SIEMENS

SIEMENS AKTIENGESELLSCHAFT ÖSTERREICH

Facts and figures 2021

Siemens Aktiengesellschaft Österreich, Vienna

Financial Statements
as of September 30, 2021 (Translation)

Balance sheet as of September 30, 2021

Assets

	9/30/2021 €	9/30/2020 €000
A. Fixed assets		
I. Intangible assets	0	0
II. Property, plant, and equipment	123,319,310	127,857
III. Financial assets	633,259,117	644,638
	756,578,427	**772,495**
B. Current assets		
I. Inventories		
1. Raw materials and supplies	23,163,101	20,501
2. Work in process	3,901,393	2,837
3. Finished goods and merchandise	2,460,895	3,318
4. Services not yet chargeable	261,350,386	295,252
5. Advance payments made	18,856,797	9,294
6. Advance payments received	-131,377,624	-159,411
	178,354,948	***171,791***
II. Accounts receivable and other assets		
1. Accounts receivable – trade	100,111,743	92,555
thereof with a maturity of more than one year: €8,848,297; 2020: €9,629 thousand		
2. Accounts receivable – affiliated companies	361,923,526	559,315
thereof with a maturity of more than one year: €0; 2020: €0 thousand		
3. Accounts receivable – associated companies	664,813	752
thereof with a maturity of more than one year: €0; 2020: €0 thousand		
4. Other receivables and assets	67,693,771	63,010
thereof with a maturity of more than one year: €2,778,150; 2020: €4,023 thousand		
	530,393,853	***715,632***
III. Cash on hand, cash in banks	***8,888,879***	***7,430***
	717,637,680	**894,853**
C. Deferred items	**2,168,044**	**2,309**
D. Deferred tax assets	**34,023,000**	**38,121**
	1,510,407,151	1,707,778

Equity and liabilities

	9/30/2021 €	9/30/2020 €000
A. Shareholders' equity		
I. Subscribed, called-up, and paid-in capital stock	***125,925,000***	***125,925***
II. Capital reserves		
1. Restricted	265,603,867	265,604
2. Non-restricted	365,554,773	364,088
	631,158,640	***629,692***
III. Retained earnings		
1. Unappropriated reserves	***9,053,311***	***9,053***
IV. Net profit	***184,416,531***	***356,119***
thereof profit carried forward: €828; 2020: €0 thousand		
	950,553,482	**1,120,789**
B. Provisions		
1. Provisions for termination benefits	58,068,552	61,504
2. Provisions for post-employment benefits	28,811,576	32,474
3. Accrued income tax	3,924,196	8,585
4. Other provisions	164,199,448	180,342
	255,003,772	**282,905**
C. Liabilities		
1. Advanced payments received	29,629,919	28,722
thereof with a maturity of up to one year: €29,629,919; 2020: €28,722 thousand		
thereof with a maturity of more than one year: €0; 2020: €0 thousand		
2. Accounts payable – trade	57,181,138	53,991
thereof with a maturity of up to one year: €57,181,138; 2020: €53,991 thousand		
thereof with a maturity of more than one year: €0; 2020: €0 thousand		
3. Accounts payable – affiliated companies	112,471,552	122,662
thereof with a maturity of up to one year: €107,280,064; 2020: €117,431 thousand		
thereof with a maturity of more than one year: €5,191,488; 2020: €5,231 thousand		
4. Other liabilities	94,872,411	89,081
thereof with a maturity of up to one year: €77,050,541; 2020: €66,947 thousand		
thereof with a maturity of more than one year: €17,821,870; 2020: €22,134 thousand		
thereof due to taxes: €24,417,735; 2020: €19,208 thousand		
thereof with a maturity of up to one year: €24,417,735; 2020: €19,208 thousand		
thereof with a maturity of more than one year: €0; 2020: €0 thousand		
thereof due to social security: €12,629,546; 2020: €11,789 thousand		
thereof with a maturity of up to one year: €12,629,546; 2020: €11,789 thousand		
thereof with a maturity of more than one year: €0; 2020: €0 thousand		
Total liabilities	**294,155,020**	**294,456**
thereof with a maturity of up to one year: €271,141,662; 2020: €267,091 thousand		
thereof with a maturity of more than one year: €23,013,358; 2020: €27,365 thousand		
D. Deferred items	**10,694,877**	**9,628**
	1,510,407,151	**1,707,778**

Siemens Aktiengesellschaft Österreich, Vienna

Income statement

Fiscal years ended September 30, 2021, and September 30, 2020

	2021 €	2020 €000
1. Revenue	1,172,088,363	1,338,748
2. Cost of sales	-979,022,499	-1,149,021
3. Gross profit on sales	193,065,864	189,727
4. Marketing and selling expenses	-118,858,755	-144,386
5. General administrative expenses	-17,389,690	-19,365
6. Other operating income	27,831,696	54,444
7. Other operating expenses	-2,587,001	-1,064
8. Subtotal of lines 3 to 7 (operating result)	***82,062,114***	***79,356***
9. Income from investments in affiliated and associated companies thereof from affiliated companies: €82,224,946; 2020: €29,968 thousand	82,224,946	29,968
10. Income from other securities classified as financial assets thereof from affiliated companies: €0; 2020: €0 thousand	34,531	35
11. Other interest income and similar income thereof from affiliated companies: €97,703; 2020: €191 thousand	4,510,122	637
12. Income from the disposal and write-up of financial assets	20,080,421	180,862
13. Expenses arising from financial assets thereof a) write-downs: €1,334,051; 2020: €5,914 thousand b) expenses arising from affiliated companies: €300,000; 2020: €4,715 thousand	-1,634,051	-5,936
14. Interest and similar expenses thereof for affiliated companies: €2,648,025; 2020: €2,227 thousand	-2,875,526	-4,322
15. Subtotal of lines 9 to 14 (financial result)	***102,340,443***	***201,244***
16. Earnings before taxes	**184,402,557**	**280,600**
17. Income tax	13,146	-29,957
18. Earnings after taxes = Net profit for the year	**184,415,703**	**250,643**
19. Increase in net assets due to carve-out	0	105,476
20. Profit carried forward	828	0
21. Net profit	**184,416,531**	**356,119**

Notes for
Siemens Aktiengesellschaft Österreich
for fiscal year 2021

1. General

The annual financial statements of Siemens Aktiengesellschaft Österreich as of September 30, 2021, were prepared in accordance with the Austrian Commercial Code (UGB) as amended. The income statement was prepared on the basis of the cost-of-sales accounting format.

Certain reportable items were aggregated in the balance sheet and the income statement. These items are disclosed in the following notes.

As in the previous fiscal year, the global COVID-19 pandemic was one of the material economic factors in the 2021 fiscal year. Any impacts on items in the annual financial statements are explained in the given item. The COVID-19 situation has no effect on the company with regard to the application of the going concern principle.

The following notable events occurred in fiscal year 2021:

Sale of Flender d.o.o., Subotica

In an agreement dated September 25, 2020, that took legal effect on December 1, 2020, a unit of Siemens d.o.o. Beograd, Belgrade, was transferred to Flender d.o.o., Subotica. The company was subsequently sold to Flender GmbH, Bocholt, as per an agreement dated September 29, 2020, and the sale took legal effect upon its entry in the commercial register on December 21, 2020. The resulting positive earnings effect in the amount of €14,076 thousand is reported in the financial result for the reporting period.

Capital reduction and merger of KDAG Beteiligungen GmbH, Vienna

At KDAG Beteiligungen GmbH, Vienna, a capital reduction in the amount of €6,535 thousand was passed by way of a shareholders' resolution dated December 1, 2020. The capital reduction was entered into the commercial register on March 24, 2021. The company was subsequently merged with Siemens Metals Technologies Vermögensverwaltungs GmbH, Vienna, under a merger agreement dated April 28, 2021, and with legal effect as of June 19, 2021.

Sale of SMATRICS GmbH & Co KG, Vienna, and E-Mobility Provider Austria GmbH, Vienna

In an agreement dated June 17, 2021, that took legal effect as of July 30, 2021, SMATRICS GmbH & Co KG, Vienna, and E-Mobility Provider Austria GmbH, Vienna, were sold to VERBUND Energy4Business GmbH, Vienna.

Completion of the tax audit

In September 2021, a tax audit of Siemens Aktiengesellschaft Österreich was completed. The audit focused primarily on corporate income taxes and value added tax in the fiscal years 2017 to 2019. The earnings effects of this audit were taken into account in these annual financial statements. For more information, please refer to the relevant notes in the section entitled “Income tax.”

2. Recognition and measurement principles

The financial statements were prepared in accordance with generally accepted accounting principles as well as general standards to present a true and fair view of the company’s assets, liabilities, and financial and earnings position.

The principles of completeness and individual valuation were adhered to, and the going concern principle was applied.

The principle of prudence was adhered to by applying the imparity principle. Only those profits are reported that were realized and earned as of the balance sheet date, and adequate provisions have been made for all risks and potential losses foreseeable on the balance sheet date and at the time that the financial statements were prepared.

Intangible assets are valued at their acquisition cost less straight-line amortization, with the half-year method applying in the year of acquisition. Impairment charges are recorded when the fair value at the balance sheet date is below book value and the decrease in value is other than temporary.

Property, plant, and equipment are valued at their acquisition cost or production cost, less straight-line depreciation where depreciable, and less impairment charges where required. The depreciation is calculated on a straight-line basis over the useful life of the respective asset, with the half-year method applying in the year of acquisition. The definition of production costs for the valuation of self-produced property, plant, and equipment corresponds to that applied for inventories.

Amortization and depreciation are based on the following rates:

	%
Intangible assets	20
Buildings	3–20
Technical equipment and machinery	10–20
Other equipment, plant, and office equipment	20–50
Special tools, low-value assets, standard tools	100
Leased equipment	20

Impairment charges are recorded when the fair value at the balance sheet date is below book value and the decrease in value is other than temporary.

Financial assets are valued as follows:
- Investments in affiliated and associated companies at historical cost, reduced where appropriate to recognize a decline other than temporary in the value of the investments and increased by impairment charge reversals when the reason for the impairment no longer applies. The valuation approaches applied are the discounted cash flow method and the income approach.
- Financial investments at their historical cost taking into account the reduction of any premium contained in the purchase price using straight-line amortization or at lower exchange prices prevailing on the balance sheet date.

Raw materials and supplies are valued at their average historical cost according to the moving average price method or at the lower values prevailing on the balance sheet date.

Work in progress and finished goods are valued at their production cost. The production costs include direct materials and direct labor as well as an appropriate portion of material and production overhead as well as expenses for social benefits as defined in § 203 (3) UGB, but not directly attributable interest on borrowings.

Merchandise is valued at its average historical cost according to the moving average price method or at the lower value prevailing on the balance sheet date.

Services not yet chargeable are valued in the same manner as products. Neither the proportional administrative and selling expenses nor interest on borrowings are capitalized. Advance payments received from customers are deducted from the finished work.

Inventory risks arising from extended storage and reduced usability are accounted for by reasonable allowances.

Appropriate provisions are made to cover expected losses from pending transactions. The valuation approach was switched from full costing to partial costing in the 2021 fiscal year. The switch results in a decline in the value of the provision in the opening balance from €14,737 thousand to €7,966 thousand. The income from the switch in the amount of €6,771 thousand is reported in the other operating income for the reporting period.

Accounts receivable and other assets are reported at their nominal value, or in the event of foreseeable risks, at their lower fair value. Accounts receivable denominated in foreign currencies are hedged against exchange rate risk for the most part and valued at the lower of cost or market using the average closing exchange rate as of the balance sheet date. Appropriate base allowances are determined on the basis of standard, group-wide customer and sector ratings to cover general credit risks. Non-interest bearing or low-interest bearing receivables are reduced to their discounted value using a standard market interest rate.

Deferred taxes are formed pursuant to § 198 (9) and (10) UGB using the balance sheet approach and without a discount, based on the current corporate income tax rate of 25 percent (2020: 25 percent).

The provisions for termination benefits and anniversary bonuses are computed using the projected unit credit method according to IAS 19. The calculation was performed using an interest rate as of the balance sheet date of 0.86 percent (2020: 0.77 percent) and a growth rate of 3.00 percent (2020: 3.00 percent) of the relevant assessment basis, based on the AVÖ 2018-P mortality tables for salaried employees (2020: AVÖ 2018-P mortality tables).

The retirement age was computed based on a calculated retirement age of 62 years for women and men, taking into account the transitional provisions according to the 2011 Finance Act (Budgetbegleitgesetz 2011) and the Federal Constitutional Law on Age Limits (BVG Altersgrenzen) for women. Any individual retirement dates of which the company has been notified were taken into account. The end of financing applied is the earlier of the calculated retirement age or the 25th year of service (for termination benefits). Age-dependent fluctuation rates of 0.00 percent to 9.74 percent (2020: 0.06 percent to 9.37 percent) were also applied.

The provisions for post-employment benefits are computed using the projected unit credit method according to IAS 19. The calculation was performed using an interest rate as of the balance sheet date of 0.86 percent (2020: 0.77 percent) and a growth rate for the current benefits of 0.00 percent or 2.00 percent (2020: 0.00 percent or 2.00 percent), based on the AVÖ 2018-P mortality tables for salaried employees (2020: AVÖ 2018-P mortality tables). As in the previous year, the provisions for post-employment benefits do not pertain to any active employees.

During the 2021 fiscal year, Siemens Aktiengesellschaft Österreich decided to terminate the guarantee pertaining to hardships (occupational disability and death) in Works Agreement No. 21 and replace it with the additional Works Agreement No. 28 dated July 1, 2021. This eliminates the obligation to make additional contributions to the pension fund. Therefore, the provision for other long-term employee benefits was released. The earnings effect in the fiscal year amounts to €8,748 thousand, which is reported in other operating income.

The option to recognize the actuarial interest in the financial result was employed for the recognition of the provisions for termination benefits, post-employment benefits, and anniversary bonuses.

In keeping with the concept of prudence, the item other provisions is composed of provisions for all other foreseeable risks as well as for liabilities for which the existence or amount is uncertain on the balance sheet date and at the time the financial statements were prepared based on the expected repayment amounts. They consist of provisions for warranties, other project-related provisions and deferred items, personnel expenses, and other risks.

The non-current provisions are discounted using a matched-maturity interest rate published by Deutsche Bundesbank. The option to recognize the actuarial interest in the financial result was employed.

Liabilities are reported at their repayment amounts. Liabilities denominated in foreign currencies are hedged against exchange rate risk for the most part and valued at the higher of cost or market using the average closing exchange rate on the balance sheet date.

The derivative financial instruments used in the reporting period consisted of forward exchange transactions. The values were calculated as of the balance sheet date based on changes in forward exchange rates. No valuation units were formed with the hedged underlying transactions. Thus, the derivatives were valued according to the imparity principle. Forward exchange transactions were only conducted with Siemens Aktiengesellschaft, Berlin and Munich.

3. Notes to the balance sheet

Fixed assets

The breakdown of and changes in the aggregate fixed assets reported in the balance sheet for fiscal year 2021 can be found in Annex 1, “Changes in fixed assets.”

Information about the most important equity holdings can be found in the “Summary of investments in affiliated and associated companies” (Annex 2).

The other financial investments break down as follows:

	9/30/2021 Book value	**9/30/2021 Fair value €000**	9/30/2020 Book value €000	9/30/2020 Fair value €000
Financial investments	10,349	10,730	10,434	10,942

Accounts receivable and other assets

Information on the maturity and structure of accounts receivable and other assets can be found in the relevant balance sheet item. No receivables were collateralized by bill of exchange as of September 30, 2021, or September 30, 2020. General allowances in the amount of €254 thousand (2020: €296 thousand) were formed for general credit risks related to the trade receivables outstanding as of September 30, 2021.

The accounts receivable from affiliated companies include the following:

	2021 €000	2020 €000
Advance payments made	4,405	4,361
Accounts receivable – trade	3,281	246
Financial deposits	349,002	545,476
Other receivables	5,236	9,232
	361,924	**559,315**

The other receivables and assets after allowances include the following:

	2021 **€000**	2020 €000
Receivables from tax authorities	53,259	40,614
Refund claims from Siemens Energy Austria GmbH	4,416	11,507
Other	10,018	10,889
	67,693	**63,010**

The refund claims from Siemens Energy Austria GmbH, Vienna, for third-party claims from contracts that were not transferred are covered by provisions in the same amount.

Other receivables and assets include income in the amount of €35,826 thousand (2020: €36,408 thousand) for which cash will be received after the balance sheet date.

Deferred tax assets

The deferred tax assets are the result of differences in value according to the Austrian generally accepted accounting principles and tax law that mainly pertain to provisions for post-employment benefits, provisions for termination benefits and other provisions, and the fixed assets.

The recognized deferred tax assets can be considered recoverable.

Capital stock

The company’s capital stock consists of 1,725,000 fully paid-up bearer shares at zero par value and totals €125,925 thousand (2020: €125,925 thousand).

Capital reserves

The statutory reserve is allocated in the required amount and contained in the restricted capital reserve.

As in the previous year, a contribution was made in fiscal year 2021 by Siemens Konzernbeteiligungen GmbH, Vienna, the direct parent company of Siemens Aktiengesellschaft Österreich, to the second-tier subsidiary Aspern Smart City Research GmbH & Co KG, Vienna, which led to an increase in the non-restricted capital reserves in the amount of €1,446 thousand (2020: €1,621 thousand).

The non-restricted capital reserves include an amount excluded from distribution totaling €14,746 thousand (2020: €14,746 thousand) from business combinations.

Provisions

The total benefit obligation for pension benefits that have been outsourced and are covered by plan assets amounts to €30,078 thousand (2020: €32,478 thousand). In connection with plan assets in the amount of €18,400 thousand (2020: €18,878 thousand), this results in an accumulated benefit obligation of €11,678 thousand (2020: €13,600 thousand).

In addition, there are further pension obligations that have not been outsourced and are not covered by plan assets for which a provision in the amount of €17,134 thousand (2020: €18,874 thousand) is recognized.

Other provisions consist of the following items:

	2021 €000	2020 €000
Personnel expenses	89,963	101,415
Project-related provisions and deferred items	22,232	25,511
Warranties	38,787	38,781
Other	13,217	14,635
	164,199	**180,342**

An amount of €4,104 thousand (2020: €9,669 thousand) is recognized in the other provisions for restructuring measures that have been approved and are being implemented.

Liabilities

Information on the maturity and structure of liabilities can be found in the relevant balance sheet item. No liabilities were secured by collateral as of September 30, 2021, or September 30, 2020, and no liabilities had a remaining time to maturity of greater than five years.

The accounts payable to affiliated companies include the following:

	2021 €000	2020 €000
Advance payments received	60,014	66,771
Accounts payable – trade	505	497
Financial liabilities	2,000	2,000
Other liabilities	49,953	53,394
	112,472	**122,662**

The other accounts payable to affiliated companies include liabilities from tax allocations in the amount of €37,917 thousand (2020: €41,397 thousand).

The other liabilities can be broken down as follows:

	2021 €000	2020 €000
Liabilities to employees	50,310	50,718
Liabilities due to taxes	24,418	19,208
Liabilities due to social security	12,629	11,788
Other	7,515	7,367
	94,872	**89,081**

Other liabilities include expenses amounting to €71,228 thousand (2020: €69,301 thousand) that will be paid after the balance sheet date.

Deferred items

This item shows deferred income from rental and maintenance activities as well as deferrals for grants.

Hedging transactions

Derivative instruments were held for the purpose of hedging foreign currency risk as follows on the current balance sheet date and on the balance sheet date for the previous fiscal year:

Currency hedging transactions	**Forward currency sales €000**	**Forward currency purchases €000**	**Positive fair values €000**	**Negative fair values €000**
9/30/2021	4,686	28,219	73	-279
9/30/2020	40,425	26,337	388	-474

The positive market values were not recognized in the annual financial statements in accordance with the imparity principle. Other provisions were formed in the amount of €279 thousand (2020: €474 thousand) for the negative fair values.

Contingent liabilities and obligations arising from the use of property, plant, and equipment not recognized on the balance sheet

The contingent liabilities break down as follows:

	2021 €000	2020 €000
Guaranty commitments	16,700	16,700
Trade commitments	107,738	250,514
	124,438	**267,214**

The guarantees for affiliated companies contained in this amount break down as follows:

	2021 **€000**	2020 €000
Guaranty commitments	16,700	16,700
Trade commitments	97,973	150,566
	114,673	**167,266**

The change in the contingent liabilities for trade commitments is due to the reduction of the liabilities assumed for Siemens Energy Austria GmbH, Vienna, as well as for Siemens Mobility Austria GmbH, Vienna.

No collateral for third-party obligations had been provided as of the balance sheet date or in the previous year.

Payment obligations from the utilization of property, plant, and equipment not recognized on the balance sheet from rental, tenancy, and lease agreements will total €5,891 thousand (2020: €5,944 thousand) for the coming fiscal year and €13,009 thousand (2020: €14,807 thousand) for the coming five fiscal years. In the case of both the current reporting period and the prior year, this item does not include any liabilities to affiliated companies for the coming fiscal year or the coming five fiscal years.

4. Notes to the income statement

Revenue

Revenue can be broken down by sales market as follows:

	2021 **€000**	2020 €000
Domestic revenue	719,887	733,330
Foreign revenue thereof EU €330,471 thousand (2020: €383,267 thousand) thereof non-EU €121,730 thousand (2020: €222,151 thousand)	452,201	605,418
	1,172,088	**1,338,748**

Revenue can be broken down according to operations as follows:

	2021 **€000**	2020 €000
Digital Industries	541,671	487,303
Smart Infrastructure	520,552	447,408
Gas and Power	0	289,528
Large Drives Applications	9,823	13,005
Other	100,042	101,504
	1,172,088	**1,338,748**

Due to the increased integration of the Power Products unit (formerly Siemens Industrial Manufacturing, Engineering and Applications – SIMEA) in the plant network of the parent company, the decision was made to no longer report this unit separately, but rather to assign it to the Digital Industries and Smart Infrastructure units.

In order to ensure comparability, the figures for the previous fiscal year are also presented in accordance with the new structure.

In the prior year, the Gas and Power activities were only contained in the relevant items of the income statement of Siemens Aktiengesellschaft Österreich up until the legal registration of the carve-out on March 3, 2020.

Manufacturing, selling, and general administrative expenses

The functional costs (manufacturing, selling, and general administrative expenses) were computed from the operational accounts according to cost center allocation.

They can be broken down into the following cost categories:

	2021 **€000**	2020 €000
Cost of raw materials, supplies, and merchandise	551,917	714,913
Cost of purchased services	126,374	142,872
Personnel expenses	329,165	404,335
Amortization and depreciation on intangible and tangible assets	13,159	17,644
Changes in valuation allowances and other provisions	823	-37,305
Other operational expenses/expense adjustments	61,255	89,789
Other internally produced and capitalized assets	-951	-2,156
Inventory changes	33,529	-17,320
	1,115,271	**1,312,772**

The functional costs can be broken down as follows:

	2021 **€000**	2020 €000
Manufacturing expenses	979,022	1,149,021
Marketing and selling expenses	118,859	144,386
General administrative expenses	17,390	19,365
	1,115,271	**1,312,772**

The manufacturing expenses are presented less grants received for research.

Personnel

Average number of employees (full-time equivalents; not including employees completing compulsory military service, employees on leave, and apprentices):

	2021	2020
Wage earners	293	619
Salary earners	2,448	2,958
	2,741	**3,577**

The average number of employees for the previous year also includes the employees involved in the Gas and Power activities up until the legal effectiveness of the carve-out as of March 3, 2020.

Personnel expenses

Total personnel expenses can be broken down as follows:

	2021 €000	2020 €000
Wages	20,314	37,126
Salaries	231,474	278,166
Expenses for social benefits	77,377	89,043
	329,165	**404,335**

The wages and salaries include income from the changes in the provision for anniversary bonuses in the amount of €1,601 thousand (2020: €1,958 thousand) and income for changes in the restructuring provisions in the amount of €5,281 thousand (2020: expenses of €8,264 thousand) recognized through profit or loss.

The expenses for social benefits can be broken down as follows:

	2021 **€000**	2020 €000
Expenses for pension plans	5,995	6,855
Expenses for termination benefits and contributions to employee welfare funds	4,005	3,569
Expenses for mandatory social security contributions, payroll-related benefits, and other mandatory	62,890	74,001
Other personnel-related expenses	4,487	4,618
	77,377	**89,043**

The expenses for pension plans include pension fund contributions in the amount of €6,179 thousand (2020: €7,981 thousand) as well as pension payments and income from the changes in the provision for post-employment benefits in the amount of €184 thousand (2020: €1,126 thousand). In the prior year, the item Expenses for pension plans also included income from the change in the provision for other long-term employee benefits.

The expenses for termination benefits and contributions to employee welfare funds include expenses for termination benefits in the amount of €1,141 thousand (2020: €151 thousand).

The expenses for termination benefits and post-employment benefits can be broken down as follows:

	2021 **€000**	2020 €000
Members of the Managing Board and managerial employees as per § 80 (1) AktG	1,108	1,586
Other employees	6,028	5,420
	7,136	**7,006**

Other operating income

Other operating income can be broken down as follows:

	2021 €000	2020 €000
Income from the sale of fixed assets excluding financial assets	209	25,162
Income from the release of provisions	27,383	29,135
Other income	240	147
	27,832	**54,444**

The decline in income from the release of provisions resulted primarily from changes in provisions for warranties. This is counteracted by the release of the provision for occupational disability and deaths and the release of the provision for expected losses from pending transactions due to the change in the valuation approach.

Other interest income and similar income

This item primarily contains the actuarial interest for the provisions for termination benefits, post-employment benefits, and anniversary bonuses in the amount of €2,027 thousand (2020: €0 thousand) as well as interest for foreign income taxes in the amount of €1,931 thousand (2020: €0 thousand).

Income from the disposal and write-up of financial assets

This item primarily consists of the proceeds from the sale of Flender d.o.o., Subotica, in the amount of €14,076 thousand. In addition, this item contains a write-up of an investment in an affiliated company in the amount of €3,300 thousand.

In the prior year, this item included the proceeds from the sale of the Energy companies totaling €170,862 thousand as well as an impairment reversal on a receivable from a contingent purchase price adjustment in the amount of €10,000 thousand that was impaired in fiscal year 2017.

Expenses arising from financial assets

This item primarily consists of an impairment charge on an associated company in the amount of €1,334 thousand.

In the previous year, this item included impairment charges on investments in affiliated companies and an associated company totaling €5,914 thousand as well as the loss from the sale of an Energy company in the amount of €22 thousand.

Interest and similar expenses

This item primarily includes negative interest from intragroup financial deposits in the amount of €2,616 thousand (2020: €2,117 thousand).

In addition, this item includes the expenses in the amount of €83 thousand (2020: €231 thousand) resulting from the compounding of the other non-current provisions.

In the previous year, this item also included the actuarial interest for the provisions for termination benefits, post-employment benefits, anniversary bonuses, and other long-term employee benefits in the amount of €1,748 thousand.

Income tax

The company has been a member of the tax group parented by Siemens Konzernbeteiligungen GmbH, Vienna, pursuant to § 9 KStG since fiscal year 2005.

The fiscal results of the group members are allocated to the group parent. Assessments as defined in the tax consolidation agreement were applied for fiscal earnings adjustments between the group parent and each individual group member. Under this agreement, group members transferring a tax loss to the group parent (Siemens Konzernbeteiligungen GmbH, Vienna) receive compensation in the amount of 16 percent of the loss. Group members transferring a positive tax result benefit from the group’s aggregate advantage on a pro rata basis.

Taxes on income include the tax expense from group allocations in the amount of €11,954 thousand (2020: €20,035 thousand).

Of the total income taxes, €19,472 thousand pertain to earnings from previous periods (2020: expenses of €4,346 thousand). Of this amount, €11,334 thousand pertain to foreign income taxes that were recognized as being refundable by the foreign tax authority during the fiscal year and €2,803 thousand to foreign withholding taxes that were recognized by the Austrian tax authority. The tax audit for the fiscal years 2017 to 2019 that was completed during the fiscal year led to expenses of €1,288 thousand. Expenses of €3,659 thousand resulted from the tax audit for the fiscal years 2013 to 2016 that was completed in the prior year.

The expenses from the change in deferred tax assets total €4,098 thousand (2020: €1,028 thousand). This includes income in the amount of €240 thousand from the completed tax audit. The tax audit for the fiscal years 2013 to 2016 that was completed in the previous year resulted in income of €1,965 thousand.

Other effects of the tax audit were taken into account in the relevant items in the income statement.

Increase in net assets due to carve-out

In the previous year, the carve-out of the Gas and Power activities into Siemens Energy GmbH, Vienna, resulted in a demerger gain of €122,624 thousand. The expenses and income for the Gas and Power activities were included in the original income and expense items of Siemens Aktiengesellschaft Österreich’s income statement up until the recognition of the carve-out and in aggregate resulted in a gain of €17,148 thousand. This was transferred to Siemens Energy Austria GmbH, Vienna, via the item Increase in net assets due to carve-out, such that a positive result from the carve-out in the total amount of €105,476 thousand was reported under this item.

	2021 €000	2020 €000
Increase in net assets due to carve-out		
Gas and Power demerger profit	0	122,624
Gas and Power result transfer	0	-17,148
	0	**105,476**

Expenses for the financial auditor

Due to the inclusion of Siemens Aktiengesellschaft Österreich in the consolidated financial statements of Siemens Aktiengesellschaft, Berlin and Munich, and the disclosure of the expenses for the financial auditor in these consolidated financial statements, this information is not being provided in these annual financial statements.

Proposal for the appropriation of profits

For fiscal year 2021, the Managing Board proposes a dividend in the amount of €184,416 thousand from the net profit for 2021, which must be confirmed by the Annual Shareholders’ Meeting.

5. Other information

Supervisory Board, Managing Board

Supervisory Board

Cedrik Neike, MBA
Chairman of the Supervisory Board
(since 3/13/2021)

Klaus Helmrich, Dipl.-Ing. (FH)
Chairman of the Supervisory Board
(until 3/13/2021)

Josef Pröll, Dipl.-Ing.
Deputy Chairman of the Supervisory Board

Wolfgang Anzengruber, Dipl.-Ing.
(since 12/17/2020)

Helmut Draxler, Dipl.-Ing. Dr.
(until 12/17/2020)

Sabine Herlitschka, Dipl.-Ing. Dr. MBA

Monika Kircher, Mag. Dr. h. c.

Stefan Piëch, Dr.
(since 12/17/2020)

Karl Sevelda, Mag. Dr.
(until 12/17/2020)

Jürgen Wagner, Dr.

Gabriele Zuna-Kratky, Dr.
(until 12/17/2020)

Elected by the Works Council*

Christian Schaller

Andreas Ecker, Ing.
(until 6/24/2021)

Regina Assigal

Paul Lauermann, Ing.

Eveline Zauner
(since 6/24/2021)

* Elected to the Supervisory Board by the Works Council pursuant to § 110 (1) of the Austrian Labor Constitution Act.

Managing Board

Wolfgang Hesoun, Ing.
Chairman of the Managing Board

Wolfgang Wrumnig, Mag.
Chief Financial Officer

Remuneration of board members

	2021 €000	2020 €000
Members of the Managing Board (active and former)	2,448	3,121
Members of the Supervisory Board	143	143

Stock awards

The company grants stock awards to members of the Managing Board and selected key employees.

Stock awards are subject to a vesting period of roughly four years and provide an entitlement to shares in Siemens Aktiengesellschaft, Berlin and Munich, that are transferred to the recipient upon expiration of the vesting period without payment being effected.

Stock awards are linked to performance criteria. Starting with the 2020 tranche, 80 percent of the annual target amount is based on the relative stock yield, i.e. the development of the market price of the Siemens share during the vesting period including the dividends disbursed during this period compared with the development of the stock yield according to the MSCI World Industrial sector index, and the remaining 20 percent is based on a sustainability target that is calculated on the basis of the development of Siemens Group (excluding Siemens Healthineers) with regard to environmental, social, and governance factors.

The annual target amount for the tranches from 2016 to 2019 is tied to the development of Siemens' share price compared with the share price of five of Siemens' competitors during the four-year vesting period.

The range for the achievement of the performance criteria is from 0 percent to 200 percent. Starting with the 2019 tranche, stock awards are granted solely in the form of shares. Up to and including the 2018 tranche, stock awards are granted entirely in the form of shares up to a target achievement rate of 100 percent. If the achievement rate is between 100 percent and 200 percent, an additional cash payment is made based on the level of exceedance.

In the 2021 fiscal year, stock awards with a vesting period from 2016 to 2020 (2020: 2015–2019) and amounting to €2,659 thousand (2020: €4,538 thousand) were transferred to the members of the Managing Board and selected key employees.

Information regarding the exemption from preparing consolidated financial statements

The company is in a group relationship with Siemens Aktiengesellschaft, Berlin and Munich, and its affiliated companies. The company is included in the consolidated accounts of Siemens Aktiengesellschaft, Berlin and Munich, which prepares consolidated financial statements for the largest and smallest group of companies. Due to the inclusion of Siemens Aktiengesellschaft Österreich in the consolidated financial statements of Siemens Aktiengesellschaft, Berlin and Munich, Siemens Aktiengesellschaft Österreich is not required to prepare separate consolidated financial statements. The consolidated financial statements of Siemens Aktiengesellschaft, Berlin and Munich, are filed with the commercial register of the Vienna Commercial Court under the number 252377v for Siemens Konzernbeteiligungen GmbH, Vienna.

Material events after the balance sheet date

In October 2021, the Managing Board of Siemens Aktiengesellschaft, Berlin and Munich, decided to spin off the Large Drives Applications (LDA) activities into separate businesses on a global basis. The LDA activities of Siemens Aktiengesellschaft Österreich will be transferred in the 2022 fiscal year.

No other events occurred after the balance sheet date that have an impact on the financial position of the company as of September 30, 2021.

Vienna, November 25, 2021

The Managing Board

Wolfgang Hesoun m.p. Chief Executive Officer	Wolfgang Wrumnig m.p. Chief Financial Officer

Siemens Aktiengesellschaft Österreich, Vienna

Changes in fixed assets

Annex 1

Figures in €000	Acquisition/production costs					Accumulated amortization/depreciation					Net book value	
Fixed asset items	As of 10/1/2020	Transfers	Additions	Disposals	As of 9/30/2021	As of 10/1/2020	Transfers	Additions	Disposals	As of 9/30/2021	As of 9/30/2021	As of 9/30/2020
I. Intangible assets												
1. Licenses, industrial property rights, and similar rights and licenses to such rights	1,051	0	0	129	922	1,051	0	0	129	922	0	0
	1,051	0	0	129	922	1,051	0	0	129	922	0	0
II. Property, plant, and equipment												
1. Land, equivalent rights to property, and buildings including buildings on land not owned												
a) Property value	16,996	0	2	1,330	15,668	1,069	0	0	1,069	0	15,668	15,927
b) Building value	217,861	0	650	168	218,343	126,763	4,241	0	168	130,836	87,507	91,098
2. Technical equipment and machinery	39,226	1,114	1,051	1,794	39,597	30,837	1,433	0	1,789	30,481	9,116	8,389
3. Other equipment, plant, and office equipment	79,385	746	5,148	7,652	77,627	71,921	6,602	0	7,574	70,949	6,678	7,464
4. Leased equipment	9,079	0	264	42	9,301	6,209	883	0	41	7,051	2,250	2,870
5. Construction in process	2,109	-1,860	2,032	181	2,100	0	0	0	0	0	2,100	2,109
	364,656	0	9,147	11,167	362,636	236,799	13,159	0	10,641	239,317	123,319	127,857
III. Financial assets												
1. Investments in affiliated companies	1,847,429	0	200	8,467	1,839,162	1,229,095	0	3,364	374	1,225,357	613,805	618,334
2. Investments in associated companies	33,163	0	4,190	7,471	29,882	17,293	3,780	0	296	20,777	9,105	15,870
3. Financial investments	10,434	0	0	85	10,349	0	0	0	0	0	10,349	10,434
	1,891,026	0	4,390	16,023	1,879,393	1,246,388	3,780	3,364	670	1,246,134	633,259	644,638
	2,256,733	0	13,537	27,319	2,242,951	1,484,238	16,939 1)	3,364	11,440	1,486,373	756,578	772,495

1) Including € 2,446 thousand for the shares in Aspern Smart City Research GmbH & Co KG, Vienna, held in trust

Summary of investments in affiliated and associated companies

Annex 2

Company, registered headquarters	equity capital €000	Shareholding %	Profit/loss for the period €000	Last reporting date
Aspern Smart City Research GmbH, Vienna	65	44.10	8	12/31/2020
Aspern Smart City Research GmbH & Co KG, Vienna	15,004	44.10	-8,446	12/31/2020
Siemens d.d., Zagreb	6,447	100.00	1,010	9/30/2020
Siemens d.o.o. Beograd, Belgrade	28,090	100.00	3,301	9/30/2020
Siemens d.o.o. Sarajevo, Sarajevo [1)]	589	100.00	-605	9/30/2018
Siemens d.o.o., Ljubljana	5,261	100.00	1,522	9/30/2020
Siemens EOOD, Sofia	9,029	100.00	2,901	12/31/2020
Siemens Gebäudemanagement & -Services G.m.b.H., Vienna	3,558	100.00	2,173	9/30/2020
Siemens Metals Technologies Vermögensverwaltungs GmbH, Vienna	69,421	100.00	535	9/30/2020
Siemens Personaldienstleistungen GmbH, Vienna	2,631	100.00	2,399	9/30/2020
Siemens S.R.L., Bucharest	12,613	98.36	4,906	9/30/2020
Siemens s.r.o., Bratislava	31,760	100.00	10,122	9/30/2020
Siemens, s.r.o., Prague	92,450	100.00	22,540	9/30/2020
SIMEA SIBIU S.R.L., Sibiu	8,904	99.93	639	9/30/2020
Siemens Ukraine, Kiev	8,069	100.00	2,235	12/31/2020
Siemens Zrt., Budapest	12,256	100.00	1,341	9/30/2020
VVK Versicherungs-Vermittlungs- und Verkehrs-Kontor GmbH, Vienna	55	100.00	15	9/30/2020

1) In liquidation

Management's discussion and analysis for Siemens Aktiengesellschaft Österreich for fiscal year 2021

1. Report on the development of business and economic conditions

1.1. Development of business

1.1.1. Economic conditions

Economic conditions were dominated by the COVID-19 pandemic during the 2021 fiscal year. Due to the escalation of the pandemic throughout Europe and the imposition of another hard lockdown at the end of 2020, economic output declined again in Austria following a brief upswing during the summer. As a result, the real gross domestic product for 2020 as a whole contracted by 6.7 percent versus 2019.[1, 2] The restrictions led to a plunge in private consumption. At the same time, domestic companies sharply scaled back their investments in equipment, whereas the construction sector was less affected by the measures aimed at containing the pandemic due to the solid level of orders. Overall, gross capital formation decreased by 5.2 percent last year.[1, 2]

The recovery in the global economy was more rapid and more robust than anticipated, although there are still regional differences that are primarily related to the differences in the progression of the COVID-19 pandemic and vaccination progress in the various countries. After the pandemic led to order declines and reduced production capacities in many industries on a global scale in 2020, the surge in global demand since the beginning of the year has led to delivery delays, a massive reduction of inventories, material shortages, and price increases for certain raw materials and intermediate goods around the world, which are hindering the economic expansion.

[1] WIFO: Autumn Forecast, Forecast for 2021 and 2022, October 2021

[2] IHS: Autumn Forecast for the Austrian Economy 2021–2022, October 2021

Following the winter recession marked by another contraction of GDP in the first quarter of 2021 due to a new wave of coronavirus infections, the worldwide recovery and the lifting of the majority of the government-imposed containment measures resulted in the expected rebound in Austria's economic output in mid-2021. The sectors that were hit hardest by the crisis, such as retail, transportation, lodging, food and beverage, and the other service sectors, experienced the most substantial growth. However, diminishing catch-up effects, the rising infection trend, and the sluggish vaccination progress in the second half of the year will dampen the robust upswing. Nevertheless, the economic boom is exhibiting tremendous momentum, although it is progressing differently in various sectors. Therefore, the economists at the Austrian Institute of Economic Research (WIFO) and the Institute for Advanced Studies (IHS) expect real GDP to expand by 4.4 percent and 4.5 percent, respectively, this year. This is slightly below the growth of 4.8 percent projected for the eurozone this year. The Austrian economy is expected to continue expanding in 2022, with growth of 4.8 percent according to WIFO and 4.5 percent according to IHS.[1, 2]

The strong recovery of industry and the construction sector led to a surge in investment that is also being supported by the government's aid measures. According to projections, gross capital formation will increase by 8.2 percent this year and slow to 4.1 percent next year.[1]

Due to the rising industrial and export activity as well as catch-up effects, there was a significant increase in capacity utilization and the need for expansions of production capacity, which is resulting in substantial growth in investments in equipment in 2021. However, the pace of the production increase declined in the second half of the year due to the downturn in new business and the supply shortages. After a drop in investments in equipment by 6.5 percent in 2020, marked growth of 10.6 percent is expected for 2021, followed by a continuation of the recovery with an increase of 5.3 percent in 2022.[1]

The construction industry proved to be more crisis-resistant, with a much less pronounced decline of 3.7 percent last year. A solid trend in construction activity emerged at the beginning of 2021, supported by public contracts. Although the level of orders remains very good, particularly due to public projects, orders cannot be adequately completed due to the current supply problems. The dynamic development of costs is also having a dampening effect. WIFO projects an increase in construction investments by 5.4 percent this year, followed by roughly 2.6 percent in 2022.[1]

While the momentum in industry and construction started to wane around the middle of the year, growth in private consumption and, as a result, the service sector accelerated due to catch-up effects. Following the decrease of 8.5 percent in 2020, WIFO and IHS forecast substantial growth in 2021 (WIFO: plus 4.5 percent; IHS: plus 4.0 percent).[1, 2]

The job market once again came under pressure at the start of 2021 due to the third lockdown. The lifting of the most significant containment measures and the economic upswing resulted in a noticeable recovery on the job market. At the same time, however, the shortage of skilled workers in industry and the construction sector intensified over the summer. After totaling 9.9 percent in 2020, the unemployment rate (according to the national definition) is expected to fall to 8.2 percent this year.[1]

Due to the higher oil prices as well as price increases resulting from the supply shortages and increased demand caused by the economic boom, inflation has risen substantially since the beginning of the year. Average inflation is projected to come in at 2.8 percent for 2021.[1]

The pandemic wave in the first quarter of 2021 impacted the economies of Central, Eastern, and Southeastern Europe, which are important for the domestic export industry and particularly for Siemens Aktiengesellschaft Österreich due to its responsibility for countries in the region, more severely than the rest of Europe. Despite this, the economy in these countries bounced back more quickly than expected, not least due to the positive global economic conditions, and the robust economic growth continued over the year. On one hand, this trend is being supported by the less strict coronavirus restrictions, which were also loosened further over the course of 2021. On the other hand, the service sector – which is impacted by the restrictions – does not account for as big of a share of GDP as in the eurozone, for example. The main driver of growth in these countries is private consumption. There was also a major increase in investments that varied by region. This was additionally supported by significant inflows of foreign direct investment. The high inflation and the shortage of materials are having a negative impact. Following a decline of 3.9 percent in 2020, the forecasts of WIFO and IHS call for robust GDP growth of 5.1 percent and 4.8 percent, respectively, for the CEE-5 countries[3] in 2021, which will continue in 2022 with rates of 5.2 percent and 4.9 percent, respectively.[1, 2] The biggest risks for the sustained economic recovery of this region include the rapidly rising infection rates in the autumn of 2021 paired with a relatively low vaccination rate as well as a premature budget consolidation on the part of the national governments, thus impairing their ability to continue the COVID-19 economic stimulus programs. In the medium term, the EU countries in this region will benefit from the main component of the Next Generation EU (NGEU) fund, the Recovery and Resilience Facility (RRF).[4, 5]

[3] Poland, Slovakia, Czechia, Hungary, and Slovenia

[4] Vienna Institute for International Economic Studies: Light at the End of the Tunnel? Economic Forecasts for Eastern Europe for 2021–23, July–August 2021

[5] Vienna Institute for International Economic Studies: Recovery Beating Expectations. Economic Analysis and Outlook for Central, East and Southeast Europe, Forecast Report Autumn 2021

1.1.2. General

Following the carve-out of Siemens Energy in 2020, Siemens is a focused technology company for industry, infrastructure, mobility, and healthcare. With its three core fields of digitalization, automation, and sustainability, Siemens is thus active in sectors that form the backbone of the global economy and offer tremendous potential for the digital transformation and greater sustainability. Siemens has the technologies needed to make companies and economies more productive, efficient, flexible, and sustainable. Thanks to the close interplay between comprehensive domain know-how and digital expertise, Siemens is optimally equipped to further expand its position in these markets.

Siemens' unrivaled ability to combine real and digital worlds is based on three elements: Siemens develops digital applications for specific industries using the comprehensive domain know-how of its experts. In addition, Siemens pools expertise in order to advance the core technologies used throughout the group. And thanks to a strong ecosystem comprising customers, partners, and start-ups, Siemens can bring customer-oriented innovations to the market faster than the competition.

Siemens is uniquely positioned to support the sustainability goals of its customers – with outstanding solutions when it comes to resource efficiency and decarbonization. In 2015, Siemens became one of the first industrial companies worldwide to commit to achieving carbon neutrality in its own business operations by 2030. The company has since reduced its carbon emissions by over 50 percent.

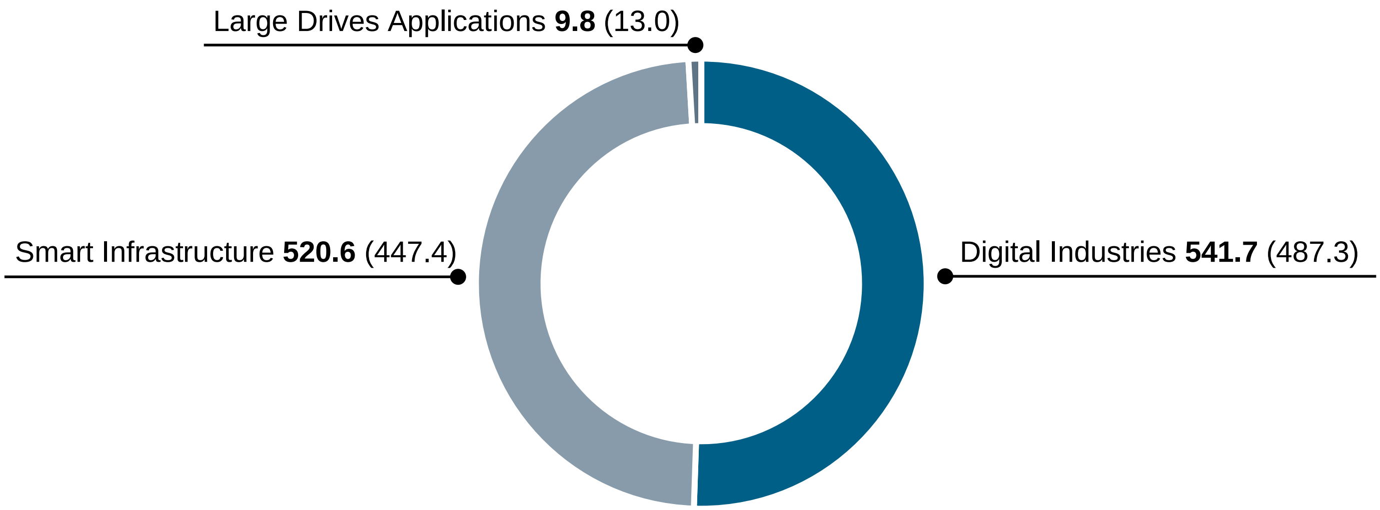
Siemens is underscoring its commitment to sustainability with its new framework called DEGREE, which stands for decarbonization, ethics, governance, resource efficiency, equity, and employability. This new framework applies to all activities across the company's businesses on a global basis.

Siemens is backing its ambitions in sustainability with systemized, measurable, and specific long-term targets for environment, social, and governance (ESG) dimensions. In addition, the company is officially adopting the topic of sustainability as an additional strategic imperative for its investment decisions.

Fiscal year 2021 was overshadowed by the coronavirus pandemic. Siemens Aktiengesellschaft Österreich implemented appropriate initiatives and measures in a timely manner in order retain its ability to serve as a reliable partner at the customer interface by ensuring business continuity, while at the same time guaranteeing the safety of its employees.

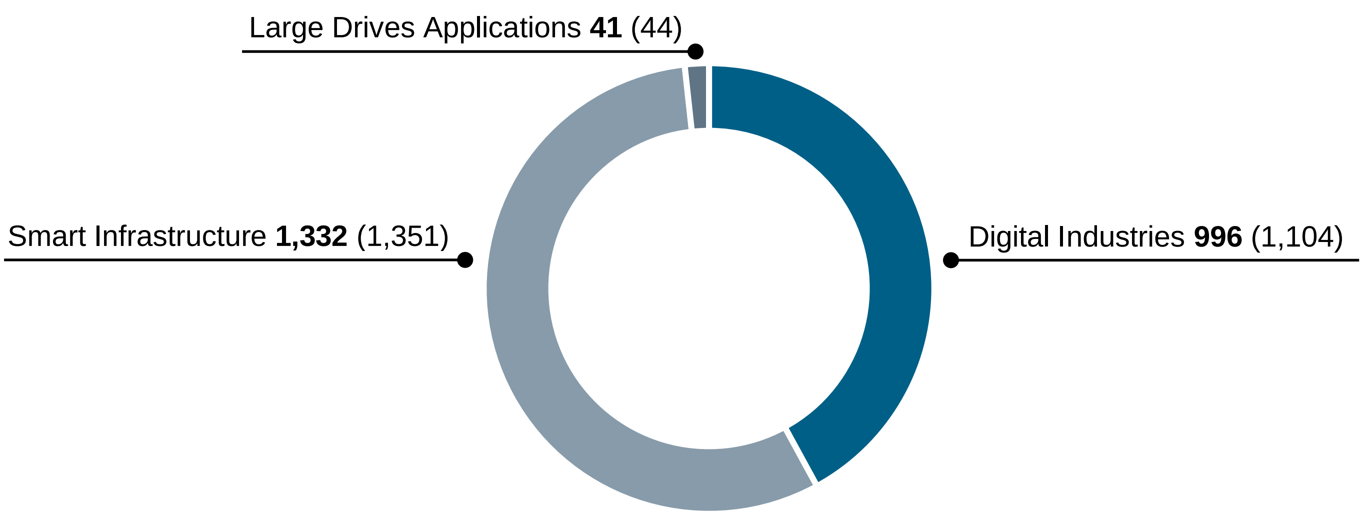
1.1.3. Businesses of Siemens Aktiengesellschaft Österreich

Revenue by business (in € millions)
(prior-year figures in parentheses*)



* The revenues of the Power Products unit (formerly Siemens Industrial Manufacturing, Engineering and Applications – SIMEA) are integrated into Digital Industries and Smart Infrastructure.
Not included: Gas and Power activities (carved out on 3/3/2020 with retroactive effect as of 10/1/2019) and others

Headcount by business
(this figure represents the number of employees regardless of their working hours – prior-year figures in parentheses**)



** The employees of the Power Products unit (formerly Siemens Industrial Manufacturing, Engineering and Applications – SIMEA) are integrated into Digital Industries.
Not included: Gas and Power activities (carved out on 3/3/2020 with retroactive effect as of 10/1/2019) and others

Digital Industries (DI)

Digital Industries was able to maintain its leading market position in the process industry and discrete industries in the core fields of automation and digitalization in fiscal year 2021 despite the difficult market conditions. In addition, important additional focuses in digitalization were developed further, thus laying the foundation for future business success in this segment.

Digital Industries reacted quickly to the economic restrictions related to COVID-19, not only focusing on the safety of its employees and customers, but also taking timely measures to secure its ability to supply and serve its customers and to adjust its own cost structure. The fiscal year was marked by above-average growth that was well above the expectations, driven by the faster-than-projected recovery of the economy and thus customers' order situation as well as the fact that customers pushed up orders due to the rising raw material prices and material shortages. Starting in the third quarter, these factors led to significant delivery delays and extended delivery times for the products of Digital Industries as well as for competitors.

The Factory Automation Business Unit can look back on a successful fiscal year with regard to its product business. Orders have increased, particularly since the end of the second quarter. The solutions business remained stable despite the difficulties in international project execution caused by COVID-19. Factory Automation is optimally prepared for future challenges thanks to new technologies such as edge computing and the development of automated guided vehicles (AGVs) at the competence center in Linz.

The Motion Control Business Unit also saw a substantial year-on-year improvement in new orders in fiscal year 2021. The machine tools segment recovered impressively following the setbacks in 2020. The significant growth in Motion Control's other segments was largely due to investments in the areas of intralogistics and machine building.

The Process Industries Business Unit enjoyed robust growth in the 2021 fiscal year. The industrial communication products of the Digital Connectivity and Power unit were well received by the market. In its solutions business, Process Industries landed various orders in the water and wastewater segment as well is in the pharmaceuticals industry.

Digital Industries also achieved growth in its service business in fiscal year 2021. Customers were provided with rapid virtual assistance with their problems via remote services.

Due to the very good development of industrial activity, there was a significant increase in new orders and the production quantity in the process automation segment (Power Products, formerly Siemens Industrial Manufacturing, Engineering and Applications – SIMEA, with production sites in Austria and Romania) despite difficulties on the supply market. All other businesses were essentially in line with the level seen in the previous year. The further development of the new PSU6200 power supply family was completed in fiscal year 2021, and the sales and thus the production ramp-up of this product family are slightly above budget. The business volume at the Romanian subsidiary remained constant for the most part. The growth in the Power Products segment helped to offset planned revenue reductions in printed circuit boards for other Siemens Business Units. Along with the revenue from power supply units, the production of printed circuit boards for process instrumentation and gas analysis made a positive contribution to business. In addition to the development of new products, Digital Industries Power Products is placing particular emphasis on the automation and digitalization of the production lines. Large parts of the so-called peer-to-peer plant (there is no master computer, only equal stations that organize themselves autonomously) were put into operation during the reporting period. The goal for the coming fiscal year is to be able to manufacture a power supply unit on a fully automated basis.

Smart Infrastructure (SI)

Smart Infrastructure's revenue and new orders in the product segment not only returned to the level seen before the COVID-19 crisis, but even increased versus 2019.

In the building technologies segment, this was due to the growth in the key vertical markets – with the exception of hotels, food and beverage, and airports – such as pharmaceuticals, health care, data centers, and transportation and logistics as well as the broad and innovative portfolio. As a result, new orders grew in the solutions and service business, thus securing the basis for revenue generation over the short to medium term. One particularly notable example here is the five-year maintenance agreement for measurement and control technology that was landed following the successful execution of the installation project at Floridsdorf clinic (Vienna Health Association). The customers benefit from the fact that operations can be simplified by way of remote support via the common Remote Service Platform (cRSP). Overall, the share of cRSP connections in Smart Infrastructure's total business volume is steadily growing, as is the share of digital services such as energy efficiency and carbon footprint analyses, anomaly detection, and system performance management.

One especially noteworthy highlight is the development in the product segment. High growth rates were achieved for both electrical and building products despite some delivery problems, which shaped the general conditions on the market.

New orders in the energy systems segment also returned to the high level seen in 2019. The Austrian grid operators – the primary customers for this segment – are still investing in the expansion and modernization of the grid. The conversion to the new generation of meters for Wiener Netze, which is the biggest smart meter project in the German-speaking region, has been under way since 2018, with Siemens serving as the lead partner and technology partner. The new, electronic power meters make it even easier to feed in, store, and bill electricity from renewable sources. Smart meters help to optimally control the power grid and are an important precursor for the increased use of renewable energy. As of August 2021, roughly 400,000 of the total 1.6 million smart meters had already been installed for households and commercial customers in the supply area of Wiener Netze. The first stage of the central meter data management (MDM) system for the collection and processing of the data was accepted by the customer in December 2020.

Meter data management expertise from Austria is also being exported to Lithuania. Smart Infrastructure is implementing the internally developed meter data management system EnergyIP for Lithuania's distribution grid operator, eso, in the course of the country's smart meter rollout.

Smart Infrastructure delivered and installed a sustainable Clean Air medium-voltage switchgear, whose insulating medium consists exclusively of natural components of ambient air. The gas-insulated switchgear (GIS) from Siemens' blue portfolio was installed in Austria for the first time. The new system will be used at the Münichtal transformer station of Energie Steiermark Group and will reduce the carbon footprint of the grid operator's system installation.

Brau Union Österreich AG is also relying on Siemens' expertise in the transition to electromobility. The contract covers the delivery, installation, and startup of charging infrastructure at the company's five production sites (Zipf, Wieselburg, Göss, Puntigam, and Schwechat) and the headquarters in Linz. In this way, Siemens is helping Brau Union to achieve its sustainability goals.

Large Drives Applications (LDA)

In the first half of fiscal year 2021, new orders for Large Drives Applications remained at the low level seen in the previous year in both the product and systems business. The second half of the year brought a recovery in incoming orders, particularly in the product business. In the market in which LDA operates, which is characterized by very capital-intensive investments, projects are gradually being activated again and the first positive investment decisions have been made. The situation on the supplier side and the associated prolonged delivery times are not yet having a material effect on LDA's revenue at this time. However, the elevated logistics costs do pose a challenge on the cost side.

1.2. Report on the branches

On September 30, 2021, Siemens Aktiengesellschaft Österreich had branches in the following countries in relation to individual projects: Bosnia and Herzegovina, Georgia, Montenegro, Romania, and Syria.

1.3. Financial and non-financial performance indicators

1.3.1. Financial position

New orders totaled €1.242 billion in fiscal year 2021 (2020: €1.441 billion). The decline can be attributed primarily to the carve-out of the Gas and Power activities. New orders for the other businesses increased by 18.2 percent versus the previous year. In order to ensure comparability, the prior-year figures were adjusted to the new structure.

Digital Industries recorded an increase in new orders of 22.9 percent during the reporting period. The most significant new orders in fiscal year 2021 included work deliveries for the construction of a fully automated battery storage facility including automation technology in the amount of €11.6 million in the Czech Republic and the construction of a system for an interim storage facility for car bodies with automated control in the amount of €11.4 million in Germany.

New orders also improved by 18.5 percent for Smart Infrastructure in fiscal year 2021, totaling €559.6 million. Noteworthy new orders included a contract in connection with the smart meter rollout for the supply area of Wiener Netze in the amount of €41.4 million.

Revenue came to €1.172 billion in fiscal year 2021 (2020: €1.339 billion). Here as well, the decline is largely a result of the carve-out of the Gas and Power activities. The allocation of revenues to the individual businesses was adjusted in line with the new structure during the fiscal year, and the comparative figures for the prior year were adjusted to the new structure (see the chart in section 1.1.3.).

Smart Infrastructure saw an increase in revenues of 16.4 percent in fiscal year 2021. The most notable individual settlements were a contract related to the smart meter rollout for Wiener Netze (€32.5 million) and the power supply systems for eight seawater desalination plants in Saudi Arabia (€10.3 million).

Revenues for Digital Industries increased by 11.2 percent in fiscal year 2021. The biggest individual revenue contributions came from the delivery, installation, and startup of eight seawater desalination plants in Saudi Arabia (€20.7 million) and the construction of the world's largest fully automated warehouse for the end customer Henkel in the U.S.A. (€14.6 million).

Foreign revenue came to €0.452 billion in the reporting period (2020: €0.605 billion), and the most important foreign markets apart from Germany included Saudia Arabia, Switzerland, and the United States of America.

An operating result of €82.1 million was generated in fiscal year 2021 (2020: €79.4 million). The increase in the result can be attributed primarily to the higher revenue (without taking the Gas and Power activities into account) as well as the simultaneous decline in production costs and marketing and selling expenses.

In order to calculate the return on sales, the operating result is adjusted to reflect the write-downs on orders on hand in connection with the integration of business entities in previous fiscal years. Due to the increase in the operating result, a higher return on sales of 7.0 percent (2020: 5.9 percent) was generated despite the lower revenue following the carve-out of the Gas and Power activities.

Return on sales

Operating result*
Revenue

* Adjusted for write-downs on orders on hand

	2021 **€000**	2020 €000
Operating result	82,062	79,356
+ write-downs on orders on hand	0	4
= adjusted operating result	*82,062*	*79,360*
Revenue	1,172,088	1,338,748
Return on sales	**7.0%**	**5.9%**

The financial result fell by €98.9 million compared with the prior year. Income from the disposal and write-up of financial assets dropped by €160.8 million to €20.1 million during the reporting period. The decline is primarily due to the sale of the Energy companies in the previous year.

By contrast, income from dividends increased by €52.3 million versus the prior year, amounting to €82.2 million.

The reduction of earnings before taxes by €96.2 million is primarily attributable to the sale of the Energy companies in the previous year. In combination with the higher shareholders' equity at the beginning of the fiscal year, this resulted in a return on equity of 24.1 percent.

Return on equity

Earnings before taxes
Shareholders' equity (after dividend distribution)*

* At the start of the fiscal year

	2021 **€000**	2020 €000
Earnings before taxes	184,403	280,600
Shareholders' equity at the start of the fiscal year	1,120,789	927,236
- dividend distribution	-356,118	-164,186
= shareholders' equity (after dividend distribution)	*764,671*	*763,050*
Return on equity	**24.1%**	**36.8%**

The company’s total assets at the end of the reporting period were €197.4 million lower than at the end of the previous fiscal year, at €1.510 billion.

On the assets side of the balance sheet, this primarily resulted from the decline in intragroup financial deposits of €196.5 million.

The shareholders’ equity of Siemens Aktiengesellschaft Österreich totaled €0.951 billion for the reporting period (2020: €1.121 billion).

There were material changes on the liabilities side of the balance sheet due to a drop in net profit of €171.7 million and the reduction of provisions by €27.9 million.

Following the adjustment of the total assets to reflect the advance payments received recognized under liabilities, the equity ratio for the 2021 fiscal year comes to 66.9 percent.

Equity ratio

$$\frac{\text{Shareholders' equity}}{\text{Adjusted total capital*}}$$

* Total assets adjusted for advance payments received recognized under liabilities

	9/30/2021 €000	9/30/2020 €000
Shareholders’ equity	950,553	1,120,789
Total assets	1,510,407	1,707,778
- advance payments received recognized under liabilities	*-89,644*	*-95,493*
= adjusted total capital	*1,420,763*	*1,612,285*
Equity ratio	**66.9%**	**69.5%**

Net short-term current assets increased by €9.8 million in fiscal year 2021 (primarily due to a foreign income tax receivable). In combination with the reduction in net short-term debt amounting to €1.0 million, this resulted in an improvement of working capital to minus €9.3 million.

Financing needs are covered by the available liquidity, the expected net cash from operations in fiscal year 2022, and, if needed, by the use of refinancing measures offered within Siemens Group.

Working capital (without income taxes or financial positions)

	9/30/2021 €000	9/30/2020 €000
Current assets (including deferred items)	719,806	897,162
- long-term current assets	-11,680	-13,708
= short-term current assets	*708,126*	*883,454*
- short-term financial assets	-349,002	-545,476
- short-term income tax receivables	-11,435	-110
= net short-term current assets	***347,689***	***337,868***
Debt (including deferred items)	559,854	586,989
- long-term debt	-163,585	-180,540
= short-term debt	*396,269*	*406,449*
- short-term financial liabilities	-2,000	-2,000
- short-term income tax provisions and liabilities	-37,296	-46,452
= net short-term debt	***356,973***	***357,997***
Working capital	**-9,284**	**-20,129**

The long-term assets cover ratio declined to 145.0 percent in fiscal year 2021. This resulted primarily from the decrease in net profit by €171.7 million.

Long-term assets cover ratio

$$\frac{\text{Equity and long-term debt}}{\text{Non-current assets}}$$

	9/30/2021 €000	9/30/2020 €000
Shareholders' equity	950,553	1,120,789
+ long-term debt	163,585	180,540
= long-term capital	***1,114,138***	***1,301,329***
Fixed assets	756,578	772,495
+ long-term current assets	11,680	13,708
= non-current assets	***768,258***	***786,203***
Long-term assets cover ratio	**145.0%**	**165.5%**

The cash flow statement for fiscal year 2021 shows a negative cash flow of €195.0 million.

Cash flow from the results rose by €13.1 million compared with the previous year, primarily due to lower income from the sale of fixed assets.

Cash flow from operating activities before taxes fell by €36.1 million to €67.3 million as a result of higher receivables and a decline in current provisions. This resulted in a decline in cash flow from operating activities by a nearly equal amount of €37.2 million to €50.9 million.

Cash flow from investments was positive and amounted to €113.0 million in the reporting period. The decrease of €227.1 million over the previous year primarily resulted from the sale of the Energy companies in the prior year.

Cash flow from financing largely stemmed from the dividend payment to Siemens Konzernbeteiligungen GmbH, Vienna.

Cash flow statement

	2021	2020
	€000	€000
Cash flow from the results		
Earnings before taxes	184,403	280,600
Depreciation on fixed assets	11,129	23,557
Profit/loss from the disposal of fixed assets	-16,710	-195,752
Income from investments in affiliated and associated companies, income from securities classified as financial assets as well as other interest income and similar income/interest and similar expenses	-83,894	-26,319
Other	300	0
	95,228	***82,086***
Cash flow from operating activities before taxes		
Changes in inventories	21,425	33,498
Changes in receivables	-11,836	77,648
Changes in advance payments received	-33,882	-28,632
Changes in accounts payable	10,854	728
Changes in current provisions	-1,578	-40,050
Changes in non-current provisions	-12,948	-21,892
	67,263	**103,386**
Cash flow from operating activities		
Payments for income tax	-16,370	-15,276
	50,893	**88,110**
Cash flow from investments		
Investments in intangible assets and property, plant, and equipment	-9,147	-11,330
Proceeds from the sale of intangible assets and property, plant, and equipment	520	25,214
Investments in financial assets	0	-3,206
Proceeds from the sale of financial assets	38,925	298,678
Payments received from income from investments in affiliated and associated companies, interest income, and income from securities	82,728	30,726
	113,026	**340,082**

Cash flow statement (continued)		
	2021 €000	2020 €000
Cash flow from financing		
Dividend distribution	-356,118	-164,186
Changes in financial liabilities	0	1
Payments made for interest and similar expenses	-2,793	-2,342
	-358,911	**-166,527**
Disposal of cash funds from the carve-out of the Gas and Power activities	0	-230
Changes in cash and cash equivalents	**-194,992**	**261,435**
Cash as of the balance sheet date		
Cash on hand, cash in banks	8,889	7,430
Credit from intragroup financial deposits	349,002	545,476
Deposits at outside entities	125	102
	358,016	**553,008**

1.3.2. Investments

Siemens Aktiengesellschaft Österreich invested €9.1 million in property, plant, and equipment during the fiscal year, 19.3 percent less than in the prior fiscal year.

1.3.3. Employees

During the fiscal year, emphasis was placed on “hybrid” working – i.e. working in part on-site and in part from home – for all positions where this was possible based on the activities involved. As a result, the infection trend in connection with the COVID-19 crisis was limited to a low level. The employees showed a great deal of flexibility and adapted their working behavior according to the status of the pandemic. The managers were also called upon to organize the deployment and management of their teams in order to ensure that customer needs and the requirements of other stakeholders could be optimally met despite the changing forms of collaboration. In order to support this, the amendments to the Austrian Employment Contract Law Harmonization Act (Arbeitsvertragsrechts-Anpassungsgesetz), which defines the legal regulations regarding telework, were implemented. If affected employees meet the requirements, they receive a daily telework allowance to help cover the costs associated with teleworking.

Recruitment activities proceeded with no limitations in order to fill open positions with new employees. Initial selection interviews were primarily conducted virtually via video calls, and the final selection took place in person in accordance with the applicable requirements (use of face coverings, check of applicants' certificate of vaccination/recovery or negative coronavirus test result). The same approach was also used for the integration phase, although the exact procedures were defined by the managers on a situational basis (with initial training taking place either on-site or virtually via telework). In addition, several hundred trainees and students once again had the opportunity to complete internships and gather professional experience during the summer months. Collaborations with colleges and universities and participation in virtual job and applicant fairs helped Siemens to retain its status as an "employer of choice." Siemens once again placed very highly in the regularly conducted surveys and even landed in first place among graduates of engineering and IT degree programs.

As part of the employee participation programs, 44.3 percent of all employees took part in the Share Matching Plan on a global basis (employees receive an additional share of Siemens stock for every three they purchase in accordance with their investment after holding the shares for the required period). The participation level in Austria was 30 percent (2020: just under 26 percent). In addition, Siemens stock awards have long been a key component of the remuneration package for the members of the Managing Board and selected key employees in order to promote an ownership culture. The number of shares to be transferred has also been linked to a sustainability target that is measured based on the development of Siemens Aktiengesellschaft, Berlin and Munich, with regard to environmental, social, and governance (ESG) factors. In addition, the employees once again participated in Siemens' result for the 2020 fiscal year as a reward for their outstanding dedication. The success bonus that was distributed totaled €3.5 million in gross terms.

With regard to training and further education activities, the range of virtual training offerings continued to be expanded in order to allow the development of skills to continue unabated even during the pandemic. The training activities were also implemented according to plan in the apprentice training program thanks to the use of a hybrid system (alternating between distance learning and on-site training at the training centers). In September 2021, 28 trainees started their apprenticeships in technical and commercial vocations. This number also includes secondary school graduates who started their careers at Siemens Aktiengesellschaft Österreich in the dual education program. The diverse possibilities for combining an apprenticeship with various fields of study made the program even more attractive to this target group.

A total of 64 employees were hired during the reporting period, and 40 resigned from the company voluntarily. The fluctuation rate was 1.4 percent (2020: 1.9 percent). As of September 30, 2021, Siemens Aktiengesellschaft Österreich had a total of 2,852 (2020: 2,894) employees (number of employees regardless of their working hours), plus 121 apprentices in training (2020: 135).

Employees by function as of the balance sheet date

	9/30/2021	9/30/2020
Research and development	562	578
Manufacturing, installation, maintenance, and service	1,226	1,080
Sales	745	834
Headquarters, service, and administration	319	402
TOTAL Siemens Aktiengesellschaft Österreich (not including employees completing compulsory military service, employees on leave, and apprentices)	**2,852**	**2,894**

1.3.4. Environmental protection

Operational environmental protection is important at every Siemens facility. All Siemens manufacturing plants in Austria are ISO 14001 certified and all sites are ISO 50001 certified.

Siemens Aktiengesellschaft Österreich used energy with a carbon dioxide load of 3,136 metric tons in fiscal year 2020. This carbon dioxide load was reduced by 2,721 metric tons to 415 metric tons during the reporting period by purchasing carbon-neutral electricity and using self-generated electricity.

Another focus is the reduction of waste. In this context, the volume of unavoidable waste for disposal of 101 metric tons in the previous year was reduced by 95 metric tons to 6 metric tons during the reporting period. The focus during the fiscal year was on reducing the quantity of hazardous waste, which was cut by 45 metric tons from 73 metric tons in the previous year to 28 metric tons.

Siemens Aktiengesellschaft Österreich invested around €0.8 million in environmental protection measures during the fiscal year. This included regular expenses for air pollution control, water protection, waste management, nature conservation and landscaping, and boosting energy efficiency.

In fiscal year 2020, energy with a carbon dioxide load of 4,471 metric tons was used for the vehicle fleet of Siemens Aktiengesellschaft Österreich, which consists of passenger cars, trucks, and other utility vehicles. The carbon load was reduced by 369 metric tons to 4,102 tons during the reporting period. In order to account for the change in conditions – i.e. the increased use of hybrid and electric vehicles, the Worldwide Harmonised Light Vehicle Test Procedure (WLTP) cycle – the carbon load is now calculated on the basis of real fuel consumption.

1.3.5. Quality management

The integrated management system (IMS) of Siemens Aktiengesellschaft Österreich encompasses international system management standards, including in the areas of quality management (ISO 9001), environmental management (ISO 14001), occupational health and safety management (ISO 45001), energy management (ISO 50001), information security management (ISO 27001), and Safety Certificate Contractors for Petrochemicals (SCCP).

Compliance with the relevant standards was verified by Quality Austria and CIS (Certification & Information Security Service) on a Business Unit basis in the course of an independent certification process. Due to the coronavirus, the related interviews were conducted both on-site and remotely.

For the first time, one Business Unit also achieved ISO 22301 (business continuity management system standard) certification. This verifies that business interruptions can be prevented to the greatest possible extent in the event of disruptions or crises, such as a pandemic, for example.

The internal Siemens certification process for project managers (PMs) and commercial project managers (CPMs) was standardized. The assessment method was further developed in cooperation with the International Project Management Association (IPMA) Austria. An additional 34 PMs and CPMs under the responsibility of Siemens Aktiengesellschaft Österreich (including assigned countries) were successfully certified during the reporting period.

The digital qualification offerings for quality managers were also expanded to a total of more than 40 specific training units with over 55 learning days.

2. Report on the expected development and risks of the company

2.1. Expected development of the company

Siemens Aktiengesellschaft Österreich aims to continue supporting its customers through the combination of the real and digital worlds in the coming fiscal year. Drivers of growth in this context include digitalization, automation, and sustainability.

In fiscal year 2022, Digital Industries will again focus on the topic of digitalization and help put its customers in a better position to react effectively to the requirements of their markets with pioneering technologies. The persistently rising raw material prices and the ongoing shortage of computer chips will continue to have a lasting impact on the supply situation in fiscal year 2022.

In light of the continued uncertainty due to the COVID-19 pandemic as well as a wide range of global supply limitations, moderate volume growth was budgeted for Smart Infrastructure for the coming fiscal year. Sustainability and thus the sparing use of resources, efficiency, and zero emissions are the issues and requirements of the future, and Smart Infrastructure is in a good position to address them with its portfolio. Smart Infrastructure serves sustainable markets with high growth rates with grid edge technologies, which represent the interface between energy grids, buildings, and energy consumers. This includes distributed energy systems, small, locally isolated grids (microgrids), and infrastructure for electric vehicles. Due to the expanded portfolio in the area of charging terminals, growth is expected here in particular. Aspects such as decentralization and decarbonization are also influencing the requirements for the power grids, and Smart Infrastructure anticipates opportunities to deliver additional products and higher demand for solutions for the increasing digitalization of these grids. Buildings can make a significant contribution to reducing the ecological footprint and boosting efficiency. Not only does Siemens already have an extensive portfolio for these purposes – ranging from smart buildings that interact and learn to digital services, which are displacing conventional on-site service – but it is also researching additional sustainable solutions at Seestadt Aspern as part of Aspern Smart City Research (ASCR), for example. At the same time, the “new normal” in the working world offers tremendous potential for Smart Infrastructure. For example, the intelligent Comfy workplace app enables Siemens to provide a solution that facilitates the safe return to the workplace and simultaneously lays the foundation for agile, forward-looking working methods.

2.2. Basic principles and material risks and uncertainties

2.2.1. Basic principles

Siemens Aktiengesellschaft Österreich is a company that completes major projects in many countries in Eastern Europe as well as in distant nations, that offers financing concepts and operator models, and that constantly brings new technical innovations to the market. This diverse range of activities entails a large number of business risks. Therefore, comprehensive risk management is absolutely essential in order to identify, assess, and manage all of these risks in a targeted manner.

At Siemens Aktiengesellschaft Österreich, risk management is aligned centrally by the Managing Board and is an integral part of the planning and implementation of the company's business strategy. In accordance with the organizational hierarchy and assignment of responsibilities, the management of the given unit is required to implement a risk management system that is tailored to the specific business and its responsibilities, and that also meets the relevant overarching principles.

The risk management system of Siemens centers around a comprehensive, interactive, and management-oriented enterprise risk management (ERM) approach that is integrated into the company organization and addresses both risks and opportunities. The ERM approach is based on the internationally recognized Enterprise Risk Management – Integrating with Strategy and Performance (2017) standard developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as well as the International Organization for Standardization (ISO) standard ISO 31000 (2018) and is adapted to the requirements of Siemens.

The Siemens ERM process aims to identify, assess, and manage risks and opportunities that could significantly influence the attainment of the company's strategic, operational, financial, and compliance-related objectives at an early stage. The process generally takes a period of three years into account and is based on a net principle under which the risks and opportunities that remain after the implementation of existing control measures are addressed.

Opportunities and risks are evaluated and documented on a quarterly basis in order to identify developments that could put the continued existence of Siemens Aktiengesellschaft Österreich at risk as early as possible and take appropriate countermeasures.

The ability of Siemens Aktiengesellschaft Österreich to continuously develop new products and services in order to keep pace with technological change in its fields of business plays a significant role in the company's competitive strength. Thanks to the close interplay between comprehensive domain know-how and digital expertise, Siemens is optimally equipped to further expand its position in its markets.

2.2.2. General risks

The markets for the company's products, solutions, and services are extremely competitive in terms of pricing, product and service quality, product development times and time to market, customer service and financing conditions, and shifts in market demand.

The value chains of Siemens Aktiengesellschaft Österreich encompass all stages in the product lifecycle, from research and development, supply chain management, and production to marketing, distribution, and the provision of services. Operational disruptions in the value chain could lead to quality problems as well as potential product safety, occupational safety, regulatory, and environmental risks and could impact the company's competitive strength. The results of the operating units depend on the reliable and effective management of the supply chain for components, parts, and materials. Capacity limitations and delivery bottlenecks caused by the ineffective management of the supply chain could lead to delivery delays, quality problems, and additional costs. The company is also dependent upon third-party suppliers for the provision of preliminary products, components, and services. Although the company works closely with suppliers to prevent supply problems, it cannot be guaranteed that supply difficulties will not arise in the future, especially if only one supplier is relied upon for critical parts. Siemens Aktiengesellschaft Österreich has introduced various quality improvement and damage prevention measures. The consistent use of quality management tools improves transparency, facilitates thorough cause analysis, and also has a preventative effect.

Digital technologies are a deep-rooted element of Siemens' business portfolio. The global increase in threats to cybersecurity we have observed and the higher level of professionalism in computer-related crime are giving rise to risks pertaining to the security of the company's products, systems, and networks and risks with regard to the confidentiality, availability, and reliability of data. Siemens Aktiengesellschaft Österreich attempts to minimize these risks using a variety of measures, including employee training taking new models for flexible work environments into account as well as the extensive monitoring of the company's networks and systems using cyber defense with an AI solution that aids in identifying attacks more quickly.

The increasing environmental, social, and governance requirements of governments and customers as well as financial restrictions on technologies that emit greenhouse gases could lead to additional costs. In addition, business commitments that impact sensitive environmental, social, and governance activities may be perceived negatively and result in a negative public outcry. This could damage the company's reputation and affect its ability to achieve its business objectives. A due diligence tool for environmental, social, and governance factors was implemented in fiscal year 2021. It is mandatory for all Siemens units.

The competition for a diverse and highly qualified workforce – such as specialists, experts, and standouts in the field of digitalization – remains intense in the sectors and regions in which the company does business. Siemens has a constant need for highly qualified employees and also sees it as a necessity to promote diversity, inclusion, and a sense of belonging among its workforce. The company's future success depends in part on its ability to identify, evaluate, and hire engineers, talented specialists in the field of digitalization, and other specialized personnel. In addition, the company must successfully integrate and develop these employees and foster their loyalty. These issues are addressed, for example, by strengthening the skills and knowledge of our employees in the area of recruitment. In addition, a strategy was defined for proactively searching for employees with the necessary skills for the company's business segments and markets. Technology and digitalization help to more effectively recruit and select talented individuals – also with regard to the diversity of the workforce. Emphasis is also placed on structured succession planning, employee loyalty, and career management.

At this time, no risks have been identified that could jeopardize the continued existence of the company either individually or in combination.

2.2.3. Financial and hedging instruments

The company employs derivative financial instruments to protect against risks, primarily those arising from exchange rate fluctuations. All material currency risks are covered in accordance with the group currency policy.

To mitigate customer default risk, Siemens Aktiengesellschaft Österreich rates the creditworthiness of all of its customers, actively manages its receivables, and agrees advance payments for the construction of major systems. In addition to its hedging instruments, the company also makes use of facilities offered by Oesterreichische Kontrollbank, bank guarantees, and letters of credit for export transactions.

We encounter the risk of price changes primarily in our business in building large-scale systems. This applies especially to the prices of materials and components that we must purchase and that are determined by the prices of the necessary raw materials on the global market. This risk is predominantly managed by attempting to pass the conditions in our contracts with our customers on to our suppliers, and by concluding supply agreements with fixed prices for the required period (in part including advance payments).

Siemens Aktiengesellschaft Österreich’s liquidity risk is currently assessed as being extremely low because of the company’s existing liquidity and its involvement in the worldwide Siemens Group’s cash-pooling system.

2.2.4. Risks and uncertainties of the businesses

A risk of customer investments being delayed or canceled due to the COVID-19 pandemic was expected for Digital Industries during the reporting period. Because the fiscal year saw tremendous growth that was well above the expectations, however, this risk was averted.

Customer orders that were pushed up due to rising raw material prices and material shortages led to delivery delays in some cases, but solutions were able to be found in coordination with the customers. There was also a potential risk that customers would have liquidity problems following the termination of government subsidies or due to their own supply problems, which could result in a rise in bankruptcies. This was counteracted by close observation of the market and strict cash management.

The company continues to see particularly promising opportunities in the expansion of the automotive business, on one hand with shop floor IT solutions provided by the established competence center in Linz and on the other hand due to the relocation of automotive production facilities to countries in Southeastern Europe. The further advancement of innovative digital industry solutions, especially in the edge computing segment, is part of the consistent implementation of the business transformation towards digitalization.

Smart Infrastructure has a diverse range of customers and is active in various markets that also harbor different risks.

The market for energy technology products and services is largely determined by Austria’s energy strategy. This has not changed due to the COVID-19 pandemic. The environmental and climate goals still call for 100 percent of the country’s electricity consumption (national balance) to be covered by renewable energy sources by 2030. The photovoltaic systems, wind turbines, and small-scale hydropower plants that have to be installed for this purpose and the rapid spread of electromobility, heat pumps, and air conditioners require a concerted expansion of the grid. At the same time, the ever-growing share of highly fluctuating energy generation based on the weather and the time of day requires intelligent and reliable grids that offer flexibilities that can be controlled. The Austrian Renewable Energy Expansion Act (Erneuerbaren-Ausbau-Gesetz), which came into force in mid-2021, is creating additional market opportunities with energy communities, and Smart Infrastructure is well prepared to seize these opportunities with its innovative portfolio.

Among other sectors, the building technologies portfolio focuses on the vertical market of hospitality (hotels/food and beverage) as well as the airport market. Due to the COVID-19 pandemic and the resulting underutilization of many hotels, the economic development in this industry is very difficult to predict and thus represents an appreciable risk.

Office buildings are subject to similar risk. The strong trend towards remote working is currently having a massive negative impact on investments and is leading to vacancies in some cases. It will therefore be crucial to assist customers in the management of their office properties with digital services. Our corporate acquisitions, Comfy and Enlightened, offer a great deal of promise in this context. The Comfy workplace app and IoT sensor technology from Enlightened will help customers in the transition to the “new normal.”

During the reporting period, Smart Infrastructure was generally confronted with supply chain difficulties in the short-cycle product segments – as was the competition – which in turn led to supply shortages and delivery delays for our customers. The continuation of these global supply limitations also poses a risk for the coming fiscal year.

3. Report on research and development (R&D)

3.1. Intellectual property rights

Employees of Siemens Aktiengesellschaft Österreich reported 70 inventions within the company in fiscal year 2021. A total of 36 patent applications were filed for these inventions and other Austrian inventions from the previous year during the period – 33 at the European Patent Office and another 3 at the Austrian Patent Office. Siemens Aktiengesellschaft Österreich's entire portfolio of intellectual property rights that were granted in or are valid for Austria encompasses 66 patents.

3.2. Research and development (R&D)

Some 560 researchers worked at Siemens Aktiengesellschaft Österreich in fiscal year 2021, including roughly 120 experts distributed among seven research groups in the central research and development unit Technology (T). They all have a common goal: to discover the technologies of tomorrow and harness them. These activities are in part conducted in the course of numerous publicly funded projects with various partners.

For example, the project INTERACTIVE, which is being funded by the Austrian Research Promotion Agency and realized together with AIT Austrian Institute of Technology, STIWA Automation, and Hauser, is researching workflows and algorithmic methods that enable machine learning for industrial applications in distributed edge computing environments despite missing or insufficient learning data. The quality of the learning data (the "basic knowledge" of a system such as error logs, quality evaluations, and so forth) is decisive for the success of machine learning. As a result, machine learning methods on edge devices that are in the immediate vicinity of the production process can deliver findings much more quickly and thus contribute to boosting efficiency and reducing the consumption of raw materials and energy.

Another example is the ECOSINT project, which is being funded by the Austrian Climate and Energy Fund. Under the direction of the Salzburg University of Applied Sciences, a project team from several organizations is investigating the integration of local energy communities (LECs) into the energy system. Energy communities can share the energy they generate with one another, and thus consume, store, and/or sell it together. LECs have the potential to support the energy transition, particularly in the form of renewable energy communities. ECOSINT is researching the possibilities that are offered with regard to flexibilities, the reduction of peak loads (including from an annual perspective), and resilience. The goal is an expandable, modular, and scalable IT system architecture that forms the basis for the integration and operation of LECs in the overall energy system and continuously accounts for IT security and privacy as important aspects throughout the development process. This will create a uniform basis for the system-friendly and secure integration of LECs.

Aspern Smart City Research GmbH & Co KG (ASCR)

ASCR is currently the only cooperation model of this scope. Over 100 people from different scientific disciplines are directly involved in this research project. In the second research phase, the developed and optimized prototype building and grid systems are being refined into economically viable and practical systems for residents, grid operators, building operators, and energy providers. The goal is to enable buildings to communicate with their occupants, the smart grid, weather services, and, if applicable, market participants such as energy service providers and trading platforms. The smart refueling of electric and hybrid cars is another of ASCR's research topics. In the course of this project, Siemens will invest over €20 million in research for the urban energy future through 2023.

Within the application domains of “intelligent power grids” and “optimal energy use in intelligent buildings,” the latest technological trends such as harmoniously coordinated cloud and edge computing, the Industrial Internet of Things (IIoT), cybersecurity, open source, Long Range Wide Area Network (LoRaWAN), artificial intelligence (AI), data analytics, machine learning, and other innovations are now being put to productive use as close as possible to and in cooperation with the affected users. Research approaches are tested in a one-of-a-kind test bed and evaluated based on real data, thus allowing optimal solutions for the future to be developed in line with the principles of environmental friendliness, efficiency, and cost-effectiveness. Solutions that can then be adapted all over the world based on the individual requirements of the users and operators.

Vienna, November 25, 2021

The Managing Board

Wolfgang Hesoun m.p. Chief Executive Officer	Wolfgang Wrumnig m.p. Chief Financial Officer

TRANSLATION

AUDITOR'S REPORT

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of

Siemens Aktiengesellschaft Österreich, Vienna.

These financial statements comprise the balance sheet as of September 30, 2021, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as of September 30, 2021 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

TRANSLATION

Responsibilities of Management and of the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles, for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

TRANSLATION

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee 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.

TRANSLATION

Comments on the Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report.

Opinion

In our opinion, the management report for the Company was prepared in accordance with the valid legal requirements and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Vienna, November 26, 2021

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. (FH) Severin Eisl mp
Wirtschaftsprüfer / Certified Public Accountant

ppa Dipl.-Ing. (FH) Mag. Manfred Siebert mp
Wirtschaftsprüfer / Certified Public Accountant