SIEMENS NEDERLAND N.V.

Annual Report
2021

SIEMENS

Contents

2021 Supervisory Board report

The Siemens Nederland N.V. Supervisory Board oversees the Management Board's policies and assists the Management Board with advice. The Supervisory Board holds regular meetings together with the Management Board.

At these meetings the Board discusses day-to-day business and the results achieved compared to the approved budget on the basis of financial reports. Developments in the Siemens Group in the Netherlands are also discussed, along with potential acquisitions and carve-outs. The Business Outlook, all reportable events, financial reporting and Enterprise Risk Management including Environment, Health & Safety as well as Cybersecurity are covered. Besides these important developments related to personnel and past and future social policy are exchanged. The sustainability policy and digitalization are furthermore also recurring topics of discussion.

The Audit Committee assists the Supervisory Board in fulfilling its supervisory responsibilities with regard to the entire financial reporting process, the independence and qualifications of the independent external auditors, the system of internal control, the governance process, and the company's process for monitoring compliance with the law, Siemens' internal regulations and applicable codes of conduct.

As a rule there is always a member of the Supervisory Board present at the consultation meetings with the Works Council. We thank the Management Board and all employees for their efforts and commitment during the past year.

The Hague, 3 December 2021
Supervisory Board
Siemens Nederland N.V.

C. Kaeser, Chairman

Report of the Management Board

Herewith we present the annual report of Siemens Nederland N.V. as of 30 September 2021, 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 2,800 Siemens employees, including the separately managed entities Siemens Mobility B.V. and Siemens Healthineers B.V., excluding the Siemens Energy companies. 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.

The COVID-19 pandemic did accelerate thinking in ecosystems and pushes the digital transformation towards new levels, giving us confidence in our strategy set out. It also did proof the feasibility of the Siemens New Working Model whereby working regularly from outside the office (2-3 days per week) will be part of the new normal for many functions.

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 Large Drive Applications (LDA)

In October 2021, Siemens AG has announced its plans to globally carve out the LDA business into a standalone company as of October 1, 2022. Siemens Nederland N.V. employs five LDA employees. Local employee representatives have been informed and will be involved in accordance with the national legal framework. For our P&L statements and Balance sheet, the sale will have a low impact (Net income EUR 0.1 million, Assets EUR 0.2 million and Liabilities EUR 0.7 million) and is not considered as a significant activity according to IFRS 5.

Financial information and developments

From continuing operations Siemens Nederland N.V. closed the year with revenue of EUR 505.4 million (2020: EUR 442.5 million), which represents an increase of 14% compared to last year. Both, our Smart Infrastructure business (SI) and our Digital Industries business (DI) did grow considerably in fiscal year 2021 - also driven by successes in their export businesses (e.g. data centers and cranes). Profit from continuing operations after tax increased significant to EUR 28.2 (2020: EUR 24.9 million).

Total assets decreased slightly by EUR 6.7 million compared to prior year, which is mainly driven by depreciation of assets and reduction of the tax receivable. The solvency ratio, defined as equity / total assets, at 30 September 2021 remains very strong at 49.1% (2020: 47.5%) (before profit distribution). Siemens Nederland N.V. intends to distribute annual profit of 28.2 million for fiscal 2021 as a dividend. No major changes in the funding structure of the company are expected next year. During the reporting period no major investments and Research & Development activities were performed within the company.

Future perspective

Increasing inflation, shortages in the supply chain and rising energy prices, combined with the COVID-19 pandemic that still has its impact on the macro economy put a damper on consumer and business confidence. Despite the new Dutch government has not yet been installed, we are positive about the evolution of the growth in the Netherlands (as projected by the Dutch Central Planning Bureau).

For its outlook for fiscal year 2022, Siemens Nederland N.V. assumes a moderate growth of the Dutch economy enabling a continuous GDP growth in its relevant markets in the course of next year. We expect an overall moderate growth of revenues by approximately 1% – 3% next year and operating profit (EBITA) margin of around 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. As this transformation is within the core of many industrial companies, we have built an experience center in our office in The Hague to inspire our customers and guide them in their strategy.

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. We create environments that care.

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

At Siemens, we are taking our ESG commitment to the next level with our DEGREE framework that was communicated during the Siemens Capital Market Day in June 2021. It constitutes a 360-degree approach for all stakeholders – our customers, our suppliers, our investors, our people, the societies we serve, and our planet. In addressing the three aspects of ESG, we are building a better future that helps us stay within the planetary boundaries, helps us foster a culture of trust,

empowerment and growth, supports inclusive economic opportunities, and ensures our people and businesses remain resilient and relevant for whatever the future holds.
We have set clear and ambitious priorities for core ESG topics that we will drive internally within own operations as well as together with our customers. The DEGREE framework is built on our strong track record and on our ‘technology with purpose’ that is fully embedded in our business strategy. At Siemens, we want to advance sustainability by creating value for all our stakeholders, driving sustainable growth with our customers, and creating a better tomorrow.
For our own operations we have defined a clear action plan on all focus topics within the DEGREE framework: Decarbonization, Ethics, Governance, Resource Efficiency, Equity and Employability, which will assist Siemens to comply with the Corporate Sustainability Reporting Directive (CSRD) requirements as of fiscal year 2024.
Among other targets we highlight our ambition to have net zero operations by 2030 and net zero supply chain by 2050, whereby we strive to have a 20% emission reduction already in 2030. Further we go for zero landfill waste by 2030.
On equity we are proud to announce that we have already a 50% female share in the top management of Siemens Nederland N.V. and a gender pay parity gap of 0.5%. By 2025 we want to have a minimum of 20% female share for Bachelor education level jobs.
On employability we stimulate our employees in a continuous growth mindset and drive this culture by dedicated programs in digital learning.
These new targets are just a continuation of our vision: Technology with purpose. During our more than 140 years of presence in the Netherlands we are proud on how we did contribute on the development of the society. An overview can be found in our new Business to Society report for the Netherlands which is available at www.siemens.nl.

Risk management

Since Siemens operates in an increasingly complex business environment which is subject to ongoing change, and as such will inherently face risks and opportunities, Siemens’ ability to effectively deal with risks and opportunities is a major factor in creating and protecting value for our stakeholders.
Siemens Nederland N.V. is also subject to several risks in its daily activities, which are classified as strategic, operational, financial or compliance risks. Reliable 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 classifies risks in terms of likelihood and impact on business objectives, media, regulatory bodies, management time and financial impact.

Risk profile

Siemens Nederland N.V. is prepared to take moderate risks to realize its ambitions in our markets but has a very low appetite to risks that would negatively impact our Reputation, Customers, HSE, ESG (Environmental, Social & Governance), 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 which apply to a certain type of projects (such as new technology). Siemens Nederland N.V. requires full compliance with all applicable national and international laws and regulations. Governance, Assurance and Risk Management are all key elements of Siemens‘ risk and internal control system.

Identified risks

During fiscal 2021 no risks occurred which required changes in the risk management process. Based on the latest risk review as of 30 September 2021 the risks with the highest level of exposure in the different categories were:

- ***Strategy and 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. Other factors that impact our market are decoupling of major established players like e.g. the US and China and the worldwide economic upturn that leads to significant supply shortages. 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 duplicate of ours.

- ***People and competencies:***
  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 and at the same time push forward the acceleration of our performances (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 (technical) skills in combination with a growth mindset 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 of these activities include process improvements, assessments, and training. One of the focus areas of PM@Siemens is the use of best practices. The aim is to harmonize the standards for good project management and to implement and promote 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:***
  Within the framework of the given governmental COVID-19 regulations, Siemens Nederland N.V. has defined measures for the continuation of its activities and business. This also includes measures to protect the health and safety of our employees, 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. Currently the overall COVID-19 situation in the Netherlands remains an uncertainty regarding possible future developments of the virus. Within Siemens Nederland N.V. a cross-functional crisis team will continue 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. The Company has not made use of governmental support measures .

- ***Foreign exchange effects:***
  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.

- ***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. A special area within this risk is the regulation and governance of digital business. This risk will be addressed by following the European Regulations that apply for the Netherlands as well, application of form and substance of the contracts that are defined on Corporate level and closely monitoring of local case law.

- ***Compliance / 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, 3 December 2021

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	2021	2020
Non-current assets			
Intangible assets	6	1.8	1.8
Property, plant and equipment	7	4.6	4.3
Right-of-use assets	8	19.7	23.0
Non-current financial assets	8	22.2	29.2
Non-current contract assets	9	10.8	4.0
Total non-current assets		**59.1**	**62.3**
Current assets			
Inventories	10	2.6	2.7
Contract assets	9	20.9	14.0
Receivables			
Trade and other receivables	11	210.1	210.7
Other financial assets	12	11.4	14.9
Tax receivable	17	-	5.3
Prepayments	13	17.9	18.6
Cash and cash equivalents	14	0.1	0.3
Total current assets		**263.0**	**266.5**
Total assets		**322.1**	**328.8**
Equity	16		
Issued capital		36.3	36.3
Share premium		92.7	92.7
Retained earnings		0.9	0.9
Profit for the year		28.2	26.2
Total equity		**158.1**	**156.1**
Non-current liabilities			
Deferred tax liabilities	17	0.8	0.9
Lease liabilities	8	34.9	47.7
Contract liabilities	9	3.8	2.6
Provisions	18	4.1	3.2
Total non-current liabilities		**43.6**	**54.4**
Current liabilities			
Provisions	18	4.2	6.0
Trade and other payables	19	78.9	74.7
Lease liabilities	8	13.6	13.8
Contract liabilities	9	23.2	23.8
Tax liabilities	17	0.5	-
Total current liabilities		**120.4**	**118.3**
Total liabilities		**164.0**	**172.7**
Total equity and liabilities		**322.1**	**328.8**

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	2021	2020
Continuing operations			
Revenue	22	505.4	442.5
Rental income	8	1.0	0.9
Total operating income		**506.4**	**443.4**
Cost of sales		405.0	349.3
Gross profit		**101.4**	**94.1**
Selling expenses		57.4	55.3
General and administrative expenses		4.3	4.5
Other operating expenses		0.4	1.1
Total operating expenses		**62.1**	**60.9**
Operating profit		**39.3**	**33.2**
Finance income	23	**0.1**	**0.1**
Finance costs	23	**-1.6**	**-1.5**
Profit from continuing operations, before tax		**37.8**	**31.8**
Tax on profit from continuing operations	24	-9.6	-6.9
Profit from continuing operations, after tax		**28.2**	**24.9**
Discontinued operations			
Profit from discontinued operations, after tax	15	-	1.3
Profit after tax		**28.2**	**26.2**

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	2021	2020
Profit for the year, net of tax		**28.2**	**26.2**
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	18	0.0	0.0
Income tax effect	18	-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		**28.2**	**26.2**

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

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

Company Statement of changes in equity

	Issued capital	Share premium	Retained earnings	Profit for the year	Total
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**
Profit after tax	-	-	-	28.2	**28.2**
Other comprehensive income	-	-	-0.0	-	**-0.0**
Total comprehensive income	-	-	-0.0	28.2	**28.2**
Dividends	-	-	-	-26.2	**-26.2**
At 30 September 2021	**36.3**	**92.7**	**0.9**	**28.2**	**158.1**

Company Statement of cash flows

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

	2021	2020
Operating profit before tax from continuing operations	39.3	33.2
Operating profit before tax from discontinued operations	-	2.1
Operating profit before tax	**39.3**	**35.3**
Adjustments to reconcile operating profit to net cash flow:		
Depreciation and impairment losses on property, plant and equipment	1.1	1.3
Depreciation on right-of-use assets	7.2	7.3
Change in provisions	-1.0	-2.1
Working capital adjustments:		
Change in receivables	4.3	15.6
Change in inventories	0.1	-0.5
Change in trade and other payables	5.3	-4.3
Interest received	0.1	0.0
Interest paid	-1.6	-1.8
Tax payments (income taxes)	-9.6	-7.3
Net cash flows from operating activities	**45.2**	**43.5**
Payments for property, plant, and equipment	-1.4	-1.6
Proceeds from sale of property, plant, and equipment	0.0	0.0
Net cash flows from/used in investing activities	**-1.4**	**-1.6**
Change in financing receivables	1.1	-44.2
Dividends paid	-26.2	-3.7
Repayment of lease liabilities	-18.9	-17.5
Net cash flows used in financing activities	**-44.0**	**-65.4**
Net cash flows from discontinued operations	**-**	**23.5**
Change in cash and cash equivalents		
Cash and cash equivalents at 1 October	0.3	0.3
Cash and cash equivalents at 30 September	0.1	0.3
	-0.2	**-0.0**

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

Notes to the company financial statements

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 2021 were adopted by its General Meeting on 2 December 2021 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 2021 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 1,000 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 2021 (IFRS) applicable to fiscal year ended as of 30 September 2021.

(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.

(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 Non-current 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 18 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 2021, the Company held EUR 145.5 million (2020: EUR 136.5 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 (2020: EUR 0.1 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 20.

(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 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
Changes			
-	-	-	-
	-	-	-
Carrying amount as of 30 September 2021			
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 Business level, which is the level to which income and expenses can be allocated independently. Amounts are discounted using an Business-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.

Business	**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 Business' 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 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
Changes				
Investments	0.0	0.1	1.3	1.4
Depreciation charged to income	-0.6	-0.1	-0.4	-1.1
Divestments, cost	0.0	0.0	-0.1	-0.3
Divestments, depreciation	0.0	0.0	0.1	0.3
	-0.6	0.0	0.9	0.3
Carrying amount as of				
30 September 2021				
Cost	6.0	10.0	7.1	23.1
Depreciation	-3.1	-9.9	-5.5	-18.5
	2.9	0.1	1.6	4.6

The carrying amount of installations supplied under operating leases amounted to EUR 0.0 million as of 30 September 2021 (2020: EUR 0.0 million). No investments were made in these assets during the year (2020: EUR 0.0 million).

The cost of property, plant and equipment still in use at 30 September 2021 was EUR 14.8 million (2020: EUR 13.1 million), which had been depreciated in full. There were no contractual obligations to acquire property, plant, and equipment as of 30 September 2021 (2020: 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
Carrying amount as of 30 September 2020	**15.8**	**7.2**	**23.0**
Additions	-	3.5	3.5
Remeasurement	0.2	0.9	1.1
Derecognition due to Sub-lease within financial year	-	-0.7	-0.7
Depreciation	-3.5	-3.7	-7.2
End balance 30 September 2021	**12.5**	**7.2**	**19.7**

Lease liabilities	**2021**	**2020**
Current		
Real estate Property	10.6	10.8
Other leases	3.0	3.0
Non-current		
Real estate Property	30.8	43.6
Other leases	4.1	4.1
Total	**48.5**	**61.5**

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Amounts recognized in the income statement	**2021**	**2020**
Rental income from subleasing right-of-use assets	1.0	0.3
Interest income from subleasing right-of-use assets	0.1	0.1
Expenses relating to short-term leases	0.3	0.4
Interest expense on lease liabilities	-0.1	-0.1

In addition to the rental income from subleasing or right-of-use assets no rental income from short term leases was reported (2020: EUR 0.6 million).

Finance lease receivables

	2021	2020
Short-term	6.7	10.1
Long-term	22.1	29.2
	28.8	**39.3**

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

	2021	2020
Within one year	6.9	10.3
One to two years	6.1	7.3
Two to three years	6.0	6.1
Three to four years	5.8	5.9
Four to five years	2.8	5.8
To be settled after fifth subsequent year	1.4	4.1
Total undiscounted lease payments receivable	**29.0**	**39.5**
Unearned finance income	-0.2	-0.2
Net investment in the lease	**28.8**	**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.

	2021	2020
Within one year	13.7	14.0
One to two years	12.1	13.1
Two to three years	11.1	11.0
Three to four years	8.2	10.4
Four to five years	2.2	9.4
To be settled after fifth subsequent year	1.3	3.8
Total undiscounted lease payments payable	**48.6**	**61.7**
Unamortized interest	-0.1	-0.2
Total lease liabilities	**48.5**	**61.5**

Non-current financial assets

	2021	2020
Finance lease receivables	22.1	29.2
Other receivables	0.1	-
	22.2	**29.2**

(9) Contract assets and contract liabilities

Contract assets	**2021**	**2020**
Contract assets	31.7	18.0
Provision on contract assets	0.0	0.0
Total contract assets	**31.7**	**18.0**
Current	20.9	14.0
Non-current	10.8	4.0
Contract liabilities		
Refund liabilities		
- Penalties	-	0.5
- Price and quantity discounts	5.1	3.7
Advance payments from 3rd parties	10.6	8.4
Billings in excess of costs	11.3	13.8
Total contract liabilities	**27.0**	**26.4**
Current	23.2	23.8
Non-current	3.8	2.6

Contract liabilities from continued operations did not significantly change. Significant change in contract assets from continued operations amounts to EUR 13.7 million resulted mainly from an increased number of large datacenter projects within the Smart Infrastructure business and cranes projects in the Digital Industries business.

(10) Inventories

As of 30 September 2021, a provision of EUR 3.7 million had been recognized for obsolescent inventories (2020: EUR 3.7 million).

(11) Trade and other receivables

	2021	**2020**
Trade receivables	48.5	48.1
Receivables from Affiliated Companies	161.0	162.1
Other receivables	0.6	0.5
	210.1	**210.7**

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 20 on financial instruments.

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

	2021	2020
At 1 October	**0.2**	**0.2**
Realized losses	-0.0	-0.0
Additions (withdraws)	-0.1	-0.0
At 30 September	**0.1**	**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 20.

Ageing analyses of receivables

	Total receivables	Not overdue	<31	31-60	61-90	>91
2021	48.5	43.1	4.0	0.8	0.5	0.1
2020	48.1	42.3	4.1	0.8	0.2	0.7

Allowance

As at	**2021**		**2020**	
	Receivables	Allowance	Receivables	Allowance
With allowance	48.6	0.1	47.8	0.2
Without allowance	0.0		0.3	

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

(12) Other financial assets

	2021	2020
Finance lease receivables	6.7	10.1
Other	4.7	4.8
	11.4	**14.9**

For information on finance lease receivables, please refer to note 8.
Other financial assets mainly consists of a pension receivable (note 18) 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.

	2021	2020
Bank accounts (current accounts)	0.1	0.3
	0.1	**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 income statement of Gas and Power is shown below.

	2021	2020
Revenue	-	60.1
Cost of sales	-	52.9
R&D expenses	-	0.0
Selling expenses	-	4.6
General and administrative expenses	-	0.5
Other operating expenses	-	0.0
Operating income	**-**	**2.1**
Finance costs	-	-0.4
Profit from discontinued operations, before tax	**-**	**1.7**
Tax related to pre-tax profit	-	-0.4
Total profit from discontinued operations, after tax	**-**	**1.3**

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

	2021	2020
Net cash flows from operating activities	**-**	**30.0**
Net cash flows from/used in investing activities	**-**	**8.1**
Net cash flows from/used in financing activities	**-**	**-14.6**
Net cash flows from discontinued operations	**-**	**23.5**

Portfolio Company Large Drive Applications

In October 2021 Siemens announced that it will separate its Portfolio Company Large Drive Applications to a stand-alone company in the upcoming fiscal year. For our P&L statements and Balance sheet, the sale will have a low impact (Net income EUR 0.1 million, Assets EUR 0.2 million and Liabilities EUR 0.7 million) and is not considered as a significant activity according to IFRS 5. Consequently these figures are not represented separately as discontinued operations.

(16) Equity

	Issued capital	Share premium	Retained earnings	Profit for the year	Total
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**
Profit after tax	-	-	-	28.2	**28.2**
Other comprehensive income	-	-	-0.0	-	**-0.0**
Total comprehensive income	-	-	-0.0	28.2	**28.2**
Dividends	-	-	-	-26.2	**-26.2**
At 30 September 2021	**36.3**	**92.7**	**0.9**	**28.2**	**158.1**

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

	2021	2020
Declared and distributed during the year	26.2	3.7

	2021	2020
Proposed for approval by the Annual General Meeting (not recognized as a liability as of 30 September)	28.2	26.2

(17) Taxes

	2021	Equity	P&L	2020	Equity	P&L	2019
Deferred tax assets:							
Provisions	0.0	-	-	0.0	-	-0.1	0.1
	-	-	-	0.0	-	-0.1	0.1
Deferred tax liabilities:							
Non-current intangible assets	-	0.0	-	-0.0	1.9	-	-1.9
Property, plant, and equipment	-	-	0.0	-0.0	-	0.1	-0.1
Pensions	-0.8	0.0	0.0	-0.8	-0.0	-0.0	-0.8
IFRS16 impact	-0.0	-	0.1	-0.1	0.4	-0.5	-
	-0.8	0.0	0.1	-0.9	2.3	-0.4	-2.8
Net deferred tax liabilities	**-0.8**	**0.0**	**0.1**	**-0.9**	**2.3**	**-0.5**	**-2.7**

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

	2021	2020
Tax receivable	-	5.3
Tax liability	0.5	-
	0.5	**5.3**

For more information, please refer to note 24 on income taxes.

(18) Provisions

	Warranty	Order-related	Personnel-related	Other	Total
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	**4.4**	**1.4**	**3.2**	**0.2**	**9.2**
Additions during the year	-	0.1	0.4	-	0.5
Releases during the year	-0.7	-0.3	-0.4	-0.1	-1.5
Transferred	-	-	0.1	-	0.1
Carrying amount as of Sept. 30 2021	**3.7**	**1.2**	**3.3**	**0.1**	**8.3**
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**
Current as of 30 September 2021	2.7	1.2	0.2	0.1	4.2
Non-current as of 30 September 2021	1.0	-	3.1	-	4.1
Carrying amount as of Sept. 30 2021	**3.7**	**1.2**	**3.3**	**0.1**	**8.3**

Pensions

PME

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 104,6% as at 30 September 2021 (2020: 93,7%).

Early retirement plan

At the end of the reporting period no employees are eligible for the early retirement plan for employees born before 1950 anymore and the plan has therefore been discontinued.

Senior management plan

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.

The numbers of pension plan members are as follows:

Number of members	**2021**	**2020**
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.

	2021	**2020**
Projected obligations		
Benefit obligation as of 1 October	**12.6**	**13.9**
Current service cost: Increase in the present value of pension benefits granted	-	-
Interest expenses	0.1	0.1
Benefits paid	-1.0	-1.0
Remeasurement: effect of changes in demographic assumptions	-	-0.4
Remeasurement: effect of changes in financial assumptions	-0.1	0.0
Remeasurement: effect of experience adjustments	-	-
Obligation as of 30 September	**11.6**	**12.6**

Plan assets	**2021**	**2020**
Fair value of plan assets as of 1 October	**15.9**	**17.1**
Interest income	0.1	0.1
Employer contributions	-	-
Benefits paid	-1.0	-1.0
Administrative expenses paid from plan assets	-	-
Remeasurement: return on plan assets (excluding interest income)	-0.2	-0.3
Fair value of plan assets as of 30 September	**14.8**	**15.9**

Diversification of plan assets

	2021	**2020**
Insured benefits and cash	100%	100%

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

	2021	**2020**	**2019**	**2018**	**2017**
Fair value of plan assets	14.8	15.9	17.1	16.2	16.6
Projected obligations	-11.6	-12.6	-13.9	-13.1	-13.5
Value of plan assets less projected obligations	**3.2**	**3.3**	**3.2**	**3.1**	**3.1**

Net periodic cost of pension plan

	2021	2020
Increase in the present value of pension agreements granted	-	-
Interest expenses on future pension obligation	0.1	0.1
Expected return on plan assets (income)	-0.1	-0.1
Net periodic cost (income)	**-0.0**	**-0.0**

Changes in actuarial gains and losses recognized in equity

Changes in fiscal year	**2021**	**2020**
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	**2021**	**2020**
Actuarial discount rate	0.86%	0.77%
Salary increase rates	0.00%	0.00%
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.

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

Contributions to the industry pension fund

The employer contributions to the industry pension fund amounted to EUR 8.4 million (2020: EUR 7.9 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.

(19) Trade and other payables

	2021	2020
Trade payables	32.8	31.1
Liabilities to Affiliated Companies	1.2	1.7
Taxes and social security contributions payable	25.7	23.9
Other liabilities	15.8	15.7
Pension contributions payable	3.4	2.3
	78.9	**74.7**

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.

(20) Financial instruments

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

	2021	2020
Financial assets		
Non-current financial assets:		
Non-current receivables:		
Other receivables	22.2	29.2
Current receivables:		
Trade and other receivables:		
Receivables from Affiliated Companies	161.0	162.1
Other trade receivables and other receivables	49.1	53.9
Other financial receivables:		
Lease receivables	6.7	10.1
Other financial receivables	4.7	4.8
Financial liabilities		
Non-current liabilities:		
Other financial liabilities:		
Lease liabilities	-34.9	-47.7
Current liabilities:		
Trade and other payables	-78.9	-74.8
Lease liabilities	-13.6	-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 2021

	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	-	6.2	6.0	5.8	2.8	1.4	22.2
Variable-income financial assets							
Receivables from Affiliated Companies	161.0	-	-	-	-	-	161.0
Other trade receivables and other receivables	49.1	-	-	-	-	-	49.1
Other financial receivables	11.4	-	-	-	-	-	11.4
Variable-income financial liabilities							
Lease liabilities	-13.6	-12.1	-11.1	-8.2	-2.2	-1.3	-48.5
Other financial liabilities	-	0.0	-	-	-	-	0.0
Trade and other payables	-78.9	-	-	-	-	-	-78.9
Tax Liabilities	-0.5	-	-	-	-	-	-0.5

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

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 -0.9 million was generated (2020: profit of EUR 0.1 million).

Hedging activities

As of 30 September 2020, and 30 September 2021, 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:

	2021	2020
Derivatives not designated as hedging instruments		
Foreign exchange forward contracts	0.0	0.0
Embedded derivatives	0.0	0.0

(21) 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:

	2021	2020
Bank guarantees	23.5	14.0

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 2021, the ultimate parent company Siemens AG or its wholly owned subsidiaries provided surety in an amount of EUR 42.9 million (2020: EUR 8.9 million). The total guarantee amount for 2021 is therefore EUR 66.4 million (2020: EUR 22.9 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 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. An environmental and asset retirement obligation claim, related to a leased building, has been received as of the date of this report. This claim will be fully covered by SEBV under the ODA. 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

(22) 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	**2021** Third parties	**2021** Related parties of Siemens AG	**2020** Third parties	**2020** Related parties of Siemens AG
The Netherlands	384.1	7.9	364.4	8.1
Europe other	34.6	47.3	12.8	36.9
Asia	25.3	1.2	13.1	2.6
Other continents	0.5	4.5	2.3	2.3
Total	**444.5**	**60.9**	**392.6**	**49.9**

Operating segments	**2021** Third parties	**2021** Related parties of Siemens AG	**2020** Third parties	**2020** Related parties of Siemens AG
Smart Infrastructure	235.0	55.1	202.2	42.7
Digital Industries	188.7	2.8	158.1	4.7
Portfolio Companies	17.8	0.0	30.2	0.0
Real Estate	2.5	1.7	2.1	2.5
Other	0.5	1.3		
Total	**444.5**	**60.9**	**392.6**	**49.9**

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 33.3 million (2020: EUR 23.7 million).

Order backlog

On 30 September 2021, order backlog was reported for EUR 255.4 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	96.7	25.0	11.3	0.3	8.7	0.3	**142.3**
Digital Industries	47.2	2.5	49.6	1.7	-	-	**101.0**
Portfolio Companies	8.6	-	3.4	-	0.1	-	**12.1**
Total	**152.5**	**27.5**	**64.3**	**2.0**	**8.8**	**0.3**	**255.4**

(23) Finance income and expenses

Other interest and similar expenses include an amount of EUR -1.1 million (2020: EUR -0.9 million) from affiliated companies. For more information, please refer to note 25 on related parties.

(24) Tax on profit from continuing operations

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

	2021	**2020**
Income taxes for the current period from continued operations	9.7	6.4
Income taxes for the current period from discontinued operations	-	0.4
Total current tax	9.7	6.8
Deferred taxes for the current period from continued operations	-0.1	0.5
Deferred taxes for the current period from discontinued operations	-	0.0
Total deferred tax	-0.0	0.5
Total income tax for the current period	**9.6**	**7.3**

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

	2021	2020
Profit before tax (profit from continuing operations and profit from discontinued operations)	**37.8**	**33.6**
Tax at the locally applicable rate of 25,0% (2020: 25,0%)	9.5	8.4
True up related to prior years	0.0	-0.8
Other	0.1	-0.3
Tax burden	**9.6**	**7.3**

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.

(25) 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	
	2021	2020
Purchases	292.5	288.6
Sales	60.9	49.9

	Interest		Balance outstanding	
	2021	2020	2021	2020
Loans issued and interest income (expense*)				
Siemens Financial Services (current)	-1.1	-0.8	150.0	140.0**
Cost of providing guarantees				
Siemens Financial Services	0.0	-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

** Restated (accidentally not reported in the 2020 financial statement)

(26) 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 2021, 6 executive managers (2020: 6) were members of the Executive Management Team, which includes the Management Board. Their compensation breaks down as follows:

	2021	2020
Management Board (2 members (2020: 2 members))		
Short-term compensation	0.4	1.1
Pensions	0.1	0.0
Profit sharing and bonuses	0.1	0.8
Management Board total	**0.6**	**1.9**
Bonuses for the Management Board are subject to performance criteria.		
Executive Management Team excluding the Management Board (4 members (2020: 4 members))		
Short-term compensation	0.8	1.2
Pensions	0.1	0.1
Severance payments to former management members	0.4	0.6
Profit sharing and bonuses	0.2	0.3
Executive Management Team total	**1.5**	**2.2**
Total	**2.1**	**4.1**

The Supervisory Board had 4 members as of 30 September 2021 (2020: 4). They were paid compensation as follows:

	2021	2020
Compensation	0.1	0.1

(27) Rights to equity instruments

Stock awards

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

	2021	2020
Expenses arising from cash-settled share-based payment transactions	0.2	0.3
Total expense arising from share-based payment transactions	**0.2**	**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 2021, 7,992 (2020: 4,164) stock awards were granted to employees, of which 5,631 (2020: 1,635) to the Executive Management Team (including the Management Board).

	2021 Awards in absolute numbers	**2021** Cumulative fair value	**2020** Awards in absolute numbers	**2020** Cumulative fair value
At beginning of fiscal year	18,306	2.0	29,355	2.9
Granted provisionally	8,719		10,923	
Awarded	-4,640		-2,455	
Forfeited/Settled	-1,298		-17,338	
Merger/Transferred	-		-2,179	
At end of fiscal year	**21,087**	**3.0**	**18,306**	**2.0**

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 141.92 as of 30 September 2021 compared with EUR 108.24 as of 30 September 2020.

Share Matching Plan

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

	2021	**2020**
Expenses arising from cash-settled share-based payment transactions	0.4	0.5
Total expenses arising from share-based payment transactions	**0.4**	**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 2021, 2,003 (2020: 1,183) bonus shares were granted to employees, of which 154 (2020: 24) to the Executive Management Team (including the Management Board).

	2021 Awards in absolute numbers	**2021** Cumulative fair value	**2020** Awards in absolute numbers	**2020** Cumulative fair value
At beginning of fiscal year	3,133	0.3	3,159	0.3
Granted	2,042		2,359	
Forfeited/settled	-206		-790	
Merger/Transferred	-1,395		-1,595	
At end of fiscal year	**3,575**	**0.5**	**3,133**	**0.3**

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 141.92 as of 30 September 2021 compared with EUR 108.24 as of 30 September 2020.

(28) Employees

On average during the reporting period the number of employees, expressed as full-time equivalents, working for Siemens Nederland N.V. was as follows:

	2021	2020
Operating companies	879	845
Management and staff departments	82	102
Total	**961**	**947**

(29) Depreciation, amortization, and impairment losses

	2021	2020
Property, plant, and equipment	1.1	1.3
Right of use assets	7.2	7.3
Total	**8.3**	**8.6**

(30) Personnel costs

	2021	2020
Wages and salaries	80.6	75.7
Pension costs	8.4	7.2
Other social security costs	9.9	9.7
Total	**98.9**	**92.6**

(31) 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.

The Hague, 3 December 2021

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

Statutory rules concerning result appropriation

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 2021 included in the annual report

Our opinion

We have audited the accompanying financial statements for the year ended 30 September 2021 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 2021, 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 2021
- 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.

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, 2 December 2021

Ernst & Young Accountants LLP

Signed by W.P. de Pater

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