SIEMENS

Siemens AS

Annual report 2020

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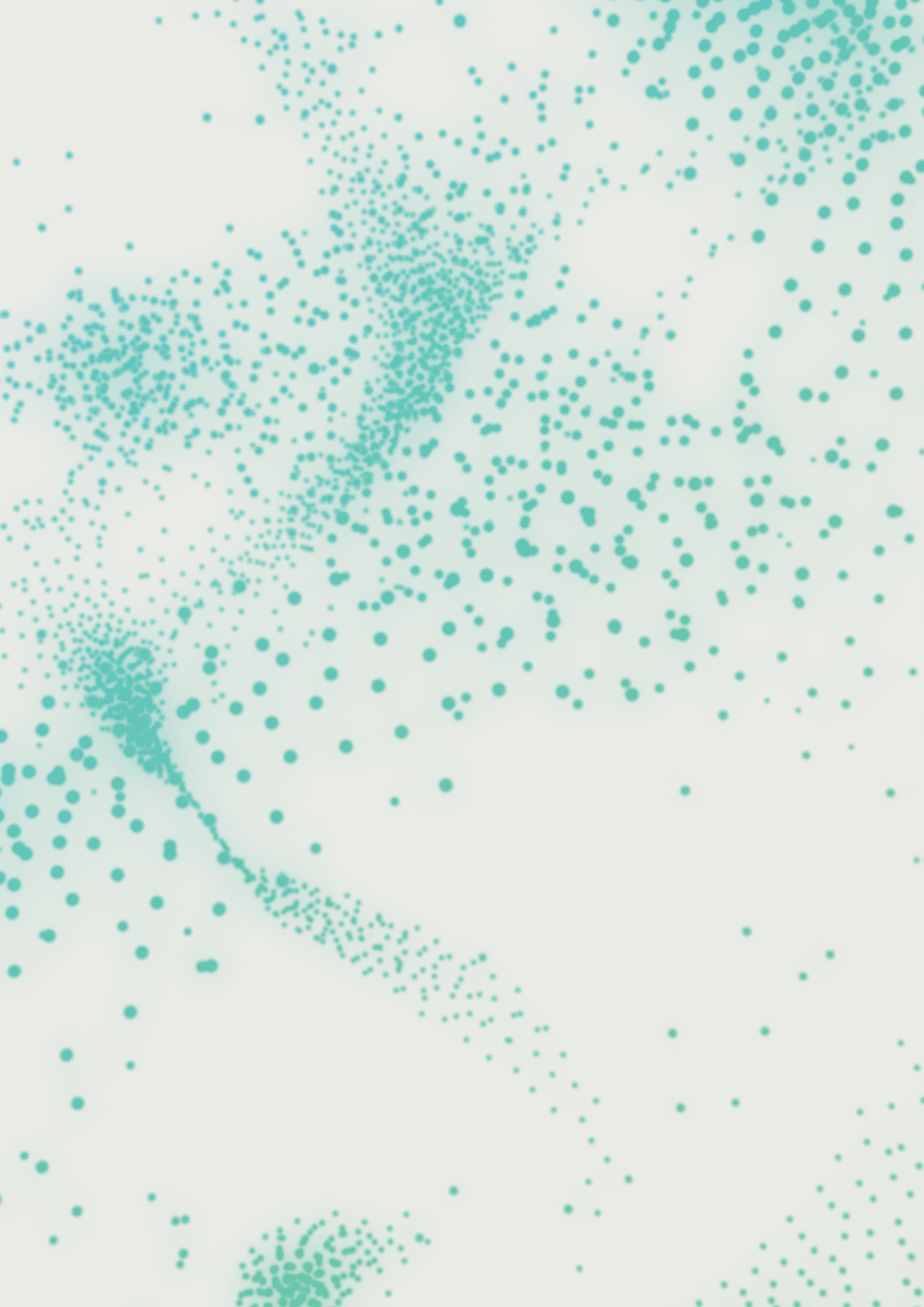
Translation only



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Social responsibility and sustainability

Sustainability is at the core of our business activities and expertise. Ideas alone have little value. "An innovation's importance lies in its practical implementation," said our founder Werner von Siemens. Through innovative solutions, Siemens contributes to resolving the major challenges faced by the world, while also ensuring sustainability, long-term profitability and value creation.

Through the Paris Agreement, Norway has committed to reducing its greenhouse gas emissions by 50% by 2030. Independent reports show that Norway as a nation will not meet these goals unless significant investments are made in climate-friendly solutions. Siemens is an expertise company that is able to deliver solutions that close the climate gap with future-oriented technology.

The Siemens Group aims to be the world's first major industrial company to have a net zero carbon footprint by 2030. We will achieve this by developing pioneering technology and investing in energy upgrades, establishing infrastructure solutions for electrical transport, distributed energy systems and using renewable energy.

Market

The market is charaterized by two main elements: a greater focus on green sustainable solutions and uncertainty surrounding the coronavirus and low oil prices.

The coronavirus pandemic has resulted in uncertainty about investments in new projects. So far, Siemens has not been seriously affected by the pandemic, but the market for next year is charaterized by uncertainly related to new projects in industries that have been affected. Lower oil prices have also affected the parts of our business that deliver directly or indirectly to the oil and gas industry.

Our customers are committed to green sustainable solutions. Siemens technologies and solutions in electrification, automation and digitization help our customers achieve their goals.

The industry requires energy-efficient and smart digital solutions to maintain and improve international competitiveness.

The electrification of society continues. Norway is a leader in new electric vehicle sales, and in the future there will be a great need for electrification of the entire transport sector, including trucks, buses and shipping. This requires major changes in electrical infrastructure in terms of capacity, but also significantly more advanced control and balancing systems. There is an increasing need for energy optimization and optimization of the production itself in buildings and industrial areas.

Investments in the national and regional electricity grid in Norway are being made to secure power supply and make the supply more robust, with variable power production such as wind and solar becoming increasingly important, and changing consumption patterns with electric vehicle charging and induction plates that require a lot of power having to be addressed.

The focus on green and sustainable battery production in Norway is another example of a trend that creates a new and exciting market. Norway is in a good position to produce sustainable battery cells with a low CO2 footprint through renewable energy. Siemens is an important supplier of technology solutions to this market. Norwegian solutions within aquaculture are also an emerging export market that provide opportunities for growth and where our technology is attractive.

Digitalization requires ever more expertise in OT (operational technology) and IT (information technology). The industry is building digital twins and connecting machines, production lines and energy supply to various cloud platforms and sharing data over the Internet. When introducing multiple digital solutions and multiple connections, security must be taken seriously. Siemens is at the forefront of Cyber Security, which enables new digital solutions to be introduced.

The product and service portfolio in Digital Industries, Smart Infrastructure and Large Drives Applications fits well into this market and gives Siemens a good position to create secure applications that result in competitive, valuable and sustainable solutions with a long service life.

Technology development

The Siemens Group is a global technology company for the development of sustainable products and solutions at the forefront of technological development. Automation, digitalization and electrification are used to create more efficient and climate-neutral solutions, for example through energy-efficient building automation solutions, the optimization of industrial processes and the management of national and regional power grids. Technical platforms and ecosystems are an essential part of this technical development.

Much of this technology is developed at Siemens' product houses around the world and further developed locally into customised solutions. Siemens in Norway has great expertise within the entire value chain, from consulting, engineering, delivery and commissioning to aftermarket services. Through this close customer contact, new innovative solutions are constantly being developed locally, based on the global technology available to us at Siemens.

Siemens AG has its own accelerator company, Next47, which invests in new companies during the early stages of development in order to accelerate the pace of innovation for Siemens. Next47 is present in the Nordic region from the

Stockholm office. Siemens has a long tradition of collaborating with start-ups and works closely with various research environments and major universities all over the world.

As part of a global company, the activities in Norway gain expertise and innovative solutions from this network. In global terms, the Siemens Group invests an estimated NOK 49 billion annually in research and development. This includes close to 40,000 employees all over the world.

Organization

The Siemens Group adapts its business structure and strategies in line with developments in society in order to be optimally equipped to meet the needs of the market and the customer. As part of this strategy, the Siemens Group implemented a comprehensive restructuring process during the 2020 financial year, in which the activities within oil and gas, subsea and transmission systems were separated into a new company under the name Siemens Energy. In autum 2020, Siemens Energy was listed on the stock exchange as a fully independent company.

In Norway, this restructuring was carried out in the form of a reversed demerger, where the business areas Digital Industries, Smart Infrastructure and Large Drives Application were separated into a new legal entity with a new organization number with effect from 1 March 2020. This company continues to use the name Siemens AS and is a wholly-owned company within the Siemens Group. Mikael Leksell is the general manager of Siemens AS.

Restructuring has been carried out in the 2020 fiscal year as a result of several years of weak financial results in the building technology business area, and the organization's size has been adjusted to meet profitability expectations.

Siemens in Norway has been affected by the coronavirus pandemic. This has resulted in an extensive number of employees working from home where this has been possible, and a particular focus on infection control for our personnel working on construction sites. Infection control measures have been implemented based on government recommendations and regulations. Our employees have demonstrated a high level of understanding and commitment to maintaining business operations while enduring more difficult everyday life. Many of our employees appreciate the increased flexibility and productivity has been good.

Siemens AS Employees

One of our strategic ambitions in the Siemens Group is to develop a stronger culture of innovation and change. Our culture shall be characterised by a sense of ownership as well as equality, respect and mutual trust. This is essential for a sound and innovative working environment. We have zero tolerance for discrimination and bullying.

The expertise of our employees and managers is vital to the successful achievement of our goals and business strategies. We facilitate the continuous development of our employees' skills and expertise, and also bring in new expertise in step with increasing requirements. Digitalization of our work tools is an important factor in realising our business strategy and there is a strong focus on building expertise within IT, cybersecurity and digitalization.

Our aim is to increase the proportion of women in management, project management and key positions in general. As in most technical industries, the gender distribution is still uneven, with a 24% proportion of female employees in 2020. This is continuously assessed in collaboration with the unions and any gender-specific pay differences are eliminated.

At the end of the year, Siemens AS had 515 employees, in addition to 4 apprentices in vocational training. At the end of the year, Siemens AS had 116 temporary employees, which indicates a total proportion of temporary employees of 22.5%, of whom 30% were women. Siemens AS has 1.4% of employees in part-time positions (7 employees) of which 43% are women (3 employees). Siemens AS has no cases of involuntary part-time working. The average age at Siemens AS is 45.5 years.

Health, safety and the environment (HSE)

Siemens AS focuses on a zero-injury philosophy in order to prevent accidents and ensure that no work-related injuries, illnesses or accidents are ignored. We work continuously to increase focus on HSE to ensure it is taken seriously by both management and the individual employee.

The company's injury ratio (number of lost-time injuries per million hours worked) amounted to 0.97% in 2020. During the past financial year there were no serious accidents that resulted in the permanent injury of any employee. Sickness absence in the 2020 financial year was 2.75%. This is within our goal of a level of sickness absence under 3.00%.

Siemens AS has no direct pollution of the air, water or soil, and generally uses very few polluting chemicals. Siemens AS is a member of Renas and Batteriretur, which handle returned electrical and electronic items.

Profit development

As mentioned, Siemens AS is a newly established company from 1 March 2020 following a reversed demerger in which Siemens Energy became a separate company. Siemens AS signed contracts worth NOK 1,042 million during the financial year. The financial year ended with an order backlog in Siemens AS of NOK 621 million. Total sales revenue amounted to NOK 1,086 million and operating profit was NOK -33 million in 2020. Profit after tax amounted to NOK -11.6 million.

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The Digital Industries, Large Drive Applications, and Smart Infrastructure business units achieved a 10% increase in contracts signed during the 2020 fiscal year compared with 2019. We anticipate further growth for the 2021 business year. The negative annual profit for 2020 is largely due to the restructuring within Smart Infrastructure. A normal, positive result is expected for the business units for 2021.

Siemens is well positioned in a market that requires sustainable solutions within electrification, automation and digitalization with skilled employees who deliver value for our customers. Our customers will be making major investments in all market segments in the future. Profit developments are expected to outperform the market.

Financial conditions

Equity as at 30.09.2020 amounts to 3.2% of the total balance sheet. As a consequence of the company's international operations, there is a currency risk with regard to the value of future cash flows and balance sheet positions in foreign currencies. These are handled through Siemens Financial Services GmbH, which manages the currency risk for the entire Siemens Group and serves as counterparty to Siemens AS' foreign exchange contracts. The financing of Siemens AS is performed entirely through the Siemens Group's internal cash-pooling system. As at 30.09.2020, Siemens AS has a commitment of NOK 341 million to Siemens AG concerning the Group cash pooling facility. As of 30.09.2020, the Board of Directors sees little risk related to the company's future liquidity situation.

Cash flow

Net cash flow from operations in 2020 amounted to NOK 84 million. On establishment of the company, receivables and liabilities were transferred to the new company, while income and expenses remained in the old company. We also chose to pay accounts payable two weeks later due to downtime in our systems. As a result, cash flow is affected by changes in receivables and liabilities so this cannot be compared with operating profit.

Siemens AS is part of a Group cash pooling system. The company's available funds in this system are not defined as cash, but as current receivables in the Group cash pooling system. In practice, however, these funds can be regarded as deposits.

Continued operations

The Board of Directors confirms that the basis for continued operations is present, cf. Section 3-3a of the Norwegian Accounting Act. The annual financial statements are presented on the basis of the going concern assumption and in the view of the Board of Directors present a true and fair view of the company's development and results for the financial year and its financial position as at 30.09.2020.

Allocation of the result for the year

In the 2020 financial year, Siemens achieved a result of NOK -11.6 million after tax.

Transferred from other equity	NOK - 11.6 million
Result for the year	NOK - 11.6 million
Dividend paid	0

Oslo, 27.01.2021
The Board of Siemens AS

Per Mikael Gustaf Leksell
Chairman/General Manager
(01.03.20 - 31.12.20)

Nils Klippenberg
Board Member

Jürgen Lippert
Board Member

Kjell Olav Strømsli
Board Member

Børge Tjelta
Board Member

Erlend Audsønn Ekvold
Board Member

Statement of comprehensive income

11.06.2019-30.09.2020.

(Amounts in NOK 1,000)	Note	2020
Sales revenue	2	1,086,159
Other operating revenue	3	16,289
Total operating revenue		**1,102,448**
Cost of sales	11	653,470
Payroll expenses	4	315,538
Depreciation and amortization	8, 9, 25	12,133
Bad debts	12	4,515
Other operating expenses	5	150,562
Total operating expenses		**1,136,218**
Operating profit/loss		**-33,771**
Interest income and other financial income		24,855
Net interest expenses and other financial expenses		-5,694
Net interest expenses and other financial expenses	6	**19,161**
Profit before tax		**-14,610**
Income tax expense	7	2,935
Net profit for the year		**-11,675**
Items that cannot be reclassified through the income statements of later periods		
Actuarial losses on defined benefit plans	16	-2,310
Tax related to items that will not be reclassified		508
Items that may be reclassified through the income statements of later periods		
Change in the fair value of hedging instruments relating to cash flow hedges		-770
Tax related to items that can be reclassified		169
Total other revenue and expenses		**-2,402**
TOTAL COMPREHENSIVE INCOME	15	**-14,077**

Balance sheet

Assets as at 30.09.

(Amounts in NOK 1,000)	Note	2020
Goodwill		319,834
Total intangible assets	8	**319,834**
Land, buildings and other real estate	9	13,386
Right-to-use assets	25	98,650
Plant and machinery	9	1,593
Fixtures and fittings, equipment and tools	9	2,490
Total tangible assets		**116,119**
Deferred tax asset	7	37,315
Other non-current receivables	10, 20	5,015
Long-term subleasing receivables	20, 25	116,451
Total financial fixed assets		**158,781**
Total fixed assets		**594,734**
Inventories	11	20,896
Accounts receivable	12, 20	267,085
Other current receivables from Group companies		513
Other current receivables	14, 20	169,448
Short-term subleasing receivables	20, 25	21,686
Total receivables		**458,733**
Total current assets		**479,628**
TOTAL ASSETS		**1,074,362**

Balance sheet

Equity and debt as at 30.09.

(Amounts in NOK 1,000)	Note	2020
Equity		
Share capital		40,951
Share premium reserve		8,769
Total paid-in equity		**49,720**
Other equity		-14,077
Total retained earnings		**-14,077**
Total equity	15	**35,643**
Liabilities		
Pension liabilities	16	57,270
Total provisions for liabilities		**57,270**
Other non-current liabilities	17, 20	23,639
Long-term lease obligations	25	193,896
Total other non-current liabilities		**217,535**
Accounts payable	20	127,795
Public duties payable		59,956
Advances from customers	20	10,246
Guarantee provisions		11,329
Current liabilities to Group companies	13, 20	344,815
Other current liabilities	18, 20	160,582
Current lease liability	25	49,191
Total current liabilities		**763,914**
Total liabilities		**1,038,719**
TOTAL EQUITY AND LIABILITIES		**1,074,362**

Oslo, 27.01.2021
The Board of Siemens AS

Per Mikael Gustaf Leksell
Chairman/General Manager
(01.03.20 - 31.12.20)

Nils Klippenberg
Board Member

Jürgen Lippert
Board Member

Kjell Olav Strømsli
Board Member

Børge Tjelta
Board Member

Erlend Audsønn Ekvold
Board Member

Cash flow statement

11.06.2019 - 30.09.2020

(Amounts in NOK 1,000)	Note	2020
Cash flow from operating activities		
Profit before tax		-14,610
Ordinary depreciation/amortization	8, 9	12,133
Loss/gain on leases	25	-9,137
Changes in inventory, accounts receivable and accounts payable	11, 12	121,846
Differences between expensed pensions and contributions/disbursements in pension schemes	16	406
Changes in other accruals	8, 13, 17	-26,918
Net cash flow from operating activities		**83,718**
Cash flow from investing activities		
Acquisitions of tangible assets	9	-829
Proceeds from repayment of lease obligations	25	15,315
Net cash flow from investing activities		**14,486**
Net cash flow from financing activities		
Change in intra-Group balances in the Group cash pooling system	13, 20	344,815
Change in share capital	15	30
Repayment of lease obligations	25	-39,996
Payment on demerger	26	-403,053
Net cash flow from financing activities		**-98,204**
Cash and cash equivalents at 01.03.		0
Cash and cash equivalents at 30.09.		**0**

Notes

Note 1 Accounting principles

General
The company prepares the annual accounts in accordance with Section 3-9 of the Norwegian Accounting Act and the Regulation on simplified application of International Financial Reporting Standards (IFRS) established by the Ministry of Finance on 03.11.2014. This in principle entails that recognition and measurement follow International Financial Reporting Standards (IFRS) and the presentation and disclosures in the notes are in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway. The annual accounts consist of the statement of comprehensive income, balance sheet, cash flow statement and disclosures in the notes. The annual report and financial statements consist of the report from the Board of Directors, financial statements and auditor's report. Siemens AS was established on 11.06.2019, but the demerger was not effective until 01.03.2020. The company's accounting figures cover the entire period, but there was no activity until 01.03.2020. The company uses a non-calendar financial year that runs to 30.09. All figures are stated in thousands of NOK, unless otherwise specified.

The accounting principle used for the demerger is based on continuity with regard to accounting and tax effect.

Simplified IFRS
The company has not applied any simplifications from the recognition and valuation rules in IFRS.

Basis for preparation of the annual accounts
The company accounts have been prepared under the historical cost convention, with the exception of the following accounting items: Financial instruments at fair value through the income statement, financial instruments available for sale that are reported at fair value. Dividends are recorded in the period when they are adopted.

Currencies
Foreign currency transactions are translated using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated to NOK at the exchange rates on the balance sheet date. Non-monetary items that are recorded at historical exchange rates expressed in foreign currency are translated to NOK using the exchange rate prevailing on the transaction dates. Non-monetary items that are recorded at fair value expressed in foreign currency are translated using the exchange rates determined on the balance sheet date. Exchange rate fluctuations are recognised in the income statement on an ongoing basis and are presented in the accounts as financial income or financial expenses.

Principles for revenue recognition

General
Revenue recognition is based on the fundamental principle that companies must recognise revenue so that the expected remuneration is recognised according to a pattern which reflects the transfer of goods or services to the customer. Sales revenues are disclosed net of value added tax and discounts. Revenue from sale of goods is recognised when the delivery obligations have been fulfilled, i.e. when control of the contracted goods or services has been transferred to the customer. On the sale of services and long-term manufacturing projects, control is transferred over time, and income is recognised in step with deliveries to the customer. See the separate section concerning accounting of long-term manufacturing contracts. Interest income is recognised on the basis of the effective interest method as it is earned.

Long-term manufacturing contracts
Siemens' activities mainly consist of ongoing projects with a duration ranging from a few months to three or four years. Revenues and expenses are recognised through the income statement based on the percentage of completion of the project. This is calculated as the expenses accrued as a percentage of the total estimated expenses. Expenses and profit are estimated on an accrual-basis and the percentage of completion is updated for each accounting period, which at Siemens means on a monthly basis. In the event of doubt, a best estimate is used.

The relevant share of the expected profit is recognised through the income statement on an accrual-basis using the best estimate principle. The profit for individual projects is estimated each month prior to recognising the accrued share of the expected profit. For projects that are expected to result in a loss, the entire loss is charged as soon as it is known. Balance sheet items related to manufacturing contracts are presented as gross amounts in the balance sheet. Contract income which has not been billed is shown as contract assets under other receivables.

Expenses in manufacturing contracts that, as at the balance sheet date, are not included in the calculation of the percentage of completion, are carried as an asset in the balance sheet under other receivables. Advance invoicing is calculated as the accrued income in the contract less invoicing. Advance invoicing of contracts is presented as a contract obligation under other current liabilities and is not netted against other receivables.

When they are signed, additional orders that are not deemed to be a separate contract are taken into account in the contract's planned revenue. For projects where there is an obligation to continue working, expenses incurred on

Notes

unsigned, but probable, additional orders are recognised temporarily as an asset in the balance sheet. If there is significant uncertainty regarding a customer's solvency, costs are recognised as they are accrued and revenue is only recognised when payment has been received.

Provisions are made for guarantee work and other areas of uncertainty. Past experience tells us that for some projects, disagreement with the customer may arise with regard to the interpretation of contracts and additional work. In such cases, claims and counter-claims are made which are usually settled through negotiation, court cases or arbitration. These cases are included in the accounts according to a best estimate.

Other contracts
For projects that are not defined as long-term manufacturing contracts, the "completed contract method" is applied to income recognition. Accrued costs are then capitalised as contract assets under other receivables and are recognised together with revenue when the customer gains control of the product or service.

Service contracts
Service contracts are recognised as the services are provided.

Borrowing costs
Borrowing costs are recognised as an expense when incurred. Borrowing costs are capitalised to the extent that they are related directly to the production of a fixed asset. Interest expenses accrue during the construction period until the fixed asset is recognised in the balance sheet. Borrowing costs are capitalised until the date on which the fixed asset is ready for use. If the cost price exceeds the fair value of the fixed asset, the value will be written down.

Classification of balance sheet items
Assets and liabilities relating to the business cycle, and items that fall due for payment within one year of the balance sheet date, are classified as current assets or current liabilities. Current assets and current liabilities are measured at the lower/higher of cost and fair value. The fair value of current assets is defined as the estimated future selling price less the anticipated cost of disposal. Other assets are classified as fixed assets. Fixed assets are valued at cost.

Fixed assets with a limited useful life are depreciated over their expected useful life. Fixed assets are written down to fair value in the event of a reduction in value that is not expected to be temporary. Write-downs are reversed if the reason for the write-down no longer exists.

Receivables
Accounts receivable are valued at their face value at the balance sheet date less provisions for estimated losses. The company uses the simplified write-down model to calculate expected credit losses over the useful life of accounts receivable, contract benefits and leasing receivables.

Inventories
Inventories of purchased goods are valued at the lower of average cost or expected net selling price. Obsolete goods are written down to expected future selling price. Raw materials and goods in process , as well as work in progress, are booked at the lower of the complete manufacturing cost or expected net selling price. The manufacturing cost includes direct and indirect costs, including the share of fixed manufacturing costs.

Use of estimates
On preparing the financial statements the management is required to make judgements, estimates and assumptions when applying the company's accounting principles. Even though the estimates are based on management's best judgement at the relevant time, the actual results may deviate from these estimates and underlying assumptions. Larger estimates are related to the allocation of fair values for acquisitions, determining lead times for the possession of tangible assets and intangible assets, as well as recognised provisions, and on determining pension liabilities. The basis for the estimates is described in more detail in these accounting principles and elsewhere in the pertinent notes to the annual accounts.

Contingent outcomes
Contingent losses that are probable and measurable are expensed.

Forward currency contracts
Siemens AS hedges cash flows from contracts signed in foreign currency as part of its risk management strategy. Forward contracts are measured at fair value on the balance sheet date. The effectiveness of the hedging is monitored continuously and documented in accordance with the rules for hedge accounting. If the requirements for the use of hedge accounting are no longer met, the hedged item and the hedging instrument are measured separately using the relevant accounting rules.

When hedging cash flows (Cash Flow Hedge Accounting) unrealised gains and losses on the hedging instrument are recognised in equity. Deferred tax on the provision is recognised directly in equity. Fair Value Accounting is used for other hedging contracts. Unrealised gains and losses on the hedging instrument are recognised through the income statement on a monthly basis.

Tangible and intangible fixed assets
Tangible and intangible assets are measured at cost less accumulated depreciation and write-downs. Tangible and intangible assets are assessed at the lower of cost and fair value. Plant and equipment with a useful life of less than

three years or a cost price of under NOK 15,000 are expensed in the acquisition year. Costs relating to normal maintenance and repairs are expensed as they arise under operating expenses. The cost of significant improvements to an asset, which are expected to increase future value and profit, are capitalised and depreciated over the anticipated useful life of the asset. Assets are depreciated on a straight-line basis over their useful lives, starting from the date on which they were first put into use.

Development costs are capitalised to the extent that a future economic benefit associated with the development of an identifiable intangible asset can be identified and the costs can be measured reliably. Otherwise, such costs are expensed as they are incurred. Capitalised development costs are depreciated on a straight-line basis over their useful lives. Research costs are expensed as they are incurred.

Leases

Siemens as lessee
IFRS 16 Leases requires the lessee to recognise lease agreements in the balance sheet so that the value of the right-of-use asset and the corresponding lease obligation are shown in the balance sheet. The lease obligation is measured at the present value of the lease payments, and the right-to-use asset is derived from this calculation. Upon subsequent measurement, the right-to-use asset shall be depreciated, while the lease obligation is reduced by ongoing instalments. Leases that fall under the definition of "low value assets" are not recognised in the balance sheet. For short-term leases where the non-cancellable lease period is less than 12 months, lease expenses are also recognised directly in the income statement.

Several of the company's leases include other services and components, such as communal costs, fuel and taxes. Non-lease components are separated from the lease agreement and recognised as an operating expense in the income statement.

In order for an agreement to fall within the requirements of IFRS 16, the agreement must meet the definition of a lease, including that the assets must be identifiable and the lessee must have the right to control the use of the assets in a given period. Significant agreements in Siemens mainly relate to leases associated with buildings and other real estate and vehicles that will be included in the standard.

Several Siemens leases include options for extension or termination. It is the non-cancellable lease term that forms the basis for the lease obligation. The period covered by the extension or termination option is shown if the extension options are considered reasonably certain to be exercised.

The present value of the lease payments shall be discounted by the lessee's marginal borrowing rate when the implicit interest rate for the lease agreement cannot easily be determined. The method for determining the company's marginal borrowing rates is applied consistently and reflects

1. the borrowing rate for the asset class in question and
2. the length of the lease term

Siemens as sublessor
For contracts where Siemens is the lessor, each individual lease agreement is classified as either an operating lease or a finance lease. A lease agreement is classified as a finance lease if it substantially transfers all the risks and benefits associated with ownership of an underlying asset. A sub-leasing agreement is regarded as a finance lease if the asset, or parts thereof, is subleased for the majority of the remaining lease term in the main agreement.

Siemens has several subleasing agreements that are classified as financial subleasing agreements. Upon recognition, a proportion of the right-to-use asset, which is subleased, is settled and a subleasing receivable is recognised. Gains and losses are presented in the result as other financial income or expenses. The subsequent measurement presents sub-leasing income in the result as interest income and reduced amortization of the right-to-use assets.

For operating leases, Siemens recognises lease payments as other operating income.

Pension costs and pension liabilities
Siemens AS has a defined contribution-based occupational pension scheme (contribution plan) for all employees with more than 10 years to retirement age (67 years). The contribution level is 5% of the pension basis from the first krone to 7.1G and 13% of the pension basis from 7.1G to 12G. This pension scheme is treated for accounting purposes in accordance with IAS 19R.

Pension liabilities in the defined benefit-based scheme are valued at the present value of future pension liabilities accrued on the balance sheet date. Future pension liabilities are calculated using estimated salaries and retirement dates. The net pension liabilities on under-financed pension schemes are recognised in the balance sheet as a liability.

The introduction of a new defined benefit scheme or an improvement to the current defined benefit scheme entails changes in the pension liabilities. These are expensed on a straight-line basis until the effect of the change has been accrued. The introduction of new plans or changes to current plans with retroactive effect, so that the employees have immediately earned a paid-up policy (or change to a paid-up policy), are recognised immediately in the income statement. Gains or losses in connection with curtailments or the closure of pension plans are recognised in the income statement in the period in which they occur. Actuarial gains or losses are recognised in other income and expenses (Items that cannot be reclassified through profit or loss in later periods).

Notes

Employees' options and share programme
Siemens AG, the parent company of Siemens AS, has issued stock awards to staff in senior management positions at Siemens AS. In addition, all employees may participate in a savings agreement related to the purchase of Siemens AG shares. For every three shares that the employee purchases, Siemens AG will give one share. Both of these option schemes are measured at fair value on the date of issue. The fair value on the date of issue is expensed on a straight-line basis over the duration of the option.

Tax expense
Taxes consist of tax payable and changes in deferred tax. Tax payable is calculated on the basis of the profit or loss for tax purposes. Changes in deferred tax are calculated on the basis of changes in taxable and tax-deductible temporary differences.

Cash flow statement
Siemens AS uses the indirect model for presentation of the cash flow statement in accordance with Simplified IFRS for cash flow statements. The indirect model shows gross cash flows from investing and financing activities, while the accounting profit is reconciled with the net cash flow from operating activities. Siemens AS participates in a Group corporate cash pooling system, in which the funds are defined as intra-Group receivables and liabilities.

Note 2 Sales revenues

(Amounts in NOK 1,000)	2020
Smart Infrastructure	661,939
Digital Industries	304,607
Large Drives Automation Applications	119,613
Total sales revenues	**1,086,159**

The majority of the company's sales revenue comes from activities in Norway. In the 2020 financial year, exports amounted to NOK 21 million, representing 2% of total revenues.

The largest export markets in the 2020 fiscal year were the USA, Poland and China.

Note 3 Other operating revenue

(Amounts in NOK 1,000)	2020
Other operating income	
Rental income	16,527
Total other operating income	**16,527**

Note 4 Salary expenses, number of employees, remuneration, loans to employees, etc.

(Amounts in NOK 1,000)	2020
Salary expenses	
Payroll	259,280
Employer's NICs	31,632
Net pension costs	19,255
Other benefits	5,372
Total payroll expenses	**315,538**

Average number of employees:	499

Information concerning the Board of Directors and general manager

There is an internal Siemens agreement to hire contract personnel (THOP) between Siemens AS Norway and Siemens AB Sweden that applies to Mikael Leksell. This is a standard agreement that applies to cross-border personnel temporary hiring out in the Siemens Group. NOK 1.37 million was invoiced in 2020.

Members of the Board of Directors have not received compenzation for their role as Board member in 2020.

Information concerning other employees

Loans and provision of security
Other employees have loans from the company totaling NOK 4.6 million. The loans are repayable over a maximum of 10 years. A standard interest rate is charged on the loans. No particular security has been provided for the loans, other than the issue of a promissory note.

(Amounts in NOK 1,000)	2020
Fees to auditor	
Proposed fees for statutory audit for the year	496
Total fees to auditor	**496**

(Value added tax is not included in the audit fees.)

Notes

Note 5 Specification of operating expenses according to type

(Amounts in NOK 1,000)	2020
Shipping and transport expenses	7,075
Property costs	10,870
IT costs	16,073
Lighting and heating	1,567
Energy and fuel, etc. relating to production	397
Refuse collection, wastewater, cleaning, etc.	1,711
Rental of machinery, equipment, etc.	5,108
Equipment, fixtures and fittings (may not be capitalised)	3,234
Building repairs and maintenance	2,939
Other repairs and maintenance	239
Office expenses	4,438
Contracted workers	43,906
Travel and subsistence expenses	9,529
Sales and advertising expenses	4,704
Entertainment expenses	146
Subscriptions and gifts	648
Insurance premiums	115
Warranty and service expenses	3,083
Licence and patent costs	947
Other costs	33,832
Total operating expenses	**150,562**

Siemens AS presents its income statement based on the content of the revenues and expenses. Operating expenses comprise all operational costs that are not related to projects, payroll expenses and the cost of capital in the form of depreciation. The main elements of other operating expenses have been grouped in the above table.

Note 6 Specification of interest items and other financial items

(Amounts in NOK 1,000)	2020
Interest income from companies in the same Group	3
Other interest income	2,059
Other financial income	17,707
Exchange rate gains	5,087
Total interest income and other financial income	**24,855**
Interest expenses from companies in the same Group	-1,005
Other interest expenses	-3,211
Other financial expenses	-46
Exchange rate losses	-1,432
Total interest expenses and other financial expenses	**-5,694**
Net interest items and other financial items	**19,161**

Note 7 Tax

(Amounts in NOK 1,000)	2020
Taxable profit	
Profit before tax	-14,610
Permanent differences/other differences	1,269
Changes in taxable/tax-deductible temporary differences	126,138
Impact of items recognised in equity	-3,079
Effect of demergers and internal transactions	-132,259
Total	**-22,541**
Tax expense for the year	
Change in deferred tax	-37,315
Change in deferred tax, demerged company	33,704
Change in deferred tax recognised directly in equity*	677
Total	**-2,935**
Taxable/deductible differences that offset each other	
Fixed assets/liabilities	-493,260
Current assets/liabilities	63,477
Total taxable/tax-deductible differences that offset each other	**-429,783**
Acc. taxable losses carried forward	-43,476
Items recognised directly in equity*	303,645
Total basis for deferred tax	**-169,614**
22% Deferred tax (+)/Deferred tax asset (-)	**-37,315**
Change in deferred tax	-37,315
of which without effect on tax expenses	-34,381

* Changes in capitalised financial instruments and pensions, as well as deferred tax relating to these items, are partly recognised directly in equity.

Calculation of effective tax rate	2020 Tax expense	in% of profit before tax
Tax calculated as an average nominal tax rate	-3,214	22
Effect of permanent differences	279	-2
Tax expense according to income statement	**-2,935**	**20**

Notes

Note 8 Intangible assets

2020	Goodwill
(Amounts in NOK 1,000)	
Added upon demerger 01.03.2020	319,834
Acquisition cost 30.09.2020	**319,834**

Siemens AS carries out annual impairment tests of goodwill. These tests are carried out more frequently in the event of any indications of impairment of goodwill. The impairment test was carried out in September 2020 and is based on provisional company figures from August 2020. Capitalised goodwill in the company as at 30.09.2019 was NOK 319.8 million and was mainly derived from the following acquisitions:

Bennex ASF	FY 2011
Poseidon Group AS	FY 2011
Matre Instruments AS	FY 2013

In 2020, the cash-generating units (CGU) are redefined to be the operating companies, and goodwill is allocated to the newly established Norwegian legal Siemens units, Siemens AS and Siemens Energy AS.

Siemens Energy AS	TNOK 223,839
Siemens AS	TNOK 319,834

Siemens has used the utility value to determine the recoverable amount in cash-generating units (CGU). The model is based on expected division- and unit-specific cash flows for the next 5 years. Siemens has used a weighted average capital cost (WACC) specifically for each cash-generating unit. The utility value is the current value of estimated cash flow before tax, with a discount factor which reflects the time of the cash flows and the anticipated risks.

The cash flows in the calculations are based on long-term budgets for the years 2021 to 2025. Cash flows after 2025 will be derived using a long-term growth rate which is equivalent to anticipated long-term national inflation.

Central criteria used in utility value calculations:

The calculations of utility value for all cash-generating units (CGU) are based to a great extent on central criteria linked with:

- future cash flows
- growth rate, final value (net)
- weighted average capital cost (WACC)

As regards the calculation of utility value for the cash-generating unit (CGU), the key criteria are sensitive to changes in the price of oil and the future demand for the unit’s product lines.

Note 9 Tangible assets

(Amounts in NOK 1,000)	Land/buildings	Plant and machinery	Fixtures and fittings, equipment and tools	Assets under construction	Total
Additions through demerger 01.03.2020 - cost price	15,747	1,301	2,300	319	**19,667**
Acquisitions during the year	0	87	742	0	**829**
Acquisition cost 30.09.2020	**15,747**	**1,388**	**3,042**	**319**	**20,496**
Depreciation and write-downs for the year	-2,361	-114	-552	0	**-3,027**
Book value 30.09.2020	**13,386**	**1,274**	**2,491**	**319**	**17,469**
Depreciation method	Straight-line	Straight-line	Straight-line		
Useful life	0-50 years	10 years	3-5 years		

Note 10 Other non-current receivables

(Amounts in NOK 1,000)	2020
Other non-current receivables	
Loans to employees (cf. Note 4)	4,565
Other non-current receivables	450
Total	**5,015**

The list shows the book value of receivables falling due later than one year after the balance sheet date.

Note 11 Inventories

(Amounts in NOK 1,000)	2020
Inventories	
Inventories of purchased goods for resale	20,896
Total	**20,896**
Provision for obsolete goods	3,095
Cost of goods for the year	653,470

Note 12 Accounts receivable

(Amounts in NOK 1,000)	2020
Accounts receivable	
Gross accounts receivable	271,224
Provision for losses on receivables	-4,139
Net accounts receivable	**267,085**
Losses on accounts receivable	442
Changes in provisions	3,953
Net bad debts	**4,515**

Outstanding receivables older than 60 days comprise approximately 4.6% of gross receivables. Siemens AS continuously follows up and evaluates risk and believes that the provisions for bad debts are adequate, based on an evaluation of the receivables.

Notes

Note 13 Means of payment

Siemens AS has no restricted liquid assets. Siemens AS has a bank guarantee worth NOK 30 million to cover tax liabilities. Banking activities are undertaken through Siemens AG and an external bank. Siemens AS has low liquidity risk, since the company is part of the Siemens Group's corporate cash pooling system. Net deposits in Siemens AS as at 30.09.2020 were NOK 8.9 million. In addition, Siemens AS has a revolving credit facility from Siemens AG of NOK 350 million, which was used to pay for the demerger. The total net liability to Siemens AS is 341,1 MNOK.

Note 14 Other current receivables

(Amounts in NOK 1,000)	2020
Other current receivables	
Accrued, unbilled revenues from production contracts (cf. Note 19)	111,937
Other accrued, unbilled revenues	48,699
Currency derivatives	3,344
Other current receivables	5,468
Total	**169,448**

Note 15 Equity

(Amounts in NOK 1,000)	Share capital	Share premium reserve	Cash flow hedging	Actuarial gains and loss	Retained earnings	Total equity
Foundation 11.06.2019	30	0	0	0	0	30
Added on demerger 01.03.2020	40,921	8,769	-647	-233,795	234,441	49,689
Total comprehensive income	0	0	-600	-1,801	-11,675	-14,076
As at 30.09.2020	**40,951**	**8,769**	**-1,247**	**-235,596**	**222,766**	**35,643**

Note 16 Pension costs and pension liabilities

Siemens AS is obliged to provide an occupational pension scheme in accordance with the Norwegian Mandatory Occupational Pensions Act, and has a defined contribution-based occupational pension scheme which satisfies the requirements of this Act. Siemens AS has closed defined benefit plans, both funded and unfunded, as well as a defined contribution plan.

Contribution plans

Siemens has a defined contribution-based occupational pension scheme. This is a scheme carried over from Siemens AS before the demerger. The contribution level is 5% of the individual employee's qualifying salary from the first krone up to 7.1G, and 13% of the qualifying salary from 7.1G up to 12G. NOK 16.0 million was paid in contributions in 2020.

The Norwegian Parliament resolved that AFP will be a life-long scheme as from 01.01.2011, in which the employee can decide when to receive the pension after reaching the age of 62. The payments will be influenced by the qualifying period and expected remaining lifetime of each individual employee. This AFP scheme is a defined benefit-based multi-employer pension scheme that is financed through premiums that are determined as a percentage of salary. As there is no current reliable method of calculating the liability, the scheme is accounted for as a defined contribution-based scheme in which the premium payments are expensed on an ongoing basis. As of 30.09.2020, NOK 4 million was paid into this scheme in 2020.

As of 01.01.2016, the company's previous additional defined benefit-based pension scheme for active senior managers was terminated and replaced with a defined contribution-based additional pension scheme. The qualifying salary for the scheme is the fixed annual salary in excess of 12G.

Benefit plans – funded schemes

For employees with less than 10 years to go until the age of 67 at the close of 2006, the company has a closed scheme which entitles members to future defined benefits (defined benefit plan). At the end of the financial year, the closed scheme had 0 active members and ended in 2020.

Defined benefit plans – unfunded schemes

In addition to the funded occupational pension scheme, Siemens AS has unfunded defined benefit-based pension liabilities. These operational pension plans comprise pension liabilities to retired senior managers.

(Amounts in NOK 1,000)	**2020**
Pension costs, defined benefit plans	
Interest expenses on pension obligations	406
Recognised pension costs incl. Employer's NICs	**406**
Actuarial loss (-)/gain	2,310
Pension costs recognised in Other income and expenses	**2,310**
Changes in pension liabilities	
Pension obligation after demerger 01.03.2020	54,554
Interest expenses on pension obligations	406
Actuarial loss (-)/gain	2,310
Pension obligations at the end of the period	**57,270**
Financial assumptions	
Discount rate	1.23%
Expected salary adjustment	2.25%
Expected pension increase	1.40%
Expected G regulation	2.00%
Expected return on pension assets	

Actuarial assumptions:

Other actuarial assumptions have been applied to the calculations, such as the K-2013 mortality table, as well as other demographic factors prepared by Finance Norway (Finansnæringens Hovedorganisasjon). A staff turnover rate of 8% for the 20-29 age group, falling to 0% for employees aged 60 or over, has also been assumed. The turnover rate states the proportion of the workforce that is estimated to leave the company voluntarily during one year.

Notes

Note 17 Other non-current liabilities

(Amounts in NOK 1,000)	2020
Other non-current liabilities	
Staff provision for long period of service	10,352
Guarantee provision	2,538
Other non-current liabilities	10,749
Total	**23,639**

The list shows the book value of liabilities falling due more than one year after the balance sheet date.

Note 18 Other current liabilities

(Amounts in NOK 1,000)	2020
Other current liabilities	
Salaries and holiday pay	70,509
Service contracts invoiced in advance	5,101
Provisions for liabilities	20,984
Production projects billed in advance (cf. Note 19)	46,124
Currency derivatives with negative value (cf. Note 20)	1,808
Other current liabilities	19,514
Total	**164,041**

(Amounts in NOK 1,000)	Loss contracts	Other	Total
Provision for liabilities			
Added on demerger 01.03.2020	8,545	3,039	11,584
Provision	10,726	12,061	22,787
Dissolved	-1,729	-2,396	-4,125
Used provision	-8,087	-1,174	-9,261
As at 30.09.2020	**9,456**	**11,528**	**20,984**

Note 19 Long-term manufacturing contracts

This note shows accounting figures for the entire project life cycle, which typically extend over several accounting periods.

(Amounts in NOK 1,000)	**2020**
Work in progress	
Recognised as income	1,591,608
Costs	-1,484,320
Net profit/loss	**107,288**
Revenue from projects	293,903
Estimated remaining production costs for loss-making projects	-17,711
Earned, unbilled revenue included under other current receivables from manufacturing projects where the percentage of completion method is used (see note 14)	111,937
Production billed in advance, included in other current receivables from manufacturing projects where the percentage of completion method is used (see note 18)	46,124

The entire expected loss on these projects is charged as a provision, which is reduced in parallel with the progress of the project or realization of the losses.

Project risk and uncertainty

Siemens AS mainly has long-term contracts, of which many are fixed-price contracts based on bids. Delays, quality issues or increases in project costs can result in costs which are not covered by the revenues from the project in question. If a project is identified as loss-making, a provision is made for expected future losses. For accounting purposes, the recorded loss is the best estimate at the close of the financial period. Circumstances and information can change in subsequent periods and the final outcome may therefore be better or worse than the assessment made at the time the accounts were prepared.

Notes

Note 20 Currency derivatives and financial instruments

Based on current guidelines, 75-100% of future cash flows and positions in foreign currencies must be hedged using forward contracts and options. Financial instruments are used for hedging purposes where there is an offsetting item in the underlying cash flows from operations.

Siemens AS has significant currency exposure relating to purchases and sales in EUR, GBP, SEK and USD. In addition, options may be used to hedge against fluctuations during the bid phase of projects. All hedging is undertaken through Siemens AG.

Siemens AS has no financial instruments linked to interest rate exposure.

(Amounts in NOK 1,000)	2020
The following amounts relating to currency hedging contracts are presented in the accounts as financial income or financial expenses.	
Realised gain/loss (-) from expired hedging contracts	-1,285
Accumulated gain/loss (-) not reversed from equity	-269
The following amounts related to currency hedging contracts are recognised against other income and expenses (adjusted for deferred tax)	
Unrealised gain/loss (-) recognised in the financial year	-1,247
Accumulated gain/loss (-) not reversed from equity	-1,247

List of unrealised currency forward contracts as at 30.09.2020

Currency forward contracts (counter position NOK)	Currency amount	Amount in NOK	Agreed average rate	Price as at 30.09.2020	Average time remaining in days
Sales EUR	4,630	49,969	10.7914	11.1008	282
Purchases EUR	7,145	77,500	10.8470	11.1008	82
Sales USD	3,374	30,380	9.0046	9.4814	345
Purchases USD	2,181	19,567	8.9731	9.4814	350

Fair value of the derivatives that are recognised in the balance sheet as at 30.09.2020	2020
EUR	152
GBP	-499
Total	**-347**
Positive holdings: Short-term share	2,831
Positive holdings: Long-term share	51
Negative holdings: Short-term share	-242
Negative holdings: Long-term share	-128
Total	**-35**

(see the table for currency derivatives and financial instruments)

The fair value of hedging instruments is determined by multiplying the difference between the exchange rate on the balance sheet date and the agreed exchange rate by the hedged amount in foreign currency and applying a discount rate. An administration fee is included for the issuer of the hedging instrument (Siemens AG).

In the income statement, the valuation and settlement of hedging contracts are entered under financial expenses and income. In the balance sheet, the values of open hedging contracts are recognised in other current or non-current receivables or other current or non-current liabilities. The share of long-term positive holdings amounts to NOK 51 million and long-term negative holdings amounts to NOK -127.5 million NOK.

Siemens AS uses Cash Flow Hedge Accounting for significant cash flows. The purpose of hedge accounting is to avoid any impact on the income statement from unrealised gains and losses on the hedging instrument. The effectiveness of the hedging is monitored continuously and documented in accordance with the rules for hedge accounting. If the requirements for the use of hedge accounting are no longer met, the hedged item and the hedging instrument are measured separately using the relevant accounting rules.

On hedging cash flows (Cash Flow Hedge Accounting) unrealised gains and losses on the hedging instrument are recognised in equity. Deferred tax on the provision is recognised directly in equity. Other hedging contracts that are not classified as hedge accounting are recorded at fair value to the income statement.

As of 30.09.2020 there are no material ineffective hedges.

Note 20 Currency derivatives and financial instruments

Periods during which hedged cash flows in foreign currencies, classified as Cash Flow Hedge Accounting, are assumed to affect the income statement.

Year in which hedged cash flows are expected to be reclassified from equity to the income statement	2021	2022	2023
(Amounts in NOK 1,000)	7.35	-486	-275

Financial instruments according to category

(Amounts in NOK 1,000)	Loans and receivables	Derivatives used for hedging purposes	Total
Assets as at 30.09.2020			
Other non-current receivables	5,015	0	5,015
Accounts receivable	267,085	0	267,085
Long-term receivables sublet	116,451	0	116,451
Short-term subleasing receivables	21,686	0	21,686
Other current receivables	168,934	514	169,448
Total	**579,172**	**514**	**579,686**

(Amounts in NOK 1,000)	Other financial liabilities	Derivatives used for hedging purposes	Total
Liabilities as at 30.09.2020			
Other non-current liabilities	23,639	0	23,639
Accounts payable	127,795	0	127,795
Current liabilities to Group companies	344,815	0	344,815
Long-term lease obligations	193,896	0	193,896
Short-term lease obligations	49,191	0	49,191
Advances from customers	10,246	0	10,246
Other current liabilities	158,774	1,808	160,582
Total	**908,356**	**1,808**	**910,164**

Note 21 Financial market risk

Siemens AS uses financial forward contracts through Siemens AG to hedge against exposure to currencies. However, Siemens AS does not use financial instruments linked to interest-bearing items. As a result of the strong liquidity of Siemens AG, Siemens AS has a low liquidity risk. Accounts receivable are assessed continuously on the basis of changes in market conditions and the management's assessment. We consider this to be taken into account in the provisions for losses on receivables (see Note 12).

Currency risk and the use of financial instruments are described in Note 20.

Notes

Note 22 Transactions with related parties

(Amounts in NOK 1,000)		2020
Sales		
Siemens Energy AS	Siemens company	102,378
Siemens Mobility AS	Siemens company	10,261
Siemens Industrial Turbomachinery AB, Finspång	Siemens company	8,752
Siemens Healthcare AS	Siemens company	7,041
Siemens International Trading Ltd., Shanghai	Siemens company	5,035
Siemens Energy Co. Ltd	Siemens company	3,511
Siemens Limited, Taipeh	Siemens company	2,829
Siemens AG	Siemens company	2,340
Siemens Financial Services AB, Stockholm	Siemens company	1,863
Siemens Sp. z o.o., Warsaw	Siemens company	702
Total		**144,711**
Purchases		
Siemens AG	Siemens company	434,987
Siemens Schweiz AG, Zürich	Siemens company	48,452
Siemens Energy AS	Siemens company	35,819
Siemens Aktiengesellschaft Österreich	Siemens company	22,277
Siemens Sanayi ve Ticaret Anonim Sirketi, Istanbul	Siemens company	19,995
Siemens plc, UK	Siemens company	15,832
Siemens Industry, Inc., Wilmington	Siemens company	14,117
Siemens AB, Solna	Siemens company	14,078
Siemens Electrical Drives Ltd, .Tianjin	Siemens company	11,620
Siemens Energy Kft.	Siemens company	8,114
Total		**625,291**

Purchases from and sales to related parties are regarded as commercial transactions. Purchases and sales between related parties principally take place in connection with project collaboration. There are also a number of cost allocations in connection with the use of common services in the Group.
Siemens AS has no intra-Group balances relating to liabilities and receivables, since purchases and sales are paid for directly from the Group cash pool (cf. Note 13).
The consolidated financial statements of Siemens AG can be obtained using the following address:
Siemens AG, Werner-von-Siemens-Str. 1, D-80333 Munich, Germany. http://www.siemens.com

Note 23 Other off-balance-sheet liabilities

Off-balance-sheet liabilities
At the end of the 2020 financial year, Siemens AS has the following off-balance-sheet liabilities divided into the following categories:

Mortgages and guarantees (Amounts in NOK 1,000)	2020
Guarantees issued by external financial institutions	47,057
Total guarantee liability	**47,057**

Siemens AS has a guarantee liability of NOK 47 million, issued by external financial institutions. The guarantees concern obligations to the authorities and contractual parties.

Note 24 Share-price-based compenzation

Senior management in Siemens AS are granted Stock Awards by Siemens AG. There is a 4 year delay between when the Stock Awards are granted and when they can be exercised. The costs of the Stock Awards are included in the accounts of Siemens AS. Siemens AS is charged the expected monthly cost of the Stock Awards by Siemens AG on the date of the allocation. The cost builds up a liability in Siemens AS to Siemens AG. The cost is based on the fair value of the Stock Awards as at the balance sheet date. At the point when the Stock Awards are exercised, their actual value is used. This forms the basis for the final cost billed from Siemens AG.

The Norwegian marginal tax is calculated and paid to the Norwegian tax authorities, while the remainder of the amount is paid to the employee by Siemens AS. The total cost of these Stock Awards is charged to payroll expenses. In the 2020 financial year, this amounted to NOK 0.5 million. The book value of the liabilities amounts to NOK 2.6 million.

2020	Average price EUR per share	Number of Stock Awards
As at 01.03.2020	0	0
Awarded	0	0
Lapsed	34.70	-1,139
Exercised	73.89	-271
Settlement	64.55	9,401
As at 30.09.2020		**7,991**

Share Plan granted to employees

Every financial year, all Siemens Group employees are offered the opportunity to purchase Siemens shares through the Share Matching Plan programme. Employees who enter into this agreement have a fixed amount of 0-5% of their gross salary deducted each month.

The amount is invested in Siemens shares in the following month. After a vesting period of three years, Siemens gives the employee one free share for every three shares the employee owns. Siemens AS is billed quarterly for the administration of the Share Matching Plan in addition to the fourth share the employee is granted after three years. For the 2017 financial year these costs amounted to NOK 0.4 million.

2020	Average price EUR per share	Number of shares
As at 01.03.2020	0	0
Awarded	0	0
Lapsed	89.81	-116
Exercised	0	0
Settlement	179.78	1,721
As at 30.09.2020		**1,606**

Notes

Note 25 IFRS 16

Movement of right-to-use assets

(Amounts in NOK 1,000)	Land/ Buildings	Cars	Total
Additions, demerger 01.03.2020 - cost price	**183,848**	**5,817**	**189,665**
Reclassification subleasing	-134,155	0	-134,155
Correction of demerger cost price *	0	-199	-199
Additions, new lease agreements **	45,811	2,670	-1,845
Indexing, cars ***	0	155	-15,331
Indexing, property ***	4,214	0	92,426
Disposals	0	-1,845	-1,845
Acquisition cost 30.09.2020	**99,718**	**6,598**	**106,316**
Depreciation for the year	-7,434	-1,672	-9,107
Depreciation disposals	0	1,441	1,441
Accumulated depreciation and write-downs 30.09.2020	**-7,434**	**-231**	**-7,666**
Book value 30.09.2020	**92,284**	**6,367**	**98,650**

* Correction of the demerger amount for four cars still belonging to Siemens Energy.

** Siemens AS has signed new subleasing agreements in 2020 for both cars and property. The agreements are classified as financial subleasing agreements.

*** Indexing of vehicles and property is based on changes in the consumer price index for Norway.

(Amounts in NOK 1,000)	Lease obligation	Subleasing receivables
Movement of the lease obligation and subleasing receivable since implementation		
Additions, demerger 01.03.2020	**220,677**	0
Acquisitions	58,192	153,297
Indexing obligation *	4,214	155
Interest expense/Interest income, subleasing	2,810	1,630
Rental payment/Sublease payment	-42,806	-16,945
Balance sheet 30.09.2020	**243,087**	**138,137**

* Indexing of lease obligation is based on changes in the consumer price index for Norway.

Classification of liabilities and receivables	Lease obligation	Sublease receivables
Short-term	49,191	21,686
Long-term	193,896	116,451

Undiscounted payments/income	Within 1 year	2-3 years	4-5 years	over 5 years
Future undiscounted rental payments	54,050	102,735	92,016	7,887
Future undisclosed subleasing income	21,686	56,659	54,272	5,520

Note 26 Carve in

This table shows the opening balance at the time of the demerger. The demerger has been carried out with tax and accounting continuity and approved by the Board of Directors.

(Amounts in NOK 1,000)	2020
Carve in values Siemens AS	
ASSETS AS AT 01.03.2020	
Goodwill	319,834
Asset in use	189,665
Tangible fixed assets	19,667
Deferred tax asset	33,703
Other non-current receivables	1,819
Total fixed assets	**564,687**
Inventories	56,964
Accounts receivable	279,078
Other current receivables	84,056
Total current assets	420,097
TOTAL ASSETS AS AT 01.03.2020	**984,783**
EQUITY AND LIABILITIES AS AT 01.03.2020	
Share capital	40,921
Share premium reserve	8,769
Cash flow hedging reserve	-647
Actuarial gains and loss	-233,795
Retained earnings	234,441
Total equity	**49,690**
Pension liabilities	54,554
Other non-current liabilities	198,946
Accounts payable	54,010
Other current liabilities	224,530
Demerger liability	403,053
Total liabilities	**935,094**
TOTAL EQUITY AND LIABILITIES AS AT 01.03.2020	**984,783**

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Siemens AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Siemens AS, which comprise the balance sheet as at 30 September 2020, statement of comprehensive income, and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 30 September 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

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

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

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 27 January 2021
ERNST & YOUNG AS

Leiv Aschehoug
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

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