



Siemens AS

Annual report 2022

siemens.no

Translation only*



Contents

Siemens AS	
Mission, vision and values	4
Siemens in brief	5
Siemens is shaping the future – CEO	6
Our business areas	8
Sustainable development	12
Board of Directors and management	16

Annual report	
Income statement	18
Annual report	29
Notes	33

Auditor's report	
Auditor's report	48
Siemens addresses in Norway	50

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* This is only a translation of the original Norwegian text. In the event of disputes or misunderstandings arising from the interpretation of the translation, the Norwegian language version shall prevail.

We transform the everyday – for a better tomorrow



Mission

We make real what matters. We transform the everyday, for a better tomorrow.

Vision

To be the leading technology company in our markets, not only today but tomorrow.

Values

- **Responsibility**
We are ethical and responsible
- **Excellence**
We deliver products, solutions, and services of the highest quality
- **Innovation**
We develop new ideas, products, and solutions that create value for society and our customers

Siemens in brief

Siemens AS is part of the global Siemens Group. Siemens develops high-tech, innovative solutions for industry, energy, healthcare, cities, and transportation for customers around the world. We have done so for 175 years, and we will continue to do so.

The Siemens Group is a global technology company and one of the world's largest suppliers of sustainable, eco-friendly solutions for electrification, automation, and digitalization. Siemens employs around 300,000 people and operates all over the world.

In Norway, Siemens AS has been making its mark in social developments with groundbreaking technology solutions for almost 125 years. Siemens AS is a wholly owned subsidiary of Siemens International Holding B.V.

Up to September 30 in 2022, Siemens AS consisted of three business areas, Smart Infrastructure, Digital Industries and Large Drives Applications, which deliver solutions for industry, energy transmission and distribution, infrastructure for cities, and building technology.

Siemens AS has an annual turnover of around NOK 2 billion and some 500 employees. The company's head office is in Oslo, and we deliver products and solutions to business customers in many sectors across the country.

Siemens is shaping the future

Europe is experiencing an energy crisis, and we are very close to a global climate crisis. At the same time, demand for oil, gas, and coal has peaked. Never before has so much been invested in renewables.

It would be impossible to sum up the past year without mentioning Russia's brutal invasion of Ukraine. Apart from the terrible human suffering and losses in Ukraine itself, the war has sent shockwaves through politics, business, and people's everyday lives around the world.

The energy market – which supports so much of Norway's welfare system – has been changed at a record pace and for many decades to come. The International Energy Agency (IEA) has stated that demand for coal, gas, and oil has levelled off. Europe will never again make itself dependent on Russian fossil energy. The IEA's Executive Director, Fatih Birol, is clear that the market's response to Putin's war is a greener, cheaper, and more secure energy system.

Despite the uncertain outlook, we see numerous opportunities.

The paradigm shift in the global energy sector is very important and is forcing through historically high investments in two key industries for Norway: renewable energy production and energy efficiency. The IEA estimates that the world will invest an incredible USD 2,000 billion in renewables in 2030, and at the same time points out that it is both necessary and possible to double this in order to avoid a climate catastrophe.

The past year presented Siemens AS with many challenges that had to be solved. The COVID-19 pandemic reduced access to customers' sites for installations and servicing. The repercussions of the pandemic and the war in Ukraine broke vital value chains. We have experienced shortages of raw materials and fought to overcome long delivery times. We attempted to remedy this situation through even closer dialogue with our customers and appreciate the trust we have been shown. In this difficult landscape, Siemens AS has managed to generate growth in all our business areas, both top-line growth and bottom-line growth. We are proud of that!

We are convinced that one important reason for the growth is our role as an enthusiastic driving force behind the green transition. Therefore, on a global basis, Siemens invests almost NOK 50 billion a year in R&D, which in turn enables

Siemens AS to deliver groundbreaking technology within electrification, digitalization, and automation in Norway. Our technology makes everyday life greener – every day. But we are not shaping the future based on guesswork. Behind our development lies solid research, world leading innovation, and extremely close consultation with our customers. In this way, we are enabling our customers to implement green transitions through fact-based proposals concerning specific actions at all levels.

This is how, together with our partners and customers, we are creating green jobs, developing a more sustainable welfare state and helping Norway achieve its international emission obligations. We are active members of the Skift network of business leaders who are all working for a greener future.

Despite the uncertain outlook, we are also optimistic about the future. Today, Siemens technology plays key roles in major Norwegian industrial ventures within improving energy efficiency, infrastructure for electrified transportation, energy distribution, and the use of renewables. For example, our technology is being used to achieve more energy efficient buildings, for the automation and digitalization of industrial processes, and to manage the national and regional power grids. We are enabling our customers to produce more using less.

In 2022, we were impressed by the battery ventures of Beyondr, Freyr and Morrow, and we are helping all three projects. Apart from their use in electric vehicles, batteries will play a crucial role in stabilizing an energy system that is increasingly based on solar, wind, and hydropower. We need to find ways of storing the surplus energy produced by strong winds, exceptionally sunny days, or when clouds are dumping rain into our reservoirs. The focus on batteries will be crucial in the climate fight and could be very important for Norwegian industry. And we really want to be part of driving that development forward. That is why we are supporting the emerging battery industry via various financial means.

Siemens has been active in the Federation of Norwegian Industries and, together with DNV, the Federation has produced the Energy Transition Norway report, which shows that Norway will not achieve its climate targets in either 2030 or 2050 with the current policies. Green industrial jobs,

electrification, and generating fossil-free energy such as hydrogen, requires huge quantities of green electrons. Electricity generation in Norway needs to be doubled from its current level to more than 300TWh.

The Federation Norwegian Industry needs predictable framework conditions.


Norway needs to be more ambitious and pick up the pace within offshore wind if we are to avoid becoming an energy importing nation.

There is no other way. Solar and hydropower also have to be developed further in parallel with intensifying the work on improving energy efficiency.

The public sector has to get better at leveraging its purchasing power to build a greener society. Lowest price should not be the dominant selection criteria. Norway spends some NOK 600 billion on more renewables and more green jobs, goods and services every year. The government and municipalities need to stipulate requirements concerning new sustainable solutions and green jobs.

The economic outlook for 2023 is more uncertain than it has been for a long time, and, going forward, the markets could be unstable. However, the demand for more renewables and more green jobs will grow, and we are ready to contribute. We have created a solid basis for further value creation. We have a strong position in the market and for that I would like to thank my knowledgeable and committed co-workers. Siemens is in a strong position because you make a difference for our customers. Your expertise, willingness to go the extra mile, and capacity for teamwork and dialogue builds confidence. Thank you for being part of Team Siemens. I am proud of what we achieve together!

In 2023, Siemens will have been in Norway for 125 years. We have delivered products, technologies, and services that have changed Norway. We will continue to change everyday lives to create a better, greener tomorrow. For another 125 years. At least.


Nils Klippenberg
 CEO
 Siemens AS



Our business areas

Digital Industries (DI)

The pace of digitalization in Norwegian industry is accelerating. Those who want to succeed tomorrow need to grasp the offers digitalization provides today. Siemens' technology portfolio in our Digital Industries business area can ensure our customers lower costs, more efficient production, and greater flexibility. We connect the real and the digital worlds in ways that enable customers to take control of their digital transformation. We have world leading technology within automation and digitalization, and our digital twins enable Norwegian industry to do more with less.

DI offers an extensive technology portfolio and system solutions for the following areas:

- Products and solutions for automating discrete manufacturing and the processing industry, including automation systems and software for factories, numerical management systems, motors, frequency converters and other converters, and integrated automation systems for machine tools and production machines
- Process control systems
- Machine-to-machine communication technology
- Sensors for measuring pressure, temperature, levels, flow rate, distance, or shape
- Radio frequency identification systems (RFID)
- Software for production and product lifecycle management (PLM)
- Software for simulating and testing mechatronic systems

DI has around 140 employees and focuses on digitalization in industry.

Digital Industries designed a digital twin with digital machines, a production line, and full simulation of the entire process.

Important deliveries in 2022

MindSphere

Digital Industries gained several new customers on the open cloud platform MindSphere. MindSphere is a leading industrial 'IoT as-a-service' platform and a secure 'IoT edge-to-cloud' solution.

Digital twin

Digital Industries designed a digital twin of a full-scale 32GWh battery cell plant. The plant consists of digital machines, a production line, and full simulation of the entire process. This makes it possible to plan everything down to the smallest detail and get everything right first time.

Carbon capture system

Digital Industries delivered a carbon capture system in early 2022. The system is based on the Simatic PCS7 distributed control system and is part of a prestigious project related to the green transition.

Smart Infrastructure (SI)

The market wants flexible, robust, and reliable energy systems from a national level down to solutions in buildings and industry. Electrification, automation, and digitalization are rapidly driving the market forward, in parallel with resources having to be utilized as efficiently as possible throughout the ecosystem.

Our Smart Infrastructure business area offers products, systems, solutions, services, and software for Norway's electricity infrastructure, buildings, and industry designed to improve the safety, efficiency, and sustainability of how we live, work, and move.

Artificial intelligence (AI) is making critical infrastructure smarter, which will enable it to cope with a more decentralized future. Buildings are being made more efficient and using less energy thanks to data and modern technology that learns and adapts to changed conditions, and which in turn results in lower lifetime costs. Energy supplies for industry and buildings are being integrated with building automation

systems. Products and software are working together to meet the future need for resilience, resource utilization, and sustainability. Intelligent infrastructure, smart buildings, and prosumers that buy and sell energy are finding new business models and optimizing energy and resource consumption. Balancing this with batteries will be important going forward. eMobility charging is contributing to low emissions in the transportation sector from ordinary cars to large trucks.

Smart Infrastructure consists of six business units:

- Electrical Products
- Building Products
- Electrification and Automation
- Grid Software
- eMobility
- Regional Service and Solutions

SI has around 175 employees, who spend every day working for a greener Norway.

Important deliveries in 2022

Critical infrastructure

Siemens delivers control and automation systems for critical infrastructure for the country's Transmission System Operators (TSOs) and Distribution System Operators (DSOs). Smart solutions make optimal use of resources and ensure availability and a resilient energy system.

Smart buildings

Engineering and delivering solutions and services to municipalities, hospitals, and industry, including within energy efficiency, building automation, fire, safety, and security.

Fast chargers for electric vehicles

Our new SieCharge D has received a lot of good traction in the fast charging markets in both Norway and the Nordics.



Large Drives Applications (LDA)

Siemens developed the dynamo machine in the late 1800s and has since then been a world leader in motors, frequency converters, and generators. Siemens Large Drives offers products optimized for the wave of digitalization sweeping through every industry. Our applications and services ensure customers can access data from motors and converters. This will pave the way for continuous improvements and the development of new, energy-efficient production.

2022 saw greater demand for spare parts and longer delivery times for facilities/technology within the oil, gas, and energy market. The general need for on-site servicing is growing. One of our most important deliveries in 2022 was repairing fire damage to the LNG facility on Melkøya outside Hammerfest.

With effect from October 1, 2022, Siemens Large Drives AS will be spun off from Siemens AS. With its 37 motivated and knowledgeable employees, the company will continue to serve customers in Norway, the Nordics, and the Baltics.

Sister companies in Norway

Siemens Mobility AS

Siemens Mobility is a leader within seamless, sustainable, and safe transportation solutions. The company's core activities are rolling stock (trains, trams, and subways), rail automation and electrification, intelligent traffic management systems, and servicing and maintenance.

Siemens Mobility is modernizing the Oslo Metro with a new signaling system and delivering new signaling technology to the entire Norwegian rail Network. Norway will have the most modern rail network in Europe. This will improve safety, punctuality, and capacity.

Siemens Financial Services AS (SFS)

Siemens has the financial muscle to help customers with financing solutions. SFS is Siemens' financial instrument that enables customers to explore solutions together with financial experts with an in-depth understanding of industrial growth and technology development. SFS's mission is to create new business models and sustainable growth in close cooperation with its customers.

Siemens Healthcare AS

Siemens Healthcare is committed to achieving breakthroughs in the healthcare industry. For everyone. Everywhere.

By continuously introducing groundbreaking innovations into the medical technology market, Siemens Healthcare is helping healthcare professionals deliver high-quality care for the benefit of patients and society.

Its portfolio ranges from in vitro and in vivo diagnostics to image guided therapies and innovative cancer treatments, and is vital in clinical decisions and treatment pathways. With its strengths in digital technology, precision medicine, and artificial intelligence (AI), the company is in a good position to be a partner that can help to solve the biggest challenges in healthcare services. Siemens Healthcare will continue to develop these strengths so it can combat the world's most dangerous diseases such as cancer, cardiovascular diseases, strokes, and liver diseases so that patients can live longer with the best possible quality of life.



Sustainable development

We create technology with purpose

Innovative technology has been at the core of Siemens for 175 years, and will continue to be in the future we are creating together with our customers and partners – for a better tomorrow.

We have set ourselves the goal of becoming the world's first global industrial concern to become net carbon neutral by the end of 2030. This is an ambitious but necessary goal.

In 2022, Norway and the world saw more extreme weather, more droughts, more torrential rain. The serious consequences of global warming are becoming visible for all to see. If the world does not achieve the reductions in emissions a number of countries, including Norway, have committed themselves to, the consequences for our children and grandchildren will be dramatic.

Siemens introduced a global sustainability concept in 2022 that we have called DEGREE, because every single degree – degree of warming – counts. The world is heading for a temperature increase of 2.6-2.7°C if we do not do something, although with the help of decarbonization, electrification and energy efficiency, we could still achieve the target of 1.5°C.

// We must use energy smarter and more efficiently. We must produce more with less. And that is precisely what Siemens is doing.

Each letter of the acronym DEGREE represents an area where we have set clear goals for what we want to achieve. These areas are: Decarbonization, Ethics, Governance, Resource efficiency, Equity and Employability.

This is a global strategy that must be realized locally. DEGREE thus sets clear requirements for Siemens in Norway. In this chapter we will describe how we in Siemens are working towards the goals within these six areas.

Decarbonization

Decarbonization is all about how Siemens contributes to the global transition from fossil energy to renewables so that the world can cut emissions. Siemens has signed up to the Science Based Targets initiative (SBTi), which sets scientific targets for how and by how much companies must reduce their emissions. By committing to SBTi, Siemens is promising to report on both our emissions targets and emissions in our value chain.

The following goals have been set for Siemens:

- **Siemens must achieve zero emissions from our activities by the end of 2030.**
- **Emissions from our supply chain must be reduced by 20% by the end of 2030, and be neutral by the end of 2050.**

In 2022, Siemens reduced our global emissions by more than 50% relative to 2015. We have come quite far, but we are still not there yet.

In Norway, Siemens has been a driving force behind the electrification of society, both as a supplier of technology to all three of the big battery ventures – Morrow in Arendal, Freyr in Mo i Rana and Beyonder in Stavanger – but also as a driving force behind expanding energy infrastructure in Norway. In an energy system with a lot of wind and solar power, there is a need for balancing power that can be turned on and off as the weather changes. To date, hydro-power has acted as our balancing power and will continue to play an important role. The battery plants are now providing Norway with an alternate solution and new opportunities. In order to be a significant player in the great battery race, Norway will need access to large quantities of energy.

Siemens AS is one of four actors behind the Helelektrisk.no initiative, which published a survey in 2022 showing that the electrification of fossil consumption within industry, transportation, agriculture, fisheries, and shipping could in the long term reduce most of Norway's overall greenhouse gas emissions. However, we are still almost 50 years away from that. From 2021 to 2022, the total degree of electrification in Norway only increased by 1-percentage point, from 53% to 54%.

The report, Energy Transition Norway 2022, produced in collaboration with the Federation of Norwegian Industry and DNV, points out the challenges Norway faces in achieving its ambitious climate targets and how much energy production using green electrons will be required to achieve these ambitions.

Ethics

The confidence our suppliers and customers have in us depends on us conducting ourselves in a proper and orderly manner.

There are three goals we base our work on that are designed to ensure that we conduct ourselves in a way that builds confidence:

- **Siemens' values and ethical standards are grounded in our Business Conduct Guidelines, both in Norway and Siemens globally. All of Siemens' around 300,000 employees must regularly undergo training and refreshers on these guidelines.**
- **Siemens is a leader in data security among global industrial companies. Therefore, it was natural for Siemens to be one of the multiple initiative takers behind the Charter of Trust, which is an initiative aimed at protecting data and developing data security in a trust-based digital world.**
- **Siemens complies with the UN Global Compact and the UN's Guiding Principles on Business and Human Rights.**



Sustainable development

Governance

Siemens incorporates good governance principles at all levels of our activities, not just among our employees, we have also expanded them to cover around 65,000 suppliers. Leveraging our purchasing power lets us require both us and our suppliers to comply with sustainability criteria.

Siemens rewards leaders who make good sustainable choices. Siemens' ESG criteria, which represent environmental, social and governance factors, are therefore included in the company's long-term incentive programs, both for the Board of Directors and for senior management.

In 2022, it was important for Siemens' management to communicate the growth opportunities the green transition represents. Siemens also became a member of Skift, which represents climate leaders in business. Skift's purpose is to be a driving force behind Norway achieving its climate goals by the end of 2030. To do this, large quantities of renewable energy must be built out so that industry and transportation can be electrified. Using Skift as a platform for public debate and influence, Siemens is helping to spread knowledge about the opportunities and challenges the green transition will present for society.

Resource efficiency

We need to use our energy smarter. And we need to recycle and reuse the raw materials we source from nature.

// Sustainability and the climate crisis mean we have to do more with less energy.

Siemens has advanced technology that makes industry smarter and more energy efficient. By offering solutions in digitalization, automation and energy efficiency, Siemens is helping established Norwegian industrial companies become more competitive and productive.

For example, Siemens helps Norwegian industrial companies build advanced digital twins – i.e. digital or virtual copies of a physical process – that can simulate complicated industrial processes. These processes and immature technology can then be tested before they are developed on a large scale. In Mo i Rana, Siemens and Freyr are jointly developing a digital twin designed to simulate all aspects of actual production before a single battery cell is ever produced.

Siemens also delivers so-called digital flexibility solutions that automatically compensate for any imbalances by utilizing energy resources better. Flexibility solutions result in, for example, shopping malls choosing to use less energy at certain times of the day. They can sell the energy they save in the energy market.

// Equality and respect are fundamental to Siemens' values. As an employer, Siemens wants to promote diversity, inclusion, and a sense of belonging.

Equity

We have set ourselves a number of goals:

- By the end of 2025, the Siemens management group, both in Norway and globally, will have a female proportion of at least 30%.
- All employees will be offered an opportunity to purchase stock in Siemens AG.
- Flexibility in relation to working from home for 2-3 days a week, where possible.

In 2022, Siemens established a joint diversity committee with representatives from trade unions and safety representatives. The diversity committee has assessed the risk of harassment and discrimination, or barriers to equal opportunities in Siemens AS. The committee believes that the risk of discrimination is highest within recruitment processes, and that within recruitment processes the main risk is discrimination based on gender.

Recruiting women to management positions is challenging.

Going forward, the emphasis will be on identifying, motivating, and developing potential management candidates with the goal of increasing the proportion of women in management positions and among our engineers. We also want to increase diversity in management and key functions throughout the company.

Siemens AS currently has 501 full-time employees, 80% of whom are men.

Employability

In a rapidly changing world, it is crucial that Siemens remains flexible and relevant. This is true for both our operations and the employees who work here. That is why Siemens prioritizes investment in employees, through learning, continued education, and development. Siemens wants employees who are curious and want to learn and grow.

In Siemens AS, we offer staff both in-house and external courses, relevant training pathways, and education at a university college level. In recent years, Siemens has increased our focus on our employees' mental health after prolonged periods of working from home due to the pandemic.



Management and Board of Directors

Management Siemens AS



Nils Klippenberg
CEO and Director Smart Infrastructure



Jürgen Lippert
CFO



Frank Bråthen
Director Digital Industries



Roar Søvik
Director Large Drives Applications

Press and media officer



Britt Gabrielsen

The Board of Siemens AS

1. oktober 2021 – 30. september 2022



Chairman of the Board of Siemens AS
Per Mikael Gustaf Leksell



Board member Nils Klippenberg



Board member Jürgen Lippert



Board member Kjell Olav Strømsli
Employee representative



Board member Børge Tjelta
Employee representative



Board member Erlend Audsønn Ekvold
Employee representative

Report from the Board of Directors

A successful year

With high levels of demand, increased income, and a solid improvement in profit, 2022 was a good year for Siemens AS. However, it was also a demanding year that presented many challenges that needed solving in the wake of the COVID-19 pandemic and the war in Ukraine.

Businesses around the world are experiencing issues related to COVID-19 and the war in Ukraine. Critical value chains have been broken. Difficulties accessing customers' sites during the pandemic made it hard to carry out installations and servicing. Shortages of raw materials and long delivery times posed challenges. At the same time, the green transition is more important than ever and demand for technology products and solutions that help resolve energy and climate issues is high.

The market was very active with a strong focus on automation and digitalization in manufacturing and critical infrastructure. Despite the demanding delivery situation, Siemens AS achieved good income growth in all our business areas in 2022. It is thought that some of the growth was a result of the long delivery times as customers placed larger orders than usual as a contingency measure. Incoming orders increased by 26% in 2022 to NOK 2,641 million.

Our total operating income amounted to NOK 2,069 million, up 6% from 2021. Income growth, successful internal improvement processes and good cost control helped significantly improve our results. Our profit for the year before income tax amounted to NOK 151 million, a 14% rise compared with the year before, of which NOK 40 million can be attributed to the successful turnaround in the building automation business. The company's financial position is solid. Our equity ratio as of September 30, 2022 was 14% after provisions for the year's dividend amounting to NOK 117 million.

The outlook for 2023 is one of uncertainty and expectations of weak economic growth. We expect continued positive demand within green manufacturing, digitalization, and smart infrastructure due to Norway's huge, long-term need to invest in renewable energy production, energy efficiency and green value chains. We are well-equipped to meet new challenges.

Business overview

Siemens AS is part of the global Siemens Group, which develops high-tech, innovative solutions for industry, energy, healthcare, cities, and transport for customers around the world. Siemens is one of the world's largest suppliers of sustainable, eco-friendly solutions with a focus on electrification, automation, and digitalization.

Operations and location

Siemens AS was established in 2020 as part of the restructuring of Siemens' operations in Norway. Siemens AS represents a continuation of our almost 125 years of history in Norway as a developer and supplier of groundbreaking technology solutions.

Siemens AS is a Norwegian-registered limited liability company and a wholly owned subsidiary of Siemens International BV. We have customers across Norway, served by our 14 offices from north to south and 501 full-time employees as of September 30, 2022. Our head office is in Oslo.

Siemens AS's strategy entails helping to achieve a more sustainable society by doing our part in the transition to green energy, improving energy efficiency and developing green industrial jobs. Our customer offering is, therefore, concentrated around products, systems and technology solutions that support the transition to green energy and more sustainable buildings and communities.

Siemens AS covers the entire value chain and offers sales, solution development, engineering, and service activities in Norway. R&D activities are centralized and carried out by Siemens AG.

Siemens AS was organized into three business areas in 2022: Digital Industries (DI), Smart Infrastructure (SI) and Large Drives Application (LDA). The business areas are described in more detail in their own sections.

Market, products, and solutions

Automation, digitalization, and electrification are key factors in creating more efficient and climate-neutral solutions and are contributing to the strong demand for smart technology products and solutions. In this market, Siemens offers services, products, and solutions that span the entire value chain from consulting and engineering to delivery, operation, and service in the aftermarket.

We develop innovative, local solutions based on Siemens' global technology in close consultation with our customers. Energy-efficient solutions for building automation, optimizing industrial processes, and managing the national and regional power grids are just some examples of what we in Siemens deliver to customers throughout Norway.

Technological advances

Siemens is part of a global technology group that focuses on developing sustainable products and solutions at the cutting edge of technological advances. The technology is generally developed by our parent company's product units around the world and refined locally. This provides Siemens AS with valuable expertise and innovative solutions that, in close customer dialogue, we use to develop and adapt new solutions for local customers. Globally, the Siemens Group invests an estimated NOK 49 billion in R&D each year, which includes around 40,000 employees worldwide. Siemens AS carries out no R&D activities of our own.

Highlights of 2022

Internal improvement programs produced good results. Our Smart Infrastructure business area saw high demand for deliveries of electrification and building products, as well as within software and management systems for critical infrastructure. Solid start for charging infrastructure with NOK 80 million in sales in the first year. The Digital Industries business area enjoyed great success within OEMs, new green transition business and digitalization. Sales to the oil and gas industry remain good. Important deliveries included a digital twin for full-scale giga battery production, as well as systems for carbon capture. Thanks to our increasing popularity, Siemens was named 'Climber of the Year' in Universum's ranking of Norway's most attractive employers among engineering students.

Business areas

Siemens had three business areas in 2022:

Digital Industries (DI)

The ongoing green transition will require major investment and extensive digitalization processes to transform industry. Siemens is well-positioned thanks to our DI business area, which offers technology systems, products, and software for digitalizing industry. Transformation processes take a long time, and we expect a high level of demand for the services, systems, and products Siemens DI delivers for a long time to come. Income growth and improved profits made 2022 a good year.

Smart Infrastructure (SI)

Our SI business area offers products, systems, solutions, services, and software for Norway's electricity infrastructure, buildings, and industry designed to improve the safety, efficiency, and sustainability of how we live, work, and move. Siemens focuses on smart infrastructure within three main areas: buildings, electrification, and electrical products. Demand was high in 2022 and

future needs to expand smart infrastructure are expected to be great for many years to come.

Large Drives Applications (LDA)

LDA offers applications and services that ensure customers can access data from motors and converters. This will pave the way for continuous improvements and the development of new, energy-efficient production. The year saw greater demand for spare parts and longer delivery times for facilities/technology within the oil, gas, and energy market. The general need for on-site servicing is growing. One of our most important deliveries in 2022 was repairing fire damage to the LNG facility on Melkøya outside Hammerfest.

On October 1, 2022, Large Drives Applications was spun off from Siemens AS and became Siemens Large Drives AS with 37 employees. The new company will continue to offer the same services to customers in Norway, the Nordics, and the Baltics.

Summary of the annual financial statements

The summary of the annual financial statements is based on the prepared annual financial statements and associated note disclosures for Siemens AS. Siemens AS uses a non-calendar fiscal year that runs to September 30. Our financial statements are prepared in accordance with Section 3-9 of the Norwegian Accounting Act and the Regulations on simplified application of international accounting standards (IFRS) laid down by the Ministry of Finance on November 3, 2014. This entails recognition and measurement in accordance with the International Financial Reporting Standards (IFRS), while the presentation of the financial statements and note disclosures complies with the Norwegian Accounting Act and standards and practices generally accepted in Norway.

In the opinion of the Board of Directors, the annual financial statements provide a true and fair picture of the performance and results of the company in the fiscal year and our financial position as of September 30, 2022. All amounts are stated in NOK millions (rounded) unless otherwise specified. All figures stated in parentheses are comparable figures for 2021, unless otherwise specified.



Income statement

Operating income

The company's total operating income for 2022 increased by 6% compared with 2021 and amounted to NOK 2,069 million (NOK 1,958 million). The growth was mainly due to positive demand in all three business areas.

Operating expenses

The company's cost of goods amounted to NOK 1,099 million (NOK 1,024 million). The company's payroll expenses amounted to NOK 600 million (NOK 573 million). Depreciation and amortization in the company amounted to NOK 35 million (NOK 34 million).

Other operating expenses in 2022 amounted to NOK 197 million (NOK 202 million). Total operating expenses amounted to NOK 1,928 million, up 5% from NOK 1,833 million in 2021.

The increase in costs reflects the effect on operating expenses of increased staffing and activity levels, as well as higher prices for factor inputs.

Operating profit

The company's operating profit amounted to NOK 141 million (NOK 124.7 million). This corresponds to an operating margin of 6.8%, up slightly from 6.4% in 2021. The improvement in profit was due to a combination of income growth and cost efficiency measures.

Financial items

The company's net financial income amounted to NOK 9.9 million (NOK 8.4 million) and was mainly attributable to interest income on leasing parts of the Oslo office to other Siemens companies, as well as foreign exchange income.

Profit before income tax

The company's profit before income tax amounted to NOK 151 million (NOK 133 million).

Profit for the year

The tax expense for the year amounted to NOK 33.7 million (NOK 29 million). The profit for the year 2022 amounted to NOK 117.4 million (NOK 103.7 million), corresponding to a net profit ratio of 5.7% of operating income (5.3%).

Cash flow

Net cash flow from operating activities in 2022 amounted to NOK 26.5 million (NOK 154 million). The decrease was largely due to time constraints and changes in working capital.

The year's net cash flow from investing activities amounted to NOK 26.2 million (NOK 24.4 million) due to receipts of subleasing receivables from subleased property.

Net cash flow from financing activities amounted to NOK 52.7 million (NOK 178.5 million). The changes were attributable to intra-group balances in the Group cash pooling system.

Liquidity and balance sheet

The company's total balance sheet as of September 30, 2022 amounted to NOK 1,066 million (NOK 1,026 million).

Intangible assets amounted to NOK 320 million (NOK 320 million). Tangible assets consisted of right-of-use assets, fixtures and fittings, and other equipment with a book value of NOK 85 million (NOK 112 million). Financial fixed assets amounted to NOK 69 million (NOK 106 million). The company's total fixed assets amounted to NOK 473 million (NOK 538 million).

The company's receivables amounted to NOK 574 million (NOK 470 million). The company's total current assets amounted to NOK 592 million (NOK 488 million).

Siemens AS's equity amounted to NOK 149 million as of September 2022 (NOK 145 million), which corresponds to 14% of total assets, unchanged from the previous year.

The company's liabilities as of September 30 amounted to NOK 917 million (NOK 881 million), of which NOK 178 million (NOK 224 million) were non-current liabilities.

Siemens AS is part of Siemens' group cash pooling system and, therefore, does not report cash holdings and liquidity in the company's annual financial statements.

Risk factors and risk management

Siemens AS is exposed to various risk and uncertainty factors of an operational, market, and financial nature. The Board of Directors and executive management team actively monitor risk factors, conduct regular assessments of risk areas, and implement risk mitigation measures.

Operational and market risk

Our operational risk mainly arises from macroeconomic factors that influence demand, risk linked to deliveries to customers, and risk related to the supply of employees with relevant expertise.

If macroeconomic conditions change significantly, demand, prices, and deliveries could all be affected.

Siemens AS has a significant proportion of long-term contracts with customers in the public sector. This means that a substantial share of our sales revenue has little exposure to cyclical fluctuations. Deliveries that fail to satisfy customers' quality requirements and disagreements with customers can expose us to reputational risk and thereby income risk.

We require sufficient implementation capacity and relevant skills in order to deliver quality and meet customer demand. Higher employee turnover and/or little access to new employees with relevant skills will increase this risk.

Financial risk

Our financial risk mainly arises from currency and liquidity risk.

Currency risk

Our currency risk primarily arises due to purchases of goods and services and other intra-group balances with the Siemens Group, as well as purchases from external suppliers. Siemens AS has a currency hedging strategy that entails 75-100% of future cash flows and positions in foreign currencies being hedged using forward contracts and options.

Siemens AS has significant currency exposure relating to purchases and sales in EUR. Options can also be used to

hedge against fluctuations during the bid phase of projects. All hedging is performed via Siemens AG. Siemens AS has no financial instruments linked to interest rate exposure.

Liquidity risk

Our liquidity risk stems from the risk of the Group being unable to service its financial obligations as they fall due. We manage this risk by always having enough liquidity to meet our obligations when they fall due, under both normal and extraordinary circumstances. We prepare regular liquidity forecasts and overviews of the maturity structure of financial liabilities.

Market risk

The company's financial market risk mainly encompasses external factors that can impact fair values and/or future cash flows. Changes in interest and foreign exchange rates impact financial income and expenses, and therefore the income statement. Additionally, our interest rate risk only includes any reductions in financial income. The risk can thus be characterized as limited.

Risk assessment regarding Russia's invasion of Ukraine

Russia going to war with Ukraine on February 24, 2022 gave rise to a serious situation in Europe. Siemens is monitoring developments closely and will take the necessary steps should the war have a negative impact on our activities. Meanwhile, it must be noted that demand for our services has been high throughout 2022.

Events after the balance sheet date

The Board of Directors is not aware of any material events after September 30, 2022 that could actually or potentially affect the company's profit and position.

Going concern assumption

The annual financial statements have been prepared based on a going concern assumption and we hereby confirm that, in the opinion of the Board of Directors, the prerequisites for this assumption exist.

Allocation of profit for the year

The Board of Directors proposes that the profit for the year of NOK 117,429,000 be allocated as follows:

Allocated to dividends	NOK 117,429,000
Total transfers	NOK 117,429,000



Employees and organization

Siemens is dependent on an adequate supply of the right skills to succeed in the market. We ensure employees can develop their skills and recruit new expertise in line with customers' increasing needs. In particular, we are focusing on building up our in-house expertise within IoT, web security, and digitalization.

Technology skills are in high demand and the market is tight. Siemens takes a results-oriented approach to recruiting, developing, and retaining employees, and our efforts have yielded results.

// **In 2021, Siemens AS established a student worker program in which 15 students were recruited to work part-time in Siemens with the aim of offering them permanent jobs after graduation.**

It also serves as an employer branding initiative where the students act as ambassadors for Siemens in university colleges, among students, and in social media.

Siemens is taking a long-term approach to enhancing our employer branding activities. The goal of which is to attract candidates who want to work for a sustainable company that focuses on diversity, and that offers international career development, skills training, and challenging yet flexible working conditions. Participating in the public debate on sustainability and the energy transition in Norway is also an element of our employer branding. Our increased employer branding efforts led to Siemens AS being named 'Climber of the Year' in Universum's Student Survey, moving up from 24th place in 2021 to 14th place in 2022 among engineering students.

Expertise is the lifeblood of Siemens, and we take a results-oriented, long-term approach to retaining employees.

Empowerment is one of our strategic cornerstones. This mainly involves ensuring employees find their job challenging and feel a sense of responsibility to develop Siemens further. One of the ways of doing this is to focus on a 'growth mindset' in which employees at all levels of the organization are encouraged to improve their skills. Siemens offers a wide range of options within e-learning, and the individual employee's development activities are determined together with their immediate supervisor. Siemens requires all employees to complete at least 16 hours of training per year.

This initiative is producing results. The employee surveys that are conducted twice a year show that our employees feel a sense of belonging to Siemens AS, they feel seen and respected, and feel that they can influence their own work and are contributing to our results.

At the end of the year, Siemens AS had 535 employees. Of these, 34, or 6.4%, were temporary employees – 30% of whom were women (10 employees) and 70% were men (24 employees). Some 2% of employees in Siemens AS were in part-time positions (11 employees) – of whom 55% were women (six employees) and 45% were men (five employees). There were no cases of involuntary part-time work. On average, women took 19.4 weeks of parental leave while men took 10 weeks.

As a matter of principle, Siemens AS tries to ensure that all employees are in full-time positions, although we can offer part-time positions to employees who, for social, health-related or welfare reasons, apply for temporarily or permanently reduced positions. The average age in Siemens AS is 46, both among permanent employees and employees as a whole. This is true for both men and women.

No changes were made to the company's Board of Directors or senior management team in 2022.

Directors' and officers' liability insurance

Siemens AS has taken out insurance for board members and the CEO that covers their potential liability to the company and third parties pursuant to Norwegian law, as well as any legal assistance they require.

Corporate social responsibility

Siemens AS has an obligation to report on our corporate social responsibility pursuant to Section 3-3c of the Norwegian Accounting Act.

Siemens' core mission is to contribute to the global transition from fossil energy to renewables so that the world can reduce its emissions.

// **The Siemens Group has an ambitious goal of becoming the world's first global industrial concern to become net carbon neutral by the end of 2030.**

In 2022, the Group introduced a corporate global sustainability strategy called the DEGREE program.

Each letter of the acronym DEGREE represents an area of sustainability, and clear goals have been established for each

area. These areas are: Decarbonization, Ethics, Governance, Resource efficiency, Equity, and Employability. A more detailed account of the contents of the DEGREE program is provided in a section dedicated to sustainability on page 12 of the annual report.

The section below covers the topics mentioned in Sections 3-3a and 3-3c of the Norwegian Accounting Act.

External environment

DEGREE is a groupwide global sustainability strategy for Siemens, although for it to succeed, relevant, local goals, and plans must be established, local measures must be implemented, and results must be measured.

// **The DEGREE program provides a framework, and sets clear requirements, for Siemens AS's sustainability work in Norway.**

Siemens is a driving force behind electrification, both as a supplier of technology in renewables projects and as a driving force behind more energy infrastructure. As part of this work, Siemens participates in Helelektrisk.no, an initiative that provides an overview of the degree of electrification in the local government sector in Norway. The goal is to demonstrate the measures we can take to reduce Norway's greenhouse gas emissions.

Another priority area that is helping to resolve climate issues is smart energy use. Siemens helps Norwegian industrial companies build advanced digital twins – i.e. digital or virtual copies of a physical process – that can simulate complicated industrial processes. Using digital twins, complicated industrial processes can be simulated, and immature technology tested before they are developed on a large scale. Siemens also delivers so-called digital flexibility solutions that automatically compensate for any imbalances through better utilization of energy resources.



Siemens AS has committed to helping achieve the following specific goals to reduce our emissions and emissions in our value chain:

- Zero emissions by 2030
- 100% renewables by 2030
- Zero emission buildings only by 2030
- 100% electric vehicle fleet by 2030
- Zero supply chain emissions by 2050
- 20% reduction in emissions by 2030 compared with 2019
- Identification of supplier emissions (Carbon Web Assessment)
- Prefer suppliers with documented low emissions (Code of Conduct for Siemens Suppliers)

Siemens measures our performance within the aforementioned areas and produces a climate report. We are a member of Skift, a business-driven climate initiative designed to be a driving force behind Norway achieving its climate goals. Siemens' climate report is incorporated into Skift's annual climate report, where an overview of emissions per member contributes to transparency and the visibility of emissions.

Siemens publishes its climate report based on Skift's reporting model:

- Direct and indirect emissions (Scope 1-3)
- Verifiable goals for emission cuts in line with the 1.5°C target and reporting on actual goal attainment
- Reporting climate risk in line with the Task Force on Climate-related Financial Disclosures (TCFD)

Because Siemens uses a non-calendar fiscal year, the climate report for 2022 will not be available until the first half-year 2023.

Siemens AS implemented the following measures in 2022:

- Parts of Siemens AS are now ISO14001 certified.
- Siemens AS will phase out fossil fuel company vehicles, reduce land use and transition to low-emission buildings (LEED gold).
- Charging facilities have been established for electric vehicle users.
 - We will increase our focus on green purchases, and extending the useful life of, and reusing, office equipment

Working environment

Siemens practices a zero-injury philosophy designed to prevent accidents and ensure occupational injuries, illnesses or accidents are taken seriously. We take a results-oriented approach to strengthening our focus on health, safety and the environment to ensure that both managers and individual employees consciously promote a good, safe working environment.

The sick-leave rate in Siemens AS was 3.1% in 2022 (3%). Two injuries resulted in absences and there were four injuries that did not result in absence but required first aid or medical treatment. The injury figures include work performed by our subcontractors.

The Board of Directors considers the working environment and labor relations in the company to be good and has not found it necessary to initiate or plan special measures within this area.

Social conditions, equal opportunities, and diversity

Siemens AS is subject to the activity and disclosure obligations in Sections 25 and 26 of the Norwegian Equality and Anti-Discrimination Act. Siemens AS and our Norwegian sister company, Siemens Mobility AS, participate in the Siemens Group's key programs for equality and diversity. All communication and activities in connection with this are joint communications and activities for the two companies in Norway.

// **As an employer, Siemens wants to promote diversity, inclusion, and a sense of belonging based on the following goals:**

- By the end of 2025, at least 30% of the management team will be women.
- All employees will be offered an opportunity to purchase stock in Siemens AG.
- There will be flexibility in terms of working from home for 2-3 days a week, where possible.

A diversity committee was established in 2022 consisting of representatives from trade unions and safety representatives, which has assessed harassment and discrimination risks or barriers to equal opportunities. The committee believes that the risk of discrimination is highest within recruitment processes and that within recruitment processes the main risk is discrimination based on gender.

Siemens AS has introduced a stock option program for all employees and a flexible working scheme has been introduced. The management team consists of 14 people, five of whom are women (35%). The size of the management team reflects our flat organizational structure, in which all business areas, finance and support functions are represented. There is a focus on recruiting women to management positions and engineering positions. Siemens AS currently has 501 full-time employees, some 80% of whom are men. Our Board of Directors consists of six people, of whom three are employee representatives, but none are women.

Going forward, there will be an emphasis on identifying, motivating, and developing potential management candidates with the goal of increasing the proportion of women in management positions. We also want to increase diversity in management and key functions throughout the company.



Siemens AS is striving to create a working environment characterized by fairness, equality, respect, and mutual trust. There is an emphasis on ethical conduct and respect for basic human rights. All employees must be guaranteed a working environment free of discrimination, and anyone who feels harassed or bullied must be taken seriously. We have good whistleblowing procedures and the threshold for reporting wrongdoing is low. The company's HR policies and Business Conduct Guidelines include principles and procedures designed to contribute to a good working environment.

A full report for 2022 on our equality, diversity, and anti-discrimination work can be found on Siemens.no.

Anti-corruption and bribery

Siemens has zero tolerance for corruption and breaches of the principles of fair competition.

Responsible business conduct is key to Siemens' goal of making responsible, ethical decisions. Siemens Compliance System is the company's tool for preventing, detecting, and responding to adverse situations. A comprehensive system of activities is designed to ensure that business operations comply with all applicable laws and regulations, as well as our own internal policies and rules. In addition to combating corruption and breaches of competition and export controls, Compliance protects the company from fraud and money laundering, while protecting personal data and human rights.

The Norwegian Transparency Act

Siemens AS is subject to Section 3 of the Norwegian Transparency Act and is therefore obliged to conduct due diligence

pursuant to Section 4, which must be reported on annually pursuant to Section 5. Due diligence assessments were conducted in 2022 and take place on an ongoing basis. The first annual report will be published by the deadline of June 30, 2023 on www.siemens.no under Compliance.

Outlook for 2023

In the opinion of the Board of Directors, the company performed well in 2022. The outlook for 2023 is characterized by expectations of weak economic growth and considerable uncertainty concerning the aftermath of the pandemic and the impact of the war in Ukraine.

Important improvement programs were carried out in 2022, meaning that we are well-equipped to meet new challenges. Regardless of how the global economy develops, the demand for more renewable energy will continue to grow for a long time to come. Norway will need major long-term investment within renewable energy production and increasing energy efficiency. Public investments in critical infrastructure continue and are expected to generate long-term growth potential for sales of technology solutions and products for these purposes.

Siemens is well-positioned in this market with our two business areas that focus on industrial digitalization and smart infrastructure. Meanwhile, the Board of Directors believes that there is some risk that the ongoing and very important transition to renewables and energy efficiency could be hampered by these sectors being hit by higher taxes and public duties.

Statement of comprehensive income

Oct.1 - Sept. 30

(Amounts in NOK thousands)	Note	2022	2021
Sales revenue	2	2,032,199	1,919,357
Other operating income	3	37,208	38,671
Total operating income		2,069,407	1,958,029
Cost of sales	11	1,098,671	1,024,144
Payroll expenses	4	599,596	573,157
Depreciation and amortization	8, 9, 10	34,848	34,086
Bad debts	12	-2,243	137
Other operating expenses	5	197,267	201,796
Total operating expenses		1,928,138	1,833,320
Operating profit		141,269	124,709
Interest income and other financial income		22,405	20,030
Interest expenses and other financial expenses		-12,517	-11,596
Net interest expenses and other financial expenses	6	9,888	8,434
Profit before income tax		151,157	133,143
Income tax	7	-33,729	-29,444
Net profit for the year		117,429	103,699
<i>Items that cannot be reclassified through profit or loss in subsequent periods</i>			
Actuarial losses/gains on defined benefit plans	18	4,836	5,041
Tax related to items that will not be reclassified		-1,064	-1,109
<i>Items that may be reclassified through profit or loss in subsequent periods</i>			
Change in the fair value of hedging instruments relating to cash flow hedges		-288	2,233
Tax related to items that can be reclassified		63	-491
Total other income and expenses		3,548	5,674
TOTAL COMPREHENSIVE INCOME	16	120,976	109,373

Oslo, Dec. 16, 2022

The Board of Siemens AS



Per Mikael Gustaf Leksell
Chairman



Jürgen Lippert
Board Member



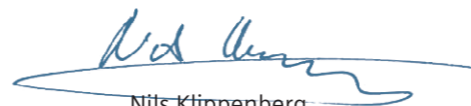
Kjell Olav Strømsli
Board Member



Børge Tjelta
Board Member



Tove Lise Grøtta
Alternate Board Member



Nils Klippenberg
Board Member/CEO

Balance sheet

ASSETS as of Sept. 30

(Amounts in NOK thousands)	Note	2022	2021
Fixed assets			
Goodwill	8	319,834	319,834
Deferred tax assets	7	0	18,603
Total intangible assets		319,834	338,437
Right-of-use assets	9	75,221	99,328
Land, buildings and other real estate	10	5,248	9,339
Plant and machinery	10	1,084	1,080
Fixtures and fittings, equipment and tools	10	2,962	2,416
Total tangible assets		84,515	112,162
Other non-current receivables	15, 23	4,433	4,386
Non-current receivables, subleasing	9, 23	64,698	82,988
Total financial fixed assets		69,131	87,374
Total fixed assets		473,480	537,973
Current assets			
Inventories	11	18,930	18,591
Accounts receivable	12, 23	375,307	322,779
Other current receivables from group companies		1,487	0
Other current receivables	14, 23	168,407	121,482
Current receivables, subleasing	9, 23	28,483	25,646
Total receivables		573,684	469,907
Total current assets		592,614	488,498
TOTAL ASSETS		1,066,094	1,026,471

EQUITY AND LIABILITIES as of Sept. 30

(Amounts in NOK thousands)	Note	2022	2021
Equity			
Share capital		40,951	40,951
Share premium reserve		8,769	8,769
Total paid-in equity		49,720	49,720
Other equity		98,844	95,296
Total retained earnings		98,844	95,296
Total equity	16	148,564	145,017
Liabilities			
Pension liabilities	18	40,344	48,692
Deferred tax	7	867	0
Total provisions for liabilities		41,211	48,692
Other non-current liabilities	19, 23	34,004	24,174
Non-current lease liabilities	9	103,571	151,103
Total other non-current liabilities		137,576	175,277
Accounts payable	23	121,309	90,342
Tax payable	7	7,751	12,333
Public duties payable		70,268	113,993
Dividends		117,429	0
Advances from customers	23	9,497	11,095
Guarantee provisions		8,469	10,970
Current liabilities to group companies	13, 23	215,789	212,908
Other current liabilities	20, 23	135,027	153,420
Current lease liabilities	9	53,206	52,425
Total other current liabilities		738,744	657,486
Total liabilities		917,530	881,454
TOTAL EQUITY AND LIABILITIES		1,066,094	1,026,471

Oslo, Dec. 16, 2022

The Board of Siemens AS



Per Mikael Gustaf Leksell
Chairman



Jürgen Lippert
Board Member



Kjell Olav Strømsli
Board Member



Børge Tjelta
Board Member



Tove Lise Grøtta
Alternate Board Member



Nils Klippenberg
Board Member/CEO

Cash flow statement

(Amounts in NOK thousands)	Note	2022	2021
Cash flow from operating activities			
Profit before income tax		151,157	133,143
Tax paid for the period		-19,841	0
Depreciation and amortization	8, 10	34,848	34,086
Loss/gain on leases	9	-9,090	-17,989
Loss on disposal of fixed assets		105	0
Changes in inventory, accounts receivable and accounts payable	11, 12	-21,900	-90,842
Differences between expensed pensions and contributions/disbursements in pension schemes	18	-4,238	-3,536
Changes in other accruals	8, 13, 19	-104,516	99,242
Net cash flow from operating activities		26,524	154,103
Cash flow from investing activities			
Acquisitions of tangible assets	10	-1,665	-642
Receipts from subleasing receivables	9	27,889	25,084
Net cash flow from investing activities		26,224	24,442
Cash flows from financing activities			
Change in intra-group balances in the Group's corporate cash pooling system	13, 23	2,881	-131,907
Payments for repayment of lease liabilities	9	-55,629	-46,638
Net cash flow from financing activities		- 52 748	-178,545
Cash and cash equivalents as of Oct. 1		0	0
Cash and cash equivalents as of Sept. 30		0	0

Notes

Note 1 – Accounting policies

General information

The financial statements of Siemens AS are prepared in accordance with Section 3-9 of the Norwegian Accounting Act and the Regulations on simplified application of international accounting standards (IFRS) laid down by the Ministry of Finance on November 3, 2014. In principle, this entails recognition and measurement in accordance with the International Financial Reporting Standards (IFRS), and presentation of the financial statements and note disclosures in accordance with the Norwegian Accounting Act and standards and practices generally accepted in Norway. The financial statements consist of the statement of comprehensive income, balance sheet, cash flow statement and note disclosures. The annual report consists of the report from the Board of Directors, financial statements and auditor's report. The company uses a non-calendar fiscal year that runs to September 30. All amounts are stated in NOK thousands, unless otherwise specified.

Simplified IFRS

The company has not applied any simplifications from the recognition and measurement rules in IFRS. The company has exercised its right to deviate from the recognition and measurement rules in Section 3-4 of the Regulations on simplified application of international accounting standards (IFRS) by recognizing dividends and group contributions in accordance with the provisions of the Norwegian Accounting Act.

Basis for preparation of the financial statements

The financial statements have been prepared under the historical cost convention, except for the following accounting items: Financial instruments at fair value through profit or loss, and financial instruments available for sale that are recognized at fair value. Dividends are recognized in the period when they are adopted.

Currencies

Foreign currency transactions are translated at the prevailing exchange rate on the transaction date. Monetary items denominated in a foreign currency are translated to NOK at the prevailing exchange rate on the balance sheet date. Non-monetary items that are measured at historical exchange rates expressed in a foreign currency are translated to NOK at the prevailing exchange rate on the transaction date. Non-monetary items that are measured at fair value expressed in foreign currency are translated at the exchange rate determined on the balance sheet date. Exchange rate fluctuations are recognized on an ongoing basis during the accounting period and presented in the financial statements as financial income or financial expenses.

Policies for income recognition

General information

Income recognition is based on the fundamental principle that companies must recognize income in such a way that the expected remuneration is recognized in line with a pattern that reflects the transfer of goods or services to the customer. Sales revenue is disclosed net of value added tax and discounts. Revenue from sales of goods is recognized when the delivery obligations have been met, i.e. when control of the contracted goods or services has been transferred to the customer. When services and long-term manufacturing projects are sold, control is transferred over time and income is recognized in line with deliveries to the customer. See the separate section concerning recognition of long-term manufacturing contracts. Interest income is recognized on the basis of the effective interest method as it is earned.

Long-term manufacturing contracts

Siemens has ongoing projects with durations ranging from a few months to 3-4 years. Income and expenses are recognized through profit or loss based on the project's percentage of completion. This is calculated as the expenses accrued as a percentage of the total estimated expenses. Expenses and profit are estimated on an accruals basis and the percentage of completion is updated for each accounting period, which in the company means on a monthly basis. In the event of doubt, the best estimate is used.

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

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

When they are signed, additional orders not deemed to be a separate contract are taken account of in the contract's planned income. In projects where there is an obligation to continue working, expenses related to unsigned but likely additional orders are recognized temporarily as an asset on the balance sheet. If there is significant uncertainty regarding a customer's ability to pay, expenses are recognized as they are incurred, and income is only recognized once payment is received.

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

Other contracts

For projects not defined as long-term manufacturing contracts, income recognition is based on the 'completed contract method'. Accrued costs are then capitalized as contract assets under other receivables and are recognized together with income when the customer gains control of the product or service.

Service contracts

Service contracts are recognized in line with the provision of the services.

Notes

Note 1 – Accounting policies *continued*

Borrowing costs

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

Classification of balance sheet items

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

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

Receivables

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

Inventories

Inventories of purchased goods are measured at the lower of average cost or expected net selling price. Obsolete goods are written down to their expected future selling price. Raw materials and goods in process, as well as work in progress, are recognized at the lower of their full manufacturing cost or expected net selling price. Manufacturing cost includes direct and indirect costs, including a share of fixed manufacturing costs.

Use of estimates

In preparing the financial statements, the management are required to make judgements, estimates and assumptions when applying the company's accounting policies. Even though the estimates are based on management's best judgement at the relevant time, the actual results may deviate from these estimates and underlying assumptions. Larger estimates relate to estimation of provisions for risks in orders and projects, fair value allocations for acquisitions, determining useful lives for holdings of tangible assets and intangible assets, recognized provisions and determining pension liabilities. The basis used for the estimates is described in more detail in these accounting policies and elsewhere in the pertinent notes to the financial statements.

Contingent outcomes

Contingent losses that are more than 50% likely and measurable are expensed.

Forward currency contracts

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

When hedging cash flows (Cash Flow Hedge Accounting) unrealized gains and losses on the hedging instrument are recognized in equity. Deferred tax on the provision is recognized directly in equity. Fair Value Accounting is used for other hedging contracts. Unrealized gains and losses on the hedging instrument are recognized through profit or loss on a monthly basis.

Tangible and intangible assets

Tangible and intangible assets are measured at cost less accumulated depreciation and write-downs. Tangible and intangible assets are measured at the lower of cost and fair value. Plant and equipment with a useful life of less than 3 years or a cost price of under NOK 15,000 are expensed in the acquisition year. Costs relating to normal maintenance and repair are expensed as they arise under operating expenses. The cost of significant improvements to an asset, which are expected to increase future value and profit, are capitalized and depreciated over the anticipated useful life of the asset. Assets are depreciated on a straight-line basis over their useful lives, starting from the date on which they were first used in ordinary operations.

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

Leases

Siemens as lessee

IFRS 16 Leases requires the lessee to recognize leases on the balance sheet such that the value of the right-of-use asset and the corresponding lease liability are presented on the balance sheet. The lease liability is measured at the present value of the lease payments, and the right-to-use asset is derived from this calculation. Upon subsequent measurement, the right-to-use asset must be depreciated, while the lease liability is reduced by ongoing instalments. Leases that fall under the definition of 'low-value assets' are not recognized on the balance sheet. For short-term leases where the non-cancellable lease period is less than 12 months, lease expenses are also recognized directly through profit or loss.

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

In order for a lease to be subject to the requirements of IFRS 16, the lease must meet the definition of a lease, including that the assets must be identifiable, and the lessee must have the right to control the use of the assets for a given period. Significant leases in Siemens are mainly leases for buildings and other real estate and vehicles, which will be covered by the standard.

Several of Siemens' leases include options for extension or termination. It is the non-cancellable lease period that provides the basis for the lease liability. The period covered by the extension or termination option is shown if it is considered reasonably certain that the extension options will be exercised.

The present value of the lease payments must be discounted by the lessee's marginal borrowing rate when the implicit interest rate for the lease cannot easily be determined. The method for determining the company's marginal borrowing rate must be applied consistently and reflect:

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

Siemens as sublessor

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

Siemens has several subleases that are classified as finance subleases. Upon recognition, a proportion of the right-to-use asset, which is subleased, and a subleasing receivable is recognized. Gains and losses are recognized through profit or loss as other financial income or expenses. In subsequent measurements, the subleasing income is recognized through profit or loss as interest income and reduced amortization of the right-to-use assets.

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

Pension costs and pension liabilities

Siemens AS has a defined contribution occupational pension scheme (contribution plan) for all employees with more than 10 years to go to retirement age (67 years). The contribution levels are 5% of pensionable salary from the first Norwegian krone to 7.1G (where G = the National Insurance basic amount) and 13% of pensionable salary from 7.1G to 12G. For accounting purposes, this pension scheme is treated in accordance with IAS 19R.

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

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

Employees' options and stock program

Executives at Siemens are part of a stock option program under the auspices of the parent company Siemens AG and are awarded stock options. In addition, all employees may participate in a savings agreement linked to the purchase of Siemens AG stock. For every three shares an employee purchases, Siemens AS will give them an extra share. Both of these option schemes are measured at fair value on the date of issue. The fair value on the date of issue is expensed on a straight-line basis over the duration of the option.

Tax expense

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

Cash flow statement

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

Notes

Note 2 – Sales revenue

(Amounts in NOK thousands)	2022	2021
Smart Infrastructure	1,186,556	1,148,973
Digital Industries	611,375	539,897
Large Drives Applications	234,268	230,487
	2,032,199	1,919,357

The majority of the company's sales revenue comes from activities in Norway. In the 2022 fiscal year, exports amounted to NOK 152 million, representing 7,5% of total sales revenue. The largest export markets in the 2022 fiscal year were Sweden, Lithuania and Finland.

Note 3 – Other operating income

(Amounts in NOK thousands)	2022	2021
Other operating income		
Rent income	23,174	24,047
Income from Global Business Service	14,034	14,624
Total other operating income	37,208	38,671

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

(Amounts in NOK thousands)	2022	2021
Payroll expenses		
Salaries	474,726	454,993
Employers' NI contributions	71,257	68,945
Net pension costs	35,142	32,468
Other benefits	18,470	16,751
Total payroll expenses	599,596	573,157
Average number of employees	486	478

Remuneration of the Board of Directors and CEO

Board members representing employees in Siemens AS received NOK 10,000 per person for the 2022 fiscal year. The Chairman of the Board did not receive any directors' fees during the period. The CEO's salary for 2022 amounted to NOK 2,973,574. He also received a bonus of NOK 1,429,906 and NOK 173,020 in other remuneration.

Pension entitlements

The CEO is covered by the pension scheme for senior executives at Siemens AS. On January 1, 2016, the defined benefit pension scheme for active senior executives was replaced by a defined contribution pension scheme (ref. Note 18 – Pension costs and pension liabilities). This was continued in the new company after the demerger on March 1, 2020. The regular contributions to the pension scheme for the CEO amounted to NOK 351,027 in 2022.

Stock option program – share-based remuneration

Gains depend on the share price in Siemens AG measured against the strike price when the options are exercised. The stock options are subject to an accrual period of 4 years from the date of awarding until they can be exercised. Exercising the options is contingent on the employee still being in the company's employ. The CEO holds 5,466 stock options.

Loans and provision of security

Neither the Chairman of the Board nor the CEO had loans from Siemens AS as of September 30, 2022. No additional remuneration has been provided for special services outside the normal functions of an executive.

Information about other employees

Loans and provision of security

Other employees have loans from the company amounting to NOK 4 million. The loans are repayable over a maximum of 10 years. A standard interest rate is charged on the loans. No particular security has been provided for the loans, other than the issue of a promissory note.

(Amounts in NOK thousands)	2022	2021
Fees to auditor		
Proposed fees for statutory audit for the year	858	757
Additional fees invoiced for statutory audit in previous years	0	0
Other certification services	0	0
Total fees to auditor	858	757

(VAT is not included in the audit fees.)

Note 5 – Specification of operating expenses by type

(Amounts in NOK thousands)	2022	2021
Shipping and transportation expenses	14,463	12,893
IT costs	10,476	13,251
Lighting and heating	4,758	3,220
Refuse collection, wastewater, cleaning, etc.	2,487	2,457
Rental of machinery, equipment, etc.	12,656	15,941
Equipment, fixtures and fittings (non-capitalizable)	6,878	6,229
Building repairs and maintenance	7,088	3,015
Other repairs and maintenance	4,610	867
Office expenses	4,463	3,690
Contracted workers	46,629	54,717
Travel and subsistence expenses	25,792	16,560
Sales and advertising expenses	5,739	7,169
Entertainment expenses	1,068	361
Subscriptions and gifts	2,869	2,001
Insurance premiums	5,045	398
Warranty and service expenses	1,854	-284
License and patent costs	2,690	2,476
Expenses for Global Business Services	22,982	10,109
Other operating expenses	14,719	46,727
Total operating expenses	197,267	201,796

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

Note 6 – Specification of interest items and other financial items

(Amounts in NOK thousands)	2022	2021
Interest income from companies in the same group	0	22
Other interest income	1,017	2,963
Other financial income	11,702	15,593
Exchange rate gains	9,686	1,452
Total interest income and other financial income	22,405	20,030
Interest expenses from companies in the same group	-1,829	-2,303
Other interest expenses	-160	-5,060
Other financial expenses	-3,989	-95
Exchange rate losses	-6,539	-4,138
Total interest expenses and other financial expenses	-12,517	-11,596
Net interest and other financial items	9,888	8,434

Notes

Note 7 – Tax

(Amounts in NOK thousands)	2022	2021
Taxable profit		
Profit before income tax	151,157	133,142
Permanent differences/other differences	2,156	693
Changes in taxable/tax-deductible temporary differences	-122,628	-41,578
Effect of items recognized against equity	4,548	7,274
Use of deficit carried forward	0	-43,476
Total	35,233	56,055
22% tax payable	7,751	12,333
Insufficient provisions for tax payable in previous years	7,509	0
Tax payable in the tax expense	15,260	12,333
Tax expense for the year		
Tax payable on the profit for the year	15,260	12,333
Change in deferred tax	19,470	18,711
Change in deferred tax recognized directly against equity*	-1,001	-1,600
Total	33,729	29,444
Tax payable on the balance sheet		
Tax payable on the profit for the year	7,751	12,333
Total	7,751	12,333
Taxable/tax-deductible differences that offset each other		
Fixed assets/non-current liabilities	-407,153	-441,375
Current assets/current liabilities	119,271	60,445
Total taxable/tax-deductible differences that offset each other	-287,882	-380,930
Items recognized directly against equity*	291,823	296,371
Total basis for deferred tax	3,941	-84,560
22% deferred tax (+)/deferred tax asset (-)	867	-18,603
Change in deferred tax	19,470	18,712
of which without effect on tax expense	1,001	1,600

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

(Amounts in NOK thousands)	2022 tax expense	as % of profit before tax
Calculation of effective tax rate		
Tax calculated at average nominal tax rate	33,255	22
Effect of permanent differences	473	0
Tax expense according to income statement	33,729	22

Note 8 – Intangible assets

2022 (Amounts in NOK thousands)	Goodwill
Cost as of Oct. 1, 2021	319,834
Cost as of Sept. 30, 2022	319,834

Siemens AS conducts annual impairment tests of goodwill. If there are indications of impairment of goodwill, the tests are conducted more frequently. The impairment test was conducted in September 2022 and was based on provisional company figures from August 2022. The result of the test showed, by a good margin, no indications of impairment. Capitalized goodwill in the company as of September 30, 2022 was NOK 319.8 million.

Siemens has used the utility value to determine the recoverable amount in the cash generating unit. The utility value is calculated as the present value of estimated cash flow before tax, with a discount factor that reflects the timing of the cash flows and the expected risks. Cash flows are calculated based on expected unit-specific cash flows for the next 5 years, i.e. long-term budgets for 2023 to 2027. Cash flows after 2027 are derived at using a long-term growth rate equal to the expected long-term national inflation rate. A weighted average capital cost for the specific unit is used as the discount factor.

As regards calculations of utility value, the key criteria are sensitive to changes in the markets Siemens AS operates in and future demand for the unit's product lines. Thanks to Siemens' sustainable and innovative solutions, demand has proven to be stable despite uncertainty and market fluctuations. Sensitivity has therefore proved to be low in 2022.

Note 9 – IFRS 16 Leases

Changes in right-of-use assets (Amounts in NOK thousands)	Land/ buildings	Vehicles	Total
Balance sheet, Oct. 1, 2021	94,380	4,948	99,328
Additions, new leases*	3,175	266	3,441
Indexing**	8,238	582	8,820
Disposals***	-6,605	-170	-6,775
Cost as of Sept. 30, 2022	99,188	5,626	104,814
Depreciation for the year	-27,423	-2,220	-29,643
Depreciation disposals	0	52	52
Total depreciation and amortization as of Sept. 30, 2022	-27,423	-2,168	-29,591
Book value as of Sept. 30, 2022	71,765	3,456	75,221

* Related to extension of lease in Sarpsborg and a new lease in Trondheim (warehouse).

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

*** Related to changes in square footage for lease in Trondheim (office) and Haugesund (office) and indexing of sublease.

Change in lease liability and subleasing receivables (Amounts in NOK thousands)	Lease liabilities	Subleasing receivables
Balance sheet, Sept. 30, 2021	203,528	108,634
Additions	3,715	0
Indexing of liabilities*	8,809	12,435
Disposals	-3,645	0
Interest expense/interest income, subleasing	3,901	2,345
Rent payments/subleasing payments	-59,530	-30,234
Balance sheet, Sept. 30, 2022	156,778	93,181

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

Classification of liabilities and receivables (Amounts in NOK thousands)	Lease liabilities	Subleasing receivables
Current	53,206	28,483
Non-current	103,571	64,698

Undiscounted payments/income (Amounts in NOK thousands)	Within 1 year	2-3 years	4-5 years	After 5 years
Future undiscounted rent payments	56,000	97,127	9,015	140
Future undiscounted subleasing income	30,204	60,229	5,997	0

Notes

Note 10 – Tangible assets

(Amounts in NOK thousands)	Buildings	Plant and machinery	Fixtures and fittings, equipment	Assets under construction	Total
Oct. 1, 2021	9,339	1,080	2,416	0	12,835
Disposals during the year – cost price	-476	-75	-1,423	0	-1,974
Additions during the year	0	130	1,550	91	1,771
Cost Sept. 30, 2022	8,863	1,135	2,543	91	12,632
Depreciation and write-downs for the year	-4,033	-217	-955	0	-5,206
Depreciation disposals	419	75	1,375	0	1,868
Book value Sept. 30, 2022	5,248	993	2,962	91	9,295
Depreciation plan	Straight-line	Straight-line	Straight-line		
Useful life	10-50 years	10 years	3-5 years		

Note 11 – Inventories

(Amounts in NOK thousands)	2022	2021
Inventories		
Inventories of purchased goods for resale	18,930	18,591
Total	18,930	18,591
Provision for obsolete goods	2,472	2,369
Cost of goods for the year	1,098,671	1,024,144

Note 12 – Accounts receivable

(Amounts in NOK thousands)	2022	2021
Accounts receivable		
Gross accounts receivable	375,590	325,645
Provision for losses on receivables	-283	-2,866
Net accounts receivable	375,307	322,779
Losses on accounts receivable	340	1,565
Changes in provisions	-2,583	-1,429
Net bad debts	-2,243	137

Outstanding receivables more than 60 days past due account for approximately 3.0% of gross receivables. Siemens AS continuously monitors and assesses risks and believes that the provisions for bad debts are adequate based on an assessment of the receivables.

Note 13 – Means of payment

Siemens AS has no restricted liquid assets. Siemens AS has a bank guarantee worth NOK 32 million to cover tax withholding liabilities. Banking activities are conducted via Siemens AG and an external bank. Siemens AS's liquidity risk is low as the company is part of the Siemens Group's corporate cash pooling system. As of September 30, 2022, net deposits in Siemens AS amounted to NOK 216 million and are classified as current liabilities on the balance sheet.

Note 14 – Other current receivables

(Amounts in NOK thousands)	2022	2021
Other current receivables		
Accrued, not invoiced income from production contracts (ref. Note 22)	120,938	75,871
Other accrued, not invoiced income	37,804	39,772
Currency derivatives	4,849	1,618
Other current receivables	4,816	4,221
Total	168,407	121,482

Note 15 – Other non-current receivables

(Amounts in NOK thousands)	2022	2021
Loans to employees (ref. Note 4)	3,983	3,936
Other non-current receivables	450	450
Total	4,433	4,386

The list shows the book value of receivables that fall due more than 1 year after the balance sheet date.

Note 16 – Equity

(Amounts in NOK thousands)	Share capital	Share premium reserve	Cash flow hedging	Actuarial gains and losses	Retained earnings	Total equity
As of Sept. 30, 2021	40,951	8,769	495	-231,664	326,464	145,016
Total comprehensive income	0	0	3,772	-225	117,429	120,976
Proposed dividend pay-out	0	0	0	0	-117,429	-117,429
As of Sept. 30, 2022	40,951	8,769	4,267	-231,889	326,464	148,564

Notes

Note 17 – Share-price-based compensation

Stock options for executives

Leading people in Siemens AS are awarded options by Siemens AG. The period from awarding to exercising is 4 years. The costs of the options are recognized through profit or loss in Siemens AS. Siemens AS is charged the expected monthly cost of the options by Siemens AG on the date of awarding. The cost builds up a liability in Siemens AS to Siemens AG. The cost is based on the fair value of the options on the balance sheet date. On the date the options are exercised, their actual value is used. This forms the basis for the final cost invoiced by Siemens AG.

The Norwegian marginal tax is calculated and paid to the Norwegian tax authorities, while the remainder of the amount is paid to the employee by Siemens AS. The overall cost of the options is charged to payroll expenses. In the 2022 fiscal year, this amounted to NOK 1.4 million. The book value of the liability is NOK 2.9 million.

In 2020, Siemens AS spun off Siemens Energy as a separate independent company. When Siemens Energy was listed on the stock exchange, executives in Siemens AS were offered a number of shares in Siemens Energy. This happened on September 30, 2020. This stock was added as an additional item in the opening balance in 2021.

	2022		2021	
	Average price per share in EUR	Number of options	Average price per share in EUR	Number of options
As of Sept. 30, 2022	-	11,024	-	8,648
Awarded Siemens Energy stock*	-	-	-	4,328
As of Oct. 1, 2021	-	11,024	-	12,976
Awarded	88,77	1,891	87,89	696
Lapsed	59,06	-1,233	49,29	-539
Exercised	51,52	-1,284	58,86	-2,109
Settlement	-	-	-	-
As of Sept. 30, 2022		10,398		11,024

* Awarded Siemens Energy shares when the new company was listed on the stock exchange.

Stock options for employees

Every fiscal year, all Siemens Group employees are offered an opportunity to purchase Siemens stock through the Share Matching Plan program. Employees who sign up to the agreement have a fixed amount of 0-5% of their gross salary deducted each month.

The amount is invested in Siemens stock the following month. After a qualifying period of 3 years, Siemens gives employees one free share for every three shares the employee owns. Siemens AS is invoiced quarterly for the administration of the Share Matching Plan, plus the fourth share the employee gets after 3 years. These costs amounted to NOK 1.0 million for the 2022 fiscal year.

	2022		2021	
	Average price per share in EUR	Number of options	Average price per share in EUR	Number of options
As of Sept. 30, 2020	-	2,327	-	1,606
Awarded Siemens Energy shares*	-	-	-	796
As of Oct. 1, 2021	-	2,327	-	2,402
Awarded	127,38	1,008	95,58	988
Lapsed	108,45	-172	69,92	-125
Exercised	62,48	-1,338	62,61	-867
Settlement	94,73	-9	68,76	-71
As of Sept. 30, 2022		1,815		2,327

* Awarded Siemens Energy shares when the new company was listed on the stock exchange.

Note 18 – Pension costs and pension liabilities

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

Contribution plans

Siemens has a defined contribution occupational pension scheme. This is a scheme carried over from Siemens AS before the demerger. The contribution levels are 5% of the individual employee's pensionable salary from the first Norwegian krone to 7.0G (where G = the National Insurance basic amount) and 13% of pensionable salary from 7.1G to 12G. NOK 27.6 million was paid in as contributions in 2022.

The Norwegian Parliament resolved that AFP will be a life-long scheme from January 1, 2011 onwards where the employee can decide when to receive their pension after turning 62. Payments will be influenced by the qualifying period and life expectancy of each individual employee. The AFP scheme is a defined benefit multi-employer pension scheme funded via premiums that are determined as a percentage of salary. As currently there is no reliable method of calculating the liability, the scheme is recognized as a defined contribution scheme in which the premium payments are expensed on an ongoing basis. As of September 30, 2022, NOK 7.4 million had been paid into this scheme in 2022.

As of January 1, 2016, the company's previous additional defined benefit pension scheme for active senior executives was closed and replaced with a defined contribution additional pension scheme. The qualifying pensionable income for the scheme is fixed annual salary in excess of 12G. This scheme was continued in the new company after the demerger on March 1, 2020.

Defined benefit plans – unfunded schemes

In addition to the funded occupational pension scheme, Siemens AS has unfunded defined benefit pension liability. This is a pension plan funded through operations and consists of pension liabilities to retired senior executives.

(Amounts in NOK thousands)	2022	2021
Pension costs, defined benefit plans		
Interest expenses on pension liabilities	727	303
Recognized pension costs incl. employer's NICs	727	303
Actuarial loss/gain (-)	-4,836	-5,041
Pension costs recognized in other operating income and expenses	-4,836	-5,041
Changes in pension liabilities		
Pension liabilities Sept. 30, 2021	48,692	57,270
Interest expenses on pension liabilities	727	303
Pension payments	-4,238	-3,840
Actuarial loss/gain (-)	-4,836	-5,041
Pension liabilities at the end of the period	40,344	48,692
Financial assumptions		
Discount rate	3.34 %	1.56 %
Expected pension increase	1.60 %	1.40 %
Expected National Insurance basic amount adjustment	0.00 %	2.00 %

Actuarial assumptions

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

Note 19 – Other non-current liabilities

(Amounts in NOK thousands)	2022	2021
Other non-current liabilities		
Staff provision for long service	17,209	13,011
Guarantee provision	6,730	2,455
Other non-current liabilities	10,065	8,709
Total	34,004	24,174

The list shows the book value of liabilities that fall due more than 1 year after the balance sheet date.

Notes

Note 20 – Other current liabilities

(Amounts in NOK thousands)	2022	2021
Other current liabilities		
Salaries and holiday pay	88,001	78,332
Service contracts invoiced in advance	1,812	4,163
Provisions for liabilities	4,053	20,760
Production projects invoiced in advance (ref. Note 22)	34,324	47,724
Currency derivatives with negative value (ref. Note 23)	3,025	1,219
Restructuring provisions	1,550	0
Other current liabilities	2,262	1,222
Total	135,027	153,420

(Amounts in NOK thousands)	Loss contracts	Other	Total
Provisions for liabilities			
Sept. 30, 2021	-9,100	-11,661	-20,760
Provision	-2,402	-1,775	-4,177
Dissolved	391	9,575	9,967
Used provision	9,592	1,325	10,917
As of Sept. 30, 2022	-1,518	-2,535	-4,053

Note 21 – Other off-balance sheet liabilities

Off-balance sheet liabilities

At the end of the 2022 fiscal year, Siemens AS had the following off-balance sheet liabilities in the following categories.

Security pledged and guarantee liability

(Amounts in NOK thousands)	2022	2021
Guarantee liability		
Guarantees issued by external financial institutions	71,729	75,534
Total guarantee liability	71,729	75,534

Siemens AS has a guarantee liability of NOK 72 million, issued by external financial institutions. The guarantees concern liabilities to the authorities and contractual parties.

Note 22 – Long-term manufacturing contracts

This note shows accounting figures for the projects' entire life cycle, which typically extends over several accounting periods.

(Amounts in NOK thousands)	2022	2021
Work in progress		
Recognized as income	570,762	735,079
Costs	-480,615	-688,011
Net profit/loss	90,147	47,068
Income from projects	419,849	530,321
Estimated remaining production costs for loss-making projects	-7,977	-8,448
Accrued, not invoiced income included under other current receivables from manufacturing projects recognized using the percentage of completion method (ref. Note 14)	120,938	75,871
Production invoiced in advance, included in other current receivables from manufacturing projects recognized using the percentage of completion method (ref. Note 20)	34,324	47,724

Expected losses on these projects are charged in their entirety as a provision, which is then reduced in parallel with the progress of the project or realization of the losses.

Project risk and uncertainty

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

Note 23 – Currency derivatives and financial instruments

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

Siemens AS has significant currency exposure relating to purchases and sales in EUR and USD. Options can also be used to hedge against fluctuations during the bid phase of projects. All hedging is performed via Siemens AG.

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

(Amounts in NOK thousands)	2022	2021
The following amounts related to currency hedging contracts were recognized as financial income/expenses in the fiscal year		
Realized gain/loss (-) from expired hedging contracts	765	2,762
Accumulated gain/loss (-) not reversed from equity	357	1,066

The following amounts related to currency hedging contracts were recognized against

Unrealized gain/loss (-) recognized in the fiscal year	-346	-635
Accumulated gain/loss (-) not reversed from equity	-346	-635

List of unrealized currency forward contracts as of Sept. 30, 2022

Currency forward contracts (counter position NOK)	Currency amount	Amount in NOK	Agreed average FX rate	FX rate at Sept. 30, 2022	Average time remaining in days
Sales EUR	8,447,683	87,777,197	10.3907	10.5838	235
Purchases EUR	6,636,692	67,167,021	10.1206	10.5838	112
Sales USD	850,516	7,243,019	8.5160	10.8574	608
Purchases USD	756,930	6,950,201	9.1821	10.8574	504

(Amounts in NOK thousands)	2022	2021
Fair value of the derivatives recognized on the balance sheet as of Sept. 30, 2022		
EUR	1,025	398
USD	-652	1
Total	373	399
Positive holdings: Short-term share	4,160	900
Positive holdings: Long-term share	690	718
Negative holdings: Short-term share	-3,008	-1,219
Negative holdings: Long-term share	-1,468	0
Total	373	399

(See the table for currency derivatives and financial instruments)

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

In the income statement, the measurement and settlement of hedging contracts are recognized under financial expenses and income. On the balance sheet, the values of open hedging contracts are recognized in other current or non-current receivables or other current or non-current liabilities. The share of long-term positive holdings amounts to NOK 0.690 million and long-term negative holdings amount to NOK 1.468 million.

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

On hedging cash flows (Cash Flow Hedge Accounting) unrealized gains and losses on the hedging instrument are recognized in equity. Deferred tax for the provision is recognized directly against equity. Other hedging contracts not classified as hedge accounting are recognized at fair value through profit or loss.

As of September 30, 2022 there were no material ineffective hedges.

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

Notes

(Amounts in NOK thousands)

	2023	2024	2025
Year when hedged cash flows are expected to be reclassified from equity to net income	237,442	0	0
Financial instruments by category			
	Loans and receivables	Derivatives used for hedging purposes	Total
Assets as of Sept. 30, 2022			
Other non-current receivables	4,433	689	5,122
Accounts receivable	375,307	0	375,307
Non-current subleasing receivables	64,698	0	64,698
Current subleasing receivables	28,483	0	28,483
Other current receivables	168,407	4,160	172,567
Total	641,328	4,849	646,177
	Other financial liabilities	Derivatives used for hedging purposes	Total
Liabilities as of Sept. 30, 2022			
Other non-current liabilities	30,996	3,008	34,004
Accounts payable	121,309	0	121,309
Current liabilities to group companies	215,789	0	215,789
Non-current lease liabilities	103,571	0	103,571
Current lease liabilities	53,206	0	53,206
Advances from customers	9,497	0	9,497
Other current liabilities	133,559	1,468	135,027
Total	667,927	4,476	672,403

Note 24 – Financial market risk

Siemens uses financial forward contracts via Siemens AG to hedge against exposure to currencies. On the other hand, Siemens AS does not use financial instruments linked to interest-bearing items. Given Siemens AG's good liquidity, Siemens AS's liquidity risk is low. Accounts receivable are continuously assessed on the basis of changes in market conditions and the management's assessment. We deem this to have been taken into account in the provisions for losses on receivables (see Note 12).

Currency risk and the use of financial instruments are described in Note 23.

Note 25 – Transactions with related parties

(Amounts in NOK thousands)

		2022	2021
Sales			
Siemens Mobility AS	Siemens company	18,714	12,718
Siemens Healthcare AS	Siemens company	12,219	12,210
Siemens AG	Siemens company	11,792	1,047
P.T. Siemens Indonesia	Siemens company	3,275	-
Siemens Limited, Taipeh	Siemens company	3,191	502
Siemens AB, Solna	Siemens company	2,713	-
Siemens Financial Services AB, NUF	Siemens company	2,487	3,027
Siemens Large Drives	Siemens company	1,828	-
Siemens Aktiengesellschaft Osterreich	Siemens company	479	308
Siemens A/S Ballerup	Siemens company	294	-
Siemens Ltd.	Siemens company	-	234
Siemens d.o.o. Beograd	Siemens company	-	94
Siemens Sanayi ve Ticaret Anonim Sirketi	Siemens company	-	44
Total		56,991	30,186
Purchases			
Siemens AG	Siemens company	769,705	692,088
Siemens Schweiz AG, SI Global HQ Zug	Siemens company	82,666	80,106
Siemens Sanayi ve Ticaret Anonim Sirketi, Istanbul	Siemens company	18,886	9,048
Siemens Industry Inc., Wilmington	Siemens company	17,363	-
Siemens Large Drives, s.r.o., Drasov	Siemens company	11,561	8,814
Siemens Holding S.L., Madrid	Siemens company	9,043	12,942
Siemens Financial Services AB, NUF Oslo	Siemens company	8,641	-
Siemens AB, Solna	Siemens company	7,025	14,153
Siemens plc. Farnborough, Hampshire	Siemens company	5,981	-
Siemens A/S, Ballerup	Siemens company	5,571	8,110
Siemens Aktiengesellschaft Osterreich	Siemens company	-	16,972
Siemens EOOD, Sofia	Siemens company	-	12,665
Siemens plc. Frimley, Surrey	Siemens company	-	7,805
Total		936,442	862,702

Purchases from and sales to related parties are regarded as commercial transactions. Purchases and sales between related parties mainly occur in connection with project collaboration. There are also a number of cost allocations in connection with the use of common services in the Group.

Siemens AS has no intra-group balances relating to liabilities and receivables as purchases and sales are paid for directly from the Group's cash pool (ref. Note 13).

The consolidated financial statements of Siemens AG can be obtained from the following address:

Siemens AG, Werner-von-Siemens-Str. 1, D-80333 Munich, Germany.

<http://www.siemens.com>

going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

We communicate with the board of directors 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.

Oslo, 16 December 2022
ERNST & YOUNG AS

Leiv Aschehoug
State Authorised Public Accountant (Norway)

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

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Siemens AS

Opinion

We have audited the financial statements of Siemens AS (the Company), which comprise the balance sheet as at 30 September 2022, the statements of comprehensive income and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 30 September 2022 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the managing director) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

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