

SIEMENS



CVR NO. 16 99 30 85

Siemens A/S

Annual report 2021/2022

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Contents

The year at a glance for Siemens A/S

The year at a glance for Siemens A/S	3
---	----------

Statements

Statement by management	4
--------------------------------	----------

Independent auditor's report	5
-------------------------------------	----------

Management's review

Company details and group chart	7
--	----------

Key figures for the past five years	8
--	----------

Operating review	9
-------------------------	----------

Financial review	11
-------------------------	-----------

Business areas

Digital Industries	12
---------------------------	-----------

Smart Infrastructure	14
-----------------------------	-----------

Corporate social responsibility

Business model	16
-----------------------	-----------

Risks and management system	16
------------------------------------	-----------

Social matters	19
-----------------------	-----------

Environment and climate	22
--------------------------------	-----------

Other social measures	24
------------------------------	-----------

Policy for data ethics

Statement regarding section 99b of the Danish Financial Statements Act	26
---	-----------

Financial review 1 October – 30 September

Income statement	29
-------------------------	-----------

Balance sheet	30
----------------------	-----------

Statement of changes in equity	32
---------------------------------------	-----------

Statement of Cash Flows	33
--------------------------------	-----------

Notes	34
--------------	-----------

Notes without reference	43
--------------------------------	-----------

* The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

The year at a glance for Siemens A/S

In the business year 2021/2022, order intake and revenue in Siemens A/S developed positively despite a challenging supply situation.

In the financial year, revenue increased by DKK 222 million from DKK 1,876 million last year to DKK 2,098 million this year, corresponding to a growth of 12%. The growth is attributable to a high level of activities in the Danish business sector with increased export and a high rate of employment combined with the capturing of market shares.

In the financial year, Siemens A/S realized a profit of DKK 59 million, up DKK 13 million from the previous year. Apart from the increasing revenue, a significant part of the increase in results is attributable to decreased losses and write-downs on projects.

Of profit for the year totaling DKK 59 million, DKK 58 million is expected to be distributed as a dividend to the parent company, Siemens International Holding B.V., Den Haag, the Netherlands.

The average number of employees decreased from 492 in the financial year 2020/2021 to 480 in the financial year 2021/2022.

In the financial year 2021/2022, Siemens A/S did not apply for financial support from the COVID-19 aid packages, e.g., the wage compensation scheme or the compensation scheme for fixed costs.

Considerable uncertainty reigns due to the current geopolitical situation, and there is a risk of a global financial recession, which will have a negative impact on the Danish economy. Siemens A/S expects an increase in revenue of 7-11% in 2022/2023 based on the solid order book, which has been built up during 2021/2022. However, the risk of a general financial downturn is high, and the estimate is thus subject to some uncertainty.

The Company's profit from ordinary activities in the financial year 2022/2023 is expected to increase by 30-40% compared with 2021/2022 due to increased profitability.

No changes have been made to the business structure in the past year in the form of acquisitions or disposals/demergers.

Bjarne Lykke Sørensen
CEO, Siemens A/S

Statement by Management

Today, the Executive Board and the Supervisory Board have discussed and approved the annual report of Siemens A/S for 2021/2022.

The annual report has been prepared following the Danish Financial Statements Act.

We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Company's financial position on 30 September 2022 and of the results of the Company's operations and cash flows for the financial year 1 October 2021 – 30 September 2022.

In our opinion, the Management's review gives a fair review of the matters discussed in the Management's review. We recommend that the annual report be approved at the annual general meeting.

Ballerup, 8 December 2022

Executive Board:



Bjarne Lykke Sørensen
(CEO)



Jürgen Lippert
(CFO)

Board of Directors:



Per Mikael Gustaf Leksell
(Chair)



Kenneth Elsberg



Jørgen Kudsk



Jaana Maria Kupila



Bjarne Lykke Sørensen

Independent auditor's report

To the shareholders of Siemens A/S

Opinion

We have audited the financial statements of Siemens A/S for the financial year 1 October 2021 – 30 September 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, and notes, including accounting policies. The financial statements are prepared following the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position on 30 September 2022, and the results of its operations and cash flows for the financial year 1 October 2021 – 30 September 2022 follow the Danish Financial Statements Act.

Basis for opinion

We conducted our audit following International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company following the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities following these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for preparing financial statements that give a true and fair view following the Danish Financial Statements Act. Management is also responsible for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance. However, it is not guaranteed that an audit conducted following ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on the financial statements.

As part of an audit conducted following ISAs and additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements 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.

Independent auditor's report

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure, and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is following the financial statements and has been prepared following the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the Management's review.

Copenhagen, 8 December 2022

EY

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Thomas Bruun Kofoed

State Authorised Public Accountant

mne28677

Company details

Siemens A/S

Borupvang 9
2750 Ballerup
CVR no.: 16 99 30 85
Established: 1993
Registered office: Ballerup

Supervisory Board

Per Mikael Gustaf Leksell, Chair
Kenneth Elsberg, employee representative
Jørgen Kudsk, employee representative
Jaana Maria Kupila
Bjarne Lykke Sørensen

Executive Board

Bjarne Lykke Sørensen
Jürgen Lippert

Auditor

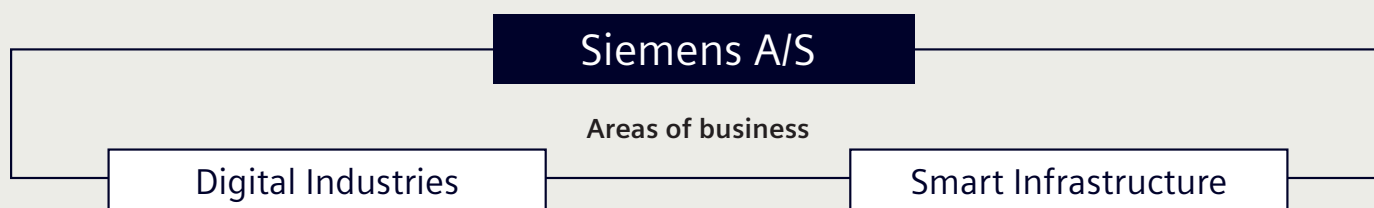
EY
Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
DK-2000 Frederiksberg

Thomas Bruun Kofoed
State Authorised Public Accountant
MNE-nr.: mne28677

Annual general meeting

The annual general meeting will be held on
8 December 2022.

Group chart



Other Siemens activities in Denmark

The companies are affiliated companies of Siemens A/S

- Siemens Healthcare A/S
- Siemens Industry Software A/S
- Siemens Mobility A/S
- Siemens Aarsleff Konsortium I/S
- Siemens Mobility Aarsleff Konsortium I/S
- Siemens Finans Danmark – branch of Siemens Finans AB
- Siemens Electronic Design Automation, branch of Siemens Electronic Design Automation AB
- S'PA GmbH Branch Denmark
- Varian Medical Systems Scandinavia A/S
- Acuson Denmark A/S

Key figures for the past five years

Key figures for the past five years for Siemens A/S

DKK m	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
Revenue	2.098	1.876	1.766	1.822	2.908
Operating profit/loss	79	63	9	126	610
Net financials	-1	-1	-2	0	-1
Profit/loss for the year	59	46	3	104	565
Dividend	58	45	108	132	581
Non-current assets	14	17	19	24	32
Current assets	587	562	627	819	1.817
Total assets	601	579	646	843	1.849
Share capital	151	151	151	151	151
Equity	237	224	286	414	864
Cash flows from operating activities	48	-99	112	259	19
Cash flows from investing activities	-4	-4	-1	45	630
– amount related to investments in property, plant, and equipment	-4	-4	-1	7	-3
Cash flows from financing activities	-44	103	-111	-308	-201
– amount relating to net dividend distributions	-45	-108	-132	-581	-137
Total cash flows	0	0	0	-4	448
Average number of employees	480	492	523	531	705
Asset turnover	3.6	3.1	2.4	1.4	1.8
Return on equity	25.4	18.0	1.0	20.7	82.9
Operating margin	3.8	3.3	0.5	6.9	21.0
Return on capital employed	13.4	10.2	1.2	9.4	37.8
Equity ratio	39.5	38.6	44.2	49.1	46.8

Comparative figures are restated to reflect demergers and mergers.

Comparative figures have not been restated to reflect additions/disposals of business segments.

Comparative figures have not been restated to reflect discontinuing operations.

Financial ratios have been calculated as shown below:

Asset turnover

The year's revenue relative to average operating assets.

Return on equity

Profit/loss for the year relative to average equity.

EBIT margin

Operating profit/loss before interest as a percentage of revenue.

Return on assets

Operating profit/loss before interest as a percentage of average operating assets.

Solvency ratio

Closing equity as a percentage of total liabilities at year-end.

Operating review

Siemens has operated in Denmark since the middle of the 19th century when the Group produced telegraphic equipment and the first lighting systems.

The Group was formally incorporated on 24 April 1893 when the then Technisches Bureau Copenhagen opened. Since then, Siemens has participated actively in the modernization of Danish society, supplying state-of-the-art products and solutions and with relentless focus on electrification, automation, and digitalization.

The target is to develop Danish society in a more sustainable direction focusing on climate change, where the main task in these years is to adjust Danish society to attain the target of a 70% reduction of Danish CO₂ emission in 2030 and, in the long run, CO₂ neutrality in 2050.

We change everyday life to create a better future

On 12 October 2022, Siemens AG celebrated the 175th anniversary of its foundation. The anniversary takes place in a year and at a time characterized by large crises – a climate and an environmental crisis, which is a challenge to our basis of existence, a health crisis caused by the COVID-19 pandemic, and now Russia's war against Ukraine, which challenges our democratic social order and global ground rules.

Crises pose a risk to but also open up opportunities for Siemens. Based on its strategy to combine digital transformation and the ambition to contribute to a sustainable society, Siemens has set an ambitious target: To be a leading technology company which contributes to developing our industry and infrastructure, including buildings, energy, and transportation, to create a sustainable future.

The strategy stands on four pillars

Customer impact is about focusing on the customers' needs and challenges. To listen and to ask questions to be able to deliver optimum products and solutions.

Technology with purpose is about developing technologies, products, and solutions that can help our customers solve the challenges they face, whether or not it is about reducing energy and resource consumption, optimizing transportation, creating a better infrastructure, etc.

Empowered people is about our managers and employees, who should be able to make decisions within the overall framework based on our core values of responsibility, innovation, and quality. Empowerment and responsibility go hand in hand.

Growth mindset is a prerequisite for being able to utilize the opportunities that we have. It is about being open to changes and new working methods, seeing new opportunities, and developing through training and education, mutual dialogue, and feedback.

Siemens takes digitalization with Xcelerator to a new level

In 2022, Siemens launched Xcelerator, which is our answer to tomorrow's digitalization. Siemens Xcelerator is a new open business platform built on three elements: A portfolio of hardware and software products, which are IoT-enabled, a market place and an ecosystem of partners. The purpose is to ease digitalization to the benefit of our customers, which will make it easier for them to speed up and more efficiently realize their goals and reduce the consumption of resources. In this connection, Siemens cooperates with the global technology company NVIDIA to develop the industrial Metaverse based on artificial intelligence and photo-realistic digital twins.

Sustainability is embedded in our strategy

Sustainability has for some years been an important part of Siemens' overall strategy and activities. In the 2010s, Siemens developed an environmental portfolio emphasizing energy efficiency and renewable energy, and in 2015, Siemens laid down a target to become carbon neutral in 2030.

Siemens' ambition to contribute to fighting climate change was further underpinned in 2022, when Siemens acceded to the Science Based Target initiative (SBTi), which also includes several Danish businesses. Thereby, Siemens has accepted the goal to limit global warming to 1.5 degrees Celsius compared to pre-industrial level.

Today, sustainability is embedded in Siemens' strategy at a group level and in the individual business areas. To ensure implementation and follow-up, group management has agreed on six focus areas supported by key Performance Indicators with specific goals for the efforts: Decarbonization, Ethics, Governance, Resource efficiency, Equity, and Employability. Together, the six areas make up the DEGREE concept.

The need for green transition has increased considerably

Russia's invasion of Ukraine and the subsequent energy crisis triggered by lacking Russian gas supplies have led to extraordinary high price increases in energy. At the same time, businesses and private consumers dependent on gas are

Operating review

given the incentive to replace gas with other energy sources such as electricity and oil.

The changes mean that the green transition will be accelerated through the expansion of renewable energy, , i.a., in the form of more wind farms and energy islands and generally, more investments in the energy infrastructure are expected, including in green hydrogen production plants based on renewable energy (Power-to-X).

The increased investments open various business opportunities to Siemens as a large part of the relevant technologies and solutions are at Siemens' disposal, both for our electrical infrastructure and buildings and for Denmark's industrial activities. Society must be changed to operate on green electricity everywhere it is economically responsible. Moreover, production processes, infrastructure, and buildings must be automated and digitized, which will enable a reduction of energy and resource consumption and the handling of peak loads through intelligent management. Finally, the current energy crisis has underpinned that it is essential to save energy as the electrification of society and the expansion of plants for green fuel production, e.g., hydrogen, mean a heavy increase in the demand for green electricity.

The COVID-19 pandemic

The COVID-19 pandemic that hit Denmark in 2020 is among others due to the successful vaccine efforts now under control, and going forward, new extraordinary restrictions are not deemed necessary.

Financial review

In the financial year, revenue increased by DKK 222 million from DKK 1,876 million last year to DKK 2,098 million this year.

Relative to 2020/2021, the Company's selling costs and administrative expenses increased by DKK 2 million.

In the financial year, Siemens A/S realized a profit of DKK 59 million, which is an increase of DKK 13 million compared with the year before and in line with the expectations expressed in the annual report for 2020/2021.

Profit for the year amounts to DKK 59 million, and DKK 58 million is expected to be distributed as a dividend to the parent company, Siemens International Holding B.V., Den Haag, the Netherlands.

Balance sheet

Total assets increased by DKK 22 million compared with last year. The increase is primarily attributable to an increase in trade receivables.

Cash flows

Cash flows from operating activities increased from DKK -99 million to DKK 48 million, mainly due to positive cash flows from tax payments in the financial year and increased profit.

Investments

During the year, investments totaling DKK 4 million were made in property, plant, and equipment. Investments for the year comprise fixtures and operating equipment, and leasehold improvements.

Outlook

Siemens A/S expects an increase in revenue of 7-11% in 2022/23 based on the solid order book, which has been built up during 2021/22. The risk of a general financial downturn is, however, high, and the estimate is thus subject to some uncertainty.

The Company's profit from ordinary activities in the financial year 2021/2022 is expected to increase by 30-40% compared with 2020/2021 due to increased profitability.

Ownership

Siemens A/S is a wholly-owned subsidiary of Siemens International Holding B.V, Den Haag, the Netherlands.

Financial risks

Due to its operations and financing, Siemens is exposed to changes in exchange rates and interest rates to a relatively low degree. The Group's policy is not to engage in active speculation in financial risks. Thus, the Group's financial management activities are aimed only at managing risks already assumed.

Currency risks

Siemens' activities are affected by exchange rate fluctuations, as revenue is generated, in all material respects, in Danish kroner, whereas purchases of products are primarily effected in foreign currencies. The Group's exchange rate risks are hedged mainly through derivative financial instruments. The Group's currency policy is to hedge projects with a net exposure of more than EUR 1 million.

The product business is hedged for three months at a time based on expected sales/purchases.

Interest rate risks

Siemens' interest-bearing debt primarily consists of financial debt to group entities. It is not the Company's policy to hedge interest rate risks relating to intra-group balances. An increase of 1 percentage point in the general interest rate level will imply an increase in the Company's annual interest expenses of DKK 0.2 million.

Credit risks

Siemens is not exposed to any significant risks relating to any particular customer or business partner. Siemens' policy concerning credit risks implies that all major customers and other cooperators are credit rated on an ongoing basis.

Incentive plans

The Siemens AG Group has established a stock award plan according to which key executives may be granted stock awards in Siemens AG.

Settlement takes place on exercise. In this connection, an amount of DKK 2 million was expensed in the income statement of Siemens A/S for 2021/2022. DKK 1,3 million of DKK 2 million was expensed to the Executive Board.

Furthermore, Siemens AG has established a program for all employees, allowing them to acquire shares with an option to acquire extra shares after two years ownership.

In this connection, an amount of DKK 2 million was expensed in the income statement for Siemens A/S for 2021/2022.

Business areas

Siemens A/S is organized into two business segments: Digital Industries and Smart Infrastructure, which market Siemens AG's products and solutions to private companies and public authorities in Denmark either directly or through distributors and agents.

Cooperation between the business segments is ensured, e.g., through Siemens' Key Account Management, which aims to strengthen Siemens' cooperation with customers. Our targeted efforts concerning a number of major customers also make Siemens less sensitive to general market fluctuations.

The portfolio is very broad, spanning sale of individual components and products and software to large, complex projects in which engineering and project management are important elements of the total service delivery. These projects are often long-term, and successful implementation calls for close cooperation with the customer's project organization. The project business is primarily driven by Smart Infrastructure.

Digital Industries

Digital Industries comprises Siemens AG's business units Factory Automation, Motion Control, Process Automation, Software, and Customer Services.

Software products and related services from Siemens Industry Software A/S are a part of Siemens' total Digital Enterprise portfolio.

Revenue increased significantly compared with the previous year due to an increase in customer demand and an increasing market share. Also, customers have requested speed-up of their order.

Digital Industries provides products, systems, and solutions for automation and digitalization of the industry with a focus on sustainability. The portfolio spans standard products and components and complete systems solutions and software. With ground-breaking technologies such as artificial intelligence, edge and cloud, industrial 5G, block chain and additive manufacturing (3D print), and decades of experience, Siemens is a strong partner for companies undergoing digital transformation.

As the leading supplier of industry software, Siemens contributes to the digitalization of the entire value chain in production companies – from production design and development

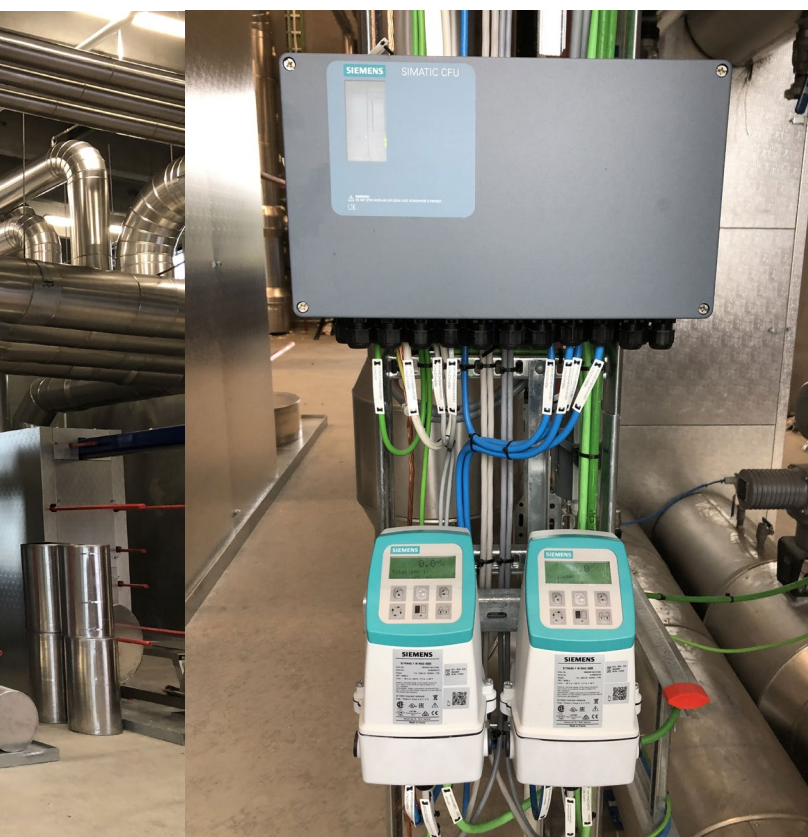


to sales and services – focusing on optimization, flexibility, and value creation. In continuation of the COVID-19 pandemic, companies have become increasingly aware of the vulnerability of the global value chains, and with increased digitalization and use of, e.g., additive manufacturing (3D print), it is possible to bring production and consumption closer together.

Optimum use of data is very important to the industrial sector. With Industrial Edge, data can easily and flexibly be processed, analyzed and used directly at the machinery on the factory floor or as part of a cloud-based solution across several locations and countries.

With the use of new technologies, digital twins of machinery and production equipment can be created, making it possible together with advanced simulation software to test the machinery and the management thereof virtually before constructing and commissioning it.

Cybersecurity plays an increasing role and the risks are constantly changing, including still more advanced and serious attacks. Thus it will become even more important for companies to protect themselves against unauthorized access.



Redundant remote cooling plant ensures sustainable cooling at super hospital

Aalborg Forsyning is ready to provide remote cooling to the super hospital Nyt Aalborg University Hospital – probably the world's most energy-efficient cooling plant. Siemens has delivered flowmeters, transmitters, and not least, redundant controllers to ensure that the important supply to the hospital does not fail.

"When measuring it for a full year, our plant is at least 4-5 times more efficient than conventional cooling," says Aalborg Forsyning.

Photo: The new remote cooling plant is ready for operation when the hospital opens. But the users of Nyt Aalborg University Hospital will not be the only ones benefitting from the cooling system. Two other customers have already informed that they would like to be connected to the plant.

Siemens is very focused on Industrial Security, and we apply a holistic approach to the operational technologies on the factory floor and network- and information technologies (OT/IT). All compliant with the international standard IEC 62443. In addition, the NIS2 directive will require a strong focus on cyber security – especially for companies working with critical infrastructure.

Digital Industries' sales are divided into direct sales to machine manufacturers and end customers in the industry and sales via distributors and by certified Solution Partners. A large part of the sale of products and components takes place online via Siemens Industry Mail. SITRAIN – Digital Industry Academy offers relevant training and courses adjusted to the customers' needs.

Sustainable industry

Siemens offers software solutions based on a complete data basis and overview of the carbon footprint, helping ensure that rapid decisions can be taken in daily operations and thereby a more sustainable production is ensured with less energy costs and less CO₂ emission.

Energy-efficient production is beneficial to both the climate and the bottom line. Consumers and investors are showing an increased interest in companies' ability to manufacture sustainably, and therefore, energy efficiency impacts competitiveness and survival in the long term.

Siemens supplies energy-efficient industrial components that are certified according to the ISO 50001 standard, which means that, when designing the product, including selection of materials, etc., the Company ensures optimum reusability of the products and high energy efficiency so that the environment and the climate are safeguarded as much as possible.

Digitalization can, to a wide extent, be used to accelerate a sustainable development. Products and solutions from Siemens have thus helped reduce energy consumption considerably at Stenhøj Hydraulik, helped DESMI Ocean Guard clean ballast water on ships, secured the Avedøre power plant a precise CO₂ documentation and reduced the programming time for a printing machine at AB Electric from three weeks to half a day.

Business areas

Smart Infrastructure

Smart Infrastructure supplies products and solutions for electricity distribution, buildings, and industry to increase the efficiency, security, and sustainability of how we live, work and move.

Smart Infrastructure works to develop intelligent buildings and energy systems and connect them so that the electricity grid is fit for the increasing demand for electricity and the continued development of renewable energy and decentralized energy production. In the near future, Siemens expects that buildings will transform from solely being energy consumers to also being energy producers, enabling the management of more fluctuating energy production based on renewable energy and the minimization of energy waste.

Smart Infrastructure comprises the business units Regional Solutions & Services, Digital Grid, Distribution Systems, Electrical Products, and Building Products. Revenue decreased in 2021/2022 compared with last year, which among other things, is due to a decrease in the number of new energy-renovation projects, shortage of materials and less activity in Q2 due to COVID-19-related illness.

Buildings and energy savings

Smart Infrastructure supplies products and solutions for buildings, which save energy, increase comfort, and create security by protecting people and values. Solutions may be supplied individually or as end-to-end solutions comprising management of light, heating and ventilation and video surveillance, access control, anti-theft protection, and fire detection/fighting.

Siemens is one of the leading suppliers in the market, servicing a broad palette of private and public customers. The combination of a high competence level, quality products, and a strong portfolio of solutions means that Siemens can meet very specific requirements in projects spanning, for instance, the pharmaceutical industry and preservation-worthy buildings. Siemens is thus among the leading global suppliers of IoT platforms for buildings of the independent market research company Verdantix.

With new, digital solutions, Siemens focuses on making buildings more user-oriented and operationally efficient, which paves the way for increased employee convenience, increased productivity, better utilization of space and lower energy consumption, and reduced CO₂ emissions. The Siemens solutions Comfy and Enlighted, i.e., enable



companies to measure the number and distribution of employees in a building, which, i.e., can be used to plan cleaning and thereby reduce exposure hazard in connection with pandemics.

Energy efficiency of buildings is an important business area. As a so-called ESCO supplier (Energy Service Company), Siemens offers energy renovation solutions with guaranteed savings to both public and private customers. The energy savings from these projects can finance the investment and contributes significantly to reducing energy consumption and thus CO₂ emissions from buildings.

Siemens is engaged in a major energy renovation project for a number of hospitals in Region Zealand, which include the hospitals in Købe, Roskilde, and Holbæk. The projects are carried out as common energy renovation projects, and based on experience from similar projects in Denmark, the hospitals may save 20-30% of the annual energy bill.



Siemens and the Capital Region of Denmark enter into an agreement on a BMS platform for building automation

Siemens has concluded a comprehensive BMS (Building Management System) contract with the Central Region of Denmark's Center for Ejendomme (center of properties), which includes Rigshospitalet and Rigshospitalet Glostrup. The new BMS platform collects all data to enhance and optimize operations via one aggregated user interface, which makes it easier to manage lighting, indoor climate, energy consumption, and fire protection. The new platform ensures uniform and more manageable operations, less waste of resources and not least provides the highest guarantee that undesired incidents are identified and aborted.

"Center for Ejendomme's vision is to consolidate our BMS systems across our hospitals. This is based on this vision that we have offered a new strategic platform to Rigshospitalets' properties. We look forward to combining many of our large facility systems on one user interface and thus be able to operate more efficiently and optimized," says John Mikkelsen, Center for Ejendomme's operations manager for Rigshospitalet's properties.

Photo: Rigshospitalet

Products and solutions for the electrical infrastructure

Siemens Smart Infrastructure also supplies products and digital solutions for the electrical infrastructure in society that manage, control, and protect the electricity supply according to the requirements of the individual customer segments – energy and utility companies, building owners and industrial companies, etc. The portfolio comprises components for solar cell systems and wind turbines, batteries for energy storage, microgrid technology, charging infrastructure for electric cars, electric buses, vans, etc., and products for controlling all types of machines and motors.

Energy and utility companies and large industrial and transport companies, and machine manufacturers are our primary customers with the wind turbine industry as an important customer segment, which is growing. Moreover, wholesalers are an important sales channel for low-voltage equipment and products for machine control and HVAC products.

It is important to protect critical infrastructure against cyber-attacks. At Siemens, the cyber security work starts on the very day when a new product is developed. Siemens also supplies equipment that can test appliances in the complete system landscape to detect weaknesses and thus reduce the risk of cyberattacks in, for instance, the energy supply.

In the coming years, large investments to expand the charging infrastructure and strengthen the electricity grid are expected to address the increasing electrification necessary to phase out fossil fuels. Siemens' charging point business is increasing, although from a modest level. Siemens has an agreement on the supply of Siemens charging points to APCOA's multi-story car parks, and in 2022, an agreement was, i.a., concluded with Bayern AutoGroup on the supply of rapid chargers.

Corporate social responsibility

Business model

Siemens A/S is organized into two business segments: Digital Industries and Smart Infrastructure, which market Siemens AG's products and solutions to private companies and public authorities in Denmark either directly or through distributors and agents.

The portfolio is very broad, spanning sale of individual components and products and software to large, complex projects in which engineering and project management are important elements of the total service delivery. The project business is primarily driven by Smart Infrastructure.

Risks and management system

It is important to handle risks related to large, complicated projects and construction projects as the results, to a high degree, depend on the ability to avoid incurring losses on projects. Therefore, Siemens still focuses on training and certifying project managers.

A large part of Siemens' business relates to the wind sector in the form of supply of components for the wind turbine industry. Consequently, declining activity in the wind sector will have an adverse effect on revenue.

The global concern in connection with Russia's invasion of Ukraine has caused increasing prices on energy and food-stuffs, a shortage of gas, and comprehensive sanctions against Russia. Together with the continued supply shortage caused by the COVID-19 lockdowns among others in China and the continued high inflation rate, this poses a high risk to the global economy with an increased risk of recession.

The war in Ukraine has also led to an increasing number of cyber-attacks in Europe, which poses a risk to society's vital infrastructure and the businesses. Due to the EU's sanctions against Russia and Belarus, Siemens has also increased its focus on export control.

The risks mentioned above also offer the potential to Siemens as the accelerated green transition, including investments in the energy infrastructure to reduce dependency on Russian gas, and the cyber threat increases the potential to Siemens as cybersecurity is incorporated in Siemens' products.

In addition to recession and large projects, the hacking of Siemens' systems, breach of the provisions of the Danish Competition Act, and supplier failures expose the business to risk. Siemens continuously focuses on minimizing risks, and

Siemens' management system is particularly designed to address these risks.

Siemens' management system is described in the following section, whereas the handling of financial risks, including currency, interest rate, and credit risks, is described in the Management's review. Risks regarding areas relating to Siemens' corporate social responsibility (CSR) are described in the section on social matters, environment and climate, and other social measures in the Management's review.

Management system

Siemens A/S has an integrated management system, which includes the quality of Siemens' supplies and the internal and external environment. The management system is certified following ISO 9001 (quality), ISO 14001 (environment), and ISO 45001 (work environment), verified by FORCE once a year to identify deviations and improvement initiatives. The management system is certified every third year, most recently in March 2022.

Siemens Business Conduct Guidelines (BCG) hold Siemens AG's general principles and rules as to how we wish to run our business with due respect to applicable legislation and international and generally recognized conventions regarding human rights protection, anti-corruption, etc. Once engaged, all employees must sign the BCG, which is explained to them in more detail during the introductory period. Furthermore, employees are offered courses on selected topics to ensure that they are up to date on statutory requirements and the Group's guidelines and standards of ethical conduct. In 2021/2022, a number of online courses were conducted in Business Conduct Guidelines focusing on the Danish Competition Act and export control. These compulsory courses had a participation rate close to 100%.

In addition to the courses, Siemens has set up a dialogue tool, Integrity Moments, which should help disseminate the compliance culture in the company. A similar dialogue tool, Sustainability Moments, was developed in 2022 to increase the knowledge of Siemens' sustainability strategy and the employees' engagement in various subjects such as energy savings, diversity, etc.

Compliance officers have been appointed to disseminate the compliance culture in the Company, and a whistleblower scheme has been established to allow employees and external parties to report irregularities anonymously. No irregularities were reported in Siemens A/S in the year under



review, and therefore, no particular initiatives are planned for the coming year.

Furthermore, Siemens has established a comprehensive system to handle risks by means of systematic controls that ensure that Siemens' internal rules are observed and that the financial statements give a true and fair view. RIC (risk and internal control) officers have been appointed to organize the extensive control effort. Export control is another important area, and EC (export control) officers have been appointed to ensure that Siemens observes the export control rules.

Given today's increasing digitalization, requirements as to protection against unauthorized intrusion into data and communication systems increase. Information security is a focal point for Siemens, and efforts are made to continuously improve preventive controls and to increase the ability to detect hacking attempts. In addition to technical solutions, it is essential that employees are constantly attentive to information security and personal data protection. Therefore, measures in the form of online training and courses are regularly completed. In 2021/2022, an online course on protecting personal data was conducted with a participation rate of 100%. Furthermore, a test of the employees' awareness of cyber attacks is regularly tested, e.g., in the form of phishing mails.

Siemens is aware of the risks associated with ESG (Environmental, Social, and Governance). To mitigate those risks at an early stage of the sales process, an ESG Radar has been incorporated in Siemens' sales system, which gives the individual sales representatives or account managers the possibility of marking relevant risks for which it may be necessary to prepare measures to reduce the risk in question. That way, it will be possible far sooner to assess potential business opportunities based on a risk assessment.

In the autumn of 2021, courses were completed for the sales organization in the new ESG Radar.

Sustainability and DEGREE

Sustainability is an integral part of Siemens' business, and with DEGREE, the Group has established a framework for follow-up on the goals laid down within six areas: Decarbonization, Ethics, Governance, Resource efficiency, Equity, and Employability. Based on this, we have adjusted our quarterly ESG reporting in Siemens A/S to reflect the Group's focus points.

Based on a so-called "double-materiality analysis," Siemens AG has laid down the most significant focus areas for the sustainability strategy and related them to the UN's 17 Sustainable Development Goals. Among the three most important areas are climate protection, sustainable product design based on circular principles, and social and ecological standards in the supply chain. Altogether, the Group has identified twelve important areas which will be addressed in the strategy. Several of them relate to governance and ethics.

Protection of human rights

The risk of carrying on business in Denmark concerning corruption and bribery and compliance with basic human and labor rights are limited as Denmark is listed as one of the least corrupt countries in the world on Transparency International's index year after year. At the same time, Siemens' internal control systems contribute to minimizing the risk of non-compliance with legislation, as described in detail above.

Courses will be carried out in 2022/2023 regarding the Danish Competition Act and the fight against corruption as part of the coming Integrity Moments. The focus areas include compliance risks in connection with new business models and partnerships and participation in trade associations.

Corporate social responsibility

Siemens' Business Conduct Guidelines contain the basic principles and rules on how Siemens' employees are expected to act towards each other, external business partners, and the general public. In addition to the requirement to comply with the applicable rule of law, the respect of people of various ethnic origin, culture, religion, sexual orientation, gender, etc., and managers' special responsibility to meet their organizational and supervisory duties are emphasized.

These principles imply that Siemens tolerates neither discrimination based on the differences mentioned above nor offensive behavior, sexual harassment, or other types of abuse. These principles are also reflected in Siemens' requirements to its suppliers. In 2020/2021, no complaints regarding sexual harassment or violence/bullying in the company were registered.

In the latest employee survey from May/June 2022, approximately 4% of the employees replied that they had felt left out within the past six months. According to a thorough analysis, there are more reasons for that. The results form part of follow-up procedures on the survey, which take place in all departments of the business, which prepare local action plans.

Supplier responsibility

Suppliers make up a significant part of the overall value chain, and Siemens considers it part of its responsibility to ensure that the Company's suppliers live up to high standards.

For purposes of elucidating Siemens' principles for good business conduct, the company has prepared a Code of Conduct for Siemens Suppliers to be observed by all the company's suppliers. Siemens' Code of Conduct for Siemens Suppliers is based on the UN's Global Compact, which lays down principles regarding the areas of protection of human rights, freedom of association, abolition of child labor and discrimination, protection of the environment, and anti-corruption.

When entering into particularly close business relations with Siemens, enterprises are furthermore subjected to a compliance due diligence process.

Siemens AG is the principal single supplier concerning Siemens A/S. To ensure that the Company's third-party suppliers observe all applicable guidelines, significant suppliers are subjected to an annual quality, supply security, environmental management, and working environment. This check contributes to reducing the risk of supplier failure and supply chain compliance issues. In the future, the supplier's efforts to reduce CO₂ emissions will make up another parameter.

Customer satisfaction

Customer satisfaction is measured once a year by means of the internationally recognized Net Promoter Score (NPS), which assesses to which extent customers would recommend Siemens to other parties. Based on the survey results, customers are contacted where necessary, and measures are taken to improve services and performance in areas pinpointed by our customers.

The most recent survey was carried out in the spring of 2022. As shown in the table below, the average score saw a modest decline. This is partly attributable to the considerable supply challenges, which characterized the latest financial year.

Development in the customers' evaluation of Siemens

Customer satisfaction (APS)

	2021/2022	2020/2021	2019/2020
Customers' evaluation of Siemens (average on a scale from 1 to 10) ¹⁾	8.18	8.35	Not completed

¹⁾ The question asked was: "How likely is it that you would recommend Siemens to a colleague or a business partner?" The figures show the average score (APS) and not the net score, as the average is less sensitive to fluctuations in case of minor data volumes.

In addition to the annual survey, a few of Siemens' business segments regularly measure the level of customer satisfaction in connection with projects, service supplies, and support.

Due to the COVID-19 pandemic, no NPS survey was conducted in 2019/2020.

Social matters

Employees

One of Siemens' key assets is its skilled, creative, and highly committed employees. Activities to support employees' skills and commitment are therefore prioritized, and measures are implemented on a current basis to improve employees' health and job satisfaction and their professional and personal development.

Therefore, Siemens has implemented a number of policies to support these measures, including a sickness absence policy, a senior employees' policy, a recruitment and diversity policy, and a policy against harassment, violence and bullying (including anti-discrimination, etc.). Moreover, Siemens has a well-functioning working environment organization, which in cooperation with Management monitors developments and initiates initiatives.

In terms of wages and salaries, Siemens offers equal pay for equal work based on qualifications and experience.

Siemens' premises primarily comprise office spaces and a few test facilities. In addition, there are activities at client sites in connection with commissioning and assembly, and service, including transport.

Employee satisfaction is measured twice a year as part of the Siemens Group's global employee survey. In 2021/22, one survey was conducted in December 2021 and one in May/June 2022. The average commitment score of the two surveys is 82.5%, which, however, is a positive development as the score increased from 80% in December to 85% in May/June. Thereby, the targeted score of 85% was obtained in the most recent survey. However, the response rate decreased from 81.5% in the previous survey to 63% in the latest survey, indicating some sort of fatigue among the employees due to the number of surveys.

The results of the surveys were discussed in the Cooperation Committee (Samarbejdsudvalget) and with the employees in the individual departments where local measures are taken when relevant. The efficiency in the working processes is a general area of improvement, and more of the central support functions have had shortage of resources due to resignations. Measures have been taken to counter the problems, i.e., by hiring more employees.

Employee commitment

	2021/2022	2020/2021	2019/2020
Overall commitment score in percent ¹⁾	83%	79%	77%

¹⁾ The commitment score is based on the answers to the statement: "I will recommend Siemens to a friend as a good place to work." Share scoring 7 or higher on a 1-10 scale (average of surveys conducted in the year).

Female executives – statement regarding section 99b of the Danish Financial Statements Act

Diversity among employees is a matter of great importance in the workplace.

Siemens strives to promote diversity in the Company as it should reflect the local communities. Moreover, diversity is considered a valuable source of innovation and development, and similarly, lack of diversity thus poses a risk of stagnation.

On this basis, and by reference to Act no. 1383 regarding goals and policies for the underrepresented gender, the Supervisory Board of Siemens A/S has set the goal that the share of women appointed by the general meeting should be 20% in 2020. As the Supervisory Board counted one female member appointed by the Company in a general meeting on 30 September 2022, corresponding to a share of 33%, the goal has been met. As long as the number of board members appointed by the Company in general meeting is three, the share of 33% female members remains the goal.

The two employee representatives on the Board are both men.

The executive board of Siemens A/S has furthermore set a goal according to which the share of female executives should correspond to the share of female employees in the Company in the long term.

After a period where the number of female executives has decreased, the trend has reversed, and in 2021/2022, Siemens saw an increase in the share of female executives from 8% to 13%, corresponding to 9 out of 67 executives. Thereby, our target has almost been fulfilled that the share of female executives should correspond to the share of female employees, which was 14% on 30 September 2022.

Female executives

	2021/2022	2020/2021	2019/2020
No. of women in executive positions ¹⁾	13%	8%	10%

¹⁾ Comprises the total share of women with management responsibilities.

Corporate social responsibility

In 2020, the executive board sat up a diversity council with male and female executive members from various parts of the business, who provide advice to Management and prepare action plans for purposes of promoting increased gender parity. The focus areas are, among others, the recruitment process, management, and carrier paths.

Based on recommendations from the work group, considerable efforts are made in the recruitment process to increase awareness of female candidates and to mitigate potential bias by the recruiting manager in the selection process. Among other things, this takes place when preparing for new recruitments, where the recruiting manager receives material, including videos, which focus on potential bias in the employment process. In the coming years, focus on the wording of the job advertisements will also be intensified to ensure that it to a higher extent is directed to female applicants.

Working environment

Siemens targets high standards for the company's safety and health efforts to facilitate an attractive working life and ensure quality and efficiency in the design of solutions.

Siemens targets to reduce the number of work accidents and disease cases to a realistic minimum – beyond current workplace requirements. Siemens encourages its cooperation partners to share this ambition and works with both customers and suppliers to implement ongoing improvements.

Security and health are an integral part of the entity and the daily work. It is therefore important that all employees are allowed to work in a safe environment by providing safe processes and a high educational standard and that a working environment organization that matches the Company's objective has been established. As part of this effort, a nationwide occupational health and safety day was arranged for all company work environment representatives.

As part of the ISO 45001 certification, analyzes are regularly performed of the physical and mental working environment (workplace assessments). The mental working environment is examined as part of the global employee survey, whereas the physical working environment is evaluated separately in a dialogue-based process in the individual departments. The next physical workplace assessment will be performed in November /December 2022.

The number of accidents with absence exceeding one day increased in 2021/2022 and now exceeds the goal set of a

maximum of three accidents per million working hours. No specific pattern was identified based on an analysis performed of the accidents, and therefore, no specific measures have been agreed upon for the area.

The sickness absence statistics also show a slight increase compared to 2020/2021. The sickness absence is thus back to the 2019 level, i.e., before the corona pandemic. This indicates that the increase in sickness absence relates to the abolition of COVID-19 restrictions, which implied increased social activity and presence at work, which, all things being equal, increases the risk of having a cold or being stricken with influenza.

Stress is one of the most significant risk factors, and we continuously focus on this area, where both managers and employees are offered training on how to prevent and handle stress in the workplace. Therefore, this is an important element in Siemens' pension plan with PFA, which was strengthened in connection with the renegotiation of the agreement in 2022.

Concerning workplaces outside Siemens, safety is a significant focus area, and we have implemented "safety walk and talk," which means that managers regularly pay inspection visits and discuss safety precautions with employees.

In general, sickness absence and the number of industrial accidents is low, which indicates that the efforts made to increase safety and health in the workplace are effective.

Accidents and sickness absence

	2021/2022	2020/2021	2019/2020
No. of accidents with absence per million working hours ¹⁾	5.8	2.0	1.6
Sickness absence as a percentage ²⁾	2.1%	1.7%	1.6%
¹⁾ No. of accidents with absence exceeding one day measured by reference to the total number of prescribed working hours.			
²⁾ No. of hours absent owing to own or child's illness as a percentage of the total number of prescribed working hours.			

Health

Job satisfaction and health are top priorities at Siemens. This is, e.g. demonstrated in the canteens, which are committed to making healthy food. In addition, all employees have access to free fruit, and at the largest location in Ballerup, they have their own fitness center.

All employees are covered by a mandatory insurance program in case of critical illness and a general health insurance program.

Furthermore, all salaried employees are covered by schemes under which they can be treated for work-related muscle and joint injury by a chiropractor, physiotherapist, reflexologist, or masseur. Moreover, employees can book a health check through the scheme, and it is possible to get vaccinated against the flu at the Company's expense. In connection with the renegotiation of the agreement with PFA, free online medical care was introduced, and the health insurance and insurance on critical illness were improved.

The sports club Siemens@ctive provides employees with various health activities such as running, cycling, fitness, and yoga. In addition, Siemens usually has several teams participating in the annual DHL relay races in Copenhagen and Aarhus, which were resumed in 2021 after being canceled in 2020 due to the COVID-19 pandemic.

Again this year, it was furthermore decided to offer all employees influenza vaccine free of charge.

Competence development

Striving to be an attractive workplace, Siemens prioritizes ongoing training of its employees. Staff development "growth mindset" and the employees' possibility of making decisions "empowered people" – are therefore important elements in the Group's strategy, where they account for two out of four strategic pillars.

Employee development is supported by regular conversations between employees and managers. These Growth Talks are a structured and regular dialogue between managers and employees focusing on obtaining results, development, feedback, and learning, where it is possible to give and receive feedback, agree on tasks and expectations, and discuss the need for personal development, training, etc.

The scope of online training is one of the KPIs in the Group's sustainability strategy, which is also incorporated in the company's regular ESG reporting. The number of training hours increased to 7.8 hours per employee in 2021/22, which is, however, somewhat below group level.

Siemens has its own project manager training program, designed to ensure a high quality of the Company's projects and thereby minimize the risk of loss. All projects generating revenue in excess of EUR 2.5 million must therefore be manned by a certified project manager, and project managers are continuously being trained and certified to ensure that the necessary resources and skills are available at all times to handle the various project categories.

In 2021/2022, Siemens trained two more commercial project managers and thus has more than ten certified project managers and eight commercial project managers on 30 September 2022. All of them are in the Smart Infrastructure.

Measures planned for the coming business year

As the regular surveys of the development in the employees' workplace satisfaction, including the various accident statistics, etc., show a satisfactory level, no extraordinary initiatives are planned.

The global employee survey is conducted in November 2022 and in April 2023, and in November, the physical employee workplace assessment is conducted, and in 2023, the annual occupational health and safety day will take place. Additional health measures are considered together with PFA.

Strengthening diversity will continue to be a focal point too. Diversity is one of the subjects in the new measure, Sustainability Moments, which in addition to gender, also addresses the composition of the employees regarding, e.g., age and ethnicity.

In the Nordics, a project has been started to support the efforts concerning the workplace of the future, diversity, change, and development, and recruitment and carrier development. The initiative started in September 2022 under the common designation #NorthStar.

Corporate social responsibility

Environment and climate

Siemens' vision in the environmental area is to be a green company with targeted efforts to protect the environment that includes environmental considerations in its decision-making. Certified according to ISO 14001, Siemens A/S has thus laid down general environmental impact reduction goals. Key parameters in this connection are consumption of electricity, heating, and water, CO₂ emissions from company cars, and waste volumes where specific targets have been set.

The development in consumption and emissions is included in the quarterly ESG report to assess the possibility of reducing the environmental impact to the widest extent possible.

The environmental risks associated with Siemens' activities in Denmark are relatively small, as Siemens does not have production facilities and thus only handles environmentally hazardous waste to a limited extent.

Siemens' headquarters at Borupvang 9 in Ballerup is certified following the so-called LEED Gold standard (Leadership in Energy and Environmental Design), which ensures optimum energy utilization and a sound indoor climate.

The trend in the financial ratios of the building.

Waste and consumption of electricity, water, and heating ¹⁾

	2021/2022	2020/2021	2019/2020
Total volume of waste in tons ²⁾	80.8	79.1	n/a
– share to be recycled as a percentage (target: 60%)	63%	61%	n/a
Consumption of electricity in kWh per m ² (target maximum: 84 kWh/m ²)	76.0	69.2	73.6
Consumption of heating in kWh per m ² (target maximum: 80 kWh/m ²)	21.1	54.2	33.1
Consumption of water in liters per m ² (target: -5% per year)	260.9	246.6	293.5

¹⁾ Includes the address Borupvang 9 in Ballerup. Consumption data is read on the main meter by ISS and reported each month. The volume of waste is reported in fractions by Marius Pedersen following the codes in the European Waste Catalogue (Det Europæiske Affaldskatalog (EAK)).

²⁾ The overview is changed, and only Siemens A/S' share is included in the total volume of waste.

The total volume of waste showed a slight increase in 2021/2022, and the share that is recycled increased further to 63%.

The consumption of electricity increased by almost 10%, and the water consumption increased by approximately 6%, which is probably attributable to the fact that more employees were at the offices after the COVID-19 pandemic.

The figures in 2020/2021 are affected by the comprehensive lock-down, which took place from November 2020 to March/April 2021. The consumption of heating, however, decreased by 61%, which relates to the close-down of the heat exchanger to minimize the risk of spread in the house in 2020/2021. The consumption is still significantly below the fixed maximum value.

Through Vattenfall, Siemens identifies its annual electricity consumption with certificates, which guarantee that the volume of electricity corresponding to Siemens' electricity consumption is produced by wind farms. By purchasing certificates, Siemens ensures that the Company contributes to more sustainable energy production in Denmark based on renewable energy.

Our company cars are a significant source of CO₂ emissions, and as part of the goal to become carbon-neutral, Siemens aims to reduce emissions from company cars significantly. As of 1 January 2022, it has therefore only been possible to acquire electric or plug-in hybrid passenger cars as a company car, and as of 1 January 2026, it will only be allowed to acquire electric cars so that the fleet will be CO₂ neutral in 2030. Vehicles with special driving requirements, for which there is not yet a sufficient selection of electrical car models, are exempted.

The trend in CO₂ emissions from the company cars

CO₂ emissions from company cars ¹⁾

	2021/2022	2020/2021	2019/2020
Emission from vehicles with white license plates, excluding plug-in hybrid vehicles (g/km) ²⁾	166.7 (163.3)	166.8 (165.6)	168.0 (167.2)
Emission from plug-in hybrid vehicles (g/km)	147.2	122.8	149.5
Number of electricity cars broken down on electricity/plug-in hybrid vehicles	15/33	4/12	1/5

¹⁾ The survey shows emissions from the total portfolio of company cars with white license plates in the respective financial years. The actual CO₂ emission is based on a conversion factor for petrol of 2,400 grams of CO₂ per liter and for diesel 2,700 grams of CO₂ per liter.

²⁾ The survey has been changed in 2021/22 as the standard for the vehicles has been excluded as a basis of comparison due to the considerable deviation between the factory-specific standard and the actual driving. In stead, the survey is divided into fossil fuel vehicles with white license plates and plug-in hybrid vehicles. The parenthesis shows the average emission for vehicles with white license plates in total.

The actual average CO₂ emission from vehicles with white license plates is stagnant and is approximately 167 g/km.

The number of electric and plug-in hybrid vehicles increased significantly from 6 in 2019/2020 to 48 in 2021/2022, corresponding to approximately 30% of our passenger cars. Although the CO₂ emission from plug-in hybrid vehicles is

lower per kilometer than in fossil fuel vehicles, the emission is, however, 4-5 times higher than according to the factory-specific standard. Plug-in hybrid vehicles are thus to be considered a temporary solution before a 100% electrical car fleet is reached.

Overall, the vehicles with white license plates emitted 796 tonnes of CO₂ in 2021/2022, which is an increase of 3% compared to the previous year. In addition, service trucks emitted 500 tonnes of CO₂, which is a decrease of 9% compared to last year.

In continuation of the new car policy, more charging points were installed at Siemens' addresses in 2021/22 to meet the increasing charging need.

Measures planned for the coming business year

The average CO₂ emission from plug-in hybrid vehicles is monitored on an ongoing basis to assess the need for adjusting our car policy.

The consumption of electricity, heating, and water in the buildings and the volume of waste is continuously monitored to assess any need for additional measures.

Considering the current energy crisis, the temperature at the head office in Ballerup has been lowered to the level recommended by the Danish Energy Agency (19-20 degrees), and measures have been taken to reduce energy consumption in the building.

Corporate social responsibility

Other social measures

Siemens' strategy is based on a general understanding of the Company's role in society that entails that the Company must create value – not only for shareholders but for the societies in which the Company operates. The Company's activities must serve a purpose that involves more than just making money but also contributes to solving some of society's significant challenges, e.g., global warming.

Siemens takes an active part in its communities, both nationally and locally, by contributing to its local communities. The support for activities in the local communities primarily relates to education, where Siemens want to contribute to increasing the interest in science and technology for both genders. Social matters are also supported with an annual donation to the Christmas Seal Fund.

Siemens Fonden

The Siemens Fonden was established in 1964 to support research and educational projects primarily within the technical-scientific area, and the Foundation receives an annual payment from Siemens. In the financial year 2021/2022, the Foundation donated DKK 307,125 for seven study projects, each receiving between DKK 15,000 and DKK 35,000, and a number of activities whose purpose is to increase the interest in technology. The donations for the study projects help ensure that the students have access to the materials and equipment necessary to perform their analyzes and test new solutions.

Sponsorships

Siemens is co-sponsor of the Danish Association of Engineers "Engineer the Future" campaign, aiming to attract more young people to the engineering profession. Siemens also supports IDA's Girls' Day in Science initiative, which aims to attract more women to the technological study programs within the STEM areas (Science, Technology, Engineering, Mathematics). As part of our support, an annual workshop is held at Siemens where a number of girls from public schools in the municipality of Ballerup participate in an interesting day with a focus on technology, which among other things, implies the programming of a Raspberry Pi. Thereby, they experience a bit of what Siemens' female technical staff work with on a daily basis.

Siemens is also one of the permanent sponsors of the annual RoboCup competition at DTU, where students build self-driving robots that race down an obstacle course.



Charity

Siemens has for many years chosen not to give customers and business partners Christmas presents. Instead, the Company donates an annual amount or a product to charity.

In recent years, Siemens has chosen to support the Christmas Seal Fund (Julemærkefonden) by donating an annual amount. The first Christmas seal was issued in 1904, and the funds raised from the first years were used to build the Christmas Seal Sanatorium in Kolding. Today, the Christmas Seal Fund operates five Christmas seal homes offering children aged 7-14 10-week stays to help them fight loneliness, social isolation, low self-esteem, bullying, and being overweight.

In addition to the company donation, employees can choose to donate the value of their company Christmas gift to the Christmas Seal Fund. In 2021/2022, an additional donation of 32,000 was given.



Siemens Fonden provided grants to seven study projects in 2022

Maddalena Genzini (to the right) from the Niels Bohr Institute received DKK 30,000 for a project on light frequencies to code and transmit information which, i.a., can be used for telecommunications.

Photo: Sine Fiig

Educational cooperation with the municipality of Ballerup

In 2021, Siemens resumed the adoption class scheme in cooperation with the municipality of Ballerup with a 7th grade school class from Skovvejens Skole. The class visited the company and, i.a. saw the workshop where operational preparations are made on Siemens' Vectron locomotives at DSB.

However, based on more detailed evaluations, it has been assessed that the class is not ready to continue the program, and it has therefore been decided that the program will continue in 2022/2023 with a new class from the municipality of Ballerup.

In 2021/2022, Siemens has supported other education initiatives in the municipality of Ballerup, such as the establishment of master classes in German and participation in project Edison. Moreover, Siemens sponsored the annual celebration of H.C. Ørsted's birthday at the Ørsted gymnasiums in Ballerup, Frederiksberg, and Lyngby, where an assignment was given to the students within the subject "How do we

change everyday life and create a sustainable future in our buildings and in our cities."

Measures planned for the coming business year

Cooperation with Julemærkefonden, Engineer the Future, Municipality of Ballerup, and more will continue in 2022/2023.

Policy for data ethics

Statement regarding section 99b of the Danish Financial Statements Act

The requirement of ethical correct behavior is rooted in the Siemens AG Group's business principles laid down in Siemens' Business Conduct Guidelines, and ethics are also one of the six elements of the Group's general framework for sustainable development (see the DEGREE concept).

Siemens A/S' handling of data, including personal data, is subject to the same basic ethical principles that apply to the company's operations and which, among others, mean that we behave, we respect each other, and we inspire confidence and fight all forms of discrimination may it relate to gender, age, ethnicity, sexual orientation, etc.

The guidelines are described in Siemens A/S' policy for data ethics dated 11 November 2022. The policy is revised once a year.

Siemens A/S uses various types of data for various purposes:

- Data on customers and suppliers (business transactions) are used to ensure business operations, improve customer solutions and support, document order and agreements, etc.
- Marketing data collected via our web page is used to target our communication with customers and potential customers, i.e., as part of marketing campaigns, etc.
- Personal data is used as a basis for management decisions, including developing our staff benefits.

The below principles apply to the processing of personal data:

- Siemens A/S' use of data must respect the legitimate interests of the individuals and groups to which the data relates and must always have a legitimate and predetermined purpose.
- Siemens A/S' use of data must respect the principle of justice and human dignity and must not be used for purposes of discriminating individuals or groups.
- Siemens A/S collects and processes personal data with the confidentiality required and only if the data is protected against loss, changes, and unauthorized use or publication by means of relevant technical and organizational solutions.
- Siemens A/S ensures complete candor on data collection, including the specific purpose of the data and collects only the necessary data for realizing the purposes based on which data is collected.
- Siemens A/S is responsible for the data collected and the use thereof. We will immediately inform the managers responsible for data protection in our Company of potential violations of the rules on the processing of personal data.

Siemens AG's My Learning World portal offers several courses in data ethics and data security.

The new policy for data ethics will be rolled out in the course of 2022/2023.



Financial statements

– Siemens A/S



Income statement

Financial statements 1 October – 30 September

DKK'000	Note	2021/2022	2020/2021
Revenue	3	2,097,771	1,876,343
Production costs		-1,765,011	-1,558,534
Gross profit/loss		332,760	317,809
Selling costs		-261,349	-261,046
Administrative expenses		-24,468	-22,623
Profit before other operating income		46,943	34,140
Other operating expenses	4	0	-46
Other operating income	5	32,269	28,423
Profit/loss before net financials		79,212	62,517
Financial income	6	167	2
Financial expenses	7	-956	-1,190
Profit from ordinary activities		78,423	61,329
Tax on profit from ordinary activities	8	-19,859	-15,621
Profit/loss for the year		58,564	45,708

Balance sheet

Financial statements 1 October – 30 September			
DKK'000	Note	2021/2022	2020/2021
Assets			
Non-current assets			
Intangible assets	9		
Goodwill		240	320
Total intangible assets		240	320
Property, plant, and equipment	10		
Land and buildings		2,182	3,379
Leasehold improvements		9,559	10,142
Plant and machinery		1,895	2,830
Total property, plant, and equipment		13,636	16,351
Total non-current assets		13,876	16,671
Current assets			
Inventories		25,922	21,356
Receivables			
Trade receivables		461,429	369,966
Receivables from group entities		1,345	0
Joint taxation contribution receivable	11	13,235	0
Construction contracts, net	12	59,846	62,155
Deferred tax asset	13	7,322	10,105
Corporation tax receivable		0	84,145
Other receivables		11,262	9,885
Prepayments	14	6,776	4,769
Total receivables		561,215	541,025
Cash		20	0
Total current assets		587,157	562,381
Total assets		601,033	579,052

Financial statements 1 October – 30 September

DKK'000	Note	2021/2022	2020/2021
Equity and liabilities			
Equity			
Share capital		151,000	151,000
Retained earnings		28,222	27,658
Proposed dividend		58,000	45,000
Total equity		237,222	223,658
Provisions			
Warranty commitments	15	37,862	35,610
Other provisions	16	16,673	17,280
Total provisions		54,535	52,890
Liabilities other than provisions			
Current liabilities other than provisions			
Prepayments received from customers		57,164	20,546
Trade payables		65,002	71,379
Payables to group entities		9,866	35
Financial debt to group entities		19,943	19,244
Corporation tax payable		25,261	0
Joint taxation contribution payable	11	0	21,799
Other payables		126,190	138,550
Prepayments	17	5,850	30,951
Total current liabilities other than provisions		309,276	302,504
Total liabilities		309,276	302,504
Total equity and liabilities		601,033	579,052
Events after the balance sheet date	2		
Contingent liabilities	18		
Staff costs	21		
Fees paid to auditor appointed at the annual general meeting	22		
Distribution of profit/loss	23		
Use of derivative financial instruments	24		
Related parties and related party transactions.	25		
Pending legal actions	26		

Statement of changes in equity

Financial statements 1 October – 30 September

DKK'000	Share capital	Transferred profit	Proposed dividend	Total
Equity on 30/09/2020	151,000	26,950	107,552	285,502
Distributed dividend	0	0	-107,552	-107,552
Profit/loss for the year	0	708	45,000	45,708
Equity on 30/09/2021	151,000	27,658	45,000	223,658
Distributed dividend	0	0	-45,000	-45,000
Profit/loss for the year	0	564	58,000	58,564
Equity on 30/09/2022	151,000	28,222	58,000	237,222

The share capital consists of 1,510,000 shares of DKK 100 each. The share capital has not changed in the past five years.

Statement of Cash Flows

Financial statements 1 October – 30 September

DKK'000	Note	2021/2022	2020/2021
Revenue		2,097,771	1,876,343
Costs and other operating income		-2,018,559	-1,813,826
Adjustments	19	8,339	10,519
Cash generated from operating activities before changes in working capital		87,551	73,036
Changes in working capital	20	-95,838	-93,672
Financial income and expenses, net		-789	-1,188
Corporation tax paid and prior-year adjustments		57,296	-77,591
Cash flows from operating activities		48,220	-99,415
Acquisition of property, plant, and equipment		-3,899	-4,068
Disposal of property, plant, and equipment		0	46
Cash flows from investing activities		-3,899	-4,022
Changes in financial liabilities to group entities		699	210,989
Distributed dividends		-45,000	-107,552
Cash flows from financing activities		-44,301	103,437
Cash flows from operating, investing, and financing activities for the year		20	0
Cash and cash equivalents on 1 October		0	0
Cash and cash equivalents on 30 September		20	0

The cash flow statement cannot be directly derived from the other components of the financial statements.

Notes

Financial statements 1 October – 30 September

1 – Accounting policies

The financial statement of Siemens A/S has been prepared following the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The Company no longer holds equity investments and thus does not prepare consolidated financial statements. The ultimate owner, Siemens AG, prepares consolidated financial statements.

The accounting policies used in preparing the financial statements are consistent with those of last year.

The financial statements are presented in Danish kroner (DKK).

Recognition and measurement

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow from the Company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured on cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortized cost using the effective interest method. Amortized cost is made up as the original cost less installments, if any, plus or minus the accumulated amortization of the difference between the cost and the nominal amount.

In recognizing and measuring assets and liabilities, any gains, losses, and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account. Income is recognized in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortized cost.

Equally, costs incurred to generate the year's earnings are recognized, including depreciation, amortization, impairment losses, and provisions and reversals as a result of changes in accounting estimates of amounts that were previously recognized in the income statement.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the date of the transaction.

Receivables and payables denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses on projects are recognized in the income statement under cost of sales and financial income and expenses relating to foreign currency loans, respectively. However, exchange gains and losses related to hedging transactions where the hedged item is not included in the balance sheet are measured in the balance sheet as cut-off items once the hedged item is realized.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognized in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables or other payables.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of the fair value of a recognized asset or liability are recognized in the income statement together with value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognized in other receivables or other payables and in equity. If the hedged forecast transaction results in recognition of assets or liabilities, amounts previously recognized in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognized in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognized in the income statement on an ongoing basis.

Financial statements 1 October – 30 September

Income statement

Revenue

The Company's revenue comprises the sale of goods for resale and finished goods, construction contracts, service contracts, and the sale of software licenses.

When entering into customer contracts, it is assessed whether each individual contract meets IFRS 15's five steps for assessment of:

1. Identification of a customer contract.
2. Identification of performance obligations.
3. Determination of the transaction price.
4. Allocation of the transaction price to identified performance obligations.
5. Recognition of revenue when performance obligations have been met.

The Company's customer contracts are divided into individually identifiable performance obligations, which are recognized and measured separately at fair value. If a sales agreement comprises several performance obligations, the total transaction price of the sales agreement is allocated proportionately to the individual performance obligations of the agreement.

Revenue is recognized when the customer has obtained control over the individual identifiable performance obligation.

The recognized revenue is measured at the fair value of the agreed consideration, excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognized in revenue. The fair value corresponds to the agreed price discounted at the present value where payment terms exceed 12 months.

The part of the total remuneration that is variable, for example, in the form of discounts, bonus payments, penalty payments, etc., is only recognized in revenue when it is reasonably certain that no subsequent reimbursement thereof will occur, for example, due to lack of fulfillment.

When selling commercial and finished goods, revenue is recognized when the customer controls the product. Even though a sales agreement regarding the sale of finished goods and goods for resale often contains several performance obligations, they are treated as one performance obligation as control is typically transferred simultaneously.

Construction contracts are recognized over time as the work is carried out, either on the customer's property or the project is so adapted to the customer's specific needs that it cannot be put into operation by others without relatively high costs, while the customer is obliged to settle the amount inclusive of a fair profit for the work performed.

Recognition is based on input-based inventories based on actual consumed costs according to total projected costs, and this is considered to be the best method to reflect the ongoing transfer of control.

When income and costs of a construction contract cannot be estimated reliably, revenue is recognized solely at the costs incurred in so far as it is considered likely that the costs will be recovered.

Revenue from service contracts where control is transferred on an ongoing basis is accrued and recognized in the period to which it relates. Prepaid service contracts are recognized as contract liabilities.

Revenue from the sale of software licenses is recognized over time if the customer is granted a right to use the license (right of access). If the customer obtains ownership (right of use) over a license, the revenue is recognized at the time of delivery.

Production costs

Production costs comprise costs, including depreciation and amortization, and salaries incurred in generating revenue for the year.

Selling costs

Costs incurred in selling goods sold during the year and in conducting sales campaigns, etc., during the year are recognized as sales costs. Also, costs relating to sales staff, advertising, exhibitions, and depreciation are recognized as distribution costs.

Administrative expenses

Administrative expenses comprise expenses paid in the year to manage and administer the Company, including expenses related to administrative staff, office expenses, amortization, and depreciation.

Other operating income

Other operating income comprises items of a secondary nature relative to the Company's primary objective, including net income from property leasing and gains on the sale of fixed assets and activities.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's main objectives, including losses on the sale of fixed assets and activities.

Notes

Financial statements 1 October – 30 September

Financial income and expenses

Financial income and expenses comprise interest income and expenses, capital gains and losses, foreign-currency payables and transactions, amortization of financial assets and liabilities and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax for the year

The Company is subject to the Danish rules on joint taxation of the Siemens Group's Danish activities.

The Company is the administration company concerning the joint taxation arrangement and accordingly settles all corporation taxes to the tax authorities.

The current Danish corporation tax is allocated by settling the joint taxation contributions between the jointly taxed entities in proportion to their taxable income. Loss-making entities receive joint taxation contributions from entities that have been able to apply the loss to reduce their own taxable income.

Tax for the year comprises current corporation tax, joint taxation contribution, and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to amounts recognized directly in equity is recognized directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is measured at the lower of cost, less accumulated amortization, and the recoverable amount.

Goodwill is amortized over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. The maximum depreciation period is 15 years, the longest for strategically acquired entities with strong market positions and long-term earnings profiles.

The carrying amount of goodwill is tested for impairment, and any impairment losses are taken to the income statement in cases where the carrying amount exceeds the expected future net income from the business or the activity to which the goodwill relates.

The accounting treatment of disposal of activities or entities to which goodwill is related is described under 'Consolidation.'

Property, plant, and equipment

Land and buildings, leasehold improvements, plant and machinery, and plant under construction are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages.

Borrowing costs are not recognized in the cost.

Depreciation is provided on a straight-line basis over the expected useful life of the assets. The depreciation periods are:

Buildings	25-50 years
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Leasehold improvements	Lease term
------------------------	------------

Fixtures and fittings, tools and equipment	3-10 years
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Depreciation is based on the residual value of the asset after the end of the useful life and is reduced by impairment losses if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognized prospectively as a change in accounting estimates.

Depreciation is recognized in the income statement as "Production costs," "Distribution costs," and "Administrative expenses," respectively.

Gains and losses on the disposal of property, plant, and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

The gains or losses are recognized in the income statement as other operating income or other operating costs.

Leases

Leases concerning which the lessor bears all significant risks and enjoys all significant benefits associated with the title to such equipment are classified as operating leases. Payments under operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

The Company's total liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Financial statements 1 October – 30 September

Impairment of assets

The carrying amount of intangible assets, property, plant, and equipment in subsidiaries and associates is tested annually for indication of impairment other than the decrease in value reflected by amortization/depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is an indication of impairment. Write-down is made to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognized impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost based on a weighted average. Where the net realizable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realizable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence, and developments in the expected selling price.

Receivables

Receivables are measured at amortized cost. Write-down is made for expected losses.

Construction contracts

Major construction contracts are measured at the market value by reference to the stage of completion. The market value is measured according to the stage of completion at the balance sheet date and the expected aggregate income from the individual construction contracts.

Other construction contracts are measured at cost, including materials, wages/salaries, and indirect production overheads.

Each construction contract is recognized in the balance sheet under 'Receivables' or 'Payables,' depending on whether the net value of the order less amounts invoiced on account and prepayments is positive or negative.

When it is probable that the total contract costs will exceed the total contract revenue, a provision is made for the anticipated loss on the contract. The provision is expensed under production costs.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Proposed dividends which are expected to be paid for the year are recognized as a liability at the date when they are adopted and are presented as a separate line item in equity.

Provisions

Provisions comprise anticipated costs related to warranties, losses on construction contracts, restructurings, etc. Provisions are recognized when, as a result of past events, the Group has a legal or constructive obligation, and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranty commitments include expenses for remedial action concerning the contract work within the warranty period of 0-5 years. Provisions for warranty commitments are measured and recognized based on experience gained from guarantee work.

Notes

Financial statements 1 October – 30 September

Corporation tax and deferred tax

The Company and all its Danish group entities are jointly taxed.

Current tax payables and receivables are recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income, and tax paid on account.

Joint taxation contributions payable and receivable are recognized in the statement of financial position under "Balances with group entities."

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is not deductible for tax purposes, and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized at the expected value of their utilization, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallize as the current tax. Changes in deferred tax due to changes in tax rates are recognized in the income statement.

Liabilities other than provisions

Financial liabilities are recognized at the date of borrowing at the proceeds received less transaction costs paid. On subsequent recognition, the financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Financial liabilities also include the capitalized residual lease commitment concerning finance leases. Other liabilities are measured at amortized cost.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Statement of Cash Flows

The cash flow statement shows the Company's net cash flow for the year, broken down by operating, investing, and financing activities, and the Company's cash and cash equivalents at the beginning and the end of the year. The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are presented using the indirect method and are made up of the net profit or loss for the year, less operating expenses and adjusted for non-cash operating items, changes in working capital, paid net financials, and extraordinary items and paid corporation taxes.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities, property, plant, and equipment, receivables from group entities, and securities related to investing activities.

Cash flows from financing activities

Cash flows from financing activities comprise payments derived from changes in the size or composition of the company's share capital, dividend distributed, payables to group entities, and the raising and repayment of mortgage debt, other long-term liabilities, and short-term bank debt.

Cash

Cash comprises cash and short-term marketable securities with a term of less than three months that are subject to only minor risks of changes in value.

Financial statements 1 October – 30 September

2 – Events after the balance sheet date

Siemens A/S is planning to carve out part of the activities in Digital Industries effective from the fiscal year 2023/2024.

DKK'000	2021/2022	2020/2021
3 – Revenue		
<i>Geographic split</i>		
Sale of goods, national	1,806,727	1,630,200
Sale of goods, international	291,044	246,143
Total revenue	2,097,771	1,876,343
<i>Segment information</i>		
Digital Industries	1,197,118	927,740
Smart Infrastructure	900,653	948,603
Total revenue	2,097,771	1,876,343
4 – Other operating expenses		
Loss on disposal of fixed assets	0	46
Total other operating expenses	0	46
5 – Other operating income		
Rental income	32,269	28,423
Total other operating income	32,269	28,423
6 – Financial income		
Interest receivable, other group entities	0	2
Other interest income	167	0
Total financial income	167	2
7 – Financial expenses		
Interest payable, other group entities	422	596
Guarantee commission	465	386
Other interest expenses and warranty commitments	69	208
Total financial expenses	956	1,190
8 – Tax on profit/loss from ordinary activities		
Tax for the year	19,859	15,621
<i>Specified as follows:</i>		
Tax on the taxable income for the year	15,682	21,741
Prior year adjustment	-245	415
Adjustment of deferred tax	4,422	-6,535
Total tax for the year	19,859	15,621

Notes

Financial statements 1 October – 30 September

DKK'000	Goodwill
9 – Intangible assets	
Cost on 1 October 2021	129,998
Disposals for the year	0
Cost on 30 September 2022	129,998
Depreciation on 1 October 2021	-129,678
Depreciation for the year	-80
Disposals for the year	0
Depreciation on 30 September 2022	-129,758
Carrying amount on 30 September 2021	320
Carrying amount on 30 September 2022	240
Amortized over	Max. 15 years

DKK'000	Land and buildings	Leasehold improvements	Operating equipment	Total
10 – Property, plant, and equipment				
Cost on 1 October 2021	28,151	36,723	32,832	97,706
Additions for the year	0	3,800	99	3,899
Disposals for the year	0	0	0	0
Reclassification	0	0	0	0
Cost on 30 September 2022	28,151	40,523	32,931	101,605
Depreciation on 1 October 2021	-24,772	-26,581	-30,002	-81,355
Depreciation for the year	-1,197	-4,383	-1,034	-6,614
Disposals for the year	0	0	0	0
Depreciation on 30 September 2022	-25,969	-30,964	-31,036	-87,969
Carrying amount on 30 September 2021	3,379	10,142	2,830	16,351
Carrying amount on 30 September 2022	2,182	9,559	1,895	13,636
Amortized over	25-50 years	Lease term	3-10 years	

DKK'000	2021/2022	2020/2021
11 – Joint taxation balance		
Tax charge receivable from intra-group entities	13,235	11,246
Tax charge receivable from extra-group entities	0	0
Joint taxation balance, total receivable	13,235	11,246
Tax charge payable to intra-group entities	0	-6
Tax charge payable to extra-group entities	0	-33,039
Joint taxation balance, total tax charge payable	0	-33,045
Total joint taxation balance, net	13,235	-21,799

Financial statements 1 October – 30 September

DKK'000	2021/2022	2020/2021
12 – Construction contracts, net		
Construction contracts	514,792	410,920
Prepayments received from customers	-512,110	-369,311
Total construction contracts	2,682	41,609
<i>Distributed as follows in the balance sheet:</i>		
Construction contracts, net	59,846	62,155
Prepayments received from customers, net	-57,164	-20,546
Total construction contracts	2,682	41,609
13 – Deferred tax asset		
Deferred tax asset on 1 October	10,105	3,483
Changes in deferred tax for the year	-2,783	6,622
Deferred tax asset on 30 September	7,322	10,105
<i>The deferred tax asset relates to:</i>		
Property, plant, and equipment	6,916	6,451
Current assets	-13,149	-9,421
Provisions and liabilities	13,555	13,075
Deferred tax asset on 30 September	7,322	10,105
14 – Prepayments		
Prepayments comprise costs incurred concerning subsequent financial years.		
15 – Provisions for warranty commitments		
Warranty commitments on 1 October	35,610	33,062
Used during the year	-2,001	-1,389
Release of unused warranty commitments	-3,741	-3,626
Provision for the year	7,994	7,563
Warranty commitments on 30 September	37,862	35,610
<i>Expected maturities for warranty commitments:</i>		
0-1 years	5,301	4,620
1-5 years	23,701	21,200
> 5 years	8,860	9,790
Warranty commitments on 30 September	37,862	35,610
16 – Other provisions		
Other provisions on 1 October	17,280	15,834
Used during the year	-5,256	-7,581
Release of unused other provisions	-7,685	-11,653
Provision for the year	12,334	20,680
Other provisions on 30 September	16,673	17,280
<i>Expected maturities for other provisions:</i>		
0-1 years	7,813	4,300
1-5 years	8,517	7,532
> 5 years	343	5,448
Other provisions on 30 September	16,673	17,280
17 – Deferred income		
Deferred income comprises payments received concerning income in subsequent years.		

Notes

Financial statements 1 October – 30 September

DKK'000	2021/2022	2020/2021
18 – Contingent liabilities		
Performance bonds vis-à-vis third party	106,728	103,008
Hereof guaranteed by the consolidated entity	7,549	10,630
Rent obligations	56,127	77,010
Other lease commitments	23,482	23,211
Liability, tax assessment	67,980	67,980

The Company is jointly and severally liable with other jointly taxed group entities for the payment of corporation taxes for the income years after 2013 and withholding taxes falling due for payment on or after 1 July 2012 in the group of jointly taxed entities.

The spin-off of Gas & Power was carried out as a tax-exempt spin-off. The Danish tax authorities assess that the spin-off is taxable on the amount of DKK 68 million. Siemens has filed a complaint against the Danish tax authorities' assessment with the National Tax Tribunal. Management assesses that the Company most likely will win the complaint. The financial statements are thus based on this assessment, and no liability for a tax payment has been recognized on 30 September 2022.

19 – Cash flow statement – adjustments		
Depreciation and amortization	6,693	6,525
Change in warranty provisions	2,253	2,548
Change in other provisions	-607	1,446
Cash flow statement – total adjustment	8,339	10,519
20 – Changes in working capital		
Changes in inventories	-4,566	-3,928
Changes in receivables	-93,883	-78,282
Changes in trade payables, etc.	2,611	-11,462
Total changes in working capital	-95,838	-93,672
21 – Staff costs		
Remuneration of the Company's Supervisory Board	30	31
Remuneration of the Company's Executive Board	9,060	8,525
Wages and salaries, total	316,362	345,260
Pensions	34,708	32,660
Other social security costs	5,097	5,016
Total staff costs	365,257	391,492

The incentive program for the Executive Board comprises 7,381 shares allotted at the balance sheet date for exercise within the coming four years. In the financial year 2021/2022, costs of DKK 1,276 thousand were expensed for the incentive program for the Executive Board. For additional information on the incentive program, please refer to the section "incentive programs" on page 28.

Average number of employees	480	492
Total average number of employees	480	492
22 – Fees paid to auditor appointed at the annual general meeting		
Total fee	474	445
Total fees	474	445
<i>Specified as follows:</i>		
Fee for statutory audit	453	425
Fee for non-audit services	21	20
Total fees	474	445

Notes without reference

Financial statements 1 October – 30 September

DKK'000	2021/2022	2020/2021
23 – Distribution of profit/loss		
Proposed distribution of profit/loss		
Proposed dividend	58,000	45,000
Retained earnings	564	708
Profit/loss for the year after tax	58,564	45,708

24 – Use of derivative financial instruments

As part of its hedging of recognized and non-recognized transactions, Siemens A/S makes use of forward exchange contracts.

Non-recognized transactions

The expected future transactions within the coming year are hedged with forward exchange contracts with a contractual value of 0 tkr. (2020/2021 0 tkr.)

Recognized transactions

Hedging of recognized transactions includes the most significant receivables and payables.

DKK'000	Payment maturity	Receivables	Payables	Hedged through forward exchange contracts	Net position
EUR	<1 year	97,218	-4,806	0	92,412
NOK	<1 year	14	0	0	14
GBP	<1 year	54	-104	0	-50
SEK	<1 year	8	-2,844	0	-2,836
PLN	<1 year	7	0	0	7
USD	<1 year	1,943	-9	0	1,934
		99,244	-7,763	0	91,481

On 30 September 2022, unrealized net gains on derivative financial instruments entered into for foreign currency hedging purposes totalled DKK 0 thousand, which has been recognized in the income statement.

25 – Related parties and related party transactions

The Company's related parties include the Supervisory Board, the Executive Board, executive officers, and their family members. Related parties further include entities in the Siemens AG Group.

Siemens A/S' ultimate parent company is Siemens AG, Werner-von-Siemens-Str. 1, D-80333 Munich, Germany. The consolidated financial statements of Siemens AG may be obtained from the company.

DKK'000	2021/2022	2020/2021
Related party transactions		
Acquisition of goods and services from related parties	1,429,096	1,204,172
Sale of goods and services to related parties	135,881	73,020

Apart from the distribution of dividends, no other transactions were carried out with shareholders during the year

For information on transactions with the Supervisory Board and the Executive Board, reference is made to the note on staff costs. For information on financial transactions, reference is made to the notes on financial income and financial expenses. Balances with related parties are specified in the balance sheet.

26 – Pending legal actions

The Company is not a party to any pending legal actions.

Siemens A/S

Borupvang 9
2750 Ballerup
Denmark

44 77 44 77

siemens.dk

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