leicht über Vorjahr (20,3 %). Der Anstieg beim Personalaufwand betrug EUR 11,9 Mio. und ist im Wesentlichen auf die Erhöhung von Mitarbeiterboni zurückzuführen. Der Rückgang der sonstigen betrieblichen Aufwendungen um EUR 6,1 Mio. lässt sich auf die geringere operative Geschäftstätigkeit zurückführen.

Zur Sicherstellung einer angemessenen Marge hat die Gesellschaft Einkaufsverträge mit der Huawei International Co. Limited, Hong Kong/China, sowie der Huawei Device (Hong Kong) Co. Limited, Hong Kong/China, abgeschlossen.

Die Ertragssteuerquote beträgt im aktuellen Geschäftsjahr 2021 32,2 % (Vorjahr: 37,1 %).

Nach Berücksichtigung des Finanzergebnisses und Abzug der Ertragsteuerbelastungen (EUR 17,4 Mio.; Vorjahr: EUR 25,6 Mio.) beträgt der Jahresüberschuss unserer Gesellschaft EUR 36,7 Mio. nach EUR 43,6 Mio. im Jahr 2020.

Vermögens- und Finanzlage

Die Vermögens- und Finanzlage unserer Gesellschaft ist durch das im Geschäftsjahr 2021 gesunkene Geschäftsvolumen geprägt.

	31.12.2021	31.12.2020	Veränderung	
	Mio. EUR	Mio. EUR	Mio. EUR	%
Anlagevermögen	123,9	157,6	-33,7	-21 %
Vorräte	111,1	112,0	-0,9	-1 %
Forderungen und sonstige Vermögensgegenstände	246,3	329,6	-83,3	-25 %
Kassenbestand und Guthaben bei Kreditinstituten	130,8	118,3	12,5	11 %
Umlaufvermögen	488,2	559,9	-71,1	-13 %
Rechnungsabgrenzungsposten	0,4	0,9	-0,5	-51 %
Bilanzsumme	612,5	718,4	-105,9	-15 %
Eigenkapital	89,2	122,5	-33,3	-27 %
Rückstellungen	243,5	419,8	-176,3	-42 %
Verbindlichkeiten	201,0	176,1	24,9	14 %
Passiver Rechnungsabgrenzungsposten	78,8	0,0	78,8	
Summe Passiva	612,5	718,4	-105,9	-15 %

Die Bilanzsumme hat sich zum 31. Dezember 2021 um EUR 105,9 Mio. auf EUR 612,5 Mio. verringert.

⁷ Rohertrag/Umsatzerlöse

Auf der Aktivseite führten Investitionen in Höhe von EUR 39,5 Mio., Abschreibungen von EUR 70,5 Mio. sowie Buchwertabgänge von EUR 2,7 Mio. zu einem Rückgang des Anlagevermögens um EUR 33,7 Mio. Neben Investitionen in unsere IT-Netzwerke und in die übrige Geschäftsausstattung erfolgten weitere projektspezifische Investitionen in IT-Hardware und Software in Höhe von EUR 20,4 Mio. (Vorjahr: EUR 48,9 Mio., ausgewiesen unter Anlagen im Bau).

Das Umlaufvermögen verminderte sich um EUR 71,7 Mio. auf EUR 488,2 Mio. Die Vorräte verringerten sich leicht um EUR 0,9 Mio. auf EUR 111,1 Mio. Forderungen und sonstige Vermögensgegenstände gingen um 25 % auf EUR 246,3 Mio. zurück. Vorräte, Forderungen und Rechnungsabgrenzungsposten machen 58 % des Gesamtvermögens aus. Das Eigenkapital verringerte sich um EUR 33,3 Mio. auf EUR 89,2 Mio. Die Eigenkapitalquote beträgt zum 31. Dezember 2021 14,6 %⁸ (Vorjahr: 17,1 %), die Anlagendeckung liegt bei 72,0 %⁹ (Vorjahr: 77,7 %).

Die sonstigen Rückstellungen verringerten sich von EUR 412,7 Mio. auf EUR 243,5 Mio. Ursache dafür sind im Wesentlichen die geringeren Rückstellungen für Erlösschmälerungen (EUR -71,8 Mio.) sowie die Umgliederung der abgegrenzten Umsatzerlöse aus vertraglich individuell vereinbarten Garantieleistungen (EUR -78,8 Mio.) in den passiven Rechnungsabgrenzungsposten. Die Verbindlichkeiten stiegen um EUR 24,9 Mio., bedingt durch höhere Anzahlungen auf Bestellungen (EUR +23,6 Mio.) und sonstige Verbindlichkeiten (EUR +18,5 Mio.). Gegenläufig wirkten gesunkene Verbindlichkeiten aus Lieferungen und Leistungen (EUR -9,6 Mio.) und Verbindlichkeiten gegenüber verbundenen Unternehmen (EUR -7,7 Mio.).

Die Finanzierung unseres Geschäftsbetriebs erfolgt durch Eigenmittel sowie durch kurzfristige Kreditgewährung im Rahmen eines Cash-Pooling-Verfahrens. Aufgrund der Liquiditätsentwicklung in den vergangenen Geschäftsjahren und der Gewinnvorträge verfügen wir zum Bilanzstichtag über liquide Mittel in Höhe von EUR 130,8 Mio. (Vorjahr EUR 118,3 Mio.).

Zum Zeitpunkt der Erstellung des Jahresabschlusses und des Lageberichts sind wir mit der Entwicklung der Vermögens-, Finanz- und Ertragslage der Gesellschaft sehr zufrieden.

3. Prognose-, Chancen- und Risikobericht

Prognosebericht

Die Gesellschaft erwartet ein Wachstum und einen nachhaltigen Geschäftsausbau. So nutzen beispielsweise alle großen deutschen Telekommunikationsanbieter Produkte und Lösungen von Huawei.

⁸ Eigenkapital/Bilanzsumme

⁹ Eigenkapital/Anlagevermögen

Das Ziel von Huawei besteht darin, unseren Kunden stets neue und innovative Lösungen anzubieten und bestehende Produkte zuverlässig und wirtschaftlich weiterzuentwickeln.

Im Bereich Carrier-Infrastruktur wollen wir eine nachhaltige Erhöhung unseres Marktanteils erreichen, indem wir sowohl neues Geschäft gewinnen als auch unsere Partnerschaften mit Bestandskunden vertiefen. Die Position von Huawei in den strategisch wichtigen Märkten für Enterprise Networks soll durch Zusammenarbeit mit den bedeutenden Netzbetreibern weiter ausgebaut werden.

Im Bereich ITK wird aufgrund der gestiegenen Absatzchancen im Enterprise Business für 2022 von einem Umsatzzanstieg ausgegangen. Allerdings wird der für 2022 prognostizierte Umsatz im Bereich Consumer aufgrund der Unsicherheit im Zusammenhang mit der „US entity list“ spürbar hinter dem Vorjahresniveau zurückbleiben. Insgesamt erwarten wir für 2022 einen Umsatz in Höhe von circa EUR 1.542 Mio. mit einer Umsatzrendite von 3,8 %.

Die in diesem Lagebericht enthaltenen Aussagen über zukünftige Entwicklungen beruhen auf Einschätzungen der Geschäftsleitung, die zum Zeitpunkt der Erstellung nach bestem Wissen und Gewissen getroffen wurden. Sie sind naturgemäß mit einer Reihe von Risiken und Unsicherheiten behaftet, die im Falle ihres Eintretens zu anderen als den erwarteten Ergebnissen führen können.

Chancen- und Risikobericht

Die Geschäftsleitung hat in einem Compliance Team die Verantwortlichkeiten eindeutig geregelt, um den Rahmen für das Risikomanagementsystem sicherzustellen. Risikopotenziale werden von den Verantwortlichen regelmäßig identifiziert, analysiert und bewertet. Neben der Festlegung von eindeutigen Verantwortlichkeiten sind für bestandsgefährdende Risiken Indikatoren festgelegt. Es besteht derzeit kein Risiko für Finanzierungs- oder Liquiditätsengpässe. Die Liquiditätslage wird laufend überwacht.

Chancen

Im Folgenden wird über die Chancen ihrer Bedeutung nach in absteigender Reihenfolge berichtet:

Die digitale Wirtschaft hat sich zu einem wichtigen Motor des weltweiten Wirtschaftswachstums entwickelt. Umweltfreundliche und CO₂-arme Technologien sind zu neuen Treibern einer nachhaltigen Entwicklung geworden. Diese Kombination aus digitalem Wandel und umweltfreundlicher Entwicklung bietet Huawei umfangreiche neue Möglichkeiten.

Da Kommunikations- und IT/Cloud-Infrastrukturen die Grundlage der Digitalisierung darstellen, wird der Markt für Informations- und Kommunikationstechnologie in Zukunft noch mehr an Bedeutung gewinnen, was für Huawei wiederum Chancen für weiteres Wachstum darstellt.

Netz- und Service-Provider, die den Kundenstamm der Carrier Network Business Group von Huawei Technologies Deutschland bilden, und ihre stetigen Investitionen in LTE- und 5G- sowie Festnetzbreitband-Technologien sind ein entscheidender Faktor für unser

nachhaltiges Geschäft in diesem Bereich. In den vergangenen Jahren haben die deutschen Netzbetreiber erheblich in diese Bereiche investiert. Hier zeigen sich bereits eine steigende Nachfrage und wachsende Investitionen in den kommenden Jahren aufgrund der Bedeutung des 5G-Netzes und von Glasfasernetzen für Verbraucher und die deutsche Industrie, um Deutschland als attraktiven Wirtschaftsstandort zu sichern.

Industrielle Fertigungsprozesse werden in allen Bereichen der Wertschöpfungskette immer schneller und umfassender digitalisiert. So nehmen in der deutschen Fertigungsindustrie gerade sogenannte private Mobilfunknetze auf Basis der 5G-Technologie einen Aufschwung.

Digitale Kompetenz ist für Unternehmen von zentraler Bedeutung geworden. Unterstützende IT-Systeme werden durch vernetzte digitale Produktionssysteme ersetzt, die direkt Werte für Unternehmen schaffen.

Der Wandel in Richtung cloudbasierter intelligenter Rechenzentren und der damit verbundenen Hochleistungskonnektivität verstärkt sich. Unsere intelligenten Netzwerk- und WIFI-6-Campus-Lösungen werden der wachsenden Nachfrage ebenso gerecht wie unsere Speicherlösungen, die dem Trend hin zu wachsender Bedeutung und höherem Volumen von Daten Rechnung tragen.

Die steigende Nachfrage nach digitaler Technik erfordert erhebliche Anstrengungen zur Reduzierung des Energieverbrauchs, um die ehrgeizigen Klimaneutralitätsziele Deutschlands zu unterstützen. Unsere Technologien und Lösungen sind gut vorbereitet, da wir auch Produkte beim "Energieverbrauch pro Bit" anbieten können.

In unserem neu gegründeten Geschäftsbereich Digital Power bündeln wir alle Geschäftsfelder rund um Technologien und Lösungen für erneuerbare Energien, Fahrzeugladetechnologien und Lösungen für die Energieversorgung von Infrastrukturstandorten.

Mit einem bereits gut etablierten Marktanteil in Deutschland sehen wir eine hohe Nachfrage und wachsende Möglichkeiten für Huawei in Deutschland. Die deutschen/europäischen Klimaziele, die derzeitige riskante Abhängigkeit von fossilen Energiequellen sowie die hohen Energiekosten stellen für Deutschland und die Wirtschaft eine große Herausforderung dar. Wir erwarten daher einen entsprechenden Schub in Richtung eines "grünen Wandels" und verstärkte Investitionen in allen damit verbundenen Segmenten.

Mit unserem umfassenden Portfolio von Technologien, Produkten und Lösungen sehen wir große Chancen für ein nachhaltiges und kontinuierliches Geschäftswachstum unseres Bereichs Digital Power.

Risiken

Im Folgenden wird über die Risiken ihrer Bedeutung nach in absteigender Reihenfolge berichtet:

Die Bundesregierung hat alle Anbieter zu klaren Sicherheitsstandards verpflichtet. Die beiden wichtigsten relevanten Gesetze sind das IT-Sicherheitsgesetz und das Telekommunikationsgesetz (IT-SiG und TKG), die am 16. Dezember 2020 von der Regierung verabschiedet wurden. Sie wurden im Rahmen des Gesetzgebungsverfahrens am 23. April 2021 vom Bundestag beschlossen und am 7. Mai 2021 vom Bundesrat gebilligt.

Ein weiteres Thema für die Gesetzgebung ist der IT-Sicherheitskatalog vom 23. Dezember 2020, der vom der Bundesnetzagentur (BNetzA) am 18. August 2021 bei Veröffentlichung der Liste der kritischen Funktionen gemäß Telekommunikationsgesetz geändert wurde.

Erkennen unsere Kunden eines unserer Produkte als Produkt mit kritischen Funktionen, müssen diese kritischen Komponenten zertifiziert werden und der Hersteller muss eine Erklärung der Vertrauenswürdigkeit vorlegen. Kommt es nicht zu einer Zertifizierung der kritischen Komponenten, würden unsere Kunden diese Produkte nicht mehr kaufen.

Im Falle einer Verletzung der für die jeweilige kritische Komponente ausgestellten Erklärung der Vertrauenswürdigkeit, kann das BMI die Vertrauenswürdigkeit dieser speziellen kritischen Komponenten ablehnen. Infolgedessen würden unsere Kunden diese Produkte nicht mehr kaufen.

Darüber hinaus kann die Bundesregierung die Beteiligung eines Lieferanten an den kritischen Komponenten einschränken, wenn überwiegende öffentliche Interessen entgegenstehen. In diesem Fall würde es zu wesentlichen negativen Auswirkungen auf die Vermögens-, Finanz-, und Ertragslage der Gesellschaft kommen.

Kunden könnten zur Abwendung möglicher negativer Auswirkungen der zukünftigen Gesetzgebung bestehende Verträge neu verhandeln.

Insgesamt besteht in den oben genannten Szenarien für die Gesellschaft das Risiko negativer Auswirkungen auf die Vermögens-, Finanz-, und Ertragslage.

Die Produkte der Huawei Technologies Deutschland GmbH werden vom Huawei-Konzern geliefert. Die Huawei Technologies Deutschland GmbH ist daher bestimmten Risiken ausgesetzt und auf die konzernintern erworbenen Produkte angewiesen.

Seit 2019 hat das Bureau of Industry and Security (BIS) der USA gemäß Teil 744.11(b) der United States Export Administration Regulations (nachfolgend „EAR“) die Huawei Technologies Co., Ltd., und einige nicht-amerikanische Tochtergesellschaften (nachfolgend „die Entities“) auf der amerikanischen „Entity List“ gelistet. Mit der Aufnahme in die „Entity List“ unterliegen der Export, der Reexport oder die innerstaatliche Verbringung (einschließlich Hardware, Software, Technik usw.) an gelistete Entities den Genehmigungserfordernissen des BIS, mit denen für die Entities der Zugang zu bestimmten mit US-Technologie oder -Software hergestellten Gütern beschränkt wird. Infolge der Aufnahme auf die „Entity List“ führt der Mangel an entsprechenden Rohstoffen wie Chips zu einer unzureichenden Versorgung der Consumer Business Group, was sich negativ auf unseren Umsatz auswirkt, insbesondere auf dem Markt für High-End-Mobiltelefone. Dieses Risiko stellt für die Huawei-Gruppe ein erhebliches Risiko dar. Die Gruppe hat jedoch aktive Maßnahmen ergriffen, um die Auswirkungen dieses Risikos zu mindern. Die Gesellschaft erkundet auch neue Geschäftsbereiche wie PCs und Wearables-Produkte, um den Markt zu erweitern und das Risiko beherrschbar zu machen.

Sollte sich die gesamtwirtschaftliche Lage durch politische Spannungen oder protektionistische Maßnahmen verschlechtern, könnte dies Auswirkungen auf das Investitionsverhalten von Netzbetreibern auch auf dem Inlandsmarkt haben. Auch der Privatkonsum wäre in diesem Fall von Zurückhaltung geprägt. Die Gesellschaft ist aufgrund ihrer Abhängigkeit von der Entwicklung der Huawei-Gruppe diesem Risiko mittelbar ausgesetzt.

Die Gesellschaft erzielt einen großen Teil ihrer Umsatzerlöse mit einer geringeren Anzahl von Großkunden. Sollten einer oder mehrere dieser Großkunden das Umsatzvolumen mit der Gesellschaft signifikant reduzieren, hätte dies negative Auswirkungen auf die Vermögens-, Finanz- und Ertragslage der Gesellschaft.

Das Wechselkursrisiko ist minimal, da der gesamte konzerninterne Leistungsverkehr überwiegend in Euro abgerechnet wird.

Nach Ansicht der Geschäftsleitung ist das allgemeine Kreditrisiko gering, da unsere Hauptkunden etablierte Unternehmen aus der ITK-Branche sind.

4. Erklärung zur Unternehmensführung

Die Gesellschaft hat Zielvorgaben (11 %) und Fristen (in 3 Jahren) für den Frauenanteil in der Geschäftsleitung sowie in den beiden darunter liegenden Führungsebenen der Gesellschaft festgelegt. Der Frauenanteil in Führungspositionen auf Ebenen unterhalb der Geschäftsleitung beträgt 11,5 %. Der Anteil bei den Geschäftsführern beträgt 0 %. Der Grund dafür ist, dass die Auswirkungen der Covid-19-Pandemie auf den Arbeitsmarkt zu mehr Schwierigkeiten bei der Rekrutierung von weiblichen Mitarbeitern für Geschäftsführerpositionen geführt haben.

Düsseldorf, 30. März 2022
Huawei Technologies Deutschland GmbH

Defeng ZUO
Geschäftsführer

Appendix 3
Bestätigungsvermerk
des unabhängigen
Abschlussprüfers

**The Independent Auditor's Report
bearing a qualified electronic
signature is attached to this report
as an appendix (in file format).**

Appendix 4
General Engagement
Terms

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translator's Note: *The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of *Wirtschaftsprüfer*: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.