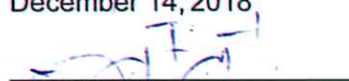


Siemens Industry Software A/S

Annual Report 2017/2018
CVR No. 31 25 70 77

Presented and adopted at the
annual general meeting on
December 14, 2018



Jørgen Bylov Andersen
Referent

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Statements

Statement by Management on the annual report

Today, Management has discussed and approved the annual report of Siemens Industry Software A/S.

The annual report is prepared in accordance with the Danish Financial Statements Act.

We consider the accounting policies applied appropriate and the accounting estimates made reasonable and believe that the annual report contains the information that is required to assess the Company's financial position. In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 September 2018 and of the results of its operations for the financial year 1 October 2017 - 30 September 2018.

In our opinion, the Management's review includes a fair review of the development in the Company's activities, results of operations and financial position. We also believe that the Management's review fairly describes the main risks and uncertainties facing the Company.

Ballerup, December 14, 2018

Executive board:



Digitally signed by Friberg Mats
DN: serialNumber=Z0021W6N,
givenName=Mats, sn=Friberg,
o=Siemens, cn=Friberg Mats
Date: 2018.12.15 00:30:55 +01'00'

Mats Friberg (CEO)



Peter Eugen Damm (CFO)

Supervisory board:

Soerensen
Bjarne Lykke

Digitalt signeret af Soerensen
Bjarne Lykke
DN: cn=Soerensen Bjarne Lykke,
o=Siemens, email=bjarne.lykke-
soerensen@siemens.com
Date: 2018.12.14 14:46:16 +01'00'

Bjarne Lykke Sørensen
Chairman



Mats Friberg

Digitally signed by Friberg Mats
DN: serialNumber=Z0021W6N,
givenName=Mats, sn=Friberg,
o=Siemens, cn=Friberg Mats
Date: 2018.12.15 00:30:21 +01'00'



Keld Wejse Svarrer

Statements

Independent auditors' report

To the shareholders of Siemens Industry Software A/S

Opinion

We have audited the financial statements of Siemens Industry Software A/S for the financial year 1 October 2017– 30 September 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 September 2018 and of the results of the Company's operations for the financial year 1 October 2017 – 30 September 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independence

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Statements

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement 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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view. □

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

Statements

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, December 14, 2018
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Søren Skov Larsen
State Authorised Public Accountant
MNE-nr.: mne26797

Annual Report 1 October 2017 – 30 September 2018

Company details

Siemens Industry Software A/S
Borupvang 9
DK-2750 Ballerup
CVR No.: 31 25 70 77
Incorporated: 01.02.2008
Domicile: Ballerup

Supervisory board

Bjarne Lykke Sørensen (Chairman)
Mats Friberg
Keld Wejse Svarrer

Executive board

Mats Friberg
Peter Eugen Damm

Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
DK-2000 Frederiksberg

Annual Report 1 October 2017 – 30 September 2018

Management's review

Business review

Revenue for 2017/2018 came in at DKK '000 136.936, from DKK '000 139,159 last year. The decrease is in line with the expectations stated in the annual report 2016/2017

The profit from ordinary activities for 2017/2018 amounted to DKK '000 369, which is an improvement of the loss of DKK '000 420 the year before, and is in line with the expectations stated in the annual report 2016/2017.

No dividend is expected to be distributed.

The profit for the year is not satisfactory.

Business activities

The Company's main activities are sales and marketing of state-of-the-art software application solutions and services for the Digital Enterprise within the areas of Product Lifecycle Management (PLM) and Plant Engineering (COMOS).

Balance sheet

The balance sheet total of DKK '000 54,402 was up by DKK '000 10,702 relative to last year (DKK '000 43,700), primarily reflecting from increases in trade receivables, receivables from group entities and financial payables to group companies.

The new financial year

The revenue is expected to be higher in 2018/2019.

The Company expects profits from ordinary activities for 2018/2019 to be higher compared to 2017/2018.

Subsequent events

No such significant events have occurred after the financial years-end as could affect the financial statements for 2017/2018.

Going Concern

The Company's equity is negative and is expected to be restored through earnings over the coming years. In line with previous years, the Company has received confirmation that Siemens' bank (Siemens Financial Services), will provide the liquidity required to finance next year's operations.

Annual Report 1 October 2017 – 30 September 2018

Income statement

DKK '000

	Note	2017/2018	2016/2017
Revenue	2	136.936	139.159
Production costs		-115.328	-109.053
Gross margin		<u>21.608</u>	<u>30.106</u>
Selling expenses		-18.234	-29.578
Administrative expenses		-2.990	-915
Operating profit/loss		<u>384</u>	<u>-387</u>
Financial incomes	3	70	63
Financial expenses	4	-85	-96
Profit/loss from ordinary		<u>369</u>	<u>-420</u>
Tax on profit/loss from ordinary	5	-94	70
Profit/loss for the year		<u>275</u>	<u>-350</u>

Annual Report 1 October 2017 – 30 September 2018

Balance sheet

DKK '000

Assets

	Note	2017/2018	2016/2017
Fixed assets			
Intangible assets			
Goodwill	6	0	0
		<u>0</u>	<u>0</u>
Property, plant and machinery			
Plant and machinery	7	267	153
		<u>267</u>	<u>153</u>
Total fixed assets		<u>267</u>	<u>153</u>
Current assets			
Receivables			
Trade receivables		33.764	25.604
Work in progress for third parties		6.090	10.913
Receivables from group entities		14.120	6.877
Deferred tax assets	8	161	151
Prepayments	9	0	2
Total receivables		<u>54.135</u>	<u>43.547</u>
Cash		<u>0</u>	<u>0</u>
Total current assets		<u>54.135</u>	<u>43.547</u>
Total assets		<u>54.402</u>	<u>43.700</u>

Annual Report 1 October 2017 – 30 September 2018

Balance sheet

DKK '000

Equity and liabilities

	Note	2017/2018	2016/2017
Equity			
Share capital		500	500
Retained earnings/accumulated loss		-2.979	-3.254
Total equity		<u>-2.479</u>	<u>-2.754</u>
Provisions			
Other provisions	10	782	5.711
Total provisions		<u>782</u>	<u>5.711</u>
Liabilities			
Short term liabilities			
Financial payables to group entities		36.896	14.205
Trade payables		4.908	8.540
Other payables		12.850	13.410
Deferred income	11	1.445	4.588
Total short-term liabilities		<u>56.099</u>	<u>40.743</u>
Total liabilities		<u>56.099</u>	<u>40.743</u>
Total equity and liabilities		<u>54.402</u>	<u>43.700</u>

Notes not referred to

Staff costs	12
Contingent liabilities	13
Appropriation of profit	14
Related parties	15
Ownership	16
Pending legal actions	17

Annual Report 1 October 2017 – 30 September 2018

Statement of changes in equity

DKK '000

Equity

	Share capital	Retained earnings/ accumulated loss	Total
Equity at 1 October 2017	500	-2.904	-2.404
Profit for the year	0	-350	-350
Equity at 30 September 2017	500	-3.254	-2.754
Profit for the year	0	275	275
Equity at 30 September 2018	500	-2.979	-2.479

The Company's share capital is DKK '000 500 divided into shares of DKK '000 1 each. The share capital has not changed the past 5 years.

The company's equity is negative and is expected to be restored through earnings over the coming years. In line with previous years, the Company has received confirmation that Siemens' bank (Siemens Financial Services), will provide the liquidity required to finance next years operations.

Annual Report 1 October 2017 – 30 September 2018

Notes

1 Accounting policies

The annual report of Siemens Industry Software A/S has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B entities.

The accounting policies are consistent with those of last year.

The financial statements are presented in Danish kroner.

Basis of recognition and measurement

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

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is made up as the historic cost less installments, if any, and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

In connection with recognition and measurement, allowance is made for gains, losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Currency translation

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date.

Annual Report 1 October 2017 – 30 September 2018

Notes (continued)

Income statement

Revenue

Revenue from service and maintenance is recognized as revenue with reference to the stage of completion.

Income from the sale of goods for resale, finished goods and comprised Software are recognized in the income statement, provided that delivery and invoicing have taken place before the year-end and provided that the income can be measured reliably and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Production costs

Production costs comprise expenses, including amortization/depreciation and wages/salaries, incurred to generate the year's revenue.

Selling expenses

Selling expenses comprise expenses related to the sale of goods and sales campaigns, etc., in the year. Expenses related to sales staff, advertising and exhibitions and amortization/depreciation charges are recognised in selling expenses as well.

Administrative expenses

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

Financial income and expenses

Financial income and expenses comprise interest income and expenses, receivables as well as surcharges and allowances under the tax prepayment scheme, etc.

Annual Report 1 October 2017 – 30 September 2018

Notes (continued)

Tax for the year

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

The parent company, Siemens A/S, acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

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

Tax for the year, comprising the year's joint taxation contributions and changes in deferred tax, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and is taken directly to equity as regards the portion that relates to entries directly in equity.

Annual Report 1 October 2017 – 30 September 2018

Notes(continued)

Balance sheet

Intangible assets

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

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. The maximum amortisation period is seven years and is longest for strategically acquired entities with a strong market position and a long earnings profile.

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

Plant and equipment

Plant and machinery are measured at cost less accumulated depreciation and impairment charges.

The cost comprises the purchase price and any costs directly attributable to the acquisition until such time when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages. Borrowing costs are not recognised in the cost.

Depreciation is provided on a straight-line basis over the expected useful life of the assets.

The depreciation periods are:

Plant and machinery 3 years.

The carrying amount of yearly impaired property, plant and equipment is reduced to the recoverable amount.

Depreciation is recognised in the income statement under 'Production costs', 'Selling expenses' and 'Administrative expenses', respectively.

Leases

Leases are considered operating leases. The Company's aggregate liabilities relating to operating leases and rent agreements are disclosed under 'Contingencies, etc.'.

Annual Report 1 October 2017 – 30 September 2018

Notes (continued)

Receivables

Receivables are measured at amortised cost. A provision is made for impairment losses.

Impairment of assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested annually for impairment.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

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

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

Work in progress for third parties

Ongoing service supplies and work in progress for third parties are measured at the market value of the work performed less advances received.

The market value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract.

The percentage of completion is made up based on costs incurred relative to the expected, total expenses on each individual work in progress.

Where the outcome of contract work in progress cannot be made up reliably, the market value is measured at the costs incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under 'Provisions' and is expensed in the income statement.

The value of each contract in progress less prepayments is classified as assets when the market value exceeds prepayments and as liabilities when prepayments exceeds the market value.

Prepayments

Prepayments include expenses incurred relating to subsequent financial years.

Annual Report 1 October 2017 – 30 September 2018

Notes (continued)

Equity

Dividend proposed for the year is recognised as a liability at the date it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is shown as a separate item in equity.

Income tax and deferred tax

The Company is jointly taxed with its parent company, Siemens A/S, which acts as management company, as well as with all other Danish group entities.

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years as well as for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, for instance in connection with shares, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which they are expected to be realised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates which will, given the legislation in force at the balance sheet date, apply once the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in tax rates are recognised in the income statement.

Liabilities

Other liabilities are measured at amortised cost.

Deferred income

Deferred income comprises payments received concerning income in subsequent reporting years.

Annual Report 1 October 2017 – 30 September 2018

Notes (continued)

DKK '000

2 Revenue

	2017/2018	2016/2017
Sales of goods and services, domestic	128.181	128.122
Sales of goods and services, international	8.755	11.037
	<u>136.936</u>	<u>139.159</u>

3 Financial income

Interest payable, intra-group balances	70	63
	<u>70</u>	<u>63</u>

4 Financial expenses

Interest payable, intra-group balances	85	96
	<u>85</u>	<u>96</u>

5 Tax on profit/loss from ordinary activities

Tax for the year	94	-70
Distributed as follows:		
Tax on income subject to joint taxation	108	472
Adjustment of deferred tax	-15	-552
Prior-year adjustment	1	10
	<u>94</u>	<u>-70</u>

Annual Report 1 October 2017 – 30 September 2018

Notes (continued)

DKK '000

6 Intangible assets

	Goodwill
Cost at 1 October 2017	34.733
Cost at 30 September 2018	34.733
Amortisation at 1 October 2017	-34.733
Amortisation in the year	0
Amortisation at 30 September 2018	-34.733
Carrying amount at 30 September 2018	0
Carrying amount at 30 September 2017	0

7 Plant and equipment

	Plant and machinery
Cost at 1 October 2017	350
Additions in the year	193
Cost at 30 September 2018	543
Depreciation at 1 October 2017	-197
Depreciation in the year	-79
Depreciation at 30 September 2018	-276
Carrying amount at 30 September 2018	267
Carrying amount at 30 September 2017	153

Annual Report 1 October 2017 – 30 September 2018

Notes (continued)

DKK '000

8 Deferred tax assets

	2017/2018	2016/2017
Deferred tax assets at 1 October	151	96
Prior-year adjustment	-5	-497
Deferred tax assets adjustment in the year	15	552
	<u>161</u>	<u>151</u>

The deferred tax assets relates to the following:

Property, plant and machinery	74	70
Current assets	65	0
Provisions	6	6
Liabilities	16	75
	<u>161</u>	<u>151</u>

9 Prepayments

Prepayments, totaling DKK '000 0 (2016/2017: DKK '000 2), comprise expenses incurred relating to subsequent financial years.

10 Other provisions

	2017/2018	2016/2017
Other provisions at 1 October	5.711	0
Reversal of provisions	-5.049	0
New provisions	120	5.711
Other provisions at 30 September	<u>782</u>	<u>5.711</u>
The provisions fall due within		
0 – 1 year	782	5.711
Other provisions at 30 September	<u>782</u>	<u>5.711</u>

11 Deferred income

Deferred income, totaling DKK '000 1.455 (2015/2016: DKK '000 4.588), comprises payments received concerning income in subsequent reporting years.

Annual Report 1 October 2017 – 30 September 2018

Notes not referred to

DKK '000

12 Staff costs

	2017/2018	2016/2017
Wages and salaries	30.968	28.100
Prior-year adjustment	2.526	2.323
Deferred tax adjustment in the year	72	70
	<u>33.566</u>	<u>30.493</u>
 Average number of employees	 <u>33</u>	 <u>31</u>

13 Contingent liabilities

Rent obligations	1.768	1.825
Operating lease	2.132	1.825

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

14 Appropriation of profit/loss

Retained earnings	275	-350
	<u>275</u>	<u>-350</u>

15 Related parties

The Company's related parties include members of the supervisory and executive boards, executive officers and their family members. Related parties also include entities in the Siemens AG Group

16 Ownership

The Company's ultimate parent company is Siemens AG, Wittelbacherplatz 2, Munich, Germany. The consolidated financial statements of Siemens AG are obtainable upon request. The parent company of Siemens Industry Software A/S is Siemens A/S, Borupvang 9, 2750 Ballerup.

17 Pending legal actions

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