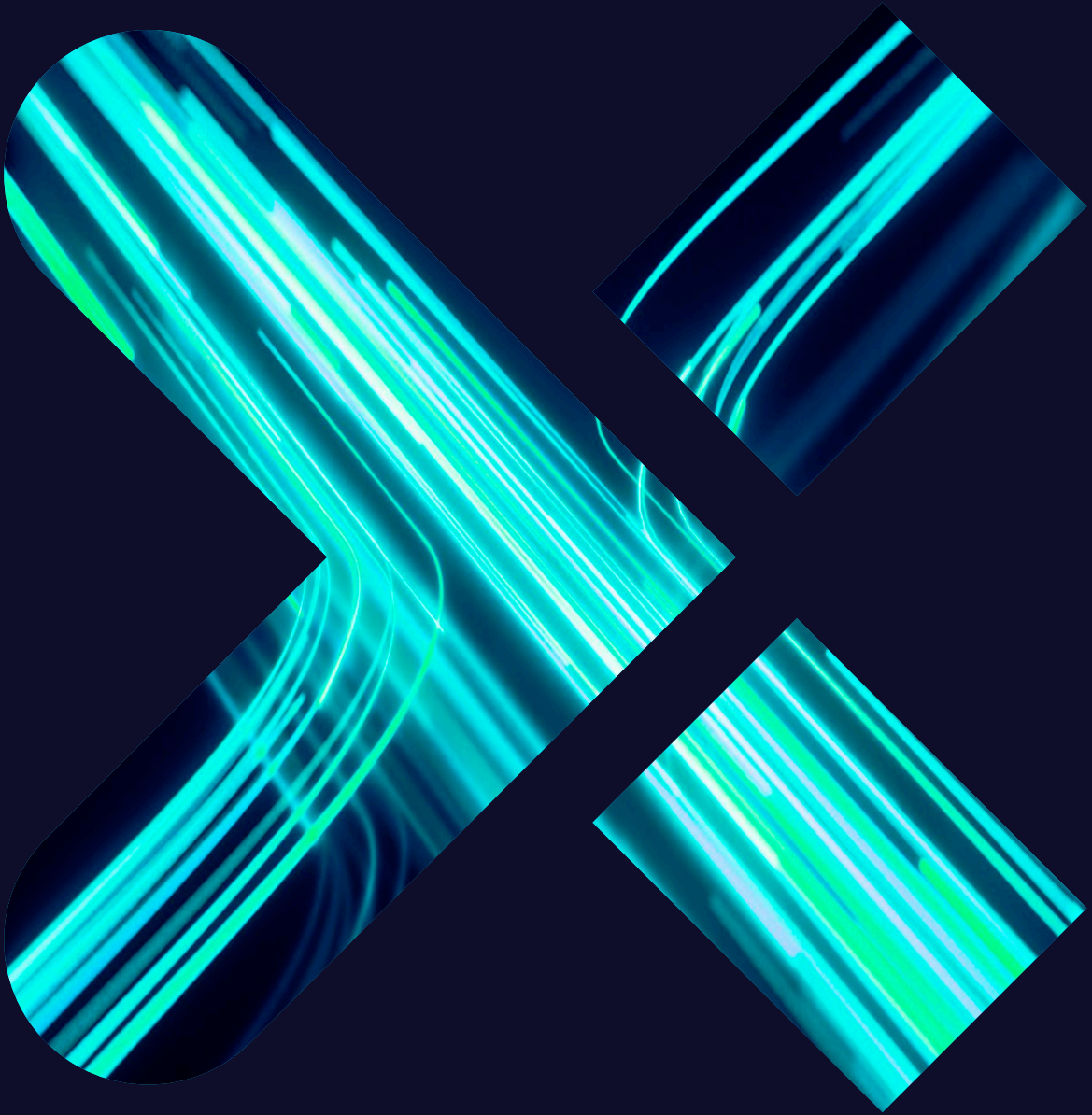


SIEMENS



Siemens AS

Annual report 2023

siemens.no

Translation only*



Contents

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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.

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Our technology is transforming the everyday to create a sustainable future



Technology to transform the everyday

Mission

We make real what matters. Our technology is transforming the everyday, for a sustainable tomorrow.

Vision

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

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

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

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.

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.

Prior to September 30, 2022, Siemens AS consisted of three business areas: Smart Infrastructure, Digital Industries and Large Drives Applications. On October 1, 2022, the latter was spun off as a separate company and is now a wholly owned subsidiary of Siemens AG operating under the name Innometrics AS.

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

Siemens – 125 years in Norway

On the occasion of our 125th anniversary in Norway, and more than 175 years as a global player, Siemens is marking its generations-long track record of being able to adapt to changes. Our annual investments totaling around NOK 70 billion in R&D ensure that we remain at the cutting edge of developments. Our combination of future-oriented technology and fantastic colleagues, ensures that we will remain relevant for our customers in the future as well.

Given that climate change is an urgent global challenge, Siemens is well aware of its role in the transition to a more sustainable society. We are witnessing ever increasing environmental challenges, from the accelerating rise in temperatures that threatens to exceed the Paris Agreement's 1.5°C target to the direct consequences Norway faces, such as Storm Hans and the melting permafrost on Svalbard.

Europe is actively moving towards a low emission society and distancing itself from dependence on Russian oil and gas. Some 63 percent of global investments in energy are in renewables, while in Norway the proportion of investments in renewables is just 13 percent (source: IEA).

Consumers and customers are increasingly demanding zero emission products and Norway needs to develop new competitive green industries.

Norwegian industry needs the energy transition – and fast

Norway stands out with an industrial sector based on hydro-power and expanded through revenues from oil and gas, but we are lagging behind when it comes to cutting CO₂ emissions with a reduction of just 5 percent since 1990 and 6 years left to meet our global obligation of a 55 percent reduction by 2030. This stands in stark contrast to our neighbors' reductions, which are already at 33-45 percent.

There is cross-party agreement on achieving the climate targets for both 2030 and 2050.

The five main ways of doing this are: 1) a major expansion of renewables; 2) electrification of everything that can be electrified; 3) reducing consumption by increasing energy efficiency; 4) significantly expanding capacity in the transmission and distribution grids; and 5) digitalizing and using data to optimize the use of existing resources.

The Norwegian Energy Commission's report from February 1, 2023 concludes that "We need more of everything – faster!". In addition to electrification, a huge amount of renewable energy is needed for hydrogen and ammonia production and

carbon capture and storage. Uncomfortable compromises will have to be made, and we cannot expect the same low prices for renewables going forward.

Achieving the 2030 targets will be extremely difficult. A 150 TWh increase in renewable energy generation capacity is required by 2050, double the current capacity. Offshore wind will meet about 100 TWh of this increase in demand. Floating offshore wind is more expensive than turbines anchored to the seabed, but this will be the area in which Norway can really build up an international business based on its current offshore wind expertise. Floating offshore wind will also be the best fit for the fishing and aquaculture industries. We were concerned to learn that Sørilige Nordsjø II intends to generate just 1.5 GW compared with the envisioned 7.5 GW plus, and that Utsira and its additional 1.5 GW has been postponed.

The Norwegian government's Green Industrial Initiative 2.0 stresses that offshore wind and carbon capture are critical for future industrial development, while battery technology will play a key role in the energy transition. Siemens, with its annual investment of NOK 70 billion in R&D, is an eager champion of the green transition.

We focus on technology that will reduce costs and deliver groundbreaking solutions in electrification, digitalization and automation.

Siemens as your technology partner

Siemens is a global technology company with more than 300,000 employees who spend every day striving to optimize the use of technology. Through good communication with customers and partners, we are helping to create added value, green jobs and a sustainable compassionate society. Today, Siemens technology plays a key role in major Norwegian industrial activities, from energy efficient buildings to managing power grids and automating and digitalizing industrial processes.

In 2023, we introduced Siemens Xcelerator, a business platform that simplifies interactions between customers, partners and

developers through IoT- activated equipment, software and digital services based on open, standardized interfaces. With the aid of advanced algorithms, we help our customers use the data from installed products to obtain valuable insights. Artificial intelligence (AI) and digital twinning are growing, and Siemens is taking a global leadership role in the industrial metaverse, which connects the real world to the virtual world.


Sustainability and corporate social responsibility are core values

Globally, Siemens aims to become zero emission enterprise by 2030, and we have already cut our own emissions from operations by 50 percent since 2019. In Norway, our goal is to be a zero-emission enterprise with respect to Scope 1 and Scope 2 by the end of 2025. We are always striving to reduce our Scope 3 emissions. Corporate social responsibility is important to Siemens. We play an active part in the Skift network, which is a network for managers of the largest Norwegian companies who together are working for a greener future. Together with DNV, we have developed the Energy Transition Norway Report, which projects climate emissions and identifies the need for renewables and energy imports/exports up to 2050. With the current policies, Norway's climate goals will not be achieved in either 2030 or 2050. The government will have to take strong measures to achieve the climate goals and generate sufficient renewable energy for the Norwegian industrial sector of the future.

We optimize both processing industries and discrete manufacturing operations. We utilize and improve the reliability and capacity of the country's grid companies. We improve energy efficiency in hospitals, commercial buildings, and industry in general. It is clear that customers in every market segment are increasingly focusing on introducing data-driven improvements in their own operations.

The economic outlook for 2024 is uncertain, with high inflation and interest rates, while at the same time the need for more renewable energy and more green industrial jobs will increase. Siemens is ready to support the transition to renewables and green jobs through investments and working closely with partners and customers.

We enjoy a strong market position, and for that I would like to thank all of our knowledgeable and dedicated employees. We will continue to change everyday lives to create a better, greener tomorrow. Thank you for being a member of Team Siemens. I am proud of what we are achieving together!



Nils Klippenberg

CEO
Siemens AS



Our business areas

Digital Industries (DI)

The pace of digitalization in manufacturing is increasing. Technology can help us achieve a sustainable future. The successful companies of tomorrow will be the companies that can take advantage of the opportunities offered by digitalization. Siemens' DI technology portfolio can provide customers with lower costs, more efficient production, and greater flexibility.

DI has around 150 employees in Norway within sales, technical support, projects, and services. All product and software development is carried out by Siemens AG, and local services and projects are developed based on this technology.

Siemens combines the real and virtual worlds. DI offers a comprehensive portfolio of products that connect machines and physical infrastructure to the digital world using technologies such as artificial intelligence (AI), edge computing, cloud technology, additive manufacturing, and industrial 5G technology.

Business platform

Siemens Xcelerator is our business platform and offers a portfolio of IoT activated hardware, software, and digital services from the whole of Siemens and certified partners. This simplifies interactions and transactions between customers, partners, and developers. The platform also contains its own industrial IoT solution, Industrial Operations X, which was developed for DI's customers and partners. A broad range of apps is also included.

Our advanced software solutions help customers in their development towards digitalization and result in greater flexibility and efficiency in manufacturing processes. With digital twinning and simulations, products, solutions, and new manufacturing processes can be tested before they are built and deployed. This allows us to digitally eliminate any flaws early on in the development process, which reduces time-to-market for new products and improves the competitiveness of customers and partners.

Important deliveries in 2023

Battery manufacturing

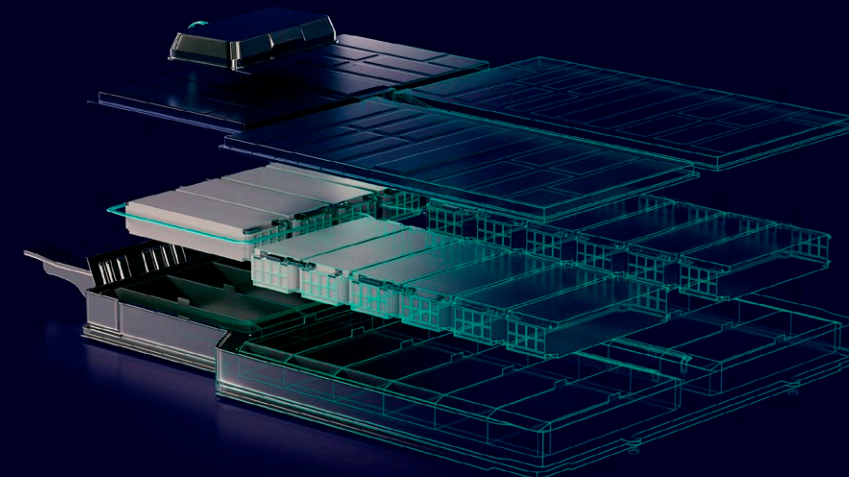
In Norway, Siemens has built up a new expert environment within battery manufacturing. Other major markets in Norway are machine construction, process manufacturing, water and drainage, tunnels, oil and gas, and the food industry.

GreenTech, charging and energy exchange

We work closely with customers and partners in GreenTech, charging and energy exchange infrastructure.

Industrial Metaverse

Industrial Metaverse was showcased as a battery factory at the HANNOVER MESSE trade fair in April together with a Norwegian customer.



DI consists of five business units:

Factory Automation (FA)

Automation products, engineering software, SCADA software, manufacturing machinery systems, and Industrial Edge.

Process Automation (PA)

Process control systems and software, process instruments, industrial communication and cybersecurity, RFID, and electricity supplies.

Motion Control (MC)

Frequency converters, servo systems, CNC control, and Industrial Edge adapted for Motion Control.

Software (SW)

Product Lifecycle Management (PLM), Electronic Design Automation (EDA), manufacturing operations, Xcelerator Cloud, Industrial IoT, and Lowe-code.

Customer Services (CS)

Lifecycle services, artificial intelligence services, remote services, and training/e-learning.

We offer manufacturing digitalization with support and expertise in the various markets from a global set up. Market expertise is provided across national borders and built up where there is a relevant market.

2023 was a very good year with order intake, turnover, and profit growth.

Our business areas

Smart Infrastructure (SI)

The market wants flexible, resilient, 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.

SI has around 320 employees who spend every day working for a greener Norway. The 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.

Critical infrastructure is being made smarter with intelligent functions designed to handle a more decentralized future. Buildings are being made more efficient and are using less energy by using data and modern technology that learn and adapt to changed conditions that in turn result in lower lifetime costs.

Power supplies for manufacturing and buildings are being integrated with building automation systems. Products and software are working in concert to meet future needs for resilience, resource utilization, and sustainability. Intelligent infrastructure, smart buildings, and units that sell and purchase power are finding new business models and optimizing energy and resource consumption.

Balancing power with batteries will be important going forward. Electric vehicles, from personal vehicles to larger trucks and buses have lower emissions. Charging stations are becoming more intelligent and new services are being developed to simplify our everyday lives.

SI consists of six business units:

Electrical Products

Products and solutions for the low-voltage distribution grid. Digital monitoring, switches, protection, surveillance, and control of loads.

Building Products

Smart buildings. Building automation products and solutions, products for heating, ventilation, air-conditioning, lighting, blinds, fire safety and fighting, and safety products and solutions.

Electrification and Automation

Covers the entire range of electricity distribution systems and solutions. Protection and control, station automation, remote control, quality measurements, smart communication, and microgrids.

Grid Software

Grid management, analyses, simulations, unifying IT and OT, distributed energy systems, cybersecurity, open interfaces, honeycomb SW architecture, SCADA, meter data management, and Low Voltage Insight.

eMobility

Products, solutions, and services for charging infrastructure for personal vehicles, buses, and small and large trucks.

Regional Service and Solutions

Building automation systems and services, and fire protection and safety. Focus on digital services, distributed energy systems, and energy efficiency measures.



Important deliveries in 2023

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 attention in the fast charging markets in both Norway and the Nordics.

Sister companies in Norway

Siemens Mobility AS

Siemens Mobility is modernizing Oslo's metro network with new signaling systems and delivering new signaling technology for the railroad network. This will put Norway in the driving seat with the most modern railroad network in Europe and one of the world's most efficient metro systems.

The company is helping to reduce energy consumption with deliveries of energy-efficient converter substations. The company's technology is an important factor in better safety, punctuality, and capacity in the mobility sector.

Siemens Financial Services (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

The Siemens Healthineers (brand name) focuses on achieving breakthroughs in healthcare by regularly bringing groundbreaking and innovative medical technology to market. Its portfolio ranges from in vitro and in vivo diagnostics to systems for image-guided surgical treatment and innovative cancer treatments. This technology helps health professionals deliver high-quality treatment for the benefit of patients and society.

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 solve the biggest challenges in healthcare services. Siemens Healthineers 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

Innovative technology has been the beating heart of Siemens for 175 years and will continue to be so in the future we are creating together with our customers and partners – for a sustainable tomorrow.

The importance of taking a goal-oriented approach to the green transition in order to secure a sustainable future has never been clearer. The frightening trend of extreme weather events, droughts, and torrential rain continued in 2023. The severe impacts global warming is having are becoming apparent to everyone. If the world fails to achieve the cuts in emissions to which many countries have committed, including Norway, the consequences for our children and grandchildren will be dire.

Siemens is dedicated to helping our customers achieve sustainable transformations with our expertise, products, and services. At the same time, we are focused on our role and systematically working to secure sustainability in everything we do and to minimize our climate and environmental footprint.



Sustainability is an important component of our strategy, as reflected by our global sustainability program called DEGREE – because every single degree of heat counts.

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.

While our sustainability strategy is global, it must be realized locally. DEGREE thus sets clear requirements for Siemens in Norway.

Decarbonization

Siemens is taking a goal-oriented approach to decarbonizing our operations and value chain. The targets we have set for cutting greenhouse gas (GHG) emissions are an important component of our sustainability strategy. To reinforce our commitment to cutting GHG emissions, we have also signed up to a number of initiatives that are helping to accelerate the decarbonization of society.

The Siemens Group has signed up to the Science Based Targets initiative (SBTi), which sets scientific targets for both how, and by how much, companies must reduce their GHG emissions. It is considered the most ambitious form of climate action to which a company can commit, and we are proud to be a signatory. The following science-based goals have been set for Siemens:

- Cut emissions from own operations (Scopes 1 & 2) by 50% by 2030 and then achieve net zero GHG emissions by 2050
- Cut emissions from our value chain (Scope 3) by 15% by 2030 and then achieve net zero GHG emissions by 2050

In addition to the SBTi-based targets, the Siemens Group has set additional decarbonization targets as part of our DEGREE program. The DEGREE target is for our operations (Scopes 1 & 2) to be climate neutral by the end of 2030. To achieve this, Siemens needs to cut emissions from our operations (Scopes 1 & 2) by 55% by 2025 and 90% by 2030. The remaining 10% of emissions will be offset by high-quality climate credits to achieve climate neutrality.



We want to go even further in Norway and lead the way in cutting GHG emissions.

Therefore, Siemens AS's goal is to achieve zero emissions from our operations (Scopes 1 & 2) by 2025. Our goal-oriented decarbonization efforts cut GHG emissions from our operations (Scopes 1 & 2) by 30% in 2023 compared with 2022.

The Siemens Group has signed up to three Climate Group initiatives in order to accelerate our commitment to decarbonization:

- RE100 which involves using 100% renewables only by 2030
- EP100 which involves owning and renting zero-emission buildings only by 2030
- EV100 which involves having a 100% electric vehicle fleet by 2030

Siemens AS also wants to take a more ambitious approach in connection with these measures and lead the way in implementing these initiatives. Therefore, Siemens AS aims to achieve these three initiatives, RE100, EP100 and EV100, by the end of 2025 rather than 2030.

Siemens is a proud member of the Skift network, a member organization for business climate leaders. As a member of Skift, we produce a climate report every year that is incorporated into Skift's climate report. This contributes to transparency and control with respect to our emissions, which is important when taking a goal-oriented approach to decarbonization.



Siemens' products and services help decarbonize manufacturing and society

Decarbonizing manufacturing is one of the most important measures for limiting global warming. Siemens' products and services help decarbonize manufacturing and society, including by improving energy efficiency and by accelerating the global transition from fossil fuels to renewables in order to cut global emissions.

We also want to highlight some examples of how we can contribute to decarbonization together with our customers and partners. 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. Up to now, hydropower has been used to balance power requirements and it will continue to play an important role. However, battery plants are now providing Norway with an alternate solution and new opportunities. Although, if we do not just want to be an 'also ran' in the great battery race, Norway will need access to large quantities of energy.

Siemens AS is one of four players behind the [Helelektrisk.no](https://helelektrisk.no) initiative, which published a survey in 2022 showing that replacing fossil consumption with electrification in manufacturing, transportation, agriculture, fisheries, and shipping could in the long term reduce most of Norway's overall GHG emissions. However, we are still almost 50 years away from that. Overall electrification in Norway hit 53% in 2023. This needs to rise if we are to achieve our climate goals.

Ethics

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

We base our work on three goals designed to ensure we conduct ourselves in a manner that strengthens confidence in us:

- 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 manufacturing companies. Therefore, it was natural for Siemens to be one of the multiple initiative takers behind the Charter of Trust, 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 Guiding Principles on Business and Human Rights.

Sustainable development

Governance

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

Siemens rewards managers 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 2023, it was important for Siemens' management to continue communicating the growth opportunities the green transition represents.

Our membership of the Skift network demonstrates our commitment to being a business climate leader. Skift's purpose is to act as a driving force behind Norway achieving its climate goals by the end of 2030. To do this, renewables must be expanded strongly 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 presents for society.

Resource efficiency

We only have one planet, and it has finite resources. Therefore, it is in our common interests to take care of it. Despite this, if everyone consumed the earth's resources at the same rate as Norwegians, we would need 3.6 earths. This means that it is important that we use our resources smarter and more efficiently in order to produce more with less.

Siemens wants to accelerate recycling processes and promotes circular economy principles.

In light of this, we have developed a new standard for designing eco-friendly products with clear guidelines. It was designed to cover all of the relevant product series. In 2022, 34% of the metals used in the production of our products came from recycled sources.

To ensure that waste is managed properly and that resources are conserved as best as possible, Siemens AS is a member of the RENAS waste electrical and electronic equipment (WEEE) take-back scheme. RENAS treats the WEEE it collects at 14 treatment plants across Norway. RENAS's environmental report shows that 73% of the products collected in 2022 were recovered and turned into new materials, while 10% were used for heating and energy.

Siemens' digitalization, automation, and electrification solutions also help to increase resource efficiency and thereby make established Norwegian companies more competitive and productive.

For example, Siemens helps Norwegian manufacturers build advanced digital twins (digital or virtual copies of a physical process) that can simulate complicated manufacturing processes. These processes and immature technology can then be tested before they are constructed on a large scale.

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

Equity

Equality and respect are core Siemens' values. Siemens wants to be an 'employer of choice' and to promote diversity, inclusion, and community. We want to create a sense of belonging and a safe work environment in which all of our employees can perform at their best.

By the end of 2025, the Siemens management group, both in Norway and globally, will have a female proportion of at least 30%.

We have set several goals in the area of equality and diversity:

- 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 2023, Siemens was proud to be a sponsor of the SHE conference, Europe's largest conference focusing on social sustainability, equality, and diversity. Some 60 Siemens employees attended, which reflects our commitment to these areas.

Siemens also has a Student Worker program. This program helps students work relevant jobs alongside their studies. Siemens currently has 40 students working for us across the country. This helps increase diversity and allows both students and our full-time employees to learn from each other, which benefits both groups.

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.

Today, Siemens AS has 503 full-time employees. Some 80% of these are men. You can find more information about the company's equality and diversity work in Siemens' gender equality report: [siemens.no/likestillingsrapport](https://www.siemens.no/likestillingsrapport)

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 investing in employees through learning, continued education, and development. Siemens wants employees who are curious and want to learn and grow.

Siemens AS offers employee courses, both internal and external, as well as relevant training pathways and college-level educational courses.



Management and Board of Directors

Management Siemens AS



Nils Klippenberg
CEO and Director Smart Infrastructure



Jürgen Lippert
CFO



Frank Bråthen
Director Digital Industries

Press and media officer



Britt Gabrielsen

The Board of Siemens AS

October 1, 2022 - September 30, 2023



Chairman of the Board
Per Mikael Gustaf Leksell



Board member Nils Klippenberg



Board member Jürgen Lippert



Board member Kjell Olav Strømsli
Employee representative



Board member Tove Lise Grøtta
Employee representative



Board member
Espen Andreas Ingebrigtsen
Employee representative

Report from the Board of Directors

A successful year

With high levels of demand and a solid increase in income and profits, 2023 was a good year for Siemens AS.

The world is getting back to normal after the pandemic, although, unfortunately, there appear to have been no changes in the war in Ukraine and the level of conflict in the Middle East is growing. Higher inflation and higher interest rates have resulted in less investment in the construction sector in particular, although we are experiencing significantly shorter delivery times in 2023 compared with 2022. At the same time, the green transition is more important than ever, and demand for technology solutions and products 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. On October 1, 2022, the Large Drives business area was spun off into a separate company.

In 2022, Large Drives received orders totaling NOK 406 million and saw operating income of NOK 234 million. The good order intake levels seen in the Smart Infrastructure and Digital Industries business areas in 2022 continued and amounted to NOK 2,367 million in 2023.

Siemens AS saw formidable income growth of 24% in 2023 compared with 2022. The company's total operating income amounted to NOK 2,282 million at the end of the period, up 10% from 2022 despite the demerger. Income growth, successful internal improvement processes and good cost control helped significantly improve our results. Profit for the year before tax amounted to NOK 158 million at the end of the period, up 4.5% from the year before. The company is in a solid financial position. Our equity ratio as of September 30, 2023 was 13% after provisions for the year's dividend amounting to NOK 122.8 million.

The outlook for 2024 is one of uncertainty and expectations of weaker economic growth. Continued high demand is expected 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. The company is well-equipped to meet new challenges.

Business overview

Siemens AS represents 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 locations

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 joint stock company and a wholly owned subsidiary of Siemens International Holding B.V. We have customers across Norway, served by

our 18 offices throughout the country and our 503 full-time employees as of September 30, 2023. Our head office is in Oslo.

Siemens AS's strategy entails helping to achieve a more sustainable society by doing our bit 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.

Business areas

Siemens had two business areas in 2023:

Digital Industries (DI)

The ongoing green transition will require major investment and extensive digitalization processes to transform industry. Siemens AS 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 2023 a good year.

Smart Infrastructure (SI)

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. Siemens AS focuses on smart infrastructure within three main areas: buildings, electrification, and electrical products.

Demand was high in 2023, and SI experienced good income growth. The need to expand smart infrastructure is expected to remain high for many years to come.

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 AS 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 AS deliver to customers throughout Norway.

Technological advances

Siemens AS 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 consultation with users, we deploy to develop and adapt new solutions for local customers.

In 2023, we launched Siemens Xcelerator in Norway and the Nordics. Siemens Xcelerator is a technology platform and ecosystem designed to provide our customers with greater value faster.

Globally, the Siemens Group invests an estimated NOK 70 billion in R&D each year, with a workforce of approximately 40,000 employees worldwide. Siemens AS carries out no R&D activities of its own.

Highlights of 2023

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. The Electrification and Automation unit in particular saw good growth throughout the year. The DI business area was very successful in relation to 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.

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, and updated February 7, 2022. 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, 2023. All amounts are stated in NOK millions (rounded) unless otherwise specified. All figures stated in parentheses are comparable figures for 2022, unless otherwise specified.



Income statement

Operating income

The company's total operating income for 2023 increased by 10% compared with 2022 and amounted to NOK 2,282 million (NOK 2,069 million). The growth was mainly due to good demand in all business areas.

Operating expenses

The company's cost of goods amounted to NOK 1,240 million (NOK 1,099 million). The company's payroll expenses amounted to NOK 616 million (NOK 600 million). Depreciation and amortization in the company amounted to NOK 37 million (NOK 35 million).

Other operating expenses amounted to NOK 227 million in 2023 (NOK 197 million). Total operating expenses amounted to NOK 2,120 million, up 10% from NOK 1,928 million in 2022.

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 162 million (NOK 141 million). This corresponds to an operating margin of 7.1%, up slightly from 6.8% in 2022. 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 -3.8 million (NOK 9.9 million), mainly as a result of high financial expenses due to interest and foreign currency exchange expenses in 2023.

Profit before income tax

The company's profit before income tax amounted to NOK 158 million (NOK 151 million).

Profit for the year

The tax expense for the year amounted to NOK 35.1 million (NOK 33.7 million). The profit for the year 2023 amounted to NOK 122.8 million (NOK 117.4 million), corresponding to a net profit ratio of 5.4% of operating income (5.7%).

Cash flow

Net cash flow from operating activities in 2023 amounted to NOK 101.4 million (NOK 26.5 million).

The increase was mainly related to the timing of the accounting treatment and the changes in working capital.

The year's net cash flow from investment activities amounted to NOK 17.8 million (NOK 26.2 million) due to receipts of subleasing receivables from subleased property.

Net cash flow from financing activities amounted to NOK 119.2 million (NOK 52.7 million). The change was due to dividend payments of NOK 117.4 million.

Liquidity and balance sheet

The company's total balance sheet as of September 30, 2023 amounted to NOK 1,103 million (NOK 1,066 million).

Intangible assets amounted to NOK 320 million (NOK 320 million). Fixed assets consisted of right-of-use assets, fixtures and fittings, and other equipment with a book value of NOK 85 million (NOK 75 million). Long term financial investments amounted to NOK 44 million (NOK 69 million). The company's total fixed assets amounted to NOK 466 million (NOK 473 million).

The company's receivables amounted to NOK 617 million (NOK 574 million). The company's total current assets amounted to NOK 637 million (NOK 593 million).

Siemens AS's equity amounted to NOK 142 million as of September 30, 2023 (NOK 149 million), which corresponds to 13% of total assets. The 1% decrease from 2022 was due to the spin-off of the Large Drives business area.

The company's liabilities as of September 30, 2023 amounted to NOK 961 million (NOK 918 million), of which NOK 126 million (NOK 179 million) were non-current liabilities.

Siemens AS is part of Siemens AG's corporate cash pooling system and, therefore, reports balances and withdrawals from the cash pooling system as intracompany balances and transactions 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 may 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, 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 concerning Russia's invasion of Ukraine and the unrest in the Middle East

Russia going to war with Ukraine on February 24, 2022 and the recent unrest in the Middle East have given 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 should be noted that our services were in high demand throughout 2023.

Subsequent events

The Board of Directors is not aware of any material events after September 30, 2023 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.

Distribution of profit for the year

The Board of Directors proposes the profit for the year in amount of NOK 122.8 million to be distributed as follows:

Allocated to dividends	NOK 122,8 million
Total transfers	NOK 122.8 million



Employees and organization

Siemens AS's success is largely due to its employees. The company has an inclusive and stimulating corporate culture that provides a basis for the growth and development of our employees and the organization, which in turn generates sustainable success for the company. Siemens AS takes a systematic approach to winning the battle for talented people by being an 'employer of choice' and creating growth through developing the skills of employees and managers with respect to both their current work and the new digital reality of the future.

The company's student program plays a key role in the strategy to attract talented people. In 2023, around 40 dedicated students took part in the student program in various roles, from administrative functions in finance, HR, communications, health and safety, to engineers, marketing specialists, and sales employee. The student program gives talented, people a unique opportunity to take a deep dive into a variety of business areas, at the same time as they contribute energy, innovation and the latest academic perspectives directly from educational institutions.

The student program is not just a job, it is an investment in the future that provides practical experience, networking opportunities, and a route into the labor market. They are already part of the company's journey, helping to transform the everyday for a better tomorrow.

To ensure we can attract the most talented people, Siemens AS actively participates in public debates on sustainability and energy transition in Norway. Siemens AS was a SHE partner in 2023, and a large group of employees attended the sustainability conference. The company's employer branding efforts resulted in 15th place in Universum's Student Survey among engineering students.

One of the company's strategic pillars is 'empowerment', which involves employees finding their roles challenging and taking responsibility for the further development of Siemens AS. This is achieved through our GROW strategy, which promotes a growth mindset, with employees at all levels being encouraged to develop their skills. Siemens AS offers a wide range of e-learning and development activities, which are then personalized in consultation with the employee's line manager. Siemens AS requires all our employees to complete at least 21 digital learning hours per year.

Our goal is to strengthen loyalty and get employees engaged in the required development of the company. This is measured by company employee surveys, which are conducted twice a year. In 2023, the employees said that they felt a sense of belonging because they could be themselves at work, they were treated with respect, and they have a major influence on their working day.

At the end of the year, Siemens AS had 572 employees, of whom 29 were temporary employees and 40 were students. Of the 503 full-time employees, 100 (19.9%) were women and 403 (80.1%) were men. The proportion of temporary and part-time employees was 5.0%, of which 31% were women and 69% were men. 1.6% of our employees were in part-time positions (eight employees), and of these 37.5% were women and 62.5% were men. There were no cases of involuntary part-time work.

On average, women took 19.4 weeks of parental leave while men took 14.2 weeks. Siemens AS would prefer all of its employees to be in full-time positions, although we can offer part-time positions to employees who, for social, health, or welfare reasons, apply for temporarily or permanently reduced positions. The average age of employees in the company is 44.9, for both men and women.

The Board of Directors saw the following changes during the 2023 fiscal year: Espen Ingebrigtsen joined the Board as a new board member on December 16, 2022. In addition, Tove Lise Grøtta was promoted from an alternate board member to an ordinary board member on May 1, 2023. They are both employee representatives.

Directors' and officers' liability insurance

Siemens AS has taken out directors' and officers' liability insurance as part of Siemens AG. This insurance covers legal liability incurred by board members and other senior management in relation to third parties. It also covers reasonable and necessary costs for a lawyer to defend a presented claim.

Corporate social responsibility

Sustainability is an essential component of Siemens AS's operations and DNA, and our core mission is to contribute to the global transition from fossil energy to renewables so that the world can reduce its emissions.

Siemens sets strategic ambitions based on the DEGREE sustainability framework, which covers the three aspects of sustainability: environmental, social and governance.

Each letter of the acronym DEGREE represents a focus area where 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 framework is provided in a section dedicated to sustainable development on page 14 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

Siemens is committed to reducing its climate and environmental footprint to an absolute minimum. This is an important part of two of the focus areas in the DEGREE program, Decarbonization and Resource efficiency. Clear targets for emission reductions and how we use and manage resources and waste have been set for each focus area.

The Siemens Group has set global sustainability targets in order to reduce its carbon footprint. Siemens AS has also set additional goals for its activities in Norway.

The Siemens Group has signed up to the Science Based Targets initiative (SBTi), which sets scientific targets for by how much companies must reduce their greenhouse gas emissions and how. This is considered to be the most ambitious form of climate action to which a company can commit, and we are proud to be a signatory. The following science-based goals have been set for Siemens:

- Cut emissions from own operations (Scopes 1 & 2) by 50% by 2030 and be carbon neutral by 2050
- Cut Scope 3 emissions by 15% by 2030 and be neutral by 2050

In addition to the targets set in line with SBTi, the Siemens Group has set additional targets for Decarbonization as part of our DEGREE program. The DEGREE targets involve our own operations (Scopes 1 & 2) being carbon neutral by 2030. This means that Siemens needs to cut emissions from our own operations (Scopes 1 & 2) by 55% by 2025 and 90% by 2030. The remaining 10% of emissions will be offset through high-quality climate credits.

We want to go even further in Norway and be at the forefront of reducing greenhouse gas emissions. Therefore, Siemens AS's goal is to achieve zero emissions from our own operations (Scopes 1 & 2) by 2025. Thanks to result-oriented decarbonization efforts, we cut greenhouse gas emissions from our own operations (Scopes 1 & 2) by 30% in 2023 compared with 2022.

The Siemens Group has signed up to three initiatives by the Climate Group in order to accelerate its commitment to decarbonization:

- RE100 which involves using 100% renewable energy only by 2030
- EP100 which involves owning and renting zero-emission buildings only by 2030
- EV100 which involves having a 100% electric vehicle fleet by 2030

Siemens AS also wants to take a more ambitious approach in connection with these measures and lead the way in implementing these initiatives. Therefore, Siemens AS aims to

achieve these three initiatives, RE100, EP100 and EV100, by the end of 2025 rather than 2030.

The Siemens Group is also striving to decarbonize its value chain (Scope 3) through the following initiatives:

- Identification of supplier emissions (Carbon Web Assessment)
- Prefer suppliers with documented low emissions (Code of Conduct for Siemens Suppliers)

Siemens AS produces an annual climate report and measures our performance in the aforementioned areas. Further information can be found on our website: [siemens.no/baerekraft](https://www.siemens.no/baerekraft). We are a member of Skift, a business-driven climate initiative designed to be a driving force behind Norway achieving its climate goals. Siemens AS's 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 AS's impacts on the external environment and climate come directly from our own activities and indirectly via our value chain. Our own operations (Scopes 1 & 2) result in a relatively small environmental footprint and relatively low greenhouse gas emissions. The majority of the climate and environmental footprint comes from the value chain (Scope 3). Sales of products containing SF6 gas could in particular have a not insignificant impact on the external environment. However, it is unlikely that the products containing SF6 will have a significant impact on the external environment since the products are well-secured, have minimal leakage, and have a useful life of at least 50 years. Siemens also offers switchgear that uses technically clean air rather than SF6 gas. The company will continue to, and increasingly, offer and supply such switchgear without F-gas as a better alternative for the climate and environment.





To ensure that waste is managed well and that resources are conserved as best as possible, Siemens AS is a member of the RENAS waste electrical and electronic equipment (WEEE) take-back scheme. RENAS treats the WEEE collected at 14 treatment plants across Norway. Based on RENAS's 2022 environmental report, 73% of the products collected were recovered to provide new materials and 10% were used for heating and energy.

Siemens AS is also a member of the Green Dot Norway packaging take-back scheme.

As part of our work on the 'Resource efficiency' focus area in the DEGREE program, Siemens also wants to become more circular and increase our use of secondary metals. In 2022, 34% of the metals used in the production of our products came from recycled sources.

Siemens AS implemented the following measures in 2023:

- Parts of Siemens AS are now ISO14001 certified
- A plan was drawn up for phasing out fossil fuel company cars
- We moved into a low-emission building in Trondheim
- We focused on green procurement and extended the useful lives and reuse of office equipment
- We employed a full-time resource to work on sustainability

Siemens is committed to having an overall positive impact on the climate and environment, not just within our own business areas.

The company helps customers achieve their sustainability goals by offering products and services that promote decarbonization, resource efficiency, and social sustainability. One concrete example of a solution that contributes to resource efficiency is the use of digital twins, virtual copies of physical processes. Digital twins allow us to simulate complex industrial processes and thus better utilize factor inputs such as raw materials and energy.

Siemens AS also wants to be an important player in society, especially within its main areas of electrification, automation and digitalization. As part of this work, Siemens participates in [Helelektrisk.no](https://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.

Work environment

Siemens AS practices a zero-injury philosophy.

In order to prevent accidents and avoid work-related injuries, illnesses or accidents, we take a deliberate and systematic approach to improvements. A greater focus, including through risk assessments and monthly EHS themes, helps ensure that both managers and individual employees consciously try to contribute to a good and safe work environment. The sick leave rate in Siemens AS was 3.12% in 2023.

There were no work-related injuries resulting in absences or requiring medical help during the fiscal year, which resulted in an LTI rate of zero. Two minor injuries required first aid: a cut injury suffered by a Siemens AS employee and an electrical shock suffered at a subcontractor. During the fiscal year, we observed an improvement in our reporting culture with an increase in reports of near-misses and unsafe conditions.

These allow us to take a targeted approach to the risks our employees face.

The Board of Directors considers the work 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 AS wants to promote diversity, inclusion, and a sense of belonging based on the following goals:

- Increase the proportion of women in the company by 2025
- Increase our attractiveness as an employer by promoting a flexible, diverse, and inclusive working life
- Increase our expertise by focusing on knowledge development and learning among our employees

An increase in the proportion of women in the company will be achieved by raising awareness of the company's recruitment process regarding both how unconscious bias can manifest itself and how structural challenges in the recruitment process can prevent us from achieving a higher proportion of women. We have, therefore, defined a clearer recruitment process and better recruitment methods designed to ensure enough female candidates are included early in the recruitment process.

At the same time, 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 currently has 503 full-time employees, 80% of whom are men. Our Board of Directors consists of six people, of whom three are employee representatives.

Siemens AS strives to create a work environment that promotes flexibility, diversity, and inclusion. This means that the working day must be characterized by the values of fairness, equality, respect, and mutual trust. As employees, people should feel safe, be treated with respect, and, not least, be able to be themselves.

The emphasis is on ethical conduct and respect for fundamental human rights. All employees must be guaranteed a work 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 work environment.

A sense of security also requires the company to be able to ensure jobs are secure by being competitive, while every employee can also boost their sense of security by being able to keep up with the developments that changes require. Knowledge development and learning will, therefore, be important tools in this work.

A full report for 2023 on our equality, diversity and anti-discrimination work can be found on our website under the topic 'Likestillingsrapport': siemens.no/likestillingsrapport

Anti-corruption and bribery

Siemens AS practices a zero-tolerance policy for corruption and breaches of fair competition principles.

Our compliance processes are organized into three levels of action: prevention, detection, and response. These steps include a comprehensive system of activities and processes designed to ensure that our business operations comply with both applicable legislation and our internal principles and policies.

Siemens AS does not only focus on anti-corruption, competi- tion law, and export controls, we also focus on anti-money laundering, privacy, and human rights. This underlines our commitment to ethical business conduct and social responsi- bility. Further information can be found on our website siemens.no/compliance

The Norwegian Transparency Act

Siemens AS is obliged to report on our due diligence work in accordance with the provisions of Section 5 of the Transparency Act.

Our goal is to ensure integrity in all aspects of our opera- tions. Efforts to protect basic human rights and maintain decent working conditions for both employees and suppliers constitute a fundamental part of our business conduct. A detailed account of this work is available on our website, siemens.no/aapenhetsloven where we want to provide infor- mation about our initiatives in this area.

Outlook for 2024

In the opinion of the Board of Directors, the company performed well in 2023. The outlook for 2024 is characterized by expectations of weak economic growth and uncertainty due to the turbulent situation in the Middle East and the impact of the war in Ukraine.

Important improvement programs carried out in 2023 mean that we are well-equipped to meet new challenges. Regardless of how the global economy develops, demand for more renewable energy will continue to grow for a long time to come. Norway will require major long-term investment in renewable energy production and increasing energy effi- ciency. Public investments in critical infrastructure continue and are expected to generate long-term growth potential for sales of technology solutions and products designed for these purposes. The growing demand for renewable energy is also providing space for innovative solutions and new green developments within manufacturing. There is a strong belief that Norway has the potential to become a leading player in green manufacturing and will contribute to the global transi- tion to a sustainable future.

Siemens AS 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 crucial 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			
	Note	2023	2022
(Amounts in NOK thousands)			
Sales revenue	2	2 241 805	2 032 199
Other operating income	3	39 922	37 208
Total operating income		2 281 727	2 069 407
Cost of sales	11	1 239 611	1 098 671
Payroll expenses	4	615 744	599 596
Depreciation and amortization	8, 9, 10	36 632	34 848
Bad debts	12	729	-2 243
Other operating expenses	5	227 342	197 267
Total operating expenses		2 120 057	1 928 138
Operating profit		161 670	141 269
Interest income and other financial income		15 593	22 405
Interest expenses and other financial expenses		-19 353	-12 517
Net interest expenses and other financial expenses	6	-3 761	9 888
Profit before corporate income tax		157 909	151 157
Corporate income tax	7	-35 102	-33 729
Net profit for the year		122 808	117 429
Items that cannot be reclassified through profit or loss in subsequent periods			
Actuarial losses/gains on defined benefit plans	18	427	4 836
Tax related to items that will not be reclassified		-94	-1 064
Items that may be reclassified through profit or loss in subsequent periods			
Change in the fair value of hedging instruments relating to cash flow hedges		-1 441	-288
Tax related to items that can be reclassified		317	63
Total other income and expenses		-790	3 548
TOTAL COMPREHENSIVE INCOME	16	122 018	120 976

Oslo, Dec. 15, 2023

The Board of Siemens AS

Per Mikael Gustaf Leksell
Chairman of The Board

Jürgen Lippert
Board Member

Nils Klippenberg
Board Member/CEO

Kjell Olav Strømsli
Board Member

Tove Lise Grøtta
Board Member

Espen Andreas Ingebrigtsen
Board Member

Balance sheet

ASSETS as of Sept. 30			
(Amounts in NOK thousands)	Note	2023	2022
Non-current assets			
Goodwill	8	319 834	319 834
Deferred tax assets	7	652	0
Total intangible assets		320 485	319 834
Right-of-use assets	9	84 722	75 221
Land, buildings and other real estate	10	4 633	5 248
Plant and machinery	10	3 123	1 084
Fixtures and fittings, equipment and tools	10	9 268	2 962
Total fixed assets		101 745	84 515
Other non-current receivables	15, 23	4 952	4 433
Non-current receivables, subleasing	9, 23	39 243	64 698
Total long term financial investments		44 196	69 131
Total non-current assets		466 427	473 480
Current assets			
Inventories	11	19 529	18 930
Accounts receivable	12, 23	402 472	375 307
Other current receivables from group companies		4 602	1 487
Other current receivables	14, 23	177 912	168 407
Current receivables, subleasing	9, 23	32 060	28 482
Total receivables		617 046	573 684
Total current assets		636 575	592 613
TOTAL ASSETS		1 103 002	1 066 094

EQUITY AND LIABILITIES as of Sept. 30			
(Amounts in NOK thousands)	Note	2023	2022
Equity			
Share capital		36 567	40 951
Share premium reserve		7 830	8 769
Total paid-in equity		44 397	49 720
Other equity		98 053	98 844
Total retained earnings		98 053	98 844
Total equity	16	142 451	148 564
Liabilities			
Pension liabilities	18	15 062	40 344
Deferred tax	7	0	867
Total provisions for liabilities		15 062	41 211
Other non-current liabilities	19, 23	29 179	34 004
Non-current lease liabilities	9	81 734	103 571
Total other non-current liabilities		110 913	137 576
Accounts payable	23	140 019	121 309
Tax payable	7	37 445	7 751
Public duties payable		65 788	70 268
Dividends	16	122 808	117 429
Advances from customers	23	8 564	9 497
Guarantee provisions		6 298	8 469
Current liabilities to group companies	13, 23	250 373	215 789
Other current liabilities	20, 23	143 426	135 027
Current lease liabilities	9	59 856	53 206
Total other current liabilities		834 577	738 744
Total liabilities		960 551	917 530
TOTAL EQUITY AND LIABILITIES		1 103 002	1 066 094

Oslo, Dec. 15, 2023

The Board of Siemens AS

Per Mikael Gustaf Leksell
Chairman of The Board

Jürgen Lippert
Board Member

Nils Klippenberg
Board Member/CEO

Kjell Olav Strømsli
Board Member

Tove Lise Grøtta
Board Member

Espen Andreas Ingebrigtsen
Board Member

Cash flow statement

(Amounts in NOK thousands)	Note	2023	2022
Cash flow from operating activities			
Profit before income tax		157 909	151 157
Tax paid for the period		-7 751	-19 841
Depreciation and amortization	8, 10	36 632	34 848
Write-downs of fixed assets	10	-151	0
Loss/gain on leases	9	-4 540	-9 090
Loss on disposal of fixed assets		0	105
Changes in inventory, accounts receivable and accounts payable	11, 12	-9 054	-21 900
Differences between expensed pensions and contributions/disbursements in pension schemes	18	-23 609	-4 238
Changes in other accruals	8, 13, 19	-18 635	-104 516
Net cash flow from operating activities		130 800	26 524
Cash flow from investing activities			
Acquisitions of fixed assets	10	-14 526	-1 665
Receipts from subleasing receivables	9	32 336	27 889
Net cash flow from investing activities		17 810	26 224
Cash flows from financing activities			
Change in intra-group balances in the Group's corporate cash pooling system	13, 23	34 584	2 881
Dividend payments	16	-117 429	0
Change in share capital	16	-4 384	0
Change in share premium reserve	16	-939	0
Payments for repayment of lease liabilities	9	-60 443	-55 629
Net cash flow from financing activities		-148 611	-52 748
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, and subsequently updated on February 7, 2022. 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 3-1 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 agreed.

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.

Income recognition policies

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 accrual 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 accrual 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.

Additional orders, not deemed to be a separate contract, are included in the contract's planned income when they are signed. In projects where there is an obligation to continue work, expenses related to unsigned but probable additional orders are temporarily entered as an asset in 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, amortization, 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-of-use asset is derived from this calculation. Upon subsequent measurement, the right-of-use asset must be depreciated, while the lease liability is reduced by ongoing installments. 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-of-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-of-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. These stock options are subject to vesting periods of 4 years for options received in 2020 and 2021, and 3 years for options received in 2022 and 2023, from the date they are awarded until they can be exercised. In addition, all employees may participate in a savings agreement linked to the purchase of Siemens AG stock. In the case of the Share Matching Plan program, which is the savings agreement for employees, Siemens AG will provide one additional share for every three shares the employee holds for 3 years. 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 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)	2023	2022
Smart Infrastructure	1 328 521	1 186 556
Digital Industries	913 284	611 375
Large Drives	0	234 268
Sum	2 241 805	2 032 199

The majority of the company's sales revenue comes from activities in Norway. On October 1, 2022, the Large Drives business area was spun off into a separate company. In the 2023 fiscal year, the company's exports amounted to NOK 136.6 million. This represents 6.1% of total sales revenue. The largest export markets in the 2023 fiscal year were the same as in 2022, i.e. Sweden, Lithuania and Finland.

Note 3 – Other operating income		
(Amounts in NOK thousands)	2023	2022
Other operating income		
Rent income	24 934	23 174
Income from Global Business Services	14 988	14 034
Total other operating income	39 922	37 208

Note 4 – Payroll expenses, number of employees, remuneration, loans to employees, etc.		
(Amounts in NOK thousands)	2023	2022
Payroll expenses		
Salaries	484 028	474 726
Social contribution cost	74 782	71 257
Net pension costs	34 511	35 142
Other benefits	22 423	18 471
Total payroll expenses	615 744	599 596
Average number of employees	486	486

Remuneration of the Board of Directors and CEO
Board members representing employees in Siemens AS received NOK 10,000 per person for the 2023 fiscal year. The Chairman of the Board did not receive any directors' fees during the period. The CEO's salary for 2023 amounted to NOK 2,433,167. He also received a bonus of NOK 1,111,634 and NOK 204,660 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 336,458 in 2023.

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. These stock options are subject to vesting periods of 4 years for options received in 2020 and 2021, and 3 years for options received in 2022 and 2023, from the date they are awarded until they can be exercised. Exercising the options is contingent on the employee still being in the company's employ. The CEO held 6,211 stock options as of 2023.

Loans and provision of security:
Neither the Chairman of the Board nor the CEO had loans from Siemens AS as of September 30, 2023. 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
The company has provided other employees with loans totaling NOK 3,963,644. 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)	2023	2022
Auditor's fees		
Proposed fees for statutory audit for the year	760	858
Additional fees invoiced for statutory audit in previous years	0	0
Other certification services	0	0
Total auditor's fees	760	858
(Auditor's fees are stated exclusive of VAT.)		

Note 5 – Specification of operating expenses by type		
(Amounts in NOK thousands)	2023	2022
Shipping and transportation expenses	14 790	14 463
IT costs	11 591	10 476
Lighting and heating	2 250	4 758
Waste collection, wastewater, cleaning, etc.	2 606	2 487
Rental of machinery, equipment, etc.	12 934	12 656
Equipment, fixtures and fittings (non-capitalizable)	6 488	6 878
Building repairs and maintenance	5 619	7 088
Other repairs and maintenance	2 040	4 610
Office expenses	4 734	4 463
Contracted workers	47 795	46 629
Travel and subsistence expenses	33 410	25 792
Sales and advertising expenses	8 922	5 739
Representation expenses	1 927	1 068
Subscriptions and gifts	2 806	2 869
Insurance premiums	1 936	5 045
Warranty and service expenses	-3 623	1 854
License and patent costs	3 514	2 690
Expenses for Global Business Services	33 795	22 982
Information and communication expenses	12 331	0
Other operating expenses	21 476	14 719
Total operating expenses	227 342	197 267

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)	2023	2022
Interest income from companies in the same group	6	0
Other interest income	1 677	1 017
Other financial income	7 665	11 702
Exchange rate losses	6 244	9 686
Total interest income and other financial income	15 593	22 405
Interest expenses from companies in the same group	-7 678	-1 829
Other interest expenses	-149	-160
Other financial expenses	-3 629	-3 989
Exchange rate losses	-7 897	-6 539
Total interest expenses and other financial expenses	-19 353	-12 517
Net interest and other financial items	-3 761	9 888

Notes

Note 7 – Tax		
(Amounts in NOK thousands)	2023	2022
Taxable profit		
Profit before income tax	157 909	151 157
Permanent differences/other differences	2 612	2 156
Changes in taxable/tax-deductible temporary differences	6 954	-122 628
Effect of items recognized against equity	-1 013	4 548
Effect due to mergers	4 761	0
Use of deficit carried forward	0	0
Total	171 222	35 234
22% tax payable	37 669	7 751
Insufficient provisions for tax payable in previous years	-224	7 509
Tax payable in the tax expense	37 445	15 260
Tax expense for the year		
Tax payable on the profit for the year	37 445	15 260
Change in deferred tax	-1 519	19 470
Change in deferred tax, merged companies	-1 047	0
Change in deferred tax recognized directly against equity*	223	-1 001
Total	35 101	33 729
Tax payable on the balance sheet		
Tax payable on the profit for the year	37 445	7 751
Total	37 445	7 751
Taxable/tax-deductible differences that offset each other		
Fixed assets/non-current liabilities	-285 987	-407 153
Current assets/current liabilities	-9 811	119 271
Total taxable/tax-deductible differences that offset each other	-295 798	-287 882
Items recognized directly against equity*	292 835	291 822
Total basis for deferred tax	-2 963	3 941
22% deferred tax (+)/deferred tax asset (-)	-652	867
Change in deferred tax	-1 519	19 470
of which without effect on tax expense	-223	1 001

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

	2023	i % av
(Amounts in NOK thousands)	Skatte-	resultat
Calculation of effective tax rate	kostnad	før skatt
Tax calculated at average nominal tax rate	34 740	22
Effect of permanent differences	586	0
Tax expense according to income statement	35 101	22

Note 8 – Intangible assets	
2023	
(Amounts in NOK thousands)	Goodwill
Costs as of Oct. 1, 2022	319 834
Costs as of Sept. 30, 2023	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 2023 and was based on provisional company figures from August 2023. The result of the test showed, by a good margin, no indications of impairment. Capitalized goodwill in the company as of September 30, 2023 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 2024 to 2028. Cash flows after 2028 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 technological solutions, demand proved to be stable despite uncertainty and market fluctua-tions. Sensitivity therefore proved to be low in 2023.

Note 9 – IFRS 16 Leases			
Changes in right-of-use assets	Land/	Vehicles	Total
(Amounts in NOK thousands)	buildings		
Cost as of Oct. 1, 2022	145 783	8 688	154 471
Additions, new leases	28 441	971	29 412
Indexing*	10 320	1 145	11 466
Disposals**	-5 109	-1 155	-6 264
Correction of errors from previous years***	2 249		2 249
Cost as of Sept. 30, 2023	181 684	9 649	191 333
Depreciation and amortization as of Oct. 1, 2022	-74 017	-5 233	-79 250
Depreciation for the year	-27 516	-2 319	-29 834
Depreciation disposals	977	763	1 740
Correction of errors from previous years***	734		734
Depreciation and amortization as of Sept. 30, 2023	-99 822	-6 788	-106 610
Book value as of Sept. 30, 2023	81 862	2 860	84 722

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

** Related to change of square footage leased to Siemens Energy in the Oslo office.

*** Related to correction from previous years for recalculation of the right-of-use assets for rental of the Oslo office. Applies to the leases of Siemens Energy, Siemens Mobility, Siemens Healthineers and termination of the lease of Siemens Gamesa Renewable Energy.

Change in lease liability and subleasing receivables	Lease	Subleasing
(Amounts in NOK thousands)	liabilities	receivables
Balance sheet, Sept. 30, 2022	156 778	93 181
Additions	29 413	0
Indexing of liabilities*	16 935	10 459
Disposals	-1 093	0
Interest expense/interest income, subleasing	3 512	1 904
Rent payments/subleasing payments	-63 955	-34 240
Balance sheet, Sept. 30, 2023	141 590	71 303

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

Classification of liabilities and receivables	Lease	Subleasing
(Amounts in NOK thousands)	liabilities	receivables
Current	59 856	32 060
Non-current	81 734	39 243

Undiscounted payments/income	Within			After
(Amounts in NOK thousands)	1 year	2-3 years	4-5 years	5 years
Future undiscounted rent payments	62 873	70 820	9 850	3 697
Future undiscounted subleasing	33 254	39 729	0	0

Notes

Note 10 – Fixed assets					
(Amounts in NOK thousands)					
Cost as of Oct. 1, 2022	40 082	2 044	32 051	92	74 269
Disposals during the year, spin-off*	0	-181	0	0	-181
Additions during the year	3 924	244	8 402	2 108	14 677
Cost as of Sept. 30, 2023	44 006	2 106	40 453	2 200	88 765
Depreciation and write-downs as of Oct. 1, 2022	-34 834	-1 051	-29 089	0	-64 975
Depreciation and write-downs for the year	-4 539	-163	-2 096	0	-6 797
Depreciation disposals, spin-off*	0	31	0	0	31
Depreciation and write-downs as of Sept. 30, 2023	-39 373	-1 183	-31 185	0	-71 741
Book value as of Sept. 30, 2023	4 633	923	9 268	2 200	17 024
Depreciation and write-downs for the year	-4 539	-132	-2 096	0	-6 766
Depreciation plan	Straight-line	Straight-line	Straight-line		
Useful life	10-50 years	10 years	3-5 years		
* Ref. Note 26 – Carve out					

Note 11 – Inventories		
(Amounts in NOK thousands)	2023	2022
Inventories		
Inventories of purchased goods for resale	19 363	18 930
Inventories of raw materials and purchased semi-manufactured goods	166	0
Total	19 529	18 930
Provision for obsolete goods	2 943	2 472
Cost of goods for the year	1 239 611	1 098 671

Note 12 – Accounts receivable		
(Amounts in NOK thousands)	2023	2022
Accounts receivable		
Gross accounts receivable	403 002	375 590
Provision for losses on receivables	-530	-283
Net accounts receivable	402 472	375 307
Losses on accounts receivable	481	340
Changes in provisions	248	-2 583
Net bad debts	729	-2 242

Outstanding receivables more than 60 days past due account for approximately 1.0% 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 cash assets. Siemens AS has a bank guarantee worth NOK 40 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, 2023, net deposits in Siemens AS amounted to NOK 250 million and are classified as current liabilities on the balance sheet.	

Note 14 – Other current receivables		
(Amounts in NOK thousands)	2023	2022
Other current receivables		
Accrued, not invoiced income from production contracts (ref. Note 22)	130 714	120 938
Other earned not invoiced income	40 058	37 804
Currency derivatives	675	4 849
Other current receivables	6 466	4 816
Total	177 912	168 407
Note 15 – Other non-current receivables		
(Amounts in NOK thousands)	2023	2022
Other non-current receivables		
Loans to employees (ref. Note 4)	3 964	3 983
Other non-current receivables	989	450
Total	4 952	4 433
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	Sum equity
As of Oct. 1, 2022	40 951	8 769	270	-227 892	326 464	148 562
Demerger, Oct. 1, 2022	-4 384	-939				-5 323
Total comprehensive income			-1 124	333	122 808	122 018
Proposed dividend					-122 808	-122 808
As of Sept. 30, 2023	36 567	7 830	-854	-227 558	326 464	142 451

Notes

Note 17 – Share-price-based compensation

Stock options for executives

Senior Leaders in Siemens AS are awarded options by Siemens AG called stock awards. The period from the date they are awarded to the date they can be exercised is 4 years for options received in 2020 and 2021 and three years for options received in 2022 and 2023. 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 2023 fiscal year, this amounted to NOK 2.2 million. The recognized liability amounts to NOK 4.1 million.

	2023		2022	
	Average price per share in EUR	Number of options	Average price per share in EUR	Number of option
As of Oct. 1	-	10 398	-	11 024
Awarded	167,40	1 251	88,77	1 891
Lapsed	-	-	50,06	-1 233
Exercised	1,40	-1 781	51,52	-1 284
Settlement	68,57	-128	-	-
As of Sept. 30		9 741		10 398

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 between 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 administration of the Share Matching Plan program, plus the fourth share employees get after 3 years. For the 2023 fiscal year, the cost amounted to NOK 1.4 million.

	2023		2022	
	Average price per share in EUR	Number of options	Average price per share in EUR	Number of option
As of Oct. 1	-	1 815	-	2 327
Awarded	104,11	1 367	127,38	1 008
Lapsed	114,79	-76	108,45	-172
Exercised	93,00	-847	62,48	-1 338
Settlement	120,74	-47	94,73	-9
As of Sept. 30		2 213		1 815

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.

Defined contribution plans

Siemens AS 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 7.1G (where G = the National Insurance basic amount) and 13% of pensionable salary from 7.1G to 12G. NOK 28.5 million was paid in as contributions in 2023.

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, 2023, NOK 7.6 million had been paid into this scheme in 2023.

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)	2023	2022
Pension costs, defined benefit plans		
Interest expenses on pension liabilities	1 279	727
Recognized pension costs incl. social contribution cost	1 279	727
Actuarial loss/gain (-)	-427	-4 836
Pension costs recognized in other operating income and expenses	-427	-4 836
Changes in pension liabilities		
Pension liabilities as of Sept. 30	40 344	48 692
Interest expenses on pension liabilities	-1 245	727
Pension payments	-23 609	-4 238
Actuarial loss/gain (-)	-427	-4 836
Pension liabilities at the end of the period	15 063	40 344
Financial assumptions		
Discount rate	4,53 %	3,34 %
Expected pension increase	0,00 %	1,60 %
Expected National Insurance basic amount adjustment	0,00 %	0,00 %

Actuarial assumptions:

Other actuarial assumptions have been applied to the calculations, such as the K-2013BE mortality table, as well as other demographic factors developed by Finance Norway. A staff turnover rate of 15% for the 20-29 age group, falling to 0% for employees aged 60 or over, has also been assumed. The turn-over rate states the proportion of the workforce that it is estimated will leave the company voluntarily during the course of a working year.

Note 19 – Other non-current liabilities

(Amounts in NOK thousands)	2023	2022
Other non-current liabilities		
Staff provision for long service	12 899	17 209
Guarantee provision	4 857	6 730
Other non-current liabilities	11 424	10 065
Total	29 179	34 004

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)		2023	2022
Other current liabilities			
Salaries and holiday pay		82 762	88 001
Service contracts invoiced in advance		473	1 812
Provisions for liabilities		6 493	4 053
Production projects invoiced in advance (ref. Note 22)		43 515	34 324
Currency derivatives with negative value (ref. Note 23)		2 567	3 025
Restructuring provisions		4 791	1 550
Other current liabilities		2 824	2 262
Total		143 426	135 027

(Amounts in NOK thousands)		Loss contracts	Other	Total
Provisions for liabilities				
Sept. 30, 2022		-1 518	-2 535	-4 053
Provision		-3 820	-6 038	-9 858
Dissolved		1 601	4 732	6 333
Used provision		1 085	0	1 085
As of Sept. 30, 2023		-2 652	-3 842	-6 493

Note 21 – Other off-balance sheet liabilities			
Off-balance sheet liabilities			
At the end of the 2023 fiscal year, Siemens AS had the following off-balance sheet liabilities in the following categories.			
Security pledged and guarantee liability			
(Amounts in NOK thousands)		2023	2022
Guarantee liability			
Guarantees issued by external financial institutions		140 878	71 729
Total guarantee liability		140 878	71 729
Siemens AS has a guarantee liability of NOK 141 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)		2023	2022
Work in progress			
Recognized as income		805 309	570 762
Costs		-681 945	-480 615
Net profit/loss		123 365	90 147
Income from projects		484 462	419 849
Estimated remaining production costs for loss-making projects		-5 767	-7 977
Accrued, not invoiced income included under other current receivables from manufacturing projects recognized using the percentage of completion method (ref. Note 14)		130 714	120 938
Production invoiced in advance, included in other current receivables from manufacturing projects recognized using the percentage of completion method (ref. Note 20)		43 515	34 324

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 euro. 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)

	2023	2022
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	-405	765
Accumulated gain/loss (-) not reversed from equity	1 807	357
The following amounts related to currency hedging contracts were recognized against other operating income and expenses (adjusted for deferred tax)		
Unrealized gain/loss (-) recognized in the fiscal year	1 094	-346
Accumulated gain/loss (-) not reversed from equity	1 094	-346

List of unrealized currency forward contracts as of Sept. 30, 2023					Average time remaining in days
Currency forward contracts (counter position NOK)	Currency amount	Amount in NOK	Agreed average FX rate	FX rate as of Sept. 30, 2023	
Sales EUR	4 122 791	44 839 323	10,8786	11,2535	206
Purchases EUR	1 570 000	17 716 662	11,2845	11,2535	103
Sales USD	637 887	5 449 335	8,5428	10,6225	426
Purchases USD	610 312	5 774 877	9,4622	10,6225	335
(Amounts in NOK thousands)				2023	2022
Fair value of the derivatives recognized on the balance sheet as of Sept. 30, 2023					
EUR				-1 685	1 025
USD				-578	-652
Total				-2 263	373
Positive holdings: Short-term share				675	4 160
Positive holdings: Long-term share				539	690
Negative holdings: Short-term share				-2 567	-3 008
Negative holdings: Long-term share				-909	-1 468
Total				-2 263	374

(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 539 thousand and long-term negative holdings amount to NOK 909 thousand.

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, 2023 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)			
Year when hedged cash flows are expected to be reclassified from equity to net income	-1 014	0	0
Financial instruments by category			
	Loans and receivables	Derivatives used for hedging purposes	Total
Assets as of Sept. 30, 2023			
Other non-current receivables	4 414	539	4 952
Accounts receivable	402 472	0	402 472
Non-current subleasing receivables	39 243	0	39 243
Current subleasing receivables	32 060	0	32 060
Other current receivables	177 237	675	177 912
Total	655 426	1 213	656 639
	Other financial liabilities	Derivatives used for hedging purposes	Total
Liabilities as of Sept. 30, 2023			
Other non-current liabilities	31 746	-2 567	29 179
Accounts payable	140 019	0	140 019
Current liabilities to group companies	250 373	0	250 373
Non-current lease liabilities	81 734	0	81 734
Current lease liabilities	59 856	0	59 856
Advances from customers	8 564	0	8 564
Other current liabilities	144 335	-909	143 426
Total	656 831	-3 476	653 355

Note 24 – Financial market risk

Siemens AS 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)		2023	2022
Sales			
Siemens Mobility AS	Siemens company	23 952	18 714
Siemens Healthcare AS	Siemens company	12 295	12 219
Siemens Large Drives	Siemens company	5 066	1 828
Siemens Financial Services AB, NUF	Siemens company	2 738	2 487
Siemens AB, Solna	Siemens company	2 202	2 713
Siemens AG	Siemens company	1 480	11 792
Siemens Aktiengesellschaft Österreich	Siemens company	932	479
Siemens A/S, Ballerup	Siemens company	543	294
Siemens Limited Taipeh	Siemens company	337	3 191
Siemens d.o.o. Beograd	Siemens company	41	-
P.T. Siemens Indonesia	Siemens company	-	3 275
Total		49 586	56 991
Purchases			
Siemens AG	Siemens company	958 226	769 705
Siemens Schweiz AG, SI Global HQ Zug	Siemens company	108 440	82 666
Siemens Sanayi ve Ticaret Anonim Sirketi, Istanbul	Siemens company	16 339	18 886
Siemens Industry Software AB Solna	Siemens company	9 929	-
Siemens S.A	Siemens company	9 026	-
Siemens Aktiengesellschaft Österreich	Siemens company	8 992	-
Siemens A/S, Ballerup	Siemens company	8 833	5 571
Siemens Warschau	Siemens company	4 588	-
Siemens Financial Services AB, NUF Oslo	Siemens company	4 308	8 641
Siemens Digital Logistics Frankenthal	Siemens company	4 072	-
Siemens Industry Inc Wilmington DE	Siemens company	-	17 363
Siemens Large Drives Drasov	Siemens company	-	11 561
Siemens Holding S.L., Madrid	Siemens company	-	9 043
Siemens AB Solna	Siemens company	-	7 025
Siemens plc. Farnborough, Hampshire	Siemens company	-	5 981
Total		1 132 753	936 442

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>

Notes

Note 26 – Carve out

This table shows the balance sheet values that were spun off on October 1, 2022 into the newly established company, Siemens Large Drives AS. The demerger was implemented with tax and accounting continuity and approved by the Board of Directors.

(Amounts in NOK thousands)	2023
Carve out values Siemens Large Drives AS	
ASSETS AS OF OCT. 1, 2022	
Fixed assets	151
Total fixed assets	151
Inventories	6 967
Accounts receivable	52 311
Other current receivables	48
Total current assets	59 325
TOTAL ASSETS AS OF OCT. 1, 2022	59 475
EQUITY AND LIABILITIES AS OF OCT. 1, 2022	
Share capital	4 384
Share premium reserve	939
Total equity	5 323
Other non-current liabilities	755
Accounts payable	196
Other current liabilities	18 147
Spin-off liability	35 054
Total liabilities	54 152
EQUITY AND LIABILITIES AS OF OCT. 1, 2022	59 475

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 2023, 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 2023 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

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, 15 December 2023
ERNST & YOUNG AS

Leiv Aschehoug
State Authorised Public Accountant (Norway)

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

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