SIEMENS NEDERLAND N.V.

Annual Report 2020

SIEMENS

Contents

Report of the Management Board

Herewith we present the annual report of Siemens Nederland N.V. as of 30 September 2020, which has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as well as with Part 9 of Book 2 of the Dutch Civil Code.

Our mission and strategy

Siemens creates technology to transform the everyday, making a positive impact on society. We call it "Technology with Purpose". It involves making a difference through the connection of the physical and digital worlds by means of electrification, automation and digitalization. Our innovative technology empowers customers to transform businesses. Although being a leading and responsible company, there is no room for complacency, as Siemens is fully committed to building tomorrow.

In the Netherlands, the Siemens brand is supported by a strong ecosystem counting approximately 3.000 Siemens employees, including the separately managed entities Siemens Mobility B.V., Siemens Healthineers B.V. and Siemens Energy B.V. As part of this ecosystem, Siemens Nederland N.V. will continue its efforts to become a digital champion in the industrial and infrastructure world. Combined with the innovation power of the Netherlands we will support the Dutch industry, infrastructure and mobility markets in the transformation towards a more digitalized economy. This will be driven by combining the digital and physical world and supported by the strong presence of our hardware and software portfolio entities in the Netherlands. COVID-19 will be a milestone in human history. Driven by our top priority – the safety of our employees and their families – COVID-19 forced us to find new solutions to run our business. The pandemic did accelerate thinking in ecosystems and pushes the digital transformation at new levels, giving us confidence in our strategy set out. It also taught us a new way of working together resulting in new working models whereby working regularly from outside the office will be part of the new normal.

Organizational structure

Siemens Nederland N.V. is a wholly owned subsidiary of Siemens International Holding B.V., with its registered office in The Hague, and forms part of the fiscal unity headed by Siemens International Holding B.V. All parties in this fiscal unity share joint and several liability with respect to Dutch Corporate Income Tax. The Company also forms a tax group with its parent company for value added tax (VAT). Siemens International Holding B.V. is indirectly a wholly owned subsidiary of Siemens AG, with its head offices in Berlin and Munich. The Management Board of Siemens Nederland N.V. consists of two members: Dirk De Bilde (CEO) appointed as per March 2020 and Daniel Kusch (CFO) appointed as per April 2020.

Carve out of Siemens Energy and Integration of Omnetric B.V.

Whilst the global carve out of the Siemens Energy business became effective on 28 September 2020, Siemens Nederland N.V. locally transferred its former Gas & Power (GP) business to Siemens Energy B.V., with its corporate seat in Zoeterwoude, by means of a legal demerger under Dutch law with effective date 1 March 2020. The results of the GP business for the period 1 October 2019 to 29 February 2020 are presented as result from discontinued operations in these financial statements. Due to the nature of the transaction, the demerger was cash neutral and did not result in a profit or loss within Siemens Nederland N.V. The difference between transferred assets and liabilities of EUR 59.7 Million at 1 March 2020 was booked against equity. With legal effectiveness of 1 October 2019, Omnetric B.V., with its corporate seat in The Hague, was merged into Siemens Nederland N.V. Omnetric B.V. was part of a group whose parent company originally formed a 50:50 Joint Venture between Siemens and Accenture in order to offer utility companies smart grid technologies. Later, Siemens took over the shares from Accenture and it was decided to integrate the business into its own internet of things (IoT) operations. The IoT business within Siemens Nederland N.V. in fiscal year 2020 consisted of four employees who work exclusively for another Siemens group company in Germany (Omnetric GmbH). No revenues were generated within Siemens Nederland N.V., but a profit of EUR 0.1 million resulted from charging out the costs for the employees to Omnetric GmbH on a cost plus basis.

Financial information and developments

From continuing operations (excluding GP business) Siemens Nederland N.V. closed the year with revenue of EUR 442.5 million (fiscal 2019: EUR 449.7 million), which represents a slight decrease of 1.6% compared to last year. While our Smart Infrastructure business (SI) did grow in fiscal year 2020, the revenue of our Digital Industries (DI) business decreased compared to last year as a result of the weaker market environment and postponed projects due to COVID-19. Profit from continuing operations after tax remained largely stable at EUR 24.9 (fiscal year 2019: EUR 24.8 million).

Profit from discontinued operations after tax in fiscal year 2020 amounts to EUR 1.3 million after a loss of EUR 21.1 million in fiscal year 2019, which was mainly due to the loss from the transfer of Hengelo activities to VDL Energy Systems B.V. In total, combining continuing and discontinued operations, profit after tax of Siemens Nederland N.V. amounts to EUR 26.2 million in fiscal year 2020.

Total assets decreased by EUR 199.7 million compared to prior year (on a comparable basis considering IFRS16 adjustments), which is mainly driven by the carve out of the GP business. The solvency ratio, defined as equity / total assets, at 30 September 2020 remains very strong at 47.5% (before profit distribution). No major changes in the funding structure of the company are expected next year.

Future perspective

For its outlook for fiscal year 2021, Siemens Nederland N.V. assumes that the COVID-19 pandemic will not have a long-lasting impact on the Company's market environment. Given this condition, the company expects a return to GDP growth in its relevant markets in the course of next year. While we anticipate that some customers will continue to face challenges related to the pandemic and industry-specific structural changes, we still expect an overall moderate growth of revenues by approximately 2% – 3% next year and operating profit (EBITA) margin of around 5% - 6%.

Portfolio of business activities

Digital Industries (DI)

The advancing digitalization, in tandem with the increasing flexibilization of production processes, provides new opportunities and choices for industrial companies all across the globe. Digital Industries supports our customers in unlocking the full potential: as a partner providing cutting-edge technologies for the automation and digitalization of the discrete and process industries. The Digital Enterprise portfolio is at the core of our offer. Together with our vertical domain know how we provide companies of all sizes with consistent solutions, services and products for the integration and digitalization of the entire value chain. As an innovation leader, we think ahead to the next level of digital transformation – and integrate cutting-edge technologies such as artificial intelligence, edge computing, industrial 5G, autonomous handling systems, blockchain and additive manufacturing into our portfolio.

Smart Infrastructure (SI)

Smart Infrastructure intelligently connects energy systems, buildings and industries to adapt and evolve the way we live and work. We work together with customers and partners to create an ecosystem that intuitively responds to the needs of people and helps customers to better use resources. It helps our customers to thrive, communities to progress and supports sustainable development. We do this from the macro to the micro level, from physical products, components and systems to connected, cloud-based digital offerings and services. From intelligent grid control and electrification to smart storage solutions, from building automation and control systems to switches, valves and sensors.

Portfolio Companies (POC)
Portfolio Companies was formed in fiscal year 2019 and consists largely of businesses formerly included in the former division Process Industries and Drives (commercial vehicles, large drives applications). Unrealized potential within these businesses, which are managed separately, requires adjustment in their approach with defined measures including internal re-organization, digitalization, cost improvements, and optimizing procurement, production and service activities. After achieving certain threshold performance targets, businesses may transfer to Siemens industrial businesses, combine with external business from the same industry or enter into an external private equity partnership.

Sustainability and transparency
Serving society while doing successful and sustainable business is at the heart of Siemens' global strategy and our ultimate purpose. While Siemens' activities contribute to achieving all 17 Sustainable Development Goals (SDG) that were announced by the United Nations, Siemens' impact is greatest on Good Health and Wellbeing (SDG 3), Affordable and Clean Energy (SDG 7), Industry, Innovation and Infrastructure (SDG 9), Sustainable Cities and Communities (SDG 11), and Climate Action (SDG 13). Siemens Nederland N.V. as well as the other Siemens entities in the Netherlands have an impact on most of the SDGs through our products and solutions. Moreover, Siemens AG launched a global CO_2 neutral program in September 2015, in which Siemens planned to become carbon neutral by 2030. Siemens Nederland N.V. participates in this program and will contribute to it by adapting respective global initiatives and reducing its CO_2 footprint locally wherever possible.

Risk management
Siemens Nederland N.V. is subject to several risks in its daily activities, which are classified as strategic, operational, financial or compliance risks. Good risk management is crucial to control these risks, since it allows Siemens Nederland N.V. to identify potential problems before they occur so that risk-handling activities may be performed as needed to mitigate adverse impacts on achieving objectives. On a regular basis, based on a systematic approach, management reviews and classified risks in terms of likeliness and impact on business objectives, media, regulatory bodies, management time and financial impact.

Risk appetite:

Strategic:	Moderate	Siemens Nederland N.V. is prepared to take moderate risks to realize its ambitions in the Dutch market.
Operational:	Very low to moderate	Siemens Nederland N.V. has a very low appetite to risks such as Reputation, Customer, HSE, Business Continuity or Information Security. Due to the very nature of part of its business it may have a moderate appetite for project management risks for some of its projects (such as new technology or complexity).
Financial:	Very low	There is only very low appetite and need to enter into financial risks.
Compliance:	None	Siemens Nederland N.V. requires full compliance with all applicable national and international laws and regulations.

Identified risks

During fiscal 2020 no risks occurred which required changes in the risk management process. Based on the latest risk review as of 30 September 2020 the risks with the highest level of exposure in the different categories were:

Risk area	**Risk**	**Measures to mitigate risk**
Strategic	Competitive environment	The markets for our products, solutions and services are highly competitive and we face strong competitors in several markets which may result in a change in our relative market position or unexpected price erosion. We address these risks with various measures, for example benchmarking, strategic initiatives, sales push initiatives, executing productivity measures and target cost projects, rightsizing of our footprint, outsourcings and optimizing our product portfolio. We continuously monitor and analyze competitive and market information in order to be able to anticipate unfavorable changes in the competitive environment rather than merely reacting to such changes.
	Disruptive technologies	The markets in which our businesses operate experience rapid and significant changes due to the introduction of innovative and disruptive technologies. In the fields of digitalization there are risks of new competitors, substitutions of existing products / solutions / services, niche players, new business models and finally the risk that our competitors may have faster time-to-market strategies and introduce their products and solutions faster than Siemens. Our operating results depend to a significant extent on our technological leadership, our ability to anticipate and adapt to changes in our markets and to reduce the costs of producing our products. Siemens constantly applies for new patents and actively manages our intellectual property portfolio to secure our technological position. However, our patents and other intellectual property may not prevent competitors from independently developing or selling products and services that are similar to or duplicates of ours.
Operational:	People	Future business models require highly skilled personnel with (technical) expertise and capabilities to support profitable growth. Bringing the Siemens organization and employee competencies in line with future demands (e.g. in terms of new commercial models, cross-industry collaboration and agility) is challenging and might result in resource shortages in mid-/long-term which may result in lack of profitable growth. Siemens tackles these challenges by focusing on these skills in both local and international recruitment-, retention- and development programs and by coordinating with respective group verticals to ensure that NL-based activities are aligned with central/global strategies.
	Project management	Professional project management is very important to Siemens, because a substantial proportion of its revenue is generated through projects. Customers also expect that the projects are managed in an excellent, innovative, and responsible manner. To meet this expectation, Siemens has implemented a globally harmonized system: PM@Siemens. This is a collective name given to a range of activities aimed at improving project management within Siemens. Examples include process improvements, assessments, and training. The focus of PM@Siemens is on the use of best practices. The aim is to harmonize the standards for good project management and sponsor them within the organization.

	Cyber security	Due to, amongst others, digitalization, availability of data, mobile working and interconnectivity, sensitive information is shared and processed more widely and becomes increasingly vulnerable for (sophisticated) cyber security threats. This may result in unwanted disclosure of (competitive) confidential information, manipulation of and/or unavailability of data and IT related (customer) services. As a countermeasure, a local cyber security action plan has been established and is implemented under close supervision of local senior management.
	COVID-19	The (governmental) measures already taken and to be taken to master the COVID-19 pandemic, result in impacts on our markets and our ability to achieving our Business Objectives and continue to require significant management attention. Key uncertainties of the crisis are its duration and the economic cost of the lockdowns. This high degree of uncertainty makes it difficult to provide a detailed and reliable long-term impact analysis at this moment. Within Siemens Nederland N.V. a cross-functional crisis team has been set up to diligently monitor and mitigate the relevant effects related to COVID-19, with a focus on securing the health and safety of its employees and business continuity. Siemens has defined measures for the continuation of its activities and business in the current scenario, such as the implementation of a new office concept with a significant emphasis on working from home and more rigid hygiene and social distancing measures at the company's premises.
Financial:	Foreign exchange	Siemens is exposed to currency risks as a result of sales and purchases in currencies other than the functional currency. The risk on material (based on thresholds) sales and purchases denominated in foreign currency is covered by either netting or hedged in full through forward exchange contracts.
Compliance:	Changes of laws, Codes and Standards	If not dealt with or implemented adequately can lead to non-conformances (fines, limitations, legal cases, negative exposure). Siemens Nederland N.V. has assigned local governance owners, who review changes of laws, legislation, codes and standards. In addition, it makes use of databases and experts to support implementation.
	Anti-corruption, adherence to law	Siemens promotes integrity and acting in accordance with our values and allows zero tolerance for corruption and violations of principles of fair competition. The Siemens compliance system is divided into 3 action levels: Prevent, Detect and Respond. These action levels encompass a comprehensive system of activities by which Siemens intends to ensure business in full accordance with applicable laws and regulations as well as Siemens' internal principles and rules.

The Hague, 15 December 2020

Siemens Nederland N.V.
The Management Board

Dirk De Bilde	Daniel Kusch
CEO	CFO

Company statement of financial position

Statement of financial position as of 30 September (EUR million) before profit appropriation

	Note	2020	2019
Non-current assets			
Intangible assets	6	1.8	1.8
Property, plant and equipment *	7	4.3	5.4
Right-of-use assets *	8	23.0	-
Non-current financial assets *	8	29.2	6.0
Non-current contract assets	9	4.0	7.7
Total non-current assets		**62.3**	**20.9**
Current assets			
Inventories	10	2.7	2.2
Contract assets	9	14.0	18.8
Receivables			
Trade and other receivables *	11	210.7	171.5
Other financial assets *	12	14.9	3.6
Tax receivable	17	5.3	5.9
Prepayments	13	18.6	16.1
Cash and cash equivalents	14	0.3	0.3
Total current assets		**266.5**	**218.4**
Assets held for sale	15	**-**	**226.8**
Total assets		**328.8**	**466.1**

Company statement of financial position, continued

Statement of financial position as of 30 September (EUR million) before profit appropriation

	Note	2020	2019
Equity	16		
Issued capital		36.3	36.3
Share premium		92.7	150.9
Retained earnings		0.9	6.3
Profit for the year		26.2	3.7
Total equity		**156.1**	**197.2**
Non-current liabilities			
Deferred tax liabilities *	17	0.9	2.7
Other financial obligations *	18	-	1.2
Lease liabilities *	8	47.7	-
Contract liabilities	9	2.6	6.6
Provisions *	19	3.2	5.4
Total non-current liabilities		**54.4**	**15.9**
Current liabilities			
Provisions *	19	6.0	10.3
Trade and other payables *	20	74.7	82.8
Lease liabilities *	8	13.8	-
Contract liabilities	9	23.8	14.8
Total current liabilities		**118.3**	**107.9**
Liabilities directly related with assets held for sale		**-**	**145.1**
Total liabilities		**172.7**	**268.9**
Total equity and liabilities		**328.8**	**466.1**

* Included the impact of IFRS16 lease accounting following its adoption as of 1 October 2019. For more details refer to Accounting policies, starting on page 13.

The notes are an integral part of these company financial statements.

Company income statement

Fiscal year from 1 October through 30 September (EUR million)

	Note	2020	2019
Continuing operations			
Revenue	23	442.5	449.7
Rental income	8	0.9	-
Total operating income		**443.4**	**449.7**
Cost of sales		349.3	358.7
Gross profit		**94.1**	**91.0**
Selling expenses		55.3	53.7
General and administrative expenses		4.5	2.6
Other operating expenses		1.1	-0.1
Total operating expenses		**60.9**	**56.2**
Operating profit		**33.2**	**34.8**
Finance income	24	**0.1**	**-**
Finance costs	24	**-1.5**	**-1.6**
Profit from continuing operations, before tax		**31.8**	**33.2**
Tax on profit from continuing operations	25	-6.9	-8.4
Profit from continuing operations, after tax		**24.9**	**24.8**
Discontinued operations			
Profit from discontinued operations, after tax	15	1.3	-21.1
Profit after tax		**26.2**	**3.7**

The profit after tax is attributable in full to Siemens International Holding B.V., the sole shareholder of Siemens Nederland N.V.

The notes are an integral part of these company financial statements.

Company statement of comprehensive income

Fiscal year from 1 October through 30 September (EUR million)

	Note	2020	2019
Profit for the year, net of tax		**26.2**	**3.7**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains (losses) on defined benefit plans	19	0.0	0.0
Income tax effect	19	-0.0	-0.0
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**0.0**	**0.0**
Other comprehensive income for the year, net of tax		**0.0**	**0.0**
Total comprehensive income for the year, net of tax		**26.2**	**3.7**

(Attributable in full to the shareholder of Siemens Nederland N.V.)

The notes are an integral part of these company financial statements.

Statement of changes in equity

	Issued capital	Share premium	Retained earnings	Profit for the year	Total
At 30 September 2018	**36.3**	**150.9**	**6.3**	**401.5**	**595.0**
Profit after tax	-	-	-	3.7	**3.7**
Other comprehensive income	-	-	-0.0	-	**0.0**
Total comprehensive income	-	-	-0.0	3.7	**3.7**
Dividends	-	-	-	-401.5	**-401.5**
At 30 September 2019	**36.3**	**150.9**	**6.3**	**3.7**	**197.2**
Profit after tax	-	-	-	26.2	**26.2**
Other comprehensive income	-	-	-0.0	-	**0.0**
Total comprehensive income	-	-	-0.0	26.2	**26.2**
Dividends	-	-	-	-3.7	**-3.7**
Gas and Power demerger	0.0	-58.2	-1.4	-	**-59.6**
IFRS16 adjustments	-	-	-4.0	-	**-4.0**
At 30 September 2020	**36.3**	**92.7**	**0.9**	**26.2**	**156.1**

Company statement of cash flows

Fiscal year from 1 October through 30 September (EUR million)

	2020	2019
Operating profit before tax from continuing operations	33.2	34.8
Operating profit before tax from discontinued operations	2.1	-27.7
Operating profit before tax	**35.3**	**7.1**
Adjustments to reconcile operating profit to net cash flow:		
Depreciation and impairment losses on property, plant and equipment	1.3	1.4
Depreciation on right-of-use assets	7.3	-
Change in provisions	-2.1	-19.0
Working capital adjustments:		
Change in receivables	15.6	187.7
Change in inventories	-0.5	1.7
Change in trade and other payables	-4.3	-190.3
Interest received	0.0	-
Interest paid	-1.8	-2.0
Tax payments (income taxes)	-7.3	-6.0
Net cash flows from operating activities	**43.5**	**-19.4**
Payments for property, plant, and equipment	-1.6	-0.3
Proceeds from sale of property, plant, and equipment	0.0	0.0
Net cash flows from/used in investing activities	**-1.6**	**-0.3**
Change in financing receivables	-44.2	494.2
Dividends paid	-3.7	-401.5
Repayment of lease liabilities	-17.5	-
Net cash flows used in financing activities	**-65.4**	**92.7**
Net cash flows from discontinued operations	**23.5**	**-73.8**
Change in cash and cash equivalents		
Cash and cash equivalents at 1 October	0.3	1.1
Cash and cash equivalents at 30 September	0.3	0.3
	-0.0	**-0.8**

The notes are an integral part of these company financial statements.

Notes to the company statement of financial position and the company income statement

General disclosures

The financial statements of Siemens Nederland N.V. (hereafter “the Company”), having its legal seat in The Hague, the Netherlands, as of 30 September 2020 were adopted by its General Meeting on 15 December 2020 and will be filed with The Chamber of Commerce, The Hague under registration number 27015771.

Siemens Nederland N.V. focused its activities in fiscal year 2020 on two Businesses namely Digital Industries (DI) and Smart Infrastructure (SI). The portfolio includes products, systems, installations and services. Siemens Nederland N.V. has more than 900 employees. It forms part of a tax group led by its parent company, Siemens International Holding B.V. All members of this group are jointly and severally liable for the taxes payable by the tax group.

Unless stated otherwise, all amounts are in millions of euros.

Accounting policies

(1) Basis of preparation

(1.1) Declaration of conformity

The company financial statements of Siemens Nederland N.V. have been prepared in accordance with the International Financial Reporting Standards as adopted in the European Union as of 30 September 2020 (IFRS) applicable to fiscal year ended as of 30 September 2020.

(1.2) Measurement basis

Unless stated otherwise, the company financial statements have been prepared on the basis of historical cost, with the exception that derivative financial instruments are measured at fair value and any changes in value are recognized in the income statement; the methods for determining fair value are explained in more detail in note 4.
The financial statements are presented in euros, the Company's functional currency.

(1.3) Changes to accounting policies

Newly applied standards

The Company has applied all relevant IFRS standards and IFRIC interpretations in effect and adopted by the European Union as of 30 September 2020 and applicable to fiscal years ended on 30 September 2020.

IFRS16 Leases
This standard replaces IAS 17 and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability. IFRS16 is effective for annual periods beginning on or after 1 January 2019. The

Company has adopted the standard for the fiscal year beginning as of 1 October 2019, by applying the modified retrospective approach, i. e. comparative figures for the preceding year will not be adjusted.

Most leases will be accounted for on-balance sheet as Right-of-Use asset and a lease liability based on discounted future lease payments. The asset will be depreciated over its useful economic life. The lease liability will be reduced by the lease payments, which will be apportioned between capital repayment and finance expense . This results in a deterioration in cash flows from financing activities and an improvement in cash flows from operating activities. Under the modified retrospective transition approach, IFRS16 permits a choice on initial adoption, on a lease-by-lease basis, to measure the Right-of-Use asset at either the carrying amount had IFRS16 been adopted since the commencement of the lease or at the amount equal to the lease liability adjusted for accrued and prepaid amounts. The company has elected the latter approach for most of the leases, except for two real estate contracts.

Siemens Nederland N.V. has applied the following practical expedients in accordance with IFRS16:

- We did not apply the recognition requirements to short term leases (< 1 year) and low value leases (15k);
- We elected not to separate lease and non-lease components instead accounted for each lease component and any associated non-lease components as a single lease component;
- In the case of a sublease, we used the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease.

For leases that were classified as finance leases under IAS17, the carrying amount of the right of use asset and the lease liability at 1 October 2019 are determined at the carrying amount of the lease asset and the lease liability under IAS17 immediately prior to that date.

The change in accounting policy affected the following items on the balance sheet on 1 October 2019:

Balance sheet impact of IFRS16 adoption (EUR million)

	30 September 2019	IFRS16	1 October 2019
Non-current assets			
Property, plant and equipment	5.4	-1.4	4.0
Right-of-use assets	-	28.0	28.0
Non-current financial assets	6.0	28.0	34.0
Current assets			
Trade and other receivables	171.5	-2.9	168.6
Other financial assets	3.6	9.4	13.0
Equity			
Retained earnings	6.3	-4.0	2.3
Non-current liabilities			
Deferred tax liabilities	2.7	-0.4	2.3
Other financial obligations	1.2	-1.2	-
Lease liabilities	-	56.7	56.7
Provisions	5.4	-3.6	1.8
Current liabilities			
Provisions	10.3	-0.7	9.6
Trade and other payables	82.8	-0.3	82.5
Lease liabilities	-	14.6	14.6

The lease liabilities as of 1 October 2019 are reconciled to the operating lease obligations as of 30 September 2019 as follows:

Reconciliation of operating lease obligations to lease liabilities (EUR million)	
Operating lease commitments disclosed as of 30 September 2019	**72.4**
Prepayments not considered in contingent liabilities	-2.1
Undiscounted lease liability	70.3
Unamortized interest	-0.2
Finance lease liabilities recognized as at 30 September 2019	1.5
Short term leases	-0.3
Lease liability recognized as of 1 October 2019	**71.3**
Of which are:	
Current lease liabilities	14.6
Non-current lease liabilities	56.7

The impact on opening retained earnings as of 1 October 2019 due to IFRS16 adoption is as follows:

Retained earnings impact of IFRS16 adoption (EUR million)	
Retained earnings as of 30 September 2019	6.3
IFRS16 adjustments due to modified retrospective approach	-4.4
Deferred tax liability impact	0.4
Retained earnings as of 1 October 2019	**2.3**

(2) Significant judgments, estimates, and assumptions used in this report

The most important assumptions about the future and other significant sources of uncertainty associated with estimates as of the reporting date, which entail a major risk of substantial adjustment to the carrying amounts of assets and liabilities in the next fiscal year, are presented below.

Pension and other post-employment benefit plans

The costs of post-employment defined benefit plans are determined based on actuarial methods. The actuarial methods comprise assumptions made about discount rates, expected returns on plan assets, future salary increases, mortality rates, and the future indexation of pension payments. Because of the long-term nature of these plans, such estimates are subject to significant uncertainty. The estimate at the beginning of the fiscal year determines the net periodic cost of the fiscal year. At the end of the fiscal year, the amount of the pension provision is recalculated based on actual figures for the year ended and adjusted actuarial assumptions about the future. After this recalculation, differences in the net obligation as a result of adjustments to assumptions and/or variations in estimates are added to pension provisions and the corresponding expense or income recognized directly in equity (actuarial gains or losses). The defined benefit arrangement only relates to an executive management plan without active participants, since it was discontinued in the prior fiscal year. See note 19 for further information.

Revenue recognition for projects
A significant portion of the company's revenue is generated in long-term projects. Revenue is recognized in line with the stage of completion of the project in process. For each project, the total revenue to be generated is determined, based on contract value. In addition, the total costs to be incurred to complete the project are estimated. During the project, project revenue is recognized based on the ratio of costs incurred to total expected costs. In doing so, only progress-relevant costs are taken into consideration. Revenue is not recognized for costs that are temporarily not progress-relevant, but these costs are presented as prepayments in the statement of financial position. Costs that are permanently not progress-relevant are directly charged to the income statement without recognizing revenue. The estimation element of the cost-to-cost variant of the percentage of completion method requires estimates and continual updates of the total expected costs.

(3) Accounting policies

(3.1) Goodwill

Goodwill, which arises during the acquisition of equity interests and/or independent business units, is the amount by which the cost of the business combination exceeds the acquirer's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities.

Goodwill is measured at cost less any accumulated impairment losses.
Goodwill is not amortized but tested annually for impairment. This is done more often if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment loss to be recognized is determined based on an assessment of the net realizable value of the cash generating unit to which the goodwill has been allocated. If the net realizable value of the cash generating unit is lower than it's carrying amount, an impairment loss is recognized.

(3.2) Other non-current intangible assets

Non-current intangible assets include, among other things, the direct costs of designing, building, testing, setting up, and customizing an enterprise resource planning (ERP) system for internal use and for use by other corporate units. These direct costs are amortized over the expected useful life of 3 years.

(3.3) Property, plant, and equipment

Property, plant, and equipment is initially recognized at cost. Property, plant, and equipment is depreciated using the straight-line method over the estimated useful lives of the assets; a residual value of zero is assumed (except for land). Depreciation of investments made in the current period commences on the date the asset is used for the first time.

Machinery and installations are depreciated applying the component approach, under which the depreciation period is differentiated according to the nature of the asset. Land is not depreciated.

The annual straight-line depreciation charges, expressed as a percentage of cost, are as follows:

	%
Land and buildings	0 to 2.5
Machinery and installations	10 to 25
Office equipment and Noncurrent operating assets	20 to 33

In the case of major investment projects, financing costs incurred during construction are recognized as part of the cost of the item of property, plant, and equipment concerned.

Capitalized leased assets are depreciated over the shorter of estimated useful life or lease term of the asset, if there is no reasonable assurance that Siemens will take ownership at the end of the lease term.
Assets held for sale are measured at the lower of their carrying amounts or fair value less costs to sell.

(3.4) Impairment of other non-current intangible assets and property, plant, and equipment

The carrying amounts of other non-current intangible assets and property, plant, and equipment are tested for impairment if there have been changes or circumstances that suggest that the carrying amount of the asset may not be recovered. The recoverability of assets in use is determined by comparing their carrying amounts with the present value of the future net cash flows the assets are expected to generate. If the carrying amount of an asset is higher than the estimated future cash flows or the direct realizable value less costs to sell, an additional write-down is recognized and charged to the income statement for the difference between the carrying amount and the net realizable value of the asset. Assets available for sale are measured at the lower of carrying amount or market value less costs to sell.

(3.5) Financial instruments

Non-current financial assets
Receivables arising from financial leases are measured at the present value of the lease installments still to be received. Other non-current receivables as well as receivables arising from the equity investments are measured at amortized cost less any allowances deemed necessary for receivables that may be uncollectable.

Financial assets are classified according to IFRS 9, at initial recognition, as measured at amortized cost. The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them.

In order for a financial asset to be classified and measured at amortized costs, the assessment is performed at an instrument level. The contractual terms of the financial asset give rise on specified dates to the Company’s cash flows that are solely payment of the principal amount and interest of the principal amount outstanding.

The Company’s business model for managing financial assets refers to how it manages its financial asset in order to generate cash flows. The Company held the financial asset in order to collect contractual cash flows.

Financial assets are subject to impairment. Gains and losses are recognized in profit and loss when the asset is derecognized, modified or impaired.

The Company’s financial assets at amortized cost includes receivables from affiliate companies.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Receivables
Receivables are initially recognized at fair value (including transaction costs) and subsequently at amortized cost less any allowances deemed necessary for receivables that may be uncollectable. Receivables include liquid assets that are placed in interest-bearing investments within the Siemens Group as part of cash pooling.

Prepayments

Prepayments are initially recognized at fair value (including transaction costs) and subsequently at amortized cost less any allowances deemed necessary for receivables that may be uncollectable.

Non-current liabilities

Non-current liabilities are initially recognized at fair value (including transaction costs) and subsequently measured at amortized cost. Share premiums, discounts, redemption premiums, and transaction costs are allocated to the respective periods as interest expenses using the effective interest method.

Other assets and liabilities

Other assets and liabilities (if they are financial instruments) are initially recognized at fair value (including transaction costs) and subsequently measured at amortized cost, with the carrying amount of other assets adjusted where necessary.

Non-derivative financial instruments

Non-derivative financial instruments include trade receivables, non-current receivables and other receivables, cash and cash equivalents, borrowings and other financing liabilities, trade payables, and other items payable. Cash and cash equivalents include cash and bank balances as well as other directly callable deposits. Non-derivative financial instruments are initially recognized at fair value (including transaction costs) and subsequently measured at amortized cost using the effective interest method, reduced by impairment losses.

Derivative financial instruments and hedging activities

Siemens Nederland N.V. uses derivative financial instruments, such as forward currency contracts are used, to hedge foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss. The Company applies hedge accounting, using the cash flow hedging method. When entering into a cash flow hedge, the hedging relationship is designated and documented, as are the purpose and financial risk management strategy pursued in entering into the hedging transaction. The documentation provides information about the hedging instrument, the hedged item or transaction, the type of risk to be hedged, and how the Company will assess the effectiveness of the hedging instrument in offsetting the risk of changes in the fair value of the hedged item or in the cash flows attributed to the hedged risk. These types of hedges are expected to be highly effective in offsetting the changes in fair value or cash flows attributable to the hedged risk; they are continually assessed to determine whether the hedge was substantially highly effective during the reporting periods for which the hedge was intended. Under cash flow hedging any change in fair value of the effective portion of the hedged item is recognized as an asset or liability and the corresponding gain or loss is recognized in other comprehensive income.

(3.6) Inventories

Inventories of merchandise and semi-finished goods are measured at the lower of average cost or market value. Allowances necessary as a result of obsolescence are recognized.

(3.7) Contract assets and liabilities

When either party to contracts with customers has performed, the company presents a contract asset, a contract liability or a receivable depending on the relationship between Siemens' performance and the customer's payment. Contract assets and liabilities are presented net as current since incurred in the operating cycle. Receivables are recognized when the right to consideration becomes unconditional. Valuation allowances for credit risks are setup for contract assets and receivables according to the accounting policy for loans and receivables.

(3.8) Cash and cash equivalents

Cash and cash equivalents are measured at nominal values. Cash and cash equivalents include all credit balances with banks, excluding affiliated companies, and short-term, highly liquid investments with an original maturity of three months or less, which can be directly converted into cash and cash equivalents.

(3.9) Provisions

General

Provisions are recognized, if:

(a) there is a legal or constructive obligation because of a past event;

(b) it is probable that an outflow of resources will be required to settle the obligation; and

(c) the amount of the obligation can be reliably estimated.

If the Company expects to receive compensation for the provision in full or in part, for example because of an insurance policy, the compensation is recognized as a separate asset, providing it is virtually certain that the compensation will be received. The expense incurred in connection with the provision is recognized in the income statement, less any compensation. If the effect of the time value of money is material, the provisions are discounted to present value by applying a discount rate before tax, which, where applicable, considers the specific risks associated with the obligation. If the provision is discounted, the increase in the provision with the passage of time is charged to financing costs.

Warranty provisions

Warranty provisions relate to warranties issued on products, systems, and projects sold. They are measured at the present value of the expected settlement costs. These settlement costs are estimated based on costs the Company has incurred in the past for the sale of comparable products and/or based on technical assessments. The majority of warranty obligations have duration of one to two years.

Onerous contracts

A provision for onerous contracts is recognized in the statement of financial position, if the benefits expected to be generated for the Company from a contract are lower than the unavoidable costs of meeting the obligations under the contract. The provision is measured at the present value of the costs expected to terminate the contract or, if lower, the present value of the net costs expected to continue to perform the contract. Before recognizing a provision, the Company recognizes any impairment write-downs on the assets related to the contract.

(3.10) Pensions

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions. Obligations in connection with contributions to defined contribution plans are recognized as personnel expenses in the income statement when the amounts fall due. Amounts paid in advance are recognized as assets, providing they can be repaid in cash or offset against future payments.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The net obligation of the Company arising from defined benefit plans is calculated separately for each plan by estimating the pension benefits the employees have accrued in exchange for their services in the reporting period and in prior periods. These pension benefits are discounted to determine present value. Any unrecognized past service costs and the fair value of plan assets are deducted. The discount rate reflects the yields at the reporting date on prime-rated corporate bonds with maturities that approximate those of the liabilities of the company. They are denominated in the same currency in which the benefits are expected to be paid. The calculation is made by an actuary annually using the projected unit credit method. Actuarial gains or losses are recognized directly in equity. As of 1 April 2011, only the executive management pension plan qualified as a defined benefit plan. See note 19 for further information.

If the calculation results in a positive balance for the company, the asset recognized is limited to an amount that is no higher than the present value of economic benefits in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to Siemens Nederland N.V. if it can be realized during the term of the plan or on settlement of the obligations of the plan.

(3.11) Leases

As a lessee

All leases where Siemens Nederland N.V. is the lessee (with the exception of short-term and low-value leases) are recognized in the statement of financial position. A lease liability is recognized based on the present value of the future lease payments, and a corresponding right-of-use asset is recognized. The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the asset. Lease payments are apportioned between finance charges and a reduction of the lease liability. Low-value items and short-term leases with a term of 12 months or less are not required to be recognized on the balance sheet and payments made in relation to these leases are recognized on a straight-line basis in the income statement.

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 October 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

As a lessor

Siemens Nederland N.V, is an intermediate lessor for most of its property leases. In these cases, it accounts for its interest in the head lease and the sub lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

To classify each (sub-)lease, the company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards of the head lease. Is this the case, then the sub-lease is classified as a finance lease. If not, then it is an operating lease.

(3.12) Foreign currency translation

Monetary assets and liabilities denominated in foreign currency are measured at the rate as of the reporting date. Income and expenses denominated in foreign currency are translated at the transaction rates in the respective accounting period. Differences arising on translation of monetary items are recognized in profit or loss. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

(3.13) Revenue

Revenue recognition – Siemens recognizes revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness. Revenue is the transaction price Siemens expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved. The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration. Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or Siemens. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Company reasonably estimates those. Revenue is recognized for each performance obligation either at a point in time or over time.

Sales from construction-type contracts: Revenues are recognized over time under the percentage-of-completion method, based on the percentage of costs incurred to date compared to total estimated costs. An expected loss on the contract is recognized as an expense immediately. Payment terms are usually 30 days from the date of invoice issued according to the contractual terms. The percentage-of-completion method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These significant estimates include total estimated costs, total estimated revenues, contract risks, including technical, political and regulatory risks, and other judgments. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenue. In addition, Siemens needs to assess whether the contract is expected to continue or to be terminated. In determining whether the continuation or termination of a contract is expected to be the most likely scenario, all relevant facts and circumstances relating to the contract are considered on an individual basis.

Revenues from services: Revenues are recognized over time on a straight-line basis or, if the performance pattern is other than straight-line, as services are provided, i. e. under the percentage-of-completion method as described above. Payment terms are usually 30 days from the date of invoice issued according to the contractual terms.

Sale of goods: Revenues are recognized at a point in time when control of the goods passes to the buyer, usually upon delivery of the goods. Invoices are issued at that point in time and are usually payable within 30 days.

(3.14) Interest income

Income is recognized as the interest accrues (using the effective interest method, i.e., the interest rate that discounts the estimated future cash inflows during the expected useful life of the financial asset to the net carrying amount of the financial asset).

(3.15) Income taxes

Current taxes
Current taxes receivable and payable for current and prior years are measured at the amount that is expected to be paid or recovered within the tax group. The tax amount is calculated based on the substantively enacted tax rates and tax laws.

Deferred taxes
For deferred tax liabilities, provisions are recognized based on the temporary differences as of the reporting date between the tax bases of assets and liabilities and the carrying amounts recognized in these financial statements. Deferred tax assets

are recognized for all recoverable temporary differences, unused tax credits, and unused tax loss carry forwards, to the extent that it is probable that taxable profit will be available to offset the recoverable temporary differences, and the recoverable temporary differences, unused tax credits, and unused tax loss carry forwards can be utilized.

The carrying amount of deferred tax assets is assessed as of the reporting date and reduced to the extent that it is not probable that sufficient tax profit will be available against which the temporary difference can be fully or partially utilized. Unrecognized deferred tax assets are reassessed as of the reporting date and recognized to the extent that it is probable that sufficient tax profit will be available in the future against which this deferred tax asset can be utilized Deferred tax assets and liabilities are measured using the tax rates expected to be applicable to the period in which the asset is recovered or the liability settled, on the basis of the enacted tax rates and tax laws.

Taxes on items directly recognized in equity are likewise recognized in equity instead of the income statement.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to settle tax assets and liabilities on a net basis and the deferred tax amounts are levied by the same taxing authority on the same taxable entity.

Tax group
Siemens Nederland N.V. and other group companies form a tax group with its parent company in the Netherlands for the levying of corporation tax. The Group forms a tax group with its parent company for value added tax.

(3.16) Company statement of cash flows

The company statement of cash flows has been compiled using the indirect method. Bank overdrafts that can be drawn directly and form an integral part of the companies' liquidity management are included under cash and cash equivalents in the statement of cash flows. Any surplus of cash and cash equivalents is invested with financial institutions of the Siemens Group. If there is any shortfall of cash and cash equivalents, it is borrowed from the same financial institutions. For this reason, changes in financing receivables from and liabilities to affiliated companies are reported in the statement of cash flows not as changes in working capital, but on a net basis as cash flows from financing activities.

(3.17) Subsidies

Subsidies reduce the costs in the line item to which the costs of the subsidized activities were charged. Subsidies are recognized as soon as there is reasonable assurance that the subsidy will be paid. Main subsidies are from the “WBSO”. Under this Act, a contribution is paid towards the wage costs of employees directly involved in R&D. The contribution is in the form of the payroll tax reduction and social security contributions. Subsidies are only recognized in profit & loss when the related costs are incurred.

(3.18) Share-based payment

The Company participates in equity-settled share-based payment plans established by its ultimate parent company Siemens AG.

The Company pays Siemens AG a consideration for the awards and bonus shares provided and will account for the transaction as a cash-settled share-based payment. In accordance with IFRS2, the cost of these cash-settled transactions is measured initially at fair value at the grant date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognized as expense. The fair value in each fiscal year is calculated by applying a valuation model. Inputs to that model include an expected weighted volatility of Siemens shares and a market price per Siemens share. Expected volatility was determined by reference to historic volatilities.

(4) Fair value measurement

A number of policies and the Group's information provision requirements necessitate the determination of the fair values of both financial and non-financial assets and liabilities. For measurement and information purposes, fair value has been determined using the following methods. Where applicable, further information about the bases for determining fair value is provided in the section of this note applicable specifically to the asset or liability concerned.

Goodwill
The fair value of goodwill acquired as a result of a business combination is determined on the basis of the discounted estimated future cash flows.

(5) Financial risks & capital management

This section of the notes provides information on the exposure of the company to each of the risks itemized in the paragraphs below, the purposes, policies, and procedures the company pursues to manage and measure those risks, as well as on the capital management of the company. In addition, these company financial statements include further quantitative disclosures.

(5.1) Financial risks

The use of financial instruments by the company means that they are exposed to the following risks:

- Credit risk;
- Market risk.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and contract assets) and from its financing activities. Regarding trade receivable credit risk, the Company uses a risk management system of which credit risk monitoring and control is a significant element. A credit check is performed on all customers requesting credit in excess of a specified amount. Credit ratings are determined based on internal and external sources, such as Dun & Bradstreet. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several industries and operate in largely independent markets.

Siemens recognizes allowances for bad debt and doubtful accounts for the estimated credit risk, based on a combination of the individual customer's credit rating and specific risks. Specific risks include, for example, a moratorium on payments, the instigation of collection procedures, and payment arrangements made. An impairment analysis is performed at each reporting date using a new impairment model to measure expected credit losses (ECL). ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The COVID-19 situation so far had no visible effect on the collection of receivables. However, depending on the future development of the pandemic, e.g. with regards to its duration, the risk of credit losses may increase. The Company therefore closely monitors the payment behavior and risk profile of its customers.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company use the Group's new impairment model that is based on the credit rating, adjusted for forward-looking factors specific to the debtors. Letters of credit are considered integral part of trade receivables and considered in the calculation of impairment. The credit risk exposure on the Company's contract assets and trade receivables are respectively disclosed in note 9 and 11.

Market risk

Market risk is the risk that the he company's revenue or the value of investments in financial instruments are adversely affected by changes in market prices, such as exchange rates, interest rates, and share prices. Market risk management is aimed at keeping the market risk exposure within acceptable limits while optimizing returns. For managing market risk, the Company enters into derivative financial instruments. These types of transactions are carried out in accordance with the guidelines specified by the risk management committee. In general, the company uses hedge accounting to manage volatility in the income statement.

Interest rate risks

On average in 2020, the Company held EUR 136.5 million (2019: EUR 195.3 million) in short-term deposits or on current account with the treasury department of Siemens AG. Following market conditions, interest on these amounts is fixed for a maximum of three months at arm's length market rates. A change in the interest rate on the deposits of 10 basis points would lead to a change in interest expense of EUR 0.1 million (2019: EUR 0.2 million) for the Company.

Foreign currency risks

The Company is exposed to foreign currency risks because of sales and purchases in currencies other than the functional currency. The risk on virtually all sales and purchases denominated in foreign currency is hedged in full through forward exchange contracts at the treasury department of Siemens AG. This approach has proved successful in the past in managing these risks. The Company is responsible for its own administration, assessment, monitoring, and hedging of the currency risks on sales and purchases. The FX derivative financial instruments at the end of the reporting period are not material. Please refer to note 21.

(5.2) Liquidity risk

The Company manages its liquidity risk by managing the working capital and the deposits at its disposal, which are invested within the Siemens Group, as well as cash and cash equivalents. In addition, the company manages its liquidity risk by making use of the borrowing and deposit facilities within the Siemens Group.

(5.3) Capital management

The Company's capital consists of issued and paid in share capital, share premium reserves and retained earnings as stated as Equity in the Statement of Financial position and the Statement of changes in Equity. The main purpose of capital management at the company is to maintain a good credit rating and a healthy solvency ratio to support its activities and maximize shareholder value. The Company is not subject to externally imposed capital requirements. The Company did not change its objectives, policies and processes for capital management during the fiscal year.

Notes to the company statement of financial position

(6) Non-current intangible assets

	Software and development costs	Goodwill	Total
Carrying amount as of 30 September 2018			
Cost	35.1	9.5	44.6
Amortization	-35.1	-	-35.1
	-	9.5	9.5
Changes			
Divestment (GP held for sale)	-	-7.7	-7.7
	-	-7.7	-7.7
Carrying amount as of 30 September 2019			
Cost	35.1	1.8	36.9
Amortization	-35.1	-	-35.1
	-	1.8	1.8
Changes			
-	-	-	-
	-	-	-
Carrying amount as of 30 September 2020			
Cost	35.1	1.8	36.9
Amortization	-35.1	-	-35.1
	-	1.8	1.8

Software includes internally developed software. This software operates on the ERP system for the Company's own use and for use by other corporate units.

Once a year, an impairment test is performed to establish whether the value of Goodwill is not overstated. The discounted value of expected future cash flows is then compared with the net carrying amount of the asset. The test is performed at Operating Company level, which is the level to which income and expenses can be allocated independently. Amounts are discounted using an Operating Company-specific cost of capital after tax. No (fixed) growth rate is assumed, because this would provide skewed figures for the Operating Companies that primarily deal in projects.

Division	Goodwill	WACC
Digital Industries	1.5	8.5
Smart Infrastructure	0.3	7.5
	1.8	

The discounted cash flows exceeded the net carrying amounts in all cases, which means that the amount in the Operating Company's statement of financial position is not overstated. As in previous years, there is no indication that goodwill must be impaired in the fiscal year under review. Reasonably possible changes in a key assumption would not cause the carrying amount to exceed its recoverable amount and consequently no sensitivity analysis is disclosed. The goodwill recognized in the statement of financial position of the Company consists of goodwill that arose from the acquisition of several smaller acquisitions which have been integrated into Siemens Nederland N.V. There is no accumulated impairment on Goodwill.

(7) Property, plant and equipment

	Land and buildings	Machinery and installations	Office equipment	Total
Carrying amount as of 30 September 2018				
Cost	15.2	27.5	20.6	63.3
Depreciation	-10.2	-27.1	-19.3	-56.6
	5.0	0.4	1.3	6.7
Changes				
Transfers (GP held for sale), cost	-5.4	-14.8	-13.9	-34.1
Transfers (GP held for sale), depreciation	5.4	14.7	13.8	33.9
Investments		0.0	0.3	0.3
Depreciation charged to income	-0.7	-0.1	-0.6	-1.4
Divestments, cost	-1.6	-2.8	-0.9	-5.3
Divestments, depreciation	1.6	2.8	0.9	5.3
	-0.7	-0.2	-0.4	-1.3
Carrying amount as of 30 September 2019				
Cost	8.2	9.9	6.1	24.2
Depreciation	-3.9	-9.7	-5.2	-18.8
	4.3	0.2	0.9	5.4
Changes				
Reclassification Finance Lease IAS 17	-1.4	0.0	0.0	-1.4
Investments	1.2	0.0	0.4	1.6
Depreciation charged to income	-0.6	-0.1	-0.6	-1.3
Divestments, cost	0.0	0.0	-0.6	-0.6
Divestments, depreciation	0.0	0.0	0.6	0.6
	-0.8	-0.1	-0.2	-1.1
Carrying amount as of 30 September 2020				
Cost	6.0	9.9	5.9	21.9
Depreciation	-2.5	-9.8	-5.2	-17.5
	3.5	0.1	0.7	4.3

The finance lease property under IAS17 of 1.4 as per 30 September 2019 related to one real estate contract. Under IFRS16, the related asset is shown under Right-of-Use Assets.

The carrying amount of installations supplied under operating leases amounted to EUR 0.0 million as of 30 September 2020 (2019: EUR 0.2 million). No investments were made in these assets during the year (2019: EUR 0.0 million).

The cost of property, plant and equipment still in use at 30 September 2020 was EUR 13.1 million (2019: EUR 13.0 million), which had been depreciated in full. There were no contractual obligations to acquire property, plant, and equipment as of 30 September 2020 (2019: EUR 0.0 million).

(8) Leases and Non-current financial assets

The leases of Siemens Nederland N.V. can be split into two categories: Real estate property and Other leases, such as cars and office equipment.

The company subleases parts of its real estate property to other legal entities, mainly other Siemens group companies. IFRS16 specifies conditions whereby a sublease is to be classified as a finance lease. In these cases, the respective Right of use asset is derecognized and a finance lease receivable recognized instead, representing the net investment in the (sub-) lease. All finance lease receivables of the Company result from real estate property sub-leases. They have been classified as finance leases because they are for the whole of the remaining term of the respective head leases.

Right of use assets	**Real estate property**	**Other leases**	**Total**
Opening balance 1 October 2019	**21.5**	**6.5**	**28.0**
Additions	-	5.7	5.7
Remeasurement	-0.3	-1.1	-1.4
Derecognition due to Sub-lease within financial year	-2.0	-	-2.0
Depreciation	-3.4	-3.9	-7.3
End balance 30 September 2020	**15.8**	**7.2**	**23.0**

Lease liabilities	**2020**	**2019 IFRS16**
Current		
Real estate Property	10.8	11.5
Other leases	3.0	3.1
Non-current		
Real estate Property	43.6	53.3
Other leases	4.1	3.4
Total	**61.5**	**71.3**

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Amounts recognized in the income statement	**2020**
Rental income from subleasing right-of-use assets	0.3
Interest income from subleasing right-of-use assets	0.1
Expenses relating to short-term leases	0.4
Interest expense on lease liabilities	-0.1

In addition to the rental income from subleasing or right-of-use assets rental income from short term leases amounted to EUR 0.6 million.

Finance lease receivables

	2020	**2019 IFRS16**
Short-term	10.1	9.4
Long-term	29.2	34.0
	39.3	**43.4**

The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease amounts to be received after the balance sheet date.

	2020
Within one year	10.3
One to two years	7.3
Two to three years	6.1
Three to four years	5.9
Four to five years	5.8
To be settled after fifth subsequent year	4.1
Total undiscounted lease payments receivable	**39.5**
Unearned finance income	-0.2
Net investment in the lease	**39.3**

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease amounts to be paid after the balance sheet date.

	2020
Within one year	14.0
One to two years	13.1
Two to three years	11.0
Three to four years	10.4
Four to five years	9.4
To be settled after fifth subsequent year	3.8
Total undiscounted lease payments payable	**61.7**
Unamortized interest	-0.2
Total lease liabilities	**61.5**

Non-current receivables

	2020	2019
Finance lease receivables	29.2	-
Unbilled revenue and prepayments	-	6.0
	29.2	**6.0**

Unbilled revenue and prepayments in 2019 mainly related to the sublease of part of The Hague office under IAS17, in which performance and payment scheme differs. With IFRS16 now in effect this sublease classifies as a finance lease and the outstanding balance as of 1st of October 2019 (EUR 6.0 million) has been written off against retained earnings.

(9) Contract assets and contract liabilities

Contract assets	**2020**	**2019**
Contract assets	18.0	26.5
Provision on contract assets	0.0	0.0
Total contract assets	**18.0**	**26.5**
Current	14.0	18.8
Noncurrent	4.0	7.7
Contract liabilities		
Refund liabilities		
- Penalties	0.5	0.0
- Price and quantity discounts	3.7	3.6
Advance payments from 3rd parties	8.4	5.2
Billings in excess of costs	13.8	12.6
Total contract liabilities	**26.4**	**21.4**
Current	23.8	14.8
Noncurrent	2.6	6.6

Contract liabilities from continued operations did not significantly change. Significant change in contract assets from continued operations amounts to EUR 8.5 million resulted mainly from received payments for large datacenter projects within the Smart Infrastructure business.

(10) Inventories

As of 30 September 2020, a provision of EUR 3.7 million had been recognized for obsolescent inventories (2019: EUR 3.3 million).

(11) Trade and other receivables

	2020	**2019**
Trade receivables	48.1	54.7
Receivables from Affiliated Companies	162.1	113.9
Other receivables	0.5	2.9
	210.7	**171.5**

Most of the receivables from companies that are part of the Siemens Group relate to receivables on funds temporarily placed in interest-bearing deposits or current account within the Group. For more information, please refer to note 21 on financial instruments.

The changes in allowances for uncollectible trade receivables were as follows:

	2020	2019
At 1 October	**0.2**	**10.0**
Transfers (GP held for sale)	-	9.6
Realized losses	-0.0	-0.1
Additions (withdraws)	-0.0	-0.1
At 30 September	**0.2**	**0.2**

The credit and currency risks associated with trade and other receivables (excluding projects in process on the instructions of third parties) are explained in note 21.

Ageing analyses of receivables

	Total receivables	Not overdue	<31	31-60	61-90	>91
2020	48.1	42.3	4.1	0.8	0.2	0.7
2019	54.7	49.6	3.8	0.4	0.5	0.5

Allowance

As at	**2020**		**2019**	
	Receivables	Allowance	Receivables	Allowance
With allowance	47.8	0.2	51.2	0.2
Without allowance	0.3		3.5	

For the receivables without allowance a letter of credit was received which mitigates the credit risk of these receivables.

(12) Other financial assets

	2020	2019
Finance lease receivables	10.1	-
Other	4.8	3.6
	14.9	**3.6**

For information on finance lease receivables, please refer to note 8.
Other financial assets mainly consists of a pension receivable (note 19) and derivatives.

(13) Prepayments

Prepayments are mainly related to non-progress relevant costs of projects.

(14) Cash and cash equivalents

The Company invests its cash in interest-bearing accounts with financial institutions within the Siemens AG Group. These amounts are reported under "Receivables from Affiliated Companies" (see note 11). External bank accounts are only used for cash received or cash intended for use in the very short-term. The aim is to keep the outstanding amount of cash to a minimum. The Company does not keep any cash on hand. At balance date all amounts in cash at bank are at its free disposal.

	2020	2019
Bank accounts (current accounts)	0.3	0.3
	0.3	**0.3**

(15) Assets held for sale and discontinued operations

Gas and Power

In march 2020 the Company has demerged its Gas and Power Operating Company to Siemens Energy BV. The main components of the Gas and Power's demerged assets and liabilities are stated below.

	2020	2019
Non-current assets		
Non-current intangible assets	-	7.6
Property, plant, and equipment	-	0.2
Right-of-use assets	-	-
Non-current financial assets	-	0.3
Non-current contract assets	-	17.9
Total non-current assets	**-**	**26.0**
Current assets		
Inventories	-	8.6
Contract assets	-	35.5
Receivables		
Trade and other receivables	-	76.3
Other financial assets	-	0.4
Prepayments	-	78.9
Cash and cash equivalents	-	1.1
Total current assets	**-**	**200.8**
Total assets	**-**	**226.8**
Provisions	**-**	**15.8**
Non-current liabilities		
Other financial obligations	-	1.7
Lease liabilities	-	-
Non-current contract liabilities	-	32.0
Total non-current liabilities	**-**	**33.7**
Current liabilities		
Trade and other payables	-	18.6
Lease liabilities	-	-
Contract liabilities	-	77.0
Total current liabilities	**-**	**95.6**
Total provisions and liabilities	**-**	**145.1**

Assets held for sale and discontinued operations (continued)

The income statement of Gas and Power is shown below.

	2020	2019
Revenue	60.1	256.0
Cost of sales	52.9	222.0
R&D expenses	0.0	0.1
Selling expenses	4.6	13.0
General and administrative expenses	0.5	1.5
Other operating expenses	0.0	47.1
Operating income	**2.1**	**-27.7**
Finance costs	-0.4	0.4
Profit from discontinued operations, before tax	**1.7**	**-28.1**
Tax related to pre-tax profit	-0.4	7.0
Total profit from discontinued operations, after tax	**1.3**	**-21.1**

The net cash flows of Gas and Power is as follows:

	2020	2019
Net cash flows from operating activities	**30.0**	**-29.7**
Net cash flows from/used in investing activities	**8.1**	**-0.1**
Net cash flows from/used in financing activities	**-14.6**	**-44.0**
Net cash flows from discontinued operations	**23.5**	**-73.8**

(16) Equity

	Issued capital	Share premium	Retained earnings	Profit for the year	Total
At 30 September 2018	**36.3**	**150.9**	**6.3**	**3.7**	**197.2**
Profit after tax	-	-	-	3.7	**3.7**
Other comprehensive income	-	-	-0.0	-	**0.0**
Total comprehensive income	-	-	-0.0	3.7	**3.7**
Dividends	-	-	-	-401.5	**-401.5**
At 30 September 2019	**36.3**	**150.9**	**6.3**	**3.7**	**197.2**
Profit after tax	-	-	-	26.2	**26.2**
Other comprehensive income	-	-	-0.0	-	**0.0**
Total comprehensive income	-	-	-0.0	26.2	**26.2**
Dividends	-	-	-	-3.7	**-3.7**
Gas and Power demerger	0.0	-58.2	-1.4	-	**-59.6**
IFRS16 adjustments	-	-	-4.0	-	**-4.0**
At 30 September 2020	**36.3**	**92.7**	**0.9**	**26.2**	**156.1**

The retained earnings from prior years include cumulative actuarial gains and losses.

Issued capital

The Company's share capital amounts to EUR 100 million, divided into in 100,000 shares with a nominal amount of EUR 1,000 each, 36,307 shares of the share capital have been issued and fully paid up.

Share premium

All share premium is considered as paid-up capital from a tax perspective.

Dividends

	2020	2019
Declared and distributed during the year	3.7	401.5

	2020	2019
Proposed for approval by the Annual General Meeting (not recognized as a liability as of 30 September)	26.2	3.7

(17) Taxes

	2020	Equity	P&L	2019	Equity	P&L	2018
Deferred tax assets:							
Provisions	0.0	-	-0.1	0.1	-	-0.0	0.1
Other	-	-	-	-	-	-	-
	0.0	-	-0.1	0.1	-	-0.0	0.1
Deferred tax liabilities:							
Non-current intangible assets	-0.0	1.9	-	-1.9	-	-	-1.9
Property, plant, and equipment	-0.0	-	0.1	-0.1	-	0.1	-0.2
Pensions	-0.8	-0.0	-0.0	-0.8	-	-	-0.8
IFRS16 impact	-0.1	0.4	-0.5	-	-	0.0	0.0
	-0.9	2.3	-0.4	-2.8	-	0.1	-2.9
Net deferred tax liabilities	**-0.9**	**2.3**	**-0.5**	**-2.7**	**-**	**0.1**	**-2.8**

All tax receivables and liabilities are recognized in the statement of financial position. There are no unused deferred tax liabilities.

	2020	2019
Tax receivable	5.3	5.9
Tax liability	-	-
	5.3	**5.9**

For more information, please refer to note 25 on income taxes.

(18) Other financial obligations (included in non-current liabilities)

With IFRS16 now adopted, other financial obligations, which consists exclusively of lease liabilities, are now presented in the lease liabilities, note 8. Previous year figures were presented as follows:

	2020	2019
Finance lease and hire purchase liabilities	-	1.2
	-	**1.2**

Finance lease obligations are presented as follows in the statement of financial position:

	2020	2019
Short-term finance lease payables	-	0.2
Long-term finance lease payables	-	1.2
	-	**1.4**

The portion due within one year has been recognized under Trade and other payables.

The minimum lease payments to be made under finance leases according to IAS 17 as per 30 September 2019 were as follows:

	2020	2019
Within one year	-	0.2
One to two years	-	0.2
Two to three years	-	0.2
Three to four years	-	0.2
Four to five years	-	0.2
To be settled after fifth subsequent year	-	0.5
Minimum lease payments to be made in the future	**-**	**1.5**

The table below shows a reconciliation between the minimum lease payments and the gross and net lease investment according to IAS 17 to the present value of the minimum lease payments as per 30 September 2019.

	2020	2019
Minimum lease payments	-	1.5
Gross investment in leases	**-**	**1.5**
less: Finance income received in advance (unearned interest)	-	-0.1
Net investment in leases	**-**	**1.4**
Present value of minimum lease payments	**-**	**1.4**

The gross investment in leases and the present value of the minimum lease liabilities mature as follows:

	2020	2019
Gross lease investment	**-**	**1.5**
within 1 year	-	0.2
within 1 to 5 years	-	0.8
after 5 years	-	0.5
Present value of minimum lease payments	**-**	**1.4**
within 1 year	-	0.2
within 1 to 5 years	-	0.7
after 5 years	-	0.5

The finance lease related to an office location in Breda.

(19) Provisions

	Warranty	Order-related	Personnel-related	Other	Total
Carrying amount as of Oct. 1, 2018	**15.0**	**9.0**	**5.4**	**5.3**	**34.7**
Additions during the year	0.1	1.3	0.2	0.1	1.7
Utilization	-0.8	-0.5	-0.6	-0.9	-2.8
Change in scope of consolidation	-	-	0.0	-	0.0
Held for sale (GP)	-7.9	-8.6	-1.4	-	-17.9
Carrying amount as of Sept. 30 2019	**6.4**	**1.2**	**3.6**	**4.5**	**15.7**
Additions during the year	-	0.5	0.3	0.0	0.8
Releases during the year	-1.6	-	-	-	-1.6
Utilization	-0.4	-0.3	-0.6	-	-1.3
IFRS16 reclassification	-	-	-	-4.3	-4.3
Change in scope of consolidation	0.0	0.0	-0.1	-	-0.1
Carrying amount as of Sept. 30 2020	**4.5**	**1.4**	**3.2**	**0.2**	**9.2**
Current as of 30 September 2019	3.6	1.2	0.5	0.2	5.4
Non-current as of 30 September 2019	2.8	-	3.1	4.3	10.3
Carrying amount as of Sept. 30 2019	**6.4**	**1.2**	**3.6**	**4.5**	**15.7**
Current as of 30 September 2020	4.1	1.3	0.4	0.2	6.0
Non-current as of 30 September 2020	0.3	0.1	2.8	-	3.2
Carrying amount as of Sept. 30 2020	**4.4**	**1.4**	**3.2**	**0.2**	**9.2**

Pensions

The Company participates in the Pension Fund for the Mechanical and Electrical Engineering Industry (PME), except for the pension plan for senior management. The PME-pension scheme is a defined benefit agreement referred to as a conditional average earnings scheme. The company accounts for the defined benefit agreement as a defined contribution plan, because there is no reliable basis for allocating the obligations, plan assets, and costs to the participating companies, since PME does not (or cannot) provide the information. In accordance with the PME plan, Siemens only has an obligation to pay the contributions due annually. Since there is no reliable basis for allocating the obligations, plan assets, and costs to the participating companies in PME, there is very likely no obligation to make up any shortfalls in the plan. If the coverage of PME assets versus liabilities is not enough, the deficit would likely be reflected as decrease of vested rights and/or increase of pension premium. The industry fund has a coverage ratio of 93,7% as at 30 September 2020 (2019: 93,4%).

The pension plan for senior management was a final salary scheme and has been discontinued as of 1 January 2015. All vested rights have been frozen as of this date. Indexation is decided annually but is limited to the indexation granted in the Pension Fund for the Mechanical and Electrical Engineering Industry (PME) and conditional depending on plan assets. The administration of the pension plan for senior management has been assigned to an insurer in accordance with section 2 (4) (B) of the Dutch Pensions and Savings Funds Act. No contributions are due after discontinuation of the pension plan.

In addition to the pension plan, there is also an early retirement plan for employees born before 1950. This plan is managed by the Pension Fund for the Mechanical and Electrical Engineering Industry. It is a defined benefit plan but is accounted for in the annual financial statements as a defined contribution plan, because there is no reliable basis for allocating the obligations, plan assets, and costs to the participating companies within PME.

The early retirement plan for employees born after 1949 is granted conditionally in the collective bargaining agreement (CBA). Each year, an assessment is made as to whether the benefits can be granted unconditionally to the employees of the subsequent year of birth. Currently the benefits of the employees who were born in 1951 and who meet the plan criteria have been granted unconditionally.

The numbers of pension plan members are as follows:

Number of members	**2020**	**2019**
Active members	0	0
Beneficiaries	8	8
Vested deferred members	1	1
Total	**9**	**9**

Pension obligations and funded status of Siemens Nederland N.V.

	2020	**2019**
Projected obligations		
Benefit obligation as of 1 October	**13.9**	**13.1**
Current service cost: Increase in the present value of pension benefits granted	-	-
Interest expenses	0.1	0.2
Benefits paid	-1.0	-0.9
Remeasurement: effect of changes in demographic assumptions	-0.4	-0.1
Remeasurement: effect of changes in financial assumptions	0.0	1.3
Remeasurement: effect of experience adjustments	-	0.3
Obligation as of 30 September	**12.6**	**13.9**

Plan assets	**2020**	**2019**
Fair value of plan assets as of 1 October	**17.1**	**16.2**
Interest income	0.1	0.3
Employer contributions	-	-
Benefits paid	-1.0	-1.0
Administrative expenses paid from plan assets	-	-
Remeasurement: return on plan assets (excluding interest income)	-0.3	1.6
Fair value of plan assets as of 30 September	**15.9**	**17.1**

Diversification of plan assets

	2020	**2019**
Cash and cash equivalents	100%	100%

In recent years, the obligations and plan assets as of 30 September have changed as follows:

	2020	**2019**	**2018**	**2017**	**2016**
Fair value of plan assets	15.9	17.1	16.2	16.6	19.0
Projected obligations	-12.6	-13.9	-13.1	-13.5	-16.0
Value of plan assets less projected obligations	**3.3**	**3.2**	**3.1**	**3.1**	**3.0**

Net periodic cost of pension plan

	2020	2019
Increase in the present value of pension agreements granted	-	-
Interest expenses on future pension obligation	0.1	0.2
Expected return on plan assets (income)	-0.1	-0.3
Net periodic cost (income)	**-0.0**	**-0.1**

Changes in actuarial gains and losses recognized in equity

Changes in fiscal year	**2020**	**2019**
Actuarial gains (losses)	0.0	0.0
	0.0	**0.0**
Deferred taxes on actuarial gains and losses	-0.0	-0.0
	0.0	**0.0**
Change in net accumulated equity component	**0.0**	**0.0**

Actuarial assumptions for calculating the discounted obligations and net periodic cost:

Assumptions of variables	**2020**	**2019**
Actuarial discount rate	0.77%	0.80%
Salary increase rates	0.00%	0.00%
Return on plan assets	1.75%**	1.75%**
Indexation	0.50%	0.50%
Mortality table	Generation tables*	Generation tables*

The discount rate applied in the calculation reflects the return as of the reporting date on prime-rated bonds with maturities that approximate those of the Group's liabilities and are denominated in the same currency in which the benefits are expected to be paid. The expected return is determined based on past returns, the strategic diversification of plan assets, and future expected returns on long-term investments.

* Assumptions about future mortality rates are based on the AG projections table 2020, published by the Dutch Association of Actuaries (AG).
** This corresponds to the actuarial discount rate.

Contributions to the industry pension fund for the early retirement scheme

The employer contributions to the industry pension fund amounted to EUR 7.9 million (2019: EUR 8.1 million).

Warranty provisions

Provisions are recognized for expected warranty claims on systems and installations sold in the past one to two years, based on past experience with the volume of repairs and returns. Most of these costs are expected to be incurred in the following fiscal year and all of them within two years of the reporting date. The assumptions made in calculating the warranty provisions are based on current sales levels and information available on returns, on the basis of the standard warranty period of one to two years on all products sold.

Order-related provisions

Order-related provisions are anticipated onerous contracts (contracts in which the expected costs are estimated to be higher than the expected benefits) and outstanding (project) costs still to be received.

Personnel-related provisions

Personnel-related provisions are mainly severance payments and long-term service awards.

Other provisions

Other provisions comprise all provisions, which are not included in the provisions mentioned above. These include amongst other record retention, under-utilization of real estate and other assets leased under an operating lease and specific other minor provisions.

(20) Trade and other payables

	2020	**2019**
Trade payables	31.1	33.1
Liabilities to Affiliated Companies	1.7	1.4
Taxes and social security contributions payable	23.9	30.9
Other liabilities	15.7	15.8
Pension contributions payable	2.3	1.6
	74.7	**82.8**

The taxes and social security contributions payable have been offset against taxes and social security contributions receivable, provided that they are payable to or receivable from the same party and a legal right to offset exists.

(21) Financial instruments

The table below shows the carrying amounts of all financial instruments recognized in the financial statements.

	2020	2019
Financial assets		
Non-current financial assets:		
Non-current receivables:		
Other receivables	29.2	6.0
Current receivables:		
Trade and other receivables:		
Receivables from Affiliated Companies	162.1	195.6
Other trade receivables and other receivables	53.9	63.5
Other financial receivables:		
Lease receivables	10.1	-
Other financial receivables	4.8	3.6
Financial liabilities		
Non-current liabilities:		
Other financial liabilities:		
Lease liabilities	-47.7	-1.2
Current liabilities:		
Trade and other payables	-74.8	-82.9
Lease liabilities	-13.8	-

The fair values of cash and cash equivalents, (current) receivables, and current liabilities correspond to their carrying amounts. This is due to the high level of liquidity and/or short maturities of the instruments.

Liquidity risk

The table below shows the contractual terms and repayment obligations of the financial assets and financial liabilities, including estimated interest payments:

At 30 September 2020

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years	Total
Fixed-income financial assets							
Other receivables	-	7.3	6.1	5.9	5.8	4.1	29.2
Variable-income financial assets							
Receivables from Affiliated Companies	162.1	-	-	-	-	-	162.1
Other trade receivables and other receivables	53.9	-	-	-	-	-	53.9
Other financial receivables	14.9	-	-	-	-	-	14.9
Variable-income financial liabilities							
Lease liabilities	-13.8	-13.1	-11.0	-10.4	-9.4	-3.8	-61.5
Other financial liabilities	-	-	-	-	-	-	0.0
Trade and other payables	-74.8	-	-	-	-	-	-74.8
Tax Liabilities	0.0	-	-	-	-	-	0.0

At 30 September 2019

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years	Total
Fixed-income financial assets							
Other receivables	-	1.0	1.0	1.0	1.0	2.0	6.0
Variable-income financial assets							
Receivables from Affiliated Companies	113.9	-	-	-	-	-	113.9
Other trade receivables and other receivables	63.5	-	-	-	-	-	63.5
Variable-income financial liabilities							
Finance lease and hire purchase agreements	-	-0.2	-0.2	-0.2	-0.2	-0.4	-1.2
Other financial liabilities	-	-	-	-	-	-	-
Trade and other payables	-82.9	-	-	-	-	-	-82.9
Tax Liabilities	0.0	-	-	-	-	-	0.0

The interest is fixed until the end of the term of the intragroup deposits.

Interest rate risk

For an assessment of the risk in the subsequent year, please refer to note 5.

Credit risk

With regard to the trade receivables and lease receivables items, the Company has processes and control mechanisms in place to keep the risks to a minimum. The Company's maximum risk exposure is theoretically equal to the total balance outstanding. The Company regards its policies to manage this risk (see also note 5) as effective, since realized losses (see note 11) have been low in recent years.

Currency risk

An exchange rate profit of EUR 0.1 million was generated (2019: profit of EUR 0.2 million).

Hedging activities

As of 30 September 2019, and 30 September 2020, the Company had entered into various forward exchange contracts to hedge currency risks on expected future sales to customers and future deliveries from suppliers. Most of the contracts expire within one year. Cash flow hedge accounting is used, if all strict conditions are met.

The fair values recognized for these forward exchange contracts as of 30 September were as follows:

	2020	2019
Derivatives not designated as hedging instruments		
Foreign exchange forward contracts	0.0	0.0
Embedded derivatives	0.0	0.0

(22) Contingent assets and liabilities

For certain projects, banks issue bank guarantees to third parties in which they stand surety for the Company meeting its obligations under the contracts. If a claim is made on a bank guarantee by third parties, the bank has the right of recourse to the Company. On 30 September, the following amounts of bank guarantees were outstanding:

	2020	2019
Bank guarantees	14.0	15.0

In addition to the guarantees provided by banks, as disclosed above, the ultimate parent company Siemens AG or its wholly owned subsidiaries also stand surety vis-à-vis third parties for the Company meeting its obligations under the contracts. In 2020, the ultimate parent company Siemens AG or its wholly owned subsidiaries provided surety in an amount of EUR 8.9 million (2019: EUR 14.0 million). The total guarantee amount for 2020 is therefore EUR 22.9 million (2019: EUR 29.0 million).

All companies belonging to either of these tax groups are jointly and severally liable for the taxes payable by the respective tax group. Siemens International Holding B.V. is the head of the tax group. The Company is the taxpayer. All companies in the Group periodically settle the account receivable or payable position with Siemens International Holding B.V. Since Siemens International Holding B.V. is the head of the tax group, all current and deferred tax assets and liabilities of the Company are positions vis-à-vis the parent company.

Contingent Assets and Liabilities in connection with GP Carve Out

As part of the demerger of the Energy (GP Carve Out), the Company and Siemens Energy B.V. (SEBV) agreed that all contracts listed in the accompanying operational demerger agreement (ODA) dated 27 February 2020 have been transferred to SEBV under universal title with full discharge of the Company. However, the transfer is in some cases subject to the consent of one or more third parties, which at the balance sheet date has not yet been received for all contracts to be transferred (so called "Pending Contracts"). The ODA stipulates that all risks and rewards are transferred to SEBV and therefore these contracts are economically transferred. This means, that for SNL there is no difference from an economic perspective between a pending contract and a non-pending contract as any risk, control, benefit and burden in connection with all GP contracts (i.e. pending and non-pending) lies with SEBV. Therefore, all contracts are derecognized by the Company and consequently all revenues, assets and liabilities in connection with these contracts are reflected in the financial statements of SEBV. Only in case SEBV would not be able to fulfil its obligations in connection with these contracts, the respective third party could claim from SNL to make sure these obligations are fulfilled. No such claim has been received as of the date of this report and no claims are expected to be received in the future. The likelihood that a pending contract could result in an asset or a liability of SNL is therefore considered to be very low.

Notes to the company income statement

(23) Revenue

In accordance with section 2:380 of the Dutch Civil Code, the table below shows the distribution of revenue over geographical areas and operating segments.

Geographical areas	**2020**	**2020**	**2019**	**2019**
	Third parties	Related parties of Siemens AG	Third parties	Related parties of Siemens AG
The Netherlands	364.4	8.1	359.5	9.3
Europe other	12.8	36.9	29.5	24.3
Asia	13.1	2.6	22.1	0.1
Other continents	2.3	2.3	1.3	3.6
Total	**392.6**	**49.9**	**412.4**	**37.3**

Operating segments	**2020**	**2020**	**2019**	**2019**
	Third parties	Related parties of Siemens AG	Third parties	Related parties of Siemens AG
Smart Infrastructure	202.2	42.7	204.7	28.2
Digital Industries	158.1	4.7	174.9	2.4
Portfolio Companies*	30.2	0.0	25.8	-
Real Estate	2.1	2.5	7.0	6.7
Total	**392.6**	**49.9**	**412.4**	**37.3**

*Under the umbrella of the Portfolio Companies, Siemens has bundled several units which operate independently since 1 April 2019.

The amount of revenue recognized in the current period which was included in the contract liability at the end of the previous period was EUR 23.7 million (2019: EUR 21.8 million).

Order backlog

On 30 September 2020, order backlog was reported for EUR 166.1 million and this is expected to be recognized as revenue as follows:

Order backlog recognized as revenue:	Within 1 year		In the 1st subsequent year		After the 1st subsequent year		
	Third parties	Related parties of Siemens AG	Third parties	Related parties of Siemens AG	Third parties	Related parties of Siemens AG	**Total**
Smart Infrastructure	66.4	42.4	6.2	0.1	10.1	0.3	**125.5**
Digital Industries	33.4	0.4	0.0	0.0	-	-	**33.8**
Portfolio Companies*	6.8	-	-	-	-	-	**6.8**
Total	**106.6**	**42.8**	**6.2**	**0.1**	**10.1**	**0.3**	**166.1**

*Under the umbrella of the Portfolio Companies, Siemens has bundled several units which operate independently since 1 April 2019

(24) Finance income and expenses

Other interest and similar expenses include an amount of EUR -0.9 million (2019: EUR -1.1 million) from affiliated companies. For more information, please refer to note 26 on related parties.

(25) Tax on profit from continuing operations

The tax expense (income) recognized in the company income statement breaks down as follows:

	2020	**2019**
Income taxes for the current period from continued operations	6.4	8.5
Income taxes for the current period from discontinued operations	0.4	-7.0
Total current tax	6.8	1.5
Deferred taxes for the current period from continued operations	0.5	-0.1
Deferred taxes for the current period from discontinued operations	0.0	-0.0
Total deferred tax	0.5	-0.1
Total income tax for the current period	**7.3**	**1.4**

The reconciliation between the tax burden and the result of calculating the profit before tax, multiplied by the local tax rate, is as follows:

	2020	2019
Profit before tax		
(profit from continuing operations and profit from discontinued operations)	**33.6**	**5.1**
Tax at the locally applicable rate of 25,0% (2019: 25,0%)	8.4	1.3
True up related to prior years	-0.8	-
Other	-0.3	0.1
Tax burden	**7.3**	**1.4**

Siemens Nederland N.V. is part of a tax group headed by Siemens International Holding B.V. under which all parties are jointly and severally liable for the tax position.

(26) Related parties

Transactions with managing directors and key management personnel

Siemens Nederland N.V. has not issued loans to or entered into transactions with managing directors or managers.

Other related party transactions

The values of transactions involving goods and services with companies included in the scope of consolidation of Siemens AG were as follows:

	Transaction values	
	2020	**2019**
Purchases	288.6	331.0
Sales	49.9	37.3

	Interest		Balance outstanding	
	2020	**2019**	**2020**	**2019**
Loans issued and interest income (expense*)				
Siemens Financial Services (current)	-0.8	-1.0	0.0	95.0
Cost of providing guarantees				
Siemens Financial Services	-0.1	-0.1	-	-
Cost of assuming credit risk				
Siemens Financial Services	0.0	0.0	-	-

The interest charged in the case of related parties is determined on an objective arm's length basis (EURIBOR plus a margin) and is settled within a maximum of six months of the end of the year. No collateral has been pledged for any balances.

The Company maintains a cash pool at the treasury department of Siemens AG, where balances are kept at market-related interest rates and from which loans are issued and/or raised.

* Interest is due on loans issued

(27) Compensation of executive management and the Supervisory Board

Siemens Nederland N.V. pays salaries and emoluments to the members of the Management Board and of executive management and contributes to pension plans on their behalf.

As of 30 September 2020, 6 executive managers (2019: 9) were members of the Executive Management Team, which includes the Management Board. Their compensation breaks down as follows:

	2020	2019
Management Board (2 members (2019: 2 members))		
Short-term compensation	1.1	1.1
Pensions	0.0	0.0
Profit sharing and bonuses	0.8	0.4
Management Board total	**1.9**	**1.5**
Bonuses for the Management Board are subject to performance criteria.		
Executive Management Team (4 members (2019: 7 members))		
Short-term compensation	1.2	1.4
Pensions	0.1	0.4
Severance payments to former management members	0.6	-
Profit sharing and bonuses	0.3	0.4
Executive Management Team total	**2.2**	**2.2**
Total	**4.1**	**3.7**

The Supervisory Board had 4 members as of 30 September 2020 (2019: 4). They were paid compensation as follows:

	2020	2019
Compensation	0.1	0.1

(28) Rights to equity instruments

Stock awards

The expense recognized for employee services received during the year is shown in the following table:

	2020	2019
Expenses arising from cash-settled share-based payment transactions	0.3	0.5
Total expense arising from share-based payment transactions	**0.3**	**0.5**

For the Company the equity-settled shares are settled in cash to Siemens AG. The stocks awarded in equity are then fulfilled by Siemens AG.

In 2020, 4,164 (2019: 4,419) stock awards were granted to employees, of which 1,635 (2019: 2,040) to the Executive Management Team (including the Management Board).

	2020 Awards in absolute numbers	2020 Cumulative fair value	2019 Awards in absolute numbers	2019 Cumulative fair value
At beginning of fiscal year	29,355	2.9	18,443	2.0
Granted provisionally	10,923		15,427	
Awarded	-2,455		-4,335	
Forfeited/Settled	-17,338		-180	
Merger/Transferred	-2,179			
At end of fiscal year	**18,306**	**2.0**	**29,355**	**2.9**

Fair value at the end of the fiscal year is calculated by multiplying the number of awards outstanding by the market value per share at the end of the fiscal year. The market value of the shares granted was EUR 108.24 as of 30 September 2020 compared with EUR 98.45 as of 30 September 2019.

Share Matching Plan

The expenses recognized for employee services received during the year is shown in the following table:

	2020	2019
Expenses arising from cash-settled share-based payment transactions	0.5	0.3
Total expenses arising from share-based payment transactions	**0.5**	**0.3**

For the Company the equity-settled shares are settled in cash to Siemens AG. The stocks awarded in equity are then fulfilled by Siemens AG.

In 2020, 1,183 (2019: 997) bonus shares were granted to employees, of which 24 (2019: 19) to the Executive Management Team (including the Management Board).

	2020 Awards in absolute numbers	2020 Cumulative fair value	2019 Awards in absolute numbers	2019 Cumulative fair value
At beginning of fiscal year	3,159	0.3	2,830	0.3
Granted	2,359		2,154	
Awarded	-		-927	
Forfeited/settled	-790		-898	
Merger/Transferred	-1,595		-	
At end of fiscal year	**3,133**	**0.3**	**3,159**	**0.3**

The transferred shares in 2020 relate to the carve out of the Gas and Power businesses.

Fair value at the end of the fiscal year is calculated by multiplying the number of bonus shares by the market value per share at the end of the fiscal year. The market value of the bonus shares issued was EUR 108.24 as of 30 September 2020 compared with EUR 98.45 as of 30 September 2019.

(29) Employees

The number of employees, expressed as full-time equivalents, working for Siemens Nederland N.V. at year end was as follows:

	2020	2019
Operating companies	845	840
Management and staff departments	102	95
Total	**947**	**935**

On average these employees were employed in The Netherlands during the reporting period.

(30) Depreciation, amortization, and impairment losses

	2020	2019
Property, plant, and equipment	1.3	1.4
Right of use assets	7.3	-
Total	**8.6**	**1.4**

(31) Personnel costs

	2020	2019
Wages and salaries	75.7	74.7
Pension costs	7.2	6.4
Other social security costs	9.7	10.0
Total	**92.6**	**91.1**

(32) Joint operations

A small part of the Company's activities was carried out in joint arrangements classified as joint operations. After the demerger of the Gas and Power business the Company no longer participated in any joint operations by the end of 2020 (2019: 1). These collaborative arrangements remained in place until a project was finished, and they were accordingly finite.

(33) Audit fees

On the basis of Book 2 of the Dutch Civil Code, part 9 section 382a (3), Siemens Nederland N.V. opts not to disclose the costs of the auditors, because Siemens AG includes these costs in its IFRS financial statements in accordance with EU requirements.

(34) Events after the reporting date

Since the end of the balance sheet date, the Dutch government has decided several times on stricter measures to bring down the number of COVID-19 infections, which inter alia resulted again in a so called 'partial lockdown'. We consider these developments to be non-adjusting events after the reporting period according to IAS10. Given the high degree of uncertainty in connection with the COVID-19 crisis, e.g. with regards to its duration, financial impact on economy, customers and other stakeholders, it is currently not possible to provide an estimate on the impact of these events on the financial statements of Siemens Nederland N.V. going forward. However, as of the date of issuance of this report, Siemens

Nederland N.V. has no reason to believe that the impact of COVID-19 poses a threat to its ability to continue as a going concern.

The Hague, 15 December 2020

Management Board:

D.D.G. De Bilde (Chairman)	D.R. Kusch

Supervisory Board:

C.D. Kaeser (Chairman)	A.H.G. Rinnooy Kan
G.A. Verbeet	M. Eken

Other disclosures

Requirement in the Articles of Incorporation relating to the appropriation of profits

Article 22 (1) of the Articles of Incorporation reads as follows:

"The profit according to the approved income statement shall be at the disposal of the General Shareholders' Meeting."

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Independent auditor's report

To: the general shareholders' meeting, audit committee and the supervisory board of Siemens Nederland N.V.

Report on the audit of the financial statements for the year ended 30 September 2020 included in the annual report

Our opinion

We have audited the accompanying financial statements for the year ended 30 September 2020 of Siemens Nederland N.V., based in The Hague.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Siemens Nederland N.V. for the year ended 30 September 2020, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The company statement of financial position for the year ended 30 September 2020
- The following statements for the year ended: the company income statement, the company statements of comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Siemens Nederland N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter relating to uncertainty about Corona

The developments around the Corona (COVID-19) pandemic have a profound impact on people, society and on the economy. This impacts operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The financial statements and our auditor's report thereon reflect the conditions at the time of preparation. The impact may continue to evolve, giving rise to inherent uncertainty. Siemens Nederland N.V. is confronted with this uncertainty as well, that is disclosed in the management report reference to section COVID-19 and the disclosure about events after balance sheet date. We draw attention to these disclosures. Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Report of the Management Board
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements 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. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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
- Obtaining 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
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding 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 a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Rotterdam, 15 December 2020

Ernst & Young Accountants LLP

W.P. de Pater

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