Annual Financial Report

FOR FISCAL 2021

SIEMENS

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Combined Management Report

FOR FISCAL 2021

SIEMENS

1. Organization of the Siemens Group and basis of presentation

Siemens is a technology group that is active in nearly all countries of the world, focusing on the areas of automation and digitalization in the process and manufacturing industries, intelligent infrastructure for buildings and distributed energy systems, smart mobility solutions for rail and road and medical technology and digital healthcare services.

Siemens comprises Siemens Aktiengesellschaft (Siemens AG), a stock corporation under the Federal laws of Germany, as the parent company, and its subsidiaries. Our Company is incorporated in Germany, with our corporate headquarters situated in Munich. As of September 30, 2021, Siemens had around 303,000 employees.

As of September 30, 2021, Siemens has the following reportable segments: **Digital Industries**, **Smart Infrastructure**, **Mobility** and **Siemens Healthineers**, which together form our "Industrial Business" and **Siemens Financial Services (SFS),** which supports the activities of our industrial businesses and also conducts its own business with external customers. Furthermore, we report results for **Portfolio Companies**, which comprises businesses that are managed separately to improve their performance.

Our reportable segments and Portfolio Companies may do business with each other, leading to corresponding orders and revenue. Such orders and revenue are eliminated on the Group level.

Non-financial matters of the Group and Siemens AG

Siemens has policies for environmental, employee and social matters, for the respect of human rights, and anti-corruption and bribery matters, among others. Our business model is described in chapters 1 and 3 of this Combined Management Report. Reportable information that is necessary for an understanding of the development, performance, position and the impact of our activities on these matters is included in this Combined Management Report, in particular in chapters 3 through 7. Forward-looking information, including risk disclosures, is presented in chapter 8. Chapter 9 includes additional information that is required to be reported in the Combined Management Report related to the parent company Siemens AG. As supplementary information, amounts reported in the Consolidated Financial Statements and the Annual Financial Statements of Siemens AG related to such non-financial matters, and additional explanations thereto, are included in Notes to Consolidated Financial Statements for fiscal 2021, Notes 17, 18, 22, 26 and 27, and in the Notes to the Annual Financial Statements for fiscal 2021, Notes 16, 17, 20, 21 and 25. In order to inform the users of the financial reports in a focused manner, these disclosures are not subject to a specific non-financial framework – in contrast to the disclosures in our separate "Sustainability Report 2021" document, which are based on the standards developed by the Global Reporting Initiative (GRI). Said document also includes detailed information on DEGREE, Siemens' new sustainability framework which was introduced during fiscal 2021. With DEGREE, Siemens intends to manage and track its progress on selected ambitions in the environmental, social and governance areas.

2. Financial performance system

2.1 Overview

The Siemens Financial Framework includes targets that we aim to achieve over a cycle of three to five years. During fiscal 2021, we modified this framework. The resulting changes became effective starting with fiscal 2022.

2.2 Revenue growth

In the Siemens Financial Framework, up to and including fiscal 2021, we aimed to achieve a revenue growth range of 4% to 5% per year on a comparable basis.

Our primary measure for managing and controlling our revenue growth is comparable growth, because it shows the development in our business net of currency translation effects, which arise from the external environment outside of our control, and portfolio effects, which involve business activities which are either new to or no longer a part of the respective business.

Currency translation effects are the difference between revenue for the current period calculated using the exchange rates of the current period and revenue for the current period calculated using the exchange rates of the comparison period. For calculating the percentage change year-over-year, this absolute difference is divided by revenue for the comparison period. A portfolio effect arises in the case of an acquisition or a disposition and is calculated as the change year-over-year in revenue related to the transaction. For calculating the percentage change, this absolute change is divided by revenue for the comparison period. Any portfolio effect is excluded for the 12 months following the relevant transaction after which both current and past reporting periods fully reflect the portfolio change. For orders, we apply the same calculations for currency translation and portfolio effects as described above.

Under the modified framework, we aim to achieve comparable revenue growth in the range of 5% to 7% per year over a cycle of three to five years.

2.3 Profitability and capital efficiency

Within the Siemens Financial Framework, we aim to achieve margins that are comparable to those of our relevant competitors. Therefore, we have defined profit margin ranges for our industrial businesses which also consider the profit margins of their respective relevant competitors. Profit margin is defined as profit of the respective business divided by its revenue.

For our industrial businesses, in fiscal 2021 profit represented EBITA adjusted for operating financial income (expenses), net, and amortization of intangible assets not acquired in business combinations (Adjusted EBITA).

The margin ranges for our industrial businesses were as follows:

Margin ranges until fiscal 2021

	Margin range
Digital Industries	**17 - 23%**
Smart Infrastructure	**10 - 15%**
Mobility	**9 - 12%**
Siemens Healthineers	**17 - 21%**
Industrial Business	**11 - 15%**
Siemens Financial Services (ROE after tax)	**17 - 22%**

Beginning with fiscal 2022, the profit definition no longer adjusts EBITA for operating financial income (expenses), net to present a more transparent view on operating earnings. Operating financial income, net for Industrial Business was €23 million in fiscal 2021, without a change to the reported margin.

The margin ranges were set as follows:

Margin ranges from fiscal 2022

	Margin range
Digital Industries	**17 - 23%**
Smart Infrastructure	**11 - 16%**
Mobility	**10 - 13%**
Siemens Healthineers	**17 - 21%**
Siemens Financial Services (ROE after tax)	**15 - 20%**

For Siemens Healthineers, we present the margin range we expect as that company's majority shareholder.

In line with common practice in the financial services business, our financial indicator for measuring capital efficiency at Siemens Financial Services is return on equity after tax, or ROE after tax. ROE is defined as Siemens Financial Services' profit after tax, divided by its average allocated equity.

For purposes of managing and controlling profit and profitability at the Group level, we use net income as our primary measure. This measure is the primary driver of basic earnings per share from net income (EPS).

Beginning with fiscal 2022, we will in addition report EPS before purchase price allocation accounting (EPS pre PPA) to increase transparency regarding our operating performance. EPS pre PPA is defined as basic earnings per share from net income adjusted for amortization of intangible assets acquired in business combinations and related income taxes. Like for EPS, EPS pre PPA includes the amounts attributable to shareholders of Siemens AG. We aim to achieve high-single-digit annual growth in EPS pre PPA over a cycle of three to five years. EPS pre PPA for fiscal 2021 was €8.32.

We seek to work profitably and as efficiently as possible with the capital provided by our shareholders and lenders. For purposes of managing and controlling our capital efficiency, we use return on capital employed, or ROCE, as our primary measure in our Siemens Financial Framework.

Beginning with fiscal 2022, ROCE excludes defined acquisition-related effects for Varian Medical Systems, Inc. (Varian), which was acquired by Siemens Healthineers in fiscal 2021, to further increase the transparency on our operating performance. Our goal is to achieve a ROCE within a range of 15% to 20% over a cycle of three to five years.

2.4 Capital structure

Sustainable revenue and profit development is supported by a healthy capital structure. Accordingly, a key consideration within the Siemens Financial Framework is to maintain ready access to the capital markets through various debt products and preserve our ability to repay and service our debt obligations over time. Our primary measure for managing and controlling our capital structure is the ratio of Industrial net debt to EBITDA (continuing operations). This financial measure indicates the approximate amount of time in years that would be needed to cover Industrial net debt through income from continuing operations, without taking into account interest, taxes, depreciation and amortization. In fiscal 2021, we aimed to achieve a ratio of up to 1.0. Beginning with fiscal 2022, this ratio was raised to up to 1.5.

2.5 Liquidity and dividend

We intend to continue providing an attractive return to our shareholders under the Siemens Financial Framework. Beginning with fiscal 2022, this includes striving for a dividend per share that exceeds the amount of the preceding year, or that at least matches the prior-year-level.

As in the past, we intend to fund the dividend payout from Free cash flow. To provide an assessment of our ability to generate cash, and ultimately to pay dividends, in fiscal 2021 we used the cash conversion rate of Industrial Business, defined as the ratio of Free cash flow from Industrial Business to Adjusted EBITA Industrial Business. Because growth requires investments, we aimed to achieve a cash conversion rate of 1 minus the annual comparable revenue growth rate of Industrial Business.

Beginning with fiscal 2022, we use the cash conversion rate for the Siemens Group to reinforce our commitment to cash generation on a Group level. It is defined as the ratio of Free cash flow (continuing and discontinued operations) to Net income. We aim to achieve a cash conversion rate of 1 minus the annual comparable revenue growth rate for the Group over a cycle of three to five years.

At the Annual Shareholders' Meeting, the Managing Board, in agreement with the Supervisory Board, will submit the following proposal to allocate the unappropriated net income of Siemens AG for fiscal 2021: to distribute a dividend of €4.00 on each share of no par value entitled to the dividend for fiscal 2021 existing at the date of the Annual Shareholders' Meeting; the remaining amount is to be carried forward. Payment of the proposed dividend is contingent upon approval by Siemens shareholders at the Annual Shareholders' Meeting on February 10, 2022. The prior-year dividend was €3.50 per share.

2.6 Calculation of return on capital employed

Calculation of ROCE

	Fiscal year	
(in millions of €)	2021	2020
Net income	**6,697**	4,200
Less: Other interest expenses/income, net[1]	**(769)**	(692)
Plus: SFS Other interest expenses/income	**842**	806
Plus: Net interest expenses related to provisions for pensions and similar obligations	**53**	66
Less: Interest adjustments (discontinued operations)	**(11)**	100
Less: Taxes on interest adjustments (tax rate (flat) 30%)	**(34)**	(84)
(I) Income before interest after tax	**6,778**	4,397
(II) Average capital employed	**51,723**	56,190
(I) / (II) ROCE	**13.1%**	7.8%

[1] Item Other interest expenses/income, net primarily consists of interest relating to corporate debt, and related hedging activities, as well as interest income on corporate assets.

For purposes of calculating ROCE in interim periods, Income before interest after tax is annualized. Average capital employed is determined using the average of the respective balances as of the quarterly reporting dates for the periods under review.

Calculation of capital employed

Total equity
Plus: Long-term debt
Plus: Short-term debt and current maturities of long-term debt
Less: Cash and cash equivalents
Less: Current interest-bearing debt securities
Less: Fair value of foreign currency and interest hedges relating to short- and long-term debt
Plus: Provisions for pensions and similar obligations
Less: SFS debt
Plus: Adjustments from assets classified as held for disposal and liabilities associated with assets classified as held for disposal
Less: Adjustment for deferred taxes on net accumulated actuarial gains/losses on provisions for pensions and similar obligations
Capital employed (continuing and discontinued operations)

Beginning with fiscal 2022, ROCE will exclude defined Varian-related acquisition effects. For that purpose, in the numerator, Income before interest after tax is adjusted for effects resulting from purchase price allocation which are comprised of amortization of tangible and intangible assets, inventory step-ups, deferred revenue adjustments and related income taxes. The denominator Average capital employed is adjusted for goodwill and other intangible assets resulting from purchase price allocation. ROCE adjusted for Varian-related acquisition effects was 15.1% in fiscal 2021.

3. Segment information

3.1 Overall economic conditions

The global economic development in fiscal 2021 was still dominated by the coronavirus pandemic (COVID-19) and its many repercussions. After the recession in calendar 2020, in which global gross domestic product (GDP) contracted by 3.4%, calendar 2021 is expected to show a very strong rebound with global GDP increasing by 5.5%.

Global economic activity expanded at very high rates in the third quarter of calendar 2020 after the first wave of COVID-19 ebbed. Subsequent infection waves in winter months caused fears of a new global recession. But economic activity had already adapted to the pandemic and was supported by massive stimulus programs, especially in Europe and the U.S. Globally, governments allocated nearly USD 11 trillion in stimulus programs and more than USD 6 trillion in liquidity support to businesses and households in response to the pandemic. Central banks gave support with expansionary measures, in particular new quantitative easing programs, while short-term interest rates were at or near zero. Accordingly, the global economy continued to expand also in the fourth quarter of calendar 2020 and the first quarter of calendar 2021, despite renewed outbreaks and lockdowns. In December 2020, the first countries approved new COVID-19 vaccines, which were developed in a very short time and which are of paramount importance in order to solve the health crisis and economic challenges.

However, momentum again weakened in the first half of calendar 2021, due to increasing infections in many countries. The new Delta variant was more contagious than previous virus strains. Vaccine roll-out could not keep up with the spread of this new variant, especially in emerging countries. In addition, supply disruptions, which were both caused and magnified by the pandemic, impaired the recovery. Bottlenecks had impacts across the value chains from raw materials to high tech goods, especially semiconductors, and were exemplified by extraordinary disruptions in global logistics systems. In addition, many companies were surprised by the strong recovery and high demand for goods which often exceeded their production plans and short-term capacity. The extraordinarily high demand for goods was caused by consumers with high excess savings and limited spending alternatives as many service offerings were still not available ("services-to-products shift"). Limited supply, logistics bottlenecks and record high consumer demand for goods caused substantial increases of producer prices for many products, which partly translated to an increase of general inflation. In addition, energy prices increased, and base effects from reduced 2020 price levels as well as temporary effects (e.g. provisional changes in taxation) contributed to the elevated rate of inflation.

The Chinese economy – with the world's largest manufacturing sector – benefited particularly from the high global demand for goods and is expected to grow by 8.2% in calendar 2021. However, tensions in the property sector and energy shortages weighed on economic activity in the second half of calendar 2021.

Overall, the other major economies have experienced very strong economic rebounds and GDP is expected to grow strongly in calendar 2021: European Union (EU) 5.0%, U.S. 5.4%, Japan 2.3%, India 7.7%. For advanced countries in aggregate, calendar 2021 GDP is expected to expand by 4.9%. For emerging markets, the increase in calendar 2021 GDP is estimated at 6.4%.

The partly estimated figures presented here for GDP are based on an IHS Markit report dated October 15, 2021.

3.2 Digital Industries

Digital Industries offers a comprehensive product portfolio and system solutions for automation used in discrete and process industries; these offerings include automation systems and software for factories, numerical control systems, motors, drives and inverters and integrated automation systems for machine tools and production machines. Digital Industries also provides process control systems, machine-to-machine communication products, sensors (for measuring pressure, temperature, level, flow rate, distance or shape) and radio frequency identification systems. Furthermore, Digital Industries offers production and product lifecycle management (PLM) software, and software for simulation and testing of mechatronic systems. These leading software offerings are integrated with an electronic design automation (EDA) software portfolio, and the open, cloud-based industrial internet of things (IIoT) operating system MindSphere, which connects machines and physical infrastructure to the digital world. All these software offerings are complemented by the Mendix cloud-native low-code application development platform, which allows customers to significantly reduce app development times through visual representation of underlying code. Digital Industries also provides customers with lifecycle and data-driven services. During the first quarter of fiscal 2021, Digital Industries' stake in Bentley Systems, Inc. (Bentley) was transferred to Siemens Pension-Trust e.V. In August 2021, Digital Industries closed the acquisition of Supplyframe, Inc. (Supplyframe), a marketplace for the global electronics value chain, to significantly strengthen and accelerate growth of its offerings in digital marketplaces. For further information on the acquisition see Note 3 in Notes to Consolidated Financial Statements for fiscal 2021.

Taken together, Digital Industries' offerings enable customers to optimize entire value chains from product design and development through production and post-sale services. With its advanced software solutions in particular, Digital Industries supports customers in their evolution towards the "Digital Enterprise," resulting in increased flexibility and efficiency of production processes and reduced time to market for new products. The most important markets include the automotive industry, the machine building industry, the pharmaceutical and chemicals industry, the food and beverage industry and the electronics and semiconductor industry. Digital Industries serves its customers through a common regional sales organization spanning all its businesses, using various sales channels depending on the type of customer and industry and also enhancing customer choice across all channels. Changes in customer demand, especially for standard products, are driven strongly by macroeconomic cycles, and can lead to significant short-term fluctuation in Digital Industries' profitability. Volume from large contracts in the software business, particularly for EDA, may also result in strong fluctuations in quarterly volume and profitability. Starting in fiscal 2022, Digital Industries intends to transition parts of its software business, particularly PLM, from largely upfront revenue recognition towards Software as a Service (SaaS), which yields more predictable recurring revenue and offers growth opportunities by opening access to new customers, especially small and medium-sized companies seeking to reduce costs associated with owning complex IT infrastructure. During the transition, Digital Industries expects impacts on revenue growth rates and profit margin development in the software business. Competition with Digital Industries' business activities comes primarily from multinational corporations that offer a relatively broad portfolio and from smaller companies active only in certain geographic or product markets.

Digital Industries sees three **trends** influencing its business and providing long-term growth opportunities. Producers of investment goods in today's increasingly digital environment must modernize their production capacity, particularly to increase production flexibility and reduce time to market. This environment also spurs producers to complement their core products with vertical solutions and service offerings, which their customers either need or want in order to take full advantage of the investment goods. Finally, there is a trend from globalization to regionalization, to support local economic development or to better adapt solutions to local needs. This is increasingly accompanied by more differentiated regulatory requirements.

Research & Development (R&D) activities at Digital Industries are aimed at providing its customers with solutions that allow them to exploit the potential of data in their businesses and to combine the real and the digital worlds. Digital Industries is developing and integrating technologies such as artificial intelligence (AI), edge computing, cloud technologies, additive manufacturing and industrial 5G wireless technology. For example, Digital Industries cooperated with Schaeffler Group by combining its IIoT platform Sidrive IQ, which augments drive systems with AI-based analytics and digital content, with Schaeffler's products and services in the area of designing, manufacturing, and servicing bearings. Digital Industries introduced a new Industrial Edge Management system with which users can remotely monitor the status of every connected device and remotely install edge apps and software functions on distributed edge devices. Also in fiscal 2021, Digital Industries announced a cooperation with Google Cloud which aims at the integration of factory automation systems from Digital Industries with Google's data cloud, AI and machine learning technologies. In the field of additive manufacturing, Digital Industries worked with EOS and DyeMansion to present the first virtual additive manufacturing reference factory for selective laser sintering and industrial post-processing. During the 2021 Hanover Fair, Digital Industries demonstrated its first industrial 5G router and set up a private 5G campus network with a focus on industrial use cases such as automated guided vehicles, augmented reality, and autonomous mobile robots. Major **investments** of Digital Industries in fiscal 2021 relate to its own factory automation, motion control and process automation businesses, to further automate and digitalize facilities particularly in Germany, China and the Czech Republic.

	Fiscal year		% Change	
(in millions of €)	2021	2020	Actual	Comp.
Orders	**18,427**	15,896	16%	18%
Revenue	**16,514**	14,997	10%	13%
therein: software business	***4,290***	*4,144*	*4%*	*7%*
Adjusted EBITA	**3,362**	3,252	3%	
Adjusted EBITA margin	**20.4%**	21.7%		

Significant **order** growth for Digital Industries was driven by the automation businesses, particularly factory automation and motion control, on a recovery of their most important customer industries such as the automotive and machine building industries, which a year earlier were strongly impacted by effects related to COVID-19. Orders in the software business came in lower compared to fiscal 2020, which included a sharply higher volume from large orders, most notably in the EDA business. **Revenue** rose in all businesses, including significant growth contributions from the factory automation and motion control businesses and successful mitigation of supply chain risks primarily associated with electronics components. On a geographic basis, order and revenue were up in all regions with growth mainly driven by the region Asia, Australia, due primarily to substantial increases in China, and the region comprising Europe, Commonwealth of Independent States (C.I.S.), Africa, Middle East, including a strong growth contribution from Germany. **Adjusted EBITA** rose moderately even though the prior fiscal year included a €767 million positive effect related to Digital Industries' former stake in Bentley. The effect resulted mainly from revaluation of the stake following Bentley's public listing. Excluding this effect, Adjusted EBITA rose on double-digit increases in all businesses and improved profitability compared to the prior fiscal year, with the strongest growth contributions coming from the factory automation and motion control businesses. Adjusted EBITA improved also from successful execution of the cost structure improvement program in prior periods, which strengthened current profitability. Furthermore, severance charges, which resulted primarily from the ongoing program, fell substantially to €114 million from €210 million in the prior year. During the first half of fiscal 2021, Adjusted EBITA development benefited from expense reductions year-over-year related to COVID-19 restrictions, such as lower travel and marketing expenses. Digital Industries' order backlog was €7 billion at the end of the fiscal year, of which €6 billion are expected to be converted into revenue in fiscal 2022.

In fiscal 2021 the **market** environment for Digital Industries improved strongly as global manufacturing production recovered throughout the fiscal year from burdens related to COVID-19, which were most noticeable in the second and third quarter a year earlier. The rebound was faster and stronger than assumed and led to constraints in global value chains over the course of the fiscal year. The main driver of the upswing was China where the growth dynamic was extremely strong in the first half of the fiscal year. Other countries followed with a delay of around three to six months, but their recovery was less pronounced than in China resulting in moderate growth in the regions Americas and Europe, C.I.S., Africa, Middle East. Discrete industries recovered particularly quickly and strongly, benefiting in part from restocking effects, while recovery in the more project-related process industries was delayed. The automotive industry started strongly into fiscal 2021, but the recovery was held back by supply chain constraints which impacted production especially in the second half of the fiscal year. This led to slowing or even limited contraction of production during the last months of the fiscal year. The machine building industry also recovered faster than expected, with the recovery starting in China and benefiting from demand for general investment goods. This development was evident in demand for automation equipment which in addition benefited from the trend towards digitalization and from stock-building effects to mitigate risks from supply chain constraints. The pharmaceutical and the chemicals industries expanded during the entire fiscal year. While the pharmaceuticals industry benefited from COVID-19 vaccine demand among other factors, the chemicals industry steadily improved in line with the overall economic recovery. The development in the food and beverage industry followed a similar pattern and grew steadily throughout the fiscal year. Global production of electronics and semiconductors was not held back by effects related to COVID-19, and experienced strong growth during fiscal 2021. However, market shifts within the semiconductor industry led to global shortages of semiconductors for certain customer segments that grew worse through the fiscal year and increasingly affected the automotive and machine building industries. In addition, supply constraints for plastics, metals and freight delivery impacted Digital Industries' market environment. Price increases affected all markets and were stronger than usually experienced during periods of economic rebound. While prices started to surge in the first quarter of fiscal 2021 mainly in the raw material sector (e. g. copper), they spread further to intermediate goods and to all markets, including electrical equipment, in the following quarters. Digital Industries expects its primary markets, as described above, to show clear growth in fiscal 2022, with somewhat diminished momentum compared to fiscal 2021 and more geographic balance among the three reporting regions.

3.3 Smart Infrastructure

Smart Infrastructure offers products, systems, solutions, services and software to support a sustainable transition in energy generation sources, from fossil to renewable and a transition to smarter, more sustainable buildings and communities. This versatile portfolio is structured into three businesses: buildings, electrification and electrical products. The buildings business addresses the needs of operators, owners, occupants and users of buildings. It spans integrated building management systems and software; heating, ventilation and air conditioning (HVAC) controls; fire safety and security products and systems; and solutions and services such as energy and performance services. The electrification business makes grids more resilient, flexible and efficient. Its offerings cover grid simulation, operation and control software; substation automation and protection; medium-voltage primary and secondary switchgear (including SF6-free medium-voltage switchgear); and low-voltage switchboards and eMobility charging infrastructure. The electrical products business supplies electrification and buildings. Its offerings include low-voltage switching, measuring and control equipment; low-voltage distribution systems and switchgear; and circuit breakers, contactors and switching for medium-voltage. In fiscal 2021, Smart Infrastructure acquired C&S Electric Limited (C&S Electric), India, a provider of electrical and electronic equipment for infrastructure, power generation, transmission and distribution to strengthen its position in India as a supplier of low-voltage power distribution and electrical installation technology.

Smart Infrastructure's customer base is diverse. It encompasses infrastructure developers, construction companies and contractors; owners, operators and tenants of both public and commercial buildings including hospitals, campuses, airports and data centers; companies in heavy industries such as oil and gas, mining and chemicals; companies in discrete manufacturing industries such as automotive and machine building; and utilities and power grid network operators (transmission and distribution). Smart Infrastructure serves its customers through a broad range of channels, including its global sales organization, distributors and partners such as panel builders, original equipment manufacturers (OEM) and value-added resellers and installers, all complemented by direct sales such as through the branch offices of its regional solutions and services units worldwide and e-commerce channels. Smart Infrastructure's principal competitors consist mainly of large multinational companies and smaller manufacturers in emerging countries. Its solutions and services business also competes with local players such as system integrators and facility management firms. Smart Infrastructure's businesses are impacted by changes in the overall economic environment to varying degrees, depending on customer segment. While customer demand in discrete manufacturing industries changes quickly and strongly with macroeconomic cycles, it reacts more slowly in infrastructure, construction, heavy industries and the utilities sector. The building solutions business in particular is affected by economic cycles in the non-residential building construction markets with a time lag of two to four quarters. Overall, Smart Infrastructure has developed a balanced and resilient business mix with its diversified regional and vertical markets; its range of products, systems, solutions and services; and its participation in both long- and short-cycle markets. To further strengthen the resilience of its portfolio, Smart Infrastructure aims at increasing the share of service revenue and beginning with fiscal 2022 will report revenue generated from service activities.

Smart Infrastructure benefits from a number of favorable **trends**. These include urbanization, demographic change, climate change, and digitalization. Urbanization and demographic change drive a need for smarter and more human-centric buildings. Climate change drives the need for decarbonization. This results in an increasing demand for flexible and resilient energy infrastructures and rapid growth in electric mobility. Digitalization is an enabler for such changes in both buildings and grids, making it possible to develop smarter buildings and manage electricity distribution with a higher share of renewables. The markets served are experiencing shifts that present opportunities where building technologies and electrification meet.

Smart Infrastructure's **R&D activities** focus on sustainable and decarbonized infrastructures in electrification, distribution grids and buildings. It develops digital offerings for the energy market such as for integrating renewable energy into conventional grids. Furthermore, R&D efforts strengthen Smart Infrastructure's capabilities to create comfortable, safe and energy-efficient buildings and infrastructures that support increased efficiency for occupants, equipment and the use of building space. Smart Infrastructure is expanding its digital offerings such as cloud solutions using field data from controllers and IoT devices. Furthermore, it develops technologies for environmentally friendly and increasingly renewable-based energy systems, ranging from photovoltaic and battery storage inverters to charging solutions for e-mobility. In this regard, data from field devices is the basis for intelligent grid control and protection, providing grid stability and flexibility and continuously matching energy supply and demand while protecting grid assets. For electrical distribution systems and industrial plants, Smart Infrastructure continuously drives digitalization of its switching and control products with built-in intelligence, connectivity to the cloud, and increasingly remote diagnostics and edge computing capability. Its digital twins of products, building systems or grids deliver customer value from online configuration and parametrization, to operation, to maintenance planning. Smart Infrastructure also develops data-driven applications and digital services. To a large extent, its capital expenditures relate to the products businesses. Main **investment** areas are replacement of fixed assets and further digitalization of factories and technical equipment, with a strong focus on innovation.

	Fiscal year		% Change	
(in millions of €)	2021	2020	Actual	Comp.
Orders	**16,071**	14,734	9%	12%
Revenue	**15,015**	14,323	5%	8%
therein: products business	***5,769***	*5,182*	*11%*	*15%*
Adjusted EBITA	**1,743**	1,302	34%	
Adjusted EBITA margin	**11.6%**	9.1%		

Orders at Smart Infrastructure rose in all businesses on broad-based improvements in its main customer markets. The strongest growth contributions came from the products business, which saw a clear recovery in demand from industrial customers, and from the systems business, which won a number of significant contracts including orders from semiconductor manufacturers in the U.S. Orders in the solutions and services business grew slightly as the business saw first signs of recovery in relevant markets towards the end of the fiscal year. **Revenue** growth also was driven mainly by the products business and the systems business, while a slight decline in the solutions and services business was due to negative currency translation effects. Despite more challenging supply conditions, Smart Infrastructure maintained its delivery capacity by successfully avoiding major supply chain disruptions. On a geographic basis, orders and revenue were up in all regions, with double-digit volume growth in the region Asia, Australia including a particularly strong contribution from China. Volume growth in the Americas included strong demand from residential markets in the U.S. Overall, growth in this region was sharply impacted by negative currency translation effects, which eased towards the end of the fiscal year. **Adjusted EBITA** and profitability rose in all businesses, with the strongest growth contributions coming from the products business and the systems business on higher revenue and increased capacity utilization. Adjusted EBITA overall rose also due to cost savings related to prior execution of Smart Infrastructure's competitiveness program, while severance associated with the program fell sharply, to €47 million from €195 million a year earlier. Particularly during the first half of fiscal 2021, Adjusted EBITA development benefited from expense reductions year-over-year related to COVID-19 restrictions. These effects were only partly offset by negative currency effects. For comparison, Adjusted EBITA in fiscal 2020 benefited from a €159 million gain from the sale of a business. Smart Infrastructure's order backlog was €11 billion at the end of the fiscal year, of which €7 billion are expected to be converted into revenue in fiscal 2022.

Overall, **markets** served by Smart Infrastructure grew moderately in fiscal 2021, experiencing a recovery from COVID-19-related effects that had a strong impact on most customer industries a year earlier. Industrial markets developed well, with strong growth in the machine building and pharmaceutical industries, followed by the automotive, food and beverage, oil and gas and chemicals industries. Grid markets grew clearly as utilities continued to prioritize investments in making legacy networks more automated, intelligent, flexible and reliable. Ongoing strong demand for remote working and cloud services resulted in strong growth in the data center market. Conditions in non-residential construction markets were challenging, while residential construction markets, in which Smart Infrastructure has a significantly lower exposure, grew strongly. On a geographic basis, market growth in fiscal 2021 was mainly driven by the region Asia, Australia, which recovered earlier from impacts related to COVID-19, while market volume in the Americas declined. Smart Infrastructure also experienced a number of supply chain constraints, especially in the areas of base metals (copper, aluminum, steel), plastics, semiconductors and transportation services. Whereas the management of these constraints required additional effort, Smart Infrastructure's supply chains have proven to be resilient, so that major interruptions could be avoided and delivery ability was maintained. In fiscal 2022, markets served by Smart Infrastructure are expected to grow slightly faster than in fiscal 2021. Demand from the pharmaceutical industry, data centers and utilities are expected to be main growth drivers, while growth rates of the non-residential construction markets are expected to come in below the average growth of markets served by Smart Infrastructure. On a geographic basis, Asia, Australia is expected to continue to be the fastest-growing region. Growth in the region Europe, C.I.S., Africa, Middle East is expected to accelerate and markets in the region Americas are expected to return to growth.

3.4 Mobility

Mobility combines all Siemens businesses in the area of passenger and freight transportation. Within its rolling stock business, its offerings encompass trains for urban and regional transport such as vehicles for metro systems, trams and light rail, and commuter trains as well as trains and passenger coaches for intercity and long-distance services, such as high-speed rail. Rolling stock offerings furthermore include locomotives for freight or passenger transport and solutions for automated transportation such as automated people movers. Offerings in its rail infrastructure business include products and solutions for rail automation, such as automatic train control systems, interlocking, operations control and telematic systems, digital station solutions and railway communication systems, signaling on-board and crossing products and yard and depot solutions; for electrification such as AC and DC traction power supply, contact lines and network control; and intermodal solutions, such as platforms for fleet management, route planning, ticketing and payments solutions and data analytics. With its service business, Mobility provides customer services for rolling stock and rail infrastructure throughout the entire lifecycle, such as maintenance and digital services. In its turnkey business, it bundles consulting, planning, financing, construction, service and operation of completed mobility systems. Its intelligent traffic systems business provides solutions for traffic management such as autonomous driving, eHighway systems and tolling solutions. During fiscal 2021, Mobility carved out the intelligent traffic systems business to form a separately managed entity, which operates under the brand name Yunex Traffic.

Mobility sells its products, systems and solutions through its worldwide network of sales units. The principal customers of Mobility are public and state-owned companies in the transportation and logistics sectors, so its markets are driven primarily by public spending. Customers usually have multi-year planning and implementation horizons, and their contract tenders therefore tend to be independent of short-term economic trends. Large contracts in the rolling stock and the rail infrastructure business are often awarded together with service contracts, which start to generate revenue only after the respective products and solutions have been put in operation, which can be a number of years after the contract award. Mobility's principal competitors are multinational companies. Consolidation among Mobility's competitors is continuing: In January 2021, Alstom SA of France announced the closing of the acquisition of Bombardier Transportation. In August 2021, Hitachi Ltd., Japan, announced an agreement of Hitachi Rail to acquire the Ground Transportation Systems business of Thales. Market consolidation may lead to increased competitive pressure within the rail supply industry and also to fewer sourcing options for rail customers.

The main **trends** driving Mobility's markets are urbanization and the need to reduce emissions, particularly from transportation. Increasing populations in urban centers need daily mobility that is simpler, faster, and more flexible, reliable and affordable. At the same time, cities and national economies face the challenge of cutting CO_2 and noise emissions and reducing space requirements and costs of transportation. The pressure on mobility providers to meet all these needs is expected to rise continuously. Furthermore, improving availability, connectivity, and sustainability of rail infrastructures increasingly requires digital solutions, which provide growth opportunities. While a significant drop in ridership driven by COVID-19 has strongly impacted mobility operators, overall trends towards urbanization and decarbonization persist unchanged and recovery programs in many countries have been allocating significant funds to rail and public transport operators to address these trends.

Mobility's **R&D strategy** is focused on making trains and infrastructures more intelligent, thereby increasing its customers' return on investment, improving the passenger experience, and guaranteeing availability. Decarbonization and seamlessly connected (e-)mobility are also key factors for the future of transportation. Mobility's major R&D areas include the development of efficient vehicle platforms with optimized lifecycle cost and maximum customization flexibility; eco-friendly, alternative power supplies for trains (batteries, hydrogen, dual mode) and trucks (eHighway); digital services for railways via its Railigent application suite; "signaling in the cloud," a new system architecture for rail infrastructure and IoT/cloud-based technologies; solutions for more automated and autonomous driving for rail and road; innovative brake monitoring systems for freight trains; and digital technologies and IoT solutions including cyber security, connectivity, simulation and digital twin, data analytics and AI, additive manufacturing and software systems and processes. Mobility's **investments** focus mainly on maintaining or enhancing its production facilities, on meeting project demands and enhancing its depot services.

	Fiscal year		% Change	
(in millions of €)	2021	2020	Actual	Comp.
Orders	**12,696**	9,169	38%	41%
Revenue	**9,232**	9,052	2%	3%
therein: service business	***1,416***	*1,392*	*2%*	*3%*
Adjusted EBITA	**857**	822	4%	
Adjusted EBITA margin	**9.3%**	9.1%		

Orders grew on sharply higher volume from large orders, which Mobility won across the three reporting regions, highlighted by a €2.8 billion order for trainsets including dual powered and hybrid battery vehicles and associated services in the U.S., Mobility's largest-ever order in the Americas. Large contract wins in the region Europe, C.I.S., Africa, Middle East included an order for passenger coaches in the Czech Republic, an order for regional trains in Austria and an order for light rail vehicles in Germany, each worth €0.4 billion, and in the region Asia, Australia a €0.2 billion order for a signaling system in Taiwan. **Revenue** growth was driven by the rail infrastructure business, including significant growth in its mainline activities. On a geographic basis, revenue rose in the Americas due particularly to a significant growth contribution from the U.S., and in the region Europa, C.I.S., Africa, Middle East, including clear growth in Germany. These increases were only partly offset by lower revenue in the region Asia, Australia. **Adjusted EBITA** rose in the majority of the businesses, most strongly in the rail infrastructure business. For Mobility overall, impacts related to COVID-19, such as measures in the rolling stock business to safeguard employee health in manufacturing facilities, held back revenue and Adjusted EBITA growth, albeit to a lesser extent than a year earlier. Severance charges were €22 million, compared to €20 million a year earlier. Mobility's order backlog reached €36 billion at the end of the fiscal year, of which €9 billion are expected to be converted into revenue in fiscal 2022.

Markets served by Mobility grew moderately in fiscal 2021 as they partly recovered from impacts related to COVID-19. The market for rolling stock saw large orders across all segments, especially for high-speed trains, commuter trains and locomotives. The rail infrastructure market has seen growth both in urban and mainline segments due to the renewal and extension of mainline tracks and the ongoing trend towards automatic train protection (ATP), including communications-based train control (CBTC) and European train control system (ETCS) technologies. Service demand partly recovered from prior-year impacts related to COVID-19, due to growing installed bases which drove a corresponding increase in the spare parts and maintenance market. On a geographic basis, market development in Europe continued to be characterized by awards of mid-size to large orders, particularly in Germany, Denmark and in Switzerland. While demand in the Middle East rose, demand in Africa was held back by ongoing uncertainties related to budget constraints and political climates. In the Americas region, investment activities were driven by demand for urban and mainline transport, especially in the U.S. and Canada. Within the Asia, Australia region, markets saw ongoing rail investments, particularly in China. For fiscal 2022, markets served by Mobility are expected to further recover from impacts related to COVID-19 and to grow clearly, partly benefiting from fiscal stimulus and investment programs. Mobility anticipates that rail operators in Europe, particularly in Germany and in the U.K., will continue making significant investments and that customers in the Middle East and Africa will tender large turnkey systems, especially for additional rail lines in Egypt and Saudi Arabia. Markets in the Americas region are expected to remain strong, especially due to ongoing investments in urban and mainline transport and large investment programs dedicated to transportation and enhancements of existing infrastructure in the U.S. In China, investments in high-speed trains, urban transport, freight logistics and rail infrastructure are expected to continue to drive growth. In India, privatization is expected to drive infrastructure enhancements and upgrades and to lead to strong market growth through investments in mainline (high-speed, freight infrastructure, additional rolling stock), urban metro and rail electrification with ambitious electrification targets for the broad-gauge network. Despite an adverse short-term impact from COVID-19, rail transport and intermodal mobility solutions are expected to remain a high priority as urbanization continues to progress around the world. In emerging countries, rising incomes are expected to result in greater demand for public transport solutions.

In October 2021, Mobility closed the acquisition of SQCAP B.V. (Sqills), Netherlands, a provider of cloud-based inventory management, reservation, and ticketing software for public transport operators to enhance its offerings that increase the availability, capacity and utilization of public transportation. The purchase price is €537 million paid in cash plus a contingent consideration recognized at the acquisition date at its maximum amount of €79 million. For further information see Note 34 in Notes to Consolidated Financial Statements for fiscal 2021.

3.5 Siemens Healthineers

Siemens is majority shareholder in the publicly listed **Siemens Healthineers** AG, Germany (Siemens Healthineers). Siemens Healthineers is a global provider of healthcare solutions and services. It develops, manufactures, and sells a diverse range of innovative diagnostic and therapeutic products and services to healthcare providers. In addition, it also provides clinical consulting services, complemented by extensive training and service offerings. This comprehensive portfolio supports customers all along the care continuum, from prevention and early detection to diagnosis, treatment, and follow-up care. The customer spectrum ranges from public and private healthcare providers, including hospitals and hospital systems, public and private clinics and laboratories, universities, physicians/physician groups, public health agencies, state-run and private health insurers, to pharmaceutical companies and clinical research institutes. The imaging business provides imaging products, services and solutions. Its most important products are equipment for magnetic resonance, computed tomography, X-ray systems, molecular imaging, and ultrasound. The diagnostics business offers in-vitro diagnostic products and services to healthcare providers in laboratory, molecular and point-of-care diagnostics. The portfolio of the advanced therapies business consists of highly integrated products, solutions and services across multiple clinical fields that are designed to support image-guided minimally invasive treatments, in areas such as cardiology, interventional radiology and surgery. On April 15, 2021, Siemens acquired Varian, which is active in the field of cancer care, with solutions especially in radiation oncology and related digital solutions and applications. Varian thus offers a good complement to Siemens Healthineers' businesses in medical imaging, laboratory diagnostics and interventional procedures. The purchase price paid in cash amounted to USD 16.4 billion (€13.9 billion as of the acquisition date). To partially finance this acquisition, Siemens Healthineers carried out a capital increase during fiscal 2021 without the participation of Siemens, consequently reducing Siemens' stake in Siemens Healthineers from about 79% to slightly over 75%. Competition in the imaging, Varian and advanced therapies businesses consists mainly of a small number of large multinational companies, while the diagnostics market is fragmented with a variety of global players that compete with each other across market segments and also with several regional players and specialized companies in niche technologies. The business activities of Siemens Healthineers are to a certain extent resilient to short-term economic trends because large portions of its revenue stem from recurring business. They are, however, directly and indirectly dependent on trends in healthcare markets and on developments in health policy, and geopolitical developments around the world.

The addressable markets of Siemens Healthineers are shaped by four major **trends**. The first is demographic, in particular the growing and aging global population. This trend poses major challenges for global healthcare systems and, at the same time, offers opportunities for players in the healthcare industry as the demand for cost-efficient healthcare solutions continues to intensify. The second trend is economic development in emerging countries, which opens up improved access to healthcare for many people. Significant investment in the expansion of private and public healthcare systems will persist, driving overall demand for healthcare products and services and hence market growth. The third trend is the increase in chronic diseases as a consequence of an aging population and environmental and lifestyle-related changes. This trend results in far more patients with multiple morbidities, putting further pressure on healthcare systems and leading to higher costs; it also increases the need for new, more timely ways to detect and treat diseases. The fourth global trend, the transformation of healthcare providers, results from a combination of societal and market forces that are driving healthcare providers to operate and organize their businesses differently. Increasing cost pressure on the healthcare sector is prompting the introduction of new remuneration models for healthcare services, such as value-based rather than treatment-based reimbursement. Digitalization and artificial intelligence are thereby likely to be key enablers for healthcare providers as they increasingly focus on enhancing the overall patient experience, with better outcomes and overall reduction in cost of care. This development is driven partly by society's increasing resistance to healthcare costs, payers' increasing professionalization, burdens from chronic disease, rapid scientific progress and staff shortages. As a result of these factors, healthcare providers are consolidating into networked structures, resulting in larger clinic and laboratory chains, often operating internationally, which act increasingly like large corporations. Applying this industrial logic to the healthcare market can lead to systematic improvements in quality, while at the same time reducing costs.

R&D activities at Siemens Healthineers are aimed at delivering innovative, sustainable solutions to its customers while safeguarding and improving its competitiveness. Particularly in the field of digitalization and artificial intelligence, it has further expanded its activities and has 67 products and applications on the market that are designed to further improve its customers' productivity, while enabling clinical decisions to be more precise and tailored to the individual patient. Furthermore, Siemens Healthineers is continuously expanding its portfolio of digital services to support customers in their transition to value-based care. The teamplay digital health platform brings together data, applications and services to make better decisions for patients in an efficient way. In addition, in fiscal 2021 Siemens Healthineers extended its portfolio in the field of cancer care with the Varian acquisition. The combined company pursues an intelligent cancer care strategy, harnessing advanced technologies such as AI and data analytics to improve cancer treatment and expand global access to cancer care. In addition to continually updating its portfolio, Siemens Healthineers also improves existing products and solutions. Siemens Healthineers focuses its **investments** mainly on enhancing competitiveness and innovation. The main capital expenditures were for spending for factories to expand manufacturing and technical capabilities, in particular in China and the U.S., and for additions to intangible assets, including capitalized development expenses within the Atellica Solution and Central Lab product lines.

	Fiscal year		% Change	
(in millions of €)	2021	2020	Actual	Comp.
Orders	**20,320**	16,163	26%	18%
Revenue	**17,997**	14,460	24%	19%
Adjusted EBITA	**2,847**	2,184	30%	
Adjusted EBITA margin	**15.8%**	15.1%		

In fiscal 2021, Siemens Healthineers recorded double-digit growth both in **orders** and **revenue**, with both metrics developing similarly. While all businesses contributed to growth, the increases were highest in the diagnostics and imaging businesses. On a geographic basis, growth was particularly strong in the region Europe, C.I.S. Africa, Middle East. The reporting regions Asia, Australia and Americas also saw double-digit increases, the latter one despite significant currency translation effects. Portfolio effects primarily following the acquisition of Varian added twelve percentage points to order growth and nine percentage points to revenue growth. **Adjusted EBITA** was substantially higher year-over-year, due primarily to strong earnings development in the diagnostics business that was driven by high demand for rapid coronavirus antigen tests. The imaging business again posted strong earnings, which were higher than in the prior year. Varian delivered a positive contribution to earnings on an operating basis. In contrast, Adjusted EBITA in the advanced therapies business was lower year-over-year. Adjusted EBITA included subsequent measurement effects from purchase price allocation related to the Varian acquisition totaling €0.1 billion and expenses totaling €0.1 billion related to the closing of the Varian transaction and its ongoing integration. Profitability was also burdened by negative currency effects. Severance charges were €68 million in fiscal 2021 and €65 million in fiscal 2020. The order backlog for Siemens Healthineers was €27 billion at the end of the fiscal year, of which €9 billion are expected to be converted into revenue in fiscal 2022.

In general, the **markets** addressed by Siemens Healthineers showed significant growth in fiscal 2021. Nearly two years after the first case of COVID-19 was identified, the virus continues to impact health systems worldwide. Competition among the leading healthcare companies remained at elevated high levels. While the long-term market trends generally remained intact, the COVID-19 pandemic did reinforce some of these trends and has, for example, raised the already increasing cost pressure on health systems and customers to unprecedented levels. Especially in countries with severe COVID-19 outbreaks such as the U.S., India, and Brazil, a significant impact on healthcare economics was apparent in the form of additional cost increases combined with simultaneous revenue losses for hospitals. Staff shortages became more acute, leading to significant care disruptions at many hospitals and overburdening healthcare systems. The pandemic served to drive efforts toward innovation and digital transformation in healthcare. From a regional perspective, China is one of the biggest markets for medical technology and a major incremental growth driver. In the course of the last fiscal year, China's healthcare market recovered almost fully from effects related to the coronavirus pandemic during the fiscal year. In the region Europe, C.I.S., Africa, Middle East, public investment programs as well as a rise in COVID-19-related demand helped drive a market rise in several countries. The private market also began to recover. In the U.S., business began to return to normal as progress was made in the vaccination campaign.

Markets addressed by the imaging business grew significantly, mainly due to large COVID 19-driven demand for computer tomography systems and initial signs of normalization in all other modalities. For the Imaging market, it is expected that a normalization of growth to pre-COVID-19 levels will occur in fiscal year 2022. In the diagnostics business, the markets for point-of-care tests for patient monitoring and for lab tests increased in fiscal 2021. On the one hand, the backlog of purchasing decisions and capital expenditure by laboratories and hospitals from the previous year dissipated while, on the other, demand for certain diagnostic reagents, particularly tests for routine care, increased. The markets for combating the COVID-19 pandemic posted sharp growth. Vaccination rates in the population and further COVID-19 implications such as future waves and testing guidelines are key factors for determining expected growth in the market for the diagnostics business. Siemens Healthineers expects demand for tests for acute infection with SARS-CoV-2 to decrease sharply. In the Varian business, growth was driven primarily by new and replacement business. In markets such as the U.S. and Western Europe, product innovations led to higher customer investment. The market for Varian is expected to continue to grow throughout fiscal 2022. The recovery in the advanced therapies markets was made possible through a combination of a resumption in elective surgical procedures and the gradual return of patients. The expectation is that the slight market recovery already seen in fiscal 2021 will continue on a broad basis in fiscal 2022.

3.6 Siemens Financial Services

Siemens Financial Services provides financing solutions for Siemens' customers as well as other companies in the form of debt and equity investments. Based on its comprehensive financing know-how and specialist technology expertise in the areas of Siemens businesses, SFS supports its customers' investments with leasing, lending and working capital financing solutions as well as equipment, project and structured financing. In addition, SFS supports Siemens' industrial businesses via a joint go-to-market that includes SFS's risk management expertise, such as to assess the risk profiles of projects or business models. Furthermore, SFS collaborates with the industrial businesses to co-develop new digital business models. Recent examples include energy as a service or pay-per-use and pay-for-outcome options that give customers more financial flexibility.

	Fiscal year	
(in millions of €)	2021	2020
Earnings before taxes (EBT)	**512**	345
therein: equity business	***49***	*82*
ROE (after taxes)	**15.4%**	11.7%

(in millions of €)	Sep 30, 2021	Sep 30, 2020
Total assets	**30,384**	28,946

A high earnings contribution from the debt business resulted in a sharp increase in **Earnings before taxes** and was also the main factor for the increase of the ROE. The improvement was due mainly to sharply lower expenses for credit risk provisions compared to fiscal 2020, when results were significantly influenced by effects related to COVID-19. However, results from the equity business were affected by high ongoing uncertainty in the macroeconomic environment. Additionally, sales of investments in the previous fiscal year lifted profit for that period. This led also, along with seasonal effects on offshore wind-farm projects, to a lower share of profit from investments accounted for using the equity method in fiscal 2021. For comparison, results in the equity business in fiscal 2020 included a loss of €98 million from an impairment of an equity investment in the U.S.

The increase in **total assets** since the end of fiscal 2020 was due to growth in the debt business and positive currency translation effects.

Net cash from operations (defined as the sum of cash flows from operating and investing activities) amounted to €105 million compared to €(284) million in fiscal 2020. In fiscal 2021 and fiscal 2020, net cash from operations comprised Free cash flow of €820 million and €611 million, respectively, and remaining cash flows from investing activities, including from change in receivables from financing activities, of €(715) million and €(895) million, respectively.

SFS is de-risking its business profile by reducing exposure in connection with energy-related equity investments as a consequence of the spin-off of Siemens Energy. This has the additional benefit of more tightly focusing SFS's business scope and capital allocation on areas of intense domain know-how closely aligned with Siemens' customers and markets, particularly for Digital Industries, Smart Infrastructure and Mobility. Accordingly, SFS is influenced by the business development of the markets served by our industrial businesses, among other factors, including effects related to COVID-19. In addition to its high level of diversification across industries, SFS has a strong regional footprint in investment-grade countries, with the highest share in the U.S. SFS intends to maintain a highly diversified portfolio across regions, while participating in the strong economic development of selected Asian markets.

3.7 Portfolio Companies

Portfolio Companies comprise businesses which deliver a broad range of customized and application-specific products, software, solutions, systems and services for different industries including oil and gas, chemical, mining, cement, logistics, energy, marine, water and fiber. Unrealized potential within these businesses requires adjustment in their approach using defined measures including internal re-organization, digitalization, cost improvements, and optimizing procurement, production and service activities. After achieving certain threshold performance targets, businesses may be transferred to one of Siemens industrial businesses, combined with an external business from the same industry, sold or placed into an external private equity partnership.

In March 2021 Siemens sold Flender GmbH, Germany, (Flender) to Carlyle Group Inc., U.S. During the first quarter of fiscal 2021 the businesses of Flender (previously reported in Portfolio Companies) were classified as held for disposal and discontinued operations. Prior-period amounts are presented on a comparable basis. For further information see Note 3 in Notes to Consolidated Financial Statements for fiscal 2021.

After this disposal, Portfolio Companies consists mainly of three fully consolidated, separately managed units at the end of fiscal 2021. Large Drives Applications, which offers electric motors, converters and solutions for mining, will be carved out beginning with fiscal 2022 to increase its entrepreneurial freedom and thereby unlock its full potential. Similarly, Siemens Logistics, which offers sorting technology and solutions, will be reorganized to separate its mail and parcel activities from its airport logistics activities, which focuses on baggage and cargo handling. The third fully consolidated unit, Siemens Energy Assets, comprises certain regional remaining business activities of the former Gas and Power segment; as part of the Siemens Energy carve-out these activities remained with Siemens due to country-specific regulatory restrictions or economic considerations. Portfolio Companies also holds an at-equity investment in Valeo Siemens eAutomotive GmbH.

Demand within the industries served by Portfolio Companies mainly shows a delayed response to changes in the overall economic environment. The results of fully consolidated units are strongly dependent, however, on customer investment cycles in their key industries. In commodity-based industries such as oil and gas or mining, these cycles are driven mainly by commodity price fluctuations rather than changes in produced volumes. The broad range of fully consolidated units and their heterogonous industrial customer base are reflected in the use of various sales and marketing channels, requiring a dedicated sales approach based on in-depth understanding of specific industries and customer requests.

	Fiscal year		% Change	
(in millions of €)	2021	2020	Actual	Comp.
Orders	**3,516**	3,024	16%	20%
Revenue	**3,058**	3,209	(5)%	(2)%
Adjusted EBITA	**(85)**	(673)	87%	
Adjusted EBITA margin	**(2.8)%**	(21.0)%		

Even though volume development was held back by adverse currency translation effects and impacts related to COVID-19, **orders** still increased significantly, driven by Siemens Logistics and Large Drives Applications. However, Portfolio Companies recorded lower **revenue** compared to fiscal 2020, as Large Drives Applications in particular could not offset these headwinds. Fully consolidated units made good progress with profitability and delivered overall a sharply improved earnings performance, even though Portfolio Companies recorded higher severance charges of €74 million, up from €21 million in fiscal 2020, related to cost structure improvement measures mainly at Large Drives Applications. A positive **Adjusted EBITA** for fully consolidated units was more than offset by continued negative results from the at-equity investment in Valeo Siemens eAutomotive GmbH. For comparison, fiscal 2020 included an impairment of €453 million on the at-equity investment and a goodwill impairment of €99 million related to Siemens Energy Assets. Portfolio Companies' order backlog was €4 billion at the end of fiscal 2021, of which €2 billion was expected to be converted into revenue in fiscal 2022.

Although the broad range of businesses are operating in diverse markets, overall the main **markets** served by Portfolio Companies are generally impacted by uncertainties regarding geopolitical and economic developments and by cautiousness of investment sentiment. However, ongoing recovery is expected to continue in most end-customer vertical markets in fiscal 2022.

3.8 Reconciliation to Consolidated Financial Statements

Profit

	Fiscal year	
(in millions of €)	2021	2020
Siemens Energy Investment	**(396)**	(24)
Siemens Real Estate	**94**	325
Corporate items	**(435)**	(887)
Centrally carried pension expense	**(170)**	(211)
Amortization of intangible assets acquired in business combinations	**(738)**	(691)
Eliminations, Corporate Treasury and other reconciling items	**(94)**	(243)
Reconciliation to Consolidated Financial Statements	**(1,739)**	(1,731)

The result for **Siemens Energy Investment** included Siemens' share of Siemens Energy AG's result after tax and, in addition, expenses from amortization of assets resulting from purchase price allocation due to the initial recognition of the investment at fair value in September 2020. In fiscal 2021, Siemens' share of Siemens Energy AG's net loss amounted to €159 million, which was due mainly to planned restructuring measures by Siemens Energy to improve its competitiveness, while the expenses from amortization amounted to a €237 million.

Lower profit at **Siemens Real Estate** was due mainly to reduced gains related to disposals. The prior year included a gain of €219 million from the transfer of an investment.

The positive change in **Corporate items** was mainly due to the following factors in fiscal 2021: Firstly, a positive result, primarily resulting from revaluation gains, totaling €358 million related to the transfers of assets to Siemens Pension-Trust e.V. in Germany, which included the stakes in Bentley and ChargePoint Holdings, Inc. (ChargePoint). Secondly, a gain of €314 million related to the revaluation of, and dividends received for the stake in, Thoughtworks Holdings Inc. (Thoughtworks), which completed its initial public offering in the U.S. in September 2021. These factors were partly offset by expenses of €94 million from revised estimates related to provisions for a legacy project. Severance charges within Corporate items were €73 million (€68 million in fiscal 2020).

Improved results in **Eliminations, Corporate Treasury and other reconciling items** were due mainly to lower interest expenses on debt and positive effects related to reinsurance contracts.

Beginning with fiscal 2022, governance costs and Siemens brand fees, previously included in Corporate items, will be included within the new item Governance; results related to Technology and Next47, also previously included in Corporate items, will be disclosed under the new item Innovation. Other components of corporate items, including the businesses Advanta and Global Business Solution, will be transferred to the item Financing, eliminations and other items (formerly Eliminations, Corporate Treasury and other reconciling items). In line with the change to a new profit definition, this item will also include operating financial income (expenses), net. As a result of the changes described above, Corporate items will be retired as a disclosure line item. If this new reporting structure had already existed in fiscal 2021, the items Innovation; Governance; and Financing, eliminations and other items would have recorded €(207) million, €(751) million and €452 million in profit, respectively.

4. Results of operations

4.1 Orders and revenue by region

Currency translation effects took three percentage points each from order and revenue growth, respectively. Portfolio transactions, in particular the acquisition of Varian by Siemens Healthineers, added five percentage points to order and four percentage points to revenue growth year-over-year. The resulting ratio of orders to revenue (book-to-bill) for Siemens in fiscal 2021 was 1.15. The order backlog was €85 billion as of September 30, 2021.

Orders (location of customer)

	Fiscal year		% Change	
(in millions of €)	2021	2020	Actual	Comp.
Europe, C.I.S., Africa, Middle East	**34,311**	27,778	24%	20%
therein: Germany	***12,118***	*10,646*	*14%*	*9%*
Americas	**20,474**	16,780	22%	24%
therein: U.S.	***17,555***	*14,212*	*24%*	*26%*
Asia, Australia	**16,589**	13,473	23%	20%
therein: China	***9,029***	*7,094*	*27%*	*23%*
Siemens (continuing operations)	**71,374**	58,030	23%	21%
therein: emerging markets[1]	***19,208***	*15,234*	*26%*	*25%*

[1] As defined by the International Monetary Fund.

Orders related to external customers were up substantially year-over-year on double-digit growth in all four industrial businesses, reflecting a very strong rebound in economic activity even though the economic environment was still strongly impacted by COVID-19. Orders in Mobility increased sharply on a higher volume from large orders which included a €2.8. billion order for trainsets including dual powered and hybrid battery vehicles and associated services in the U.S., its largest-ever order in the Americas. Siemens Healthineers, Digital Industries and Smart Infrastructure also posted double-digit order growth year-over-year. The broad-based increase in emerging markets was driven by China and, to a lesser degree, India.

In the **Europe, C.I.S., Africa, Middle East** region, order intake was up substantially year-over-year with increases in all four industrial businesses. Sharp order growth in Siemens Healthineers included high volume from rapid coronavirus antigen tests. Digital Industries and Smart Infrastructure also recorded double-digit growth, while orders in Mobility were up clearly year-over year. In Germany, order intake in Siemens Healthineers almost doubled due mainly to the high volume from rapid coronavirus antigens tests. Digital Industries and Smart Infrastructure posted double-digit growth, while Mobility posted a substantial decline due to a lower volume from large orders which in fiscal 2020 had included a €1.1 billion order for high-speed trains.

Order growth in the **Americas** and in the U.S. was due mainly to a higher volume from large orders in Mobility, particularly including the large order in the U.S. mentioned above. Overall, order intake both in the region and in the U.S. was subject to significantly negative currency translation effects, partly offset by portfolio effects which related primarily to the acquisition of Varian.

In the **Asia, Australia** region, orders overall rose substantially due to double-digit increases in all four industrial businesses, with the highest contributions from Siemens Healthineers and Digital Industries. The pattern of order development in China was largely the same as for the region.

Revenue (location of customer)

	Fiscal year		% Change	
(in millions of €)	2021	2020	Actual	Comp.
Europe, C.I.S., Africa, Middle East	**31,138**	27,252	14%	12%
therein: Germany	***11,249***	*9,373*	*20%*	*16%*
Americas	**16,312**	15,218	7%	10%
therein: U.S.	***13,521***	*12,761*	*6%*	*9%*
Asia, Australia	**14,815**	12,784	16%	13%
therein: China	***8,232***	*6,594*	*25%*	*21%*
Siemens (continuing operations)	**62,265**	55,254	13%	11%
therein: emerging markets[1]	***17,651***	*15,323*	*15%*	*15%*

[1] As defined by the International Monetary Fund.

Revenue related to external customers went up significantly year-over-year, led by double-digit growth in Siemens Healthineers and Digital Industries. Smart Infrastructure recorded a clear increase, while Mobility posted slightly higher revenue year-over-year. The revenue increase in emerging markets was driven by substantially higher demand in China and, to a lesser degree, India.

Revenue in **Europe, C.I.S., Africa, Middle East** increased significantly on growth in all four industrial businesses. Within the region, Germany showed sharp growth particularly due to Siemens Healthineers which doubled its revenue in the country through sales of rapid coronavirus antigen tests. The other industrial businesses posted sizeable increases in Germany.

In the **Americas**, revenue was up in all four industrial businesses, led by Siemens Healthineers. As with orders, revenue was subject to significantly negative currency translation effects, partly offset by portfolio effects related primarily to the acquisition of Varian. The pattern of revenue growth in the U.S. was largely the same as for the region.

In **Asia, Australia**, Digital Industries, Siemens Healthineers and Smart Infrastructure all posted double-digit growth, while Mobility reported a decline. Growth in the region was primarily due to increases in China and India.

4.2 Income

	Fiscal year		
(in millions of €, earnings per share in €)	2021	2020	% Change
Digital Industries	**3,362**	3,252	3%
Smart Infrastructure	**1,743**	1,302	34%
Mobility	**857**	822	4%
Siemens Healthineers	**2,847**	2,184	30%
Industrial Business	**8,808**	7,560	17%
Adjusted EBITA margin Industrial Business	***15.0%***	*14.3%*	
Siemens Financial Services	**512**	345	48%
Portfolio Companies	**(85)**	(673)	87%
Reconciliation to Consolidated Financial Statements	**(1,739)**	(1,731)	0%
Income from continuing operations before income taxes	**7,496**	5,502	36%
Income tax expenses	**(1,861)**	(1,346)	(38)%
Income from continuing operations	**5,636**	4,156	36%
Income from discontinued operations, net of income taxes	**1,062**	44	>200%
Net income	**6,697**	4,200	59%
Basic earnings per share	**7.68**	5.00	54%
ROCE	**13.1%**	7.8%	

As a result of the developments described above, **Income from continuing operations before income taxes** increased 36%. Severance charges for continuing operations were €410 million, of which €251 million were in Industrial Business. In fiscal 2020, severance charges for continuing operations were €589 million, of which €490 million were in Industrial Business.

The tax rate in fiscal 2021 was 25%, close to the 24% rate in fiscal 2020, benefiting from reversal of income tax provisions and largely tax-free gains resulting from the transfers of assets to Siemens Pension-Trust e.V. mentioned above. These benefits were partly offset by losses related to equity investments which were not tax-deductible. As a result, the increase in **Income from continuing operations** was 36%.

Income from discontinued operations, net of income taxes in fiscal 2021 included a gain of €0.9 billion from the sale of Flender and also benefited from reversal of income tax provisions. The prior year included a pretax gain of €0.9 billion, net of related expenses, from the spin-off of Siemens Energy AG (Siemens Energy), as well as a positive contribution from Flender. These positive factors were largely offset, however, by losses at the former operating businesses Gas and Power and Siemens Gamesa Renewable Energy (now part of Siemens Energy) and €0.3 billion in income tax expenses mainly related to the carve-out of Siemens Energy.

The increase in **basic earnings per share** reflects an increase of Net income attributable to Shareholders of Siemens AG, which was €6,161 million in fiscal 2021 compared to €4,030 million in fiscal 2020, combined with a lower number of weighted average shares outstanding.

As expected, **ROCE** improved year-over-year, but was below the target range set in our Siemens Financial Framework. The increase year-over-year was due both to sharply higher income before interest after tax and to clearly lower average capital employed following the spin-off of Siemens Energy at the end of fiscal 2020.

4.3 Research and development

In fiscal 2021, we reported research and development expenses of €4.9 billion, compared to €4.6 billion in fiscal 2020. The resulting R&D intensity, defined as the ratio of R&D expenses and revenue, was 7.8% (fiscal 2020: 8.3%). Additions to capitalized development expenses amounted to €0.3 billion in fiscal 2021, compared to €0.4 billion in fiscal 2020. As of September 30, 2021 and 2020, Siemens held approximately 43,400 and 40,900 respectively, granted patents worldwide in its continuing operations. On average, we had 42,500 R&D employees in fiscal 2021.

Our research and development activities are ultimately geared to developing innovative, sustainable solutions for our customers – and the Siemens businesses – while also strengthening our own competitiveness. Joint implementation by the operating units and Technology, our central R&D department, ensures that research activities and business strategies are closely aligned with one another, and that all units benefit equally and quickly from technological developments. As in previous years, we focused on the following technologies: additive manufacturing, autonomous robotics, blockchain applications, connected (e-)mobility, connectivity and edge devices, cyber security, data analytics and artificial intelligence, distributed energy systems, energy storage, future of automation, materials, power electronics, simulation and digital twin, and software systems and processes.

We advance certain of these technologies also through our open innovation concept. We are working closely with scholars from leading universities and research institutions, not only under bilateral cooperation agreements but also in publicly funded collective projects. Our focus here is on our strategic research partners, and especially the eight Centers of Knowledge Interchange that we maintain at leading universities worldwide.

Siemens' global venture capital unit, Next47, provides capital to help start-ups expand and scale. It serves as the creator of next-generation businesses for Siemens by building, buying and partnering with innovative companies at any stage. Next47 is focused on anticipating how emerging technologies will influence our end markets. This foreknowledge enables Siemens and our customers to grow and thrive in the age of digitalization.

5. Net assets position

(in millions of €)	Sep 30, 2021	2020	% Change
Cash and cash equivalents	**9,545**	14,041	(32)%
Trade and other receivables	**15,518**	14,074	10%
Other current financial assets	**7,985**	8,382	(5)%
Contract assets	**6,688**	5,545	21%
Inventories	**8,836**	7,795	13%
Current income tax assets	**1,795**	1,523	18%
Other current assets	**1,751**	1,271	38%
Assets classified as held for disposal	**223**	338	(34)%
Total current assets	**52,340**	52,968	(1)%
Goodwill	**29,729**	20,449	45%
Other intangible assets	**10,964**	4,838	127%
Property, plant and equipment	**11,023**	10,250	8%
Investments accounted for using the equity method	**7,539**	7,862	(4)%
Other financial assets	**22,964**	22,771	1%
Deferred tax assets	**2,865**	2,988	(4)%
Other assets	**2,183**	1,769	23%
Total non-current assets	**87,267**	70,928	23%
Total assets	**139,608**	123,897	13%

Our total assets at the end of fiscal 2021 were influenced by positive currency translation effects of €2.3 billion (mainly goodwill), primarily involving the U.S. dollar.

In fiscal 2021, the acquisition of Varian was the major factor related to the increase of Siemens' assets, mainly **goodwill**, **other intangible assets, inventories**, **property, plant and equipment**, and **trade and other receivables**. The increase of the latter was driven also by higher business volume, primarily at Siemens Healthineers. Goodwill increased also due to the acquisition of Supplyframe. These increases were partly offset by the sale of Flender, among other factors. This applies mainly to inventories, trade and other receivables, and property, plant and equipment. For further information see Note 3 in Notes to Consolidated Financial Statements for fiscal 2021.

The increase in **other financial assets** was driven mainly by increased equity investments as well as higher receivables from finance leases and higher loans receivable at SFS. The increase of the latter two was mainly due to new business and – in case of loans receivable – also to a reassessment of the expected repayment dates. Set against these factors was a decrease resulting mainly from contributions of assets to Siemens Pension-Trust e.V., including the stake in Bentley.

6. Financial position

6.1 Capital structure

(in millions of €)	Sep 30, 2021	2020	% Change
Short-term debt and current maturities of long-term debt	**7,821**	6,562	19%
Trade payables	**8,832**	7,873	12%
Other current financial liabilities	**1,731**	1,958	(12)%
Contract liabilities	**9,858**	7,524	31%
Current provisions	**2,263**	1,674	35%
Current income tax liabilities	**1,809**	2,281	(21)%
Other current liabilities	**7,628**	6,209	23%
Liabilities associated with assets classified as held for disposal	**10**	35	(71)%
Total current liabilities	**39,952**	34,117	17%
Long-term debt	**40,879**	38,005	8%
Provisions for pensions and similar obligations	**2,839**	6,360	(55)%
Deferred tax liabilities	**2,337**	664	>200%
Provisions	**1,723**	2,352	(27)%
Other financial liabilities	**679**	769	(12)%
Other liabilities	**1,925**	1,808	6%
Total non-current liabilities	**50,381**	49,957	1%
Total liabilities	**90,333**	84,074	7%
Debt ratio	***65%***	*68%*	
Total equity attributable to shareholders of Siemens AG	**44,373**	36,390	22%
Equity ratio	***35%***	*32%*	
Non-controlling interests	**4,901**	3,433	43%
Total liabilities and equity	**139,608**	123,897	13%

The increase in **short-term debt and current maturities of long-term debt** was due mainly to reclassifications of long-term U.S. dollar and euro instruments totaling €5.7 billion, and to higher loans from banks totaling €0.9 billion. This was offset by repayment of euro and U.S. dollar instruments totaling €3.5 billion, and by a €1.9 billion decrease in commercial papers.

Increases in **deferred tax liabilities** and **contract liabilities** year-over-year were due mainly to the acquisition of Varian. For further information see Note 3 in Notes to Consolidated Financial Statements for fiscal 2021.

Long-term debt increased due primarily to the issuance of U.S. dollar instruments of €8.4 billion. Set against this were mainly decreases from the above-mentioned reclassifications and currency translation effects for bonds issued in the U.S. dollar and British pound.

Provisions for pensions and similar obligations substantially decreased mainly due to a positive return on plan assets and extraordinary fundings in Germany, including the transfer of Siemens' stake in Bentley to Siemens Pension-Trust e.V.

The decrease of **provisions** is due mainly to reclassification of a large part of a major asset retirement obligation to **current provisions**.

The main factors for the increase in **total equity attributable to shareholders of Siemens AG** were €6.2 billion in net income attributable to shareholders of Siemens AG; positive other comprehensive income, net of income taxes, of €3.5 billion resulting mainly from positive effects from remeasurements of defined benefit plans and from currency translation; and higher retained earnings of €1.2 billion due to Siemens Healthineers' increase in share capital. The increase was partly offset by dividend payments of €2.8 billion (for fiscal 2020) and the repurchase of 976,346 treasury shares totaling €0.5 billion (including final payment to a commissional bank).

The share capital increase of Siemens Healthineers mentioned above contributed also to higher **non-controlling interests** totaling €1.0 billion. For further information see Note 3 in Notes to Consolidated Financial Statements for fiscal 2021.

Capital structure ratio

Our capital structure ratio as of September 30, 2021 increased to 1.5 from 1.3 a year earlier. The change was due primarily to the above-mentioned increase in long-term debt and decreased cash and cash equivalents related to the acquisition of Varian.

Debt and credit facilities

As of September 30, 2021, we recorded, in total, €43.4 billion in notes and bonds, €2.3 billion in loans from banks, €0.1 billion in other financial indebtedness and €2.9 billion in lease liabilities. Notes and bonds were issued mainly in the U.S. dollar and euro, and to a lesser extent in the British pound.

We have credit facilities totaling €7.5 billion which were unused as of September 30, 2021.

For further information about our debt see Note 16 in Notes to Consolidated Financial Statements for fiscal 2021. For further information about the functions and objectives of our financial risk management see Note 25 in Notes to Consolidated Financial Statements for fiscal 2021.

Off-balance-sheet commitments

As of September 30, 2021, the undiscounted amount of maximum potential future payments related primarily to credit and performance guarantees amounted to €15.6 billion. This included primarily Siemens' obligations from performance and credit guarantees in connection with the Siemens Energy business, for which Siemens has reimbursement rights towards Siemens Energy.

In addition to these commitments, there are contingent liabilities of €0.5 billion which mainly result from other guarantees, legal proceedings and from joint and several liabilities of consortia. Other guarantees include €0.2 billion in connection with the Siemens Energy business, for which Siemens has reimbursement rights towards Siemens Energy.

Irrevocable loan commitments amounted to €3.9 billion. A considerable portion of these commitments resulted from asset-based lending transactions, meaning that the respective loans can be drawn only after the borrower has provided sufficient collateral.

For further information about our commitments and contingencies see Note 21 in Notes to Consolidated Financial Statements for fiscal 2021.

Share buyback

The share buyback announced in November 2018 was completed on September 24, 2021 with a total volume of €3 billion. On June 24, 2021, Siemens announced that it intends to launch a new five-year share buyback program of up to €3 billion, beginning in fiscal 2022.

6.2 Cash flows

(in millions of €)	Fiscal year 2021
Cash flows from operating activities	
Net income	**6,697**
Change in operating net working capital	**(187)**
Other reconciling items to cash flows from operating activities - continuing operations	**3,599**
Cash flows from operating activities - continuing operations	**10,109**
Cash flows from operating activities - discontinued operations	**(113)**
Cash flows from operating activities - continuing and discontinued operations	**9,996**
Cash flows from investing activities	
Additions to intangible assets and property, plant and equipment	**(1,730)**
Acquisitions of businesses, net of cash acquired	**(14,391)**
Purchase of investments and financial assets for investment purposes	**(1,523)**
Change in receivables from financing activities of SFS	**(631)**
Other disposals of assets	**1,084**
Cash flows from investing activities - continuing operations	**(17,192)**
Cash flows from investing activities - discontinued operations	**1,698**
Cash flows from investing activities - continuing and discontinued operations	**(15,494)**
Cash flows from financing activities	
Purchase of treasury shares	**(547)**
Re-issuance of treasury shares and other transactions with owners	**2,055**
Issuance of long-term debt	**8,316**
Repayment of long-term debt (including current maturities of long-term debt)	**(4,294)**
Change in short-term debt and other financing activities	**(952)**
Interest paid	**(704)**
Dividends paid to shareholders of Siemens AG	**(2,804)**
Dividends attributable to non-controlling interests	**(285)**
Cash flows from financing activities - continuing operations	**785**
Cash flows from financing activities - discontinued operations	**–**
Cash flows from financing activities - continuing and discontinued operations	**785**

Led by Digital Industries, all industrial businesses delivered strong conversion of their Adjusted EBITA to **Cash flows from operating activities**, including only minor cash flows from changes in operating net working capital in all industrial businesses.

Cash outflows from **acquisitions of businesses, net of cash acquired**, were due mainly to the acquisitions of Varian by Siemens Healthineers for €13.4 billion and Supplyframe by Digital Industries for €0.6 billion.

Cash outflows for **purchase of investments and financial assets for investment purposes** primarily included additions of assets eligible as central bank collateral and payments for debt or equity investments related to certain businesses or projects, including the acquisition of an equity stake in Thoughtworks for €0.3 billion.

Cash outflows from **change in receivables from financing activities of SFS** related mainly to SFS' debt business.

Cash inflows from **other disposals of assets** mainly included disposals of assets eligible as central bank collateral.

Cash outflows for **purchase of treasury shares** included a final payment of €0.4 billion to the commissioned bank, which was due with completion of the share buyback program 2018-2021.

Cash inflows from the **re-issuance of treasury shares and other transactions with owners** mainly included proceeds of €2.3 billion related to Siemens Healthineers AG's issuance of 53 million new shares to institutional investors.

Cash outflows from the **change in short-term debt and other financing activities** mainly included net cash outflows related to commercial paper, partly offset by cash inflows from new bank loans.

Cash inflows from **investing activities from discontinued operations** were driven by the sale of Flender, which resulted in cash inflows (net of cash disposed) of €1.8 billion.

We report Free cash flow as a supplemental liquidity measure:

Free cash flow

(in millions of €)	Fiscal year 2021 Continuing operations	Discontinued operations	Continuing and discontinued operations
Cash flows from operating activities	**10,109**	**(113)**	**9,996**
Additions to intangible assets and property, plant and equipment	**(1,730)**	**(29)**	**(1,759)**
Free cash flow	8,379	(142)	8,237

The Free cash flow for the Industrial Business amounted to €9,847 million, resulting in a cash conversion rate of 1.12. The cash conversion rate for the Siemens Group was 1.23.

With our ability to generate positive operating cash flows from continuing and discontinued operations of €10.0 billion in fiscal 2021, our total liquidity (defined as cash and cash equivalents plus current interest-bearing debt securities) of €10.7 billion, our unused lines of credit, and our credit ratings at year-end, we believe that we have sufficient flexibility to fund our capital requirements. Also in our opinion, our operating net working capital is sufficient for our present requirements.

Investing activities

Additions to intangible assets and property, plant and equipment from continuing operations totaled €1.7 billion in fiscal 2021. Within the industrial businesses, ongoing investments related mainly to technological innovations; maintaining and extending our capacities for designing, manufacturing and marketing new solutions; improving productivity; and replacements of fixed assets. These investments amounted to €1.3 billion in fiscal 2021. The remaining portion related mainly to Siemens Real Estate, including significant amounts for projects such as new office buildings in Germany. Siemens Real Estate is responsible for uniform and comprehensive management of Company real estate worldwide (except for Siemens Healthineers) and supports the industrial businesses and corporate activities with customer-specific real estate solutions.

With regard to capital expenditures for continuing operations, we expect a significant increase in fiscal 2022. In the coming years, up to €0.6 billion are to be invested in Siemensstadt Square. This project initiated in fiscal 2019 aims to transform Siemens' existing industrial area in Berlin into a modern urban district supporting a diverse range of purposes, including strengthening key technologies. Further investments are planned in relation to Siemens Campus Erlangen. In addition, we continue to invest in attractive innovation fields through Next47, our global venture capital unit.

7. Overall assessment of the economic position

Siemens successfully executed on its strategy as a focused technology company in fiscal 2021, following the spin-off and public listing of Siemens Energy in September 2020. All our industrial businesses are addressing highly attractive markets in industrial automation, infrastructure, transportation and healthcare. With our offerings we are taking advantage of growth trends such as digitalization and decarbonization, for example by helping our customers to combine the real and the digital worlds. With the financial framework that we presented in June 2021, we have set ambitious new targets: we aim to further accelerate our profitable growth while placing an even greater emphasis on free cash flow.

In fiscal 2021, Siemens made further progress in sharpening its business focus by divesting activities such as the Flender business on one side, while on the other side strengthening our industrial businesses with a number of significant acquisitions. Important examples are: in the second quarter of fiscal 2021, the acquisition of C&S Electric, a provider of electrical and electronic equipment for infrastructure, power generation, transmission and distribution in India, to strengthen Smart Infrastructure's position in that country as a supplier of low-voltage power distribution and electrical installation technology; in the third quarter of fiscal 2021, the acquisition of Varian, a global leader in the field of cancer care, with solutions especially in radiation oncology and related digital solutions and applications, which provides a good complement to Siemens Healthineers' activities in medical imaging, laboratory diagnostics and interventional procedures; in the fourth quarter of fiscal 2021, the acquisition of Supplyframe, a marketplace for the global electronics value chain, with which Digital Industries intends to significantly strengthen digital marketing and accelerate sales of its offerings to small and medium-sized companies. At the beginning of the first quarter of fiscal 2022, Mobility closed the acquisition of Sqills, a provider of cloud-based inventory management, reservation, and ticketing software for public transport operators, which enhances Mobility's existing offerings for increasing the availability, capacity and utilization of public transportation.

Following the deep recession during fiscal 2020, many of Siemens' key customer industries including automotive, machine building, pharmaceuticals, chemicals, electronics, and cloud services recovered or continued to grow during fiscal 2021. Although COVID-19 led to a significant drop in public transit ridership, recovery programs in many countries have been allocating significant funds to transport providers, resulting in strong order development. During the fiscal year, Siemens succeeded in maintaining its supply chains and delivery capacity and continued to be a reliable partner for its customers, despite more challenging supply condition. These developments were reflected in our strong financial performance for fiscal 2021. We raised our outlook during the fiscal year, most recently after the third quarter, and reached or exceeded all the targets set for our primary measures for fiscal 2021. We achieved revenue growth of 11.5% net of currency translation and portfolio effects and delivered net income of €6.7 billion. Return on capital employed (ROCE) was double-digit at 13.1% and our capital structure ratio came in at 1.5.

Orders rose 23% year-over-year to €71.4 billion, for a book-to-bill ratio of 1.15, thus fulfilling our expectation of a ratio above 1. All our four industrial businesses increased orders year-over-year. Mobility achieved the highest growth rate due to a sharply higher volume from large orders, including its largest ever order in the Americas, worth €2.8 billion, for trainsets and associated services. Substantial order growth at Siemens Healthineers included new volume from the acquisition of Varian. Significant order growth at Digital Industries was driven mainly by its factory automation and motion control businesses, while orders at Smart Infrastructure increased clearly on growth in all its businesses, with the strongest contributions coming from the products business and the systems business.

Revenue was also higher in all our industrial businesses, rising to €62.3 billion, a 13% increase year-over-year. The strongest increases came from Siemens Healthineers and Digital Industries, which both posted double-digit growth. Revenue growth at Siemens Healthineers included all businesses with the highest increases coming from the diagnostics and imaging businesses. Revenue development at Digital Industries also included increases in all its businesses led by factory automation and motion control. Revenue growth at Smart Infrastructure was driven by its products business and its systems business. Revenue at Mobility rose slightly, as parts of its businesses continued to be impacted by restrictions related to COVID-19. Excluding currency translation and portfolio effects, revenue for Siemens grew 11.5%. We thus exceeded our forecast given in our Annual Report 2020, which was to achieve moderate comparable revenue growth and we met our raised guidance given after the third quarter of fiscal 2021, which was to achieve comparable revenue growth of 11% to 12%.

Adjusted EBITA Industrial Business rose 17% to €8.8 billion on growth in all industrial businesses, led by Siemens Healthineers on strong earnings development in its diagnostics business driven by strong demand for rapid coronavirus antigen tests and by Smart Infrastructure on increases in all its businesses. Adjusted EBITA at Digital Industries rose moderately even though prior-year results benefited from a €0.8 billion positive effect related mainly to a revaluation of the stake in Bentley. Adjusted EBITA at Mobility also rose moderately, driven by its rail infrastructure business.

Adjusted EBITA margin Industrial Business rose to 15.0%, up from 14.3% a year earlier. With Adjusted EBITA margins of 11.6%, 15.8% and 9.3%, respectively, Smart Infrastructure, Siemens Healthineers and Mobility improved their Adjusted EBITA margins year-over-year. The Adjusted EBITA margin of 20.4% at Digital Industries came in below the prior-year level of 21.7%, which included the above-mentioned substantial positive effect related to Bentley, which added 5.1 percentage points to Digital Industries' Adjusted EBITA margin.

Siemens Financial Services sharply increased earnings before taxes due to lower expenses for credit risk provisions year-over-year, resulting in a return on equity after tax of 15.4%. In addition, results outside Industrial Business in fiscal 2021 benefited from a €0.3 billion revaluation gain and gains related to transfers of assets to Siemens Pension Trust e.V. in Germany were higher in the current period. A €0.4 billion loss related to Siemens Energy Investment was due mainly to Siemens Energy's execution of planned restructuring measures to improve its competitiveness and expenses from amortization of assets resulting from purchase price allocation. For comparison, results outside Industrial Business a year earlier included an impairment of €0.5 billion on our equity investment stake in Valeo Siemens eAutomotive GmbH.

Net income in fiscal 2021 rose 59% to €6.7 billion, and basic EPS from net income increased 54% to €7.68. We thus exceeded the forecast given in our Annual Report 2020, which was for a moderate increase in net income, and also exceeded our raised forecast after the third quarter, which was for net income in the range of €6.1 billion to €6.4 billion. This improvement was due mainly to the aforementioned significantly higher Adjusted EBITA Industrial Business and the lower loss outside Industrial Business. In addition, discontinued operations, largely related to the sale of Flender, contributed income of €1.1 billion in fiscal 2021.

ROCE for fiscal 2021 rose to 13.1%, up from 7.8% in fiscal 2020. This increase was due to a combination of sharply higher net income and clearly lower average capital employed year-over-year. We thus exceeded our forecast for ROCE given in our Annual Report 2020, which was for ROCE to remain in the single-digit range in fiscal 2021.

We evaluate our capital structure using the ratio of Industrial net debt to EBITDA. Due primarily to an increase in net debt year-over-year, this ratio rose to 1.5, compared to 1.3 in fiscal 2020. We thus achieved our forecast given in our Annual Report 2020, which was for a ratio above 1.0 in fiscal 2021.

Free cash flow from continuing and discontinued operations for fiscal 2021 increased 29% year-over-year to €8.2 billion, reaching a new high.

We intend to continue providing an attractive shareholder return. The Siemens Managing Board, in agreement with the Supervisory Board, proposes a dividend of €4.00 per share, up from €3.50 per share a year earlier.

8. Report on expected developments and associated material opportunities and risks

8.1 Report on expected developments

8.1.1 Worldwide economy

After the deepest recession and the fastest rebound in decades, in calendar 2020 and calendar 2021, respectively, the global economic recovery is expected to continue with slowing momentum in fiscal 2022. Global gross domestic product (GDP) is expected to expand by 4.3% in calendar 2022. The outlook is still subject to a high level of uncertainty. The biggest source of concern remains COVID-19. New variants could emerge before widespread vaccination is reached globally, or they could escape existing immunity, while vaccine effectiveness might fade more quickly than expected.

However, in our baseline forecast we assume the impact of the Delta variant will recede further, vaccination rates will continue to rise, especially in developing countries, and the global economy gradually will return to normal. The service sector will reopen further, and consumer spending for services will recover, which will contribute significantly to the global recovery. This is supported by consumers still having substantial pent-up savings which will continue to fuel consumer demand. In addition, companies in general have low levels of inventory and will seek to re-stock, adding to demand, even if consumer spending should slow. Also, many companies might want to have structurally higher inventory levels to improve supply chain resilience, as supply chains were often stressed during the pandemic. However, we expect supply shortages to continue in the first half of calendar 2022.

Besides a potential re-emergence of the pandemic, further risks exist for fiscal 2022. Supply bottlenecks might last longer and restrain the recovery. While we expect price pressures to subside for the most part in fiscal 2022 in our baseline outlook, persistent supply bottlenecks or further energy price increases could fuel inflation and inflation expectations, and thus prompt a faster-than-anticipated monetary tightening. This could reverberate in financial markets and weigh on investment spending. Risks for financial markets could also emerge from other sources, e.g. an escalation of the U.S.-China trade and technology conflict, high corporate or government debt levels or China's property sector which could undergo a substantial correction after a period of over-investment.

The necessary adjustments in the Chinese property sector, a high ratio of debt to GDP and worsening business conditions will limit China's GDP growth in calendar 2022 to 5.7%. The European Union economy is expected to expand by 4.0% in calendar 2022, still supported by catch-up effects and announced stimulus programs becoming effective. In the U.S., GDP is expected to expand by 4.3%, where government spending has a negative effect on GDP growth, as it is reduced from calendar 2021 on, implying a negative fiscal impulse. An important pre-requisite is preventing federal limits on borrowing (the debt ceiling) from disrupting government operations and spending programs.

Global fixed investments are expected to expand by 4.4% in calendar 2022, after already growing by 6.4% in calendar 2021. Important customer industries for Siemens are participating in the global recovery (e.g. electronics, pharma, materials, chemicals). Yet persistent supply bottlenecks have the potential to significantly derail this recovery, such as in the automotive sector due to semiconductor shortages. The infrastructure sector (particularly public transport and electricity grids) will benefit from various green stimulus programs.

Overall, the market environment for Siemens is expected to remain favorable in fiscal 2022, but with some deceleration compared to fiscal 2021. Risks for the outlook are still substantial.

The forecasts presented here for GDP and fixed investments are based on a report from IHS Markit dated October 15, 2021.

8.1.2 Siemens Group

We are basing our outlook for fiscal 2022 on the above-mentioned expectations and assumptions regarding the overall economic situation, including continuing healthy growth in global GDP albeit with slowing momentum, and also on the specific market conditions we expect for our respective industrial businesses, as described in chapter 3 Segment information. Furthermore, we assume that the challenges to our businesses from COVID-19 will ease during fiscal 2022. Although we also expect supply chain constraints to recede somewhat during fiscal 2022, we expect continued impacts from higher prices for raw materials and components and from wage increases, which we intend to mitigate by adjusting prices for our own products, solutions and services.

We are exposed to currency translation effects, mainly involving the U.S. dollar, the British pound and currencies of emerging markets, particularly the Chinese yuan. While we expect volatility in global currency markets to continue in fiscal 2022, we have improved our natural hedge on a global basis through geographic distribution of our production facilities in the past. Nevertheless, Siemens is still a net exporter from the Eurozone to the rest of the world, so a weak euro is principally favorable for our business and a strong euro is principally unfavorable. In addition to the natural hedging strategy just mentioned, we also hedge currency risk in our export business using derivative financial instruments. We expect these steps to help us limit effects on income related to currency in fiscal 2022. Based on currency exchange rates as of the beginning of November 2021, we do not expect significant currency effects on nominal growth rates in volume and profit for our businesses in fiscal 2022.

This outlook excludes burdens from legal and regulatory matters.

Segments

We expect our industrial businesses to continue their profitable growth.

Digital Industries expects for fiscal 2022 to achieve comparable revenue growth of 5% to 8%. The profit margin is expected to be 19% to 21%, including known headwinds of up to two percentage points associated with the strategic transition to software as a service (SaaS) in parts of its large software business.

Smart Infrastructure expects for fiscal 2022 comparable revenue growth of 5% to 8%. The profit margin is expected to be 12% to 13%.

Mobility expects for fiscal 2022 comparable revenue growth of 5% to 8%. The profit margin is expected to be 10.0% to 10.5%.

Siemens Healthineers expects to achieve comparable revenue growth in the range of 0% to 2% in fiscal 2022. The profit margin, which was 15.8% in fiscal 2021, is expected to continue to improve.

Siemens Financial Services expects to further improve Earnings before taxes year-over-year. Return on equity (ROE) (after tax) is expected to reach the lower half of the new target range of 15% to 20%.

Revenue growth

For comparable revenue, net of currency translation and portfolio effects, we expect the Siemens Group to achieve mid-single-digit growth. Furthermore, we anticipate that orders in fiscal 2022 will exceed revenue for a book-to-bill ratio above 1.

As of September 30, 2021, our order backlog totaled €85 billion, and we expect conversion from the backlog to strongly support revenue growth in fiscal 2022 with approximately €34 billion of past orders converted to current revenue. For expected conversion of order backlog to revenue for our respective segments, see chapter 3 Segment information.

Profitability

We assume that rigorous execution of our portfolio optimization strategy in fiscal 2022 will contribute similarly as in fiscal 2021, when we generated €1.5 billion in net income from the sale of our Flender business, divestment of our stakes in Bentley and ChargePoint, Inc., and revaluation of our stake in Thoughtworks. In October 2021, Siemens already recognized a €0.3 billion pretax gain (€0.2 billion after tax) related to its investment in Fluence Energy, LLC (Fluence).

We expect our fully consolidated units within Portfolio Companies to reach profit margins above 5%, while results from the equity investment are expected to be volatile and negative.

In addition, results for Siemens Energy Investment, which includes Siemens' share of Siemens Energy AG's profit after tax, amounting to a negative €0.2 billion in fiscal 2021, is expected to improve; amortization of assets resulting from purchase price allocation due to the initial recognition of the investment at fair value in September 2020, which are also included in Siemens Energy Investment, are expected to decline to €0.1 billion in fiscal 2022, from €0.2 billion in fiscal 2021. We anticipate that Siemens Real Estate will continue with real estate disposals depending on market conditions, at a similar level as in fiscal 2021. Results for Innovation also are expected on the prior-year level, which was a negative €0.2 billion. Results related to Governance, were a negative €0.8 billion in fiscal 2021; we expect a substantial improvement in fiscal 2022, to a negative €0.5 billion. Centrally carried pension expense are expected to be on prior-year level, which was a negative €0.2 billion. Amortization of intangible assets acquired in business combinations, which was €0.7 billion in fiscal 2021, is expected at €0.9 billion due mainly to the acquisition of Varian in April 2021. Financing, eliminations and other items, which were a positive €0.5 billion in fiscal 2021, are expected to include substantial parts of gains from revaluation and from divestments in fiscal 2022, resulting from our portfolio optimization strategy, among them the above-mentioned gain related to Fluence.

We anticipate our tax rate for fiscal 2022 to be in the range of 25% to 29%, depending strongly on portfolio-related gains, compared to 25% in fiscal 2021. This assumption does not take into consideration possible impacts from potential major tax reforms. We do not expect material influence on financial results from discontinued operations in fiscal 2022.

Our forecast for net income takes into account a number of additional factors. We assume solid project execution to continue in fiscal 2022. We plan to increase the ratio of R&D expenses to revenue, which was 7.8% in fiscal 2021, to approximately 8% with a strong focus on software and digital technologies. Severance charges, which were €0.4 billion in fiscal 2021, are expected at €0.2 billion in fiscal 2022.

Given the above-mentioned assumptions, we expect profitable growth of our industrial businesses to drive an increase in net income and EPS pre PPA to a range of €8.70 to €9.10, up from €8.32 in fiscal 2021.

Capital efficiency

For fiscal 2022, we expect ROCE adjusted for defined Varian-related acquisition effects, which was 15.1% in fiscal 2021, to improve in our target range of 15% to 20%.

Capital structure

For our capital structure, defined as the ratio of industrial net debt to EBITDA (continuing operations), we expect in fiscal 2022 to achieve a ratio below the prior-year figure of 1.5. We assume that our targeted cash conversion rate of 1 minus the annual comparable revenue growth rate of the Group over a cycle of three to five years will support the achievement of the capital structure target in fiscal 2022.

8.1.3 Overall assessment

Our outlook for fiscal 2022 is based on continuing healthy growth in global GDP, albeit with slowing momentum, and our expectation that the challenges to our businesses from COVID-19 and supply chain constraints will ease during fiscal 2022. With these conditions and given our very strong fiscal year 2021, we expect our industrial businesses to continue their profitable growth.

For the Siemens Group we expect mid-single-digit comparable revenue growth, net of currency translation and portfolio effects, and a book-to-bill ratio above 1.

We expect profitable growth of our industrial businesses to drive an increase in EPS pre PPA to a range of €8.70 to €9.10, up from €8.32 in fiscal 2021. We assume that rigorous execution of our portfolio optimization strategy will contribute similarly as in fiscal 2021, when we generated €1.5 billion in net income from the sale of our Flender business, divestment of our stakes in Bentley and ChargePoint, and revaluation of our stake in Thoughtworks.

This outlook excludes burdens from legal and regulatory matters.

Overall, the actual development for Siemens and its segments may vary, positively or negatively, from our outlook due to the risks and opportunities described below or if our expectations and assumptions do not materialize.

8.2 Risk management

8.2.1 Basic principles of risk management

Our risk management policy stems from a philosophy of pursuing sustainable growth and creating economic value while managing appropriate risks and opportunities and avoiding inappropriate risks. As risk management is an integral part of how we plan and execute our business strategies, our risk management policy is set by the Managing Board. Our organizational and accountability structure requires each of the respective managements of our organizational units to implement risk management programs that are tailored to their specific industries and responsibilities, while being consistent with the overall policy.

8.2.2 Enterprise risk management process

We have implemented and coordinated a set of risk management and control systems which support us in the early recognition of developments that could jeopardize the continuity of our business. The most important of these systems include our enterprise-wide processes for strategic planning and management reporting. Strategic planning is intended to support us in considering potential risks and opportunities well in advance of major business decisions, while management reporting is intended to enable us to monitor such risks more closely as our business progresses. Our internal auditors regularly review the adequacy and effectiveness of our risk management. Accordingly, if deficits are detected, it is possible to adopt appropriate measures for their elimination. This coordination of processes and procedures is intended to help ensure that the Managing Board and the Supervisory Board are fully informed about significant risks in a timely manner.

Risk management at Siemens builds on a comprehensive, interactive and management-oriented Enterprise Risk Management (ERM) approach that is integrated into the organization and that addresses both risks and opportunities. Our ERM approach is based on the globally accepted COSO Standard (Committee of Sponsoring Organizations of the Treadway Commission) Enterprise Risk Management – Integrating with Strategy and Performance (2017) and the ISO (International Organization for Standardization) Standard 31000 (2018) and is adapted to Siemens requirements. The frameworks connect the ERM process with our financial reporting process and our internal control system. They consider a company's strategy, the efficiency and effectiveness of its business operations, the reliability of its financial reporting and compliance with relevant laws and regulations to be equally important.

Our ERM process aims for early identification and evaluation of, and response regarding, risks and opportunities that could materially affect the achievement of our strategic, operational, financial and compliance objectives. The time horizon is typically three years, and we take a net risk approach, addressing risks and opportunities remaining after the execution of existing and effective measures and controls. If risks have already been considered in plans, budgets, forecasts or the consolidated financial statements (e.g. as a provision or risk contingency), they are supposed to be incorporated with their financial impact in the entity's business objectives. As a consequence, only additional risks arising from the same subject (e.g. deviations from business objectives, different impact perspectives) should be considered. In order to provide a comprehensive view of our business activities, risks and opportunities are identified in a structured way combining elements of both top-down and bottom-up approaches. Reporting generally follows a quarterly cycle; we complement this periodic reporting with an ad-hoc reporting process that aims to escalate critical issues in a timely manner. Relevant risks and opportunities are evaluated in terms of impact and likelihood, considering different impact perspectives, including business objectives, reputation and regulatory requirements. The bottom-up identification and prioritization process is supplemented by workshops with the respective managements of our organizational units. The top-down element ensures that potential new risks and opportunities are discussed at different management levels and are included in the subsequent reporting process, if found to be relevant. Reported risks and opportunities are analyzed regarding potential cumulative effects and are aggregated within and for each of the organizational units mentioned above.

Responsibilities are assigned for all relevant risks and opportunities, with the hierarchical level of responsibility depending on the significance of the respective risk or opportunity. In a first step, assuming responsibility for a specific risk or opportunity involves choosing one of our general response strategies. Our general response strategies with respect to risks are avoidance, transfer, reduction or acceptance of the relevant risk. Our general response strategy with respect to opportunities is to "seize" the relevant opportunity. In a second step, responsibility for a risk or opportunity also involves the development, initiation and monitoring of appropriate response measures corresponding to the chosen response strategy. These response measures have to be specifically tailored to allow for effective risk management. Accordingly, we have developed a variety of response measures with different characteristics. For example, we mitigate the risk of fluctuations in currency and interest rates by engaging in hedging activities. Regarding our projects, systematic and comprehensive project management with standardized project milestones, including provisional acceptances during project execution and complemented by clearly defined approval processes, assists us in identifying and responding to project risks at an early stage, even before the bidding phase. Furthermore, we maintain appropriate insurance levels for potential cases of damage and liability risks in order to reduce our exposure to such risks and to avoid or minimize potential losses. Among others, we address the risk of fluctuation in economic activity and customer demand by closely monitoring macroeconomic conditions and developments in relevant industries, and by adjusting capacity and implementing cost-reduction measures in a timely and consistent manner if they are deemed necessary. Worldwide there are risks from the transmission of infectious agents from animals to humans, from humans to humans and in other ways. Epidemic, pandemic or other infectious developments such as bioterrorism to cause high disease rates in countries, regions or continents. We constantly check information from the World Health Organization (WHO), the - Centers for Disease Control and Prevention in the U.S. and Europe, the Robert Koch Institute in Germany and other institutions in order to be able to identify early epidemic or pandemic risks and determine and initiate related mitigation actions as early as possible.

8.2.3 Risk management organization and responsibilities

To oversee the ERM process and to further drive the integration and harmonization of existing control activities to align with legal and operational requirements, the Managing Board established a Risk Management and Internal Control Organization, led by the Head of Assurance. In order to allow for a meaningful discussion of risk at the Siemens Group level, this organization aggregates individual risks and opportunities of similar cause-and-effect nature into broader risk and opportunity themes. This aggregation naturally results in a mixture of risks, including those with a primarily qualitative assessment and those with a primarily quantitative risk assessment. Accordingly, we do not adopt a purely quantitative assessment of risk and opportunity themes. Thematic risk and opportunity assessments as well as our risk-bearing capacity then form the basis for the evaluation of the company-wide risk and opportunity situation during the quarterly board meetings. The Head of Assurance assists the Managing Board with the operation and oversight of the risk and internal control system and reporting to the Audit Committee of the Supervisory Board.

8.3 Risks

Below we describe the risks that could have a material adverse effect on our business situation, financial condition (including effects on assets, liabilities and cash flows), results of operations and reputation. The order in which the risks are presented in each of the four categories reflects the currently estimated relative exposure for Siemens associated with these risks and thus provides an indication of the risks' current importance to us. Additional risks not known to us or that we currently consider immaterial may also negatively impact our business objectives and operations. Unless otherwise stated, the risks described below relate to all our organizational units.

8.3.1 Strategic risks

Economic, political and geopolitical conditions: We see significant uncertainties regarding the global economic outlook. In particular, a renewed intensity of the COVID-19 pandemic could stall the recovery achieved to date, and even lead to a new recession, for example if current vaccines are less effective with new variants, leading to the return of contact restrictions or lockdowns. There is also great uncertainty about the long-term consequences of the pandemic for important Siemens customer industries, such as aerospace and non-residential construction. Moreover, during the COVID-19 pandemic significant macroeconomic challenges have not been defused and in some cases, they have intensified. A renewed escalation of the trade conflict between the U.S. and China and an intensified de-coupling would significantly worsen global growth prospects. Adverse effects on confidence and investment activity would severely hit Siemens' business. Increasing trade barriers, protectionism, sanctions and in particular technical regulations would negatively impact production costs and productivity along our many value chains, as well as significantly impede or even hinder access to sales markets. A significant risk to our sales potential and cost structure is coming from mounting supply chain bottlenecks, due to growing lack of availability of intermediate goods, in particular electronic components. Bottlenecks in energy supply on the one hand and in access to raw materials on the other would substantially reduce industrial production potential. The escalating possibility of major defaults in the Chinese property sector, with potential spillover effects into the entire real estate market and financial markets, would significantly impact growth prospects of one of our core geographic markets and might have reverberations even on the global financial system and the world economy. A substantial increase in inflation rates could lead to serious distortions in global currency, capital, and foreign exchange markets, if central banks initiate the tightening cycle too fast and too aggressively. Highly indebted (emerging and industrialized) countries could suffer from increasing financing costs and a loss of investor confidence. Additional threats to the outlook could arise as well, ranging from market pressure to intensify austerity measures to declining confidence in individual currency markets. Additionally, a strong increase of raw material and intermediate goods prices would negatively impact Siemens's cost structure. Other significant risks could arise from geopolitical tensions (particularly in the Near and Middle East, Hong Kong and Taiwan), the European Union's relations with Russia, the economic vulnerability of several emerging markets (including Argentina, Turkey, Venezuela) and political upheavals. We are dependent on the economic development of certain industries; a continuation or even an intensification of the cyclical and structural headwinds in core customer industries, e.g., automotive or construction, would have adverse impact on our business prospects. Further business risk would result from an abrupt weakening of Chinese economic growth. A terrorist mega-attack or a significant cybercrime incident, or a series of such attacks or incidents in major economies, could depress economic activity globally and undermine consumer and business confidence. Additionally, the highly interconnected global economy remains vulnerable to natural disasters or further pandemics.

In general, due to long-cycle businesses in our organizational units and the importance of long-term contracts for Siemens, there is usually a time lag between changes in macroeconomic conditions and their impact on our financial results. In contrast, short-cycle business activities react quickly to volatility in market demand. If the moderate growth of certain markets stalls again and if we are not successful in adapting our production and cost structure to subsequent changes in conditions in the markets in which we operate, there can be no assurance that we will not experience adverse effects. For example, our customers may modify, delay or cancel plans to purchase our products, solutions and services, or fail to follow through on purchases or contracts already executed. Furthermore, the prices for our products, solutions and services may decline to a greater extent than we currently anticipate. In addition, it may become more difficult for our customers to obtain financing. Contracted payment terms, especially regarding the level of advance payments by our customers relating to long-term projects, may become less favorable, which could negatively impact our financial condition. Siemens' global setup with operations in almost all relevant economies, our wide range of offerings with varied exposures to business cycles, and our balanced mix of business models (e.g. equipment, components, systems, software, services and solutions) help us to absorb impacts from adverse developments in any single market.

Disruptive technologies: The markets in which our businesses operate experience rapid and significant changes due to the introduction of innovative and disruptive technologies. In the fields of digitalization (e.g. IoT, artificial intelligence, cloud computing, Industry 4.0), there are risks associated with new competitors, substitutions of existing products/solutions/services, new business models (e.g. in terms of pricing, financing, extended scopes for project business or subscription models in the software business) and finally the risk that our competitors may have more advanced time-to-market strategies and introduce their disruptive products and solutions faster than Siemens. Our operating results depend to a significant extent on our technological leadership, our ability to anticipate and adapt to changes in our markets and to optimize our cost base accordingly. Introducing new products and technologies requires a significant commitment to research and development, which in return requires expenditure of considerable financial resources that may not always result in success. Our results of operations may suffer if we invest in technologies that do not operate or may not be integrated as expected, or that are not accepted in the marketplace as anticipated, or if our products, solutions or systems are not introduced to the market in a timely manner, particularly compared to our competitors, or even become obsolete. We constantly apply for new patents and actively manage our intellectual property portfolio to secure our technological position. However, our patents and other intellectual property may not prevent competitors from independently developing or selling products and services that are similar to ours.

Competitive environment: The worldwide markets for our products, solutions and services are highly competitive in terms of pricing, product and service quality, product development and introduction time, customer service, financing terms and shifts in market demands. We face strong, established competitors as well as rising competitors from emerging markets and new industries, which may have a better cost structure. Some industries in which we operate are undergoing consolidation, which may result in stronger competition, a change in our relative market position, an increase in inventory of finished or work-in-progress goods, or unexpected price erosion. Furthermore, there is a risk that critical suppliers are taken over by competitors and a risk that competitors are increasingly offering services to our installed base. We address these risks with various measures, for example benchmarking, strategic initiatives, sales push initiatives, executing productivity measures and target cost projects, rightsizing of our footprint, outsourcings, mergers and joint ventures and optimizing our product and service portfolio. We continuously monitor and analyze competitive, market and industry information in order to be able to anticipate unfavorable changes in the competitive environment rather than merely reacting to such changes.

COVID-19 pandemic (COVID-19): The COVID-19 situation may worsen, as the number of new infections is rising again in many countries. At the same time, the number of cases and the severe course of the disease will develop very differently depending on the respective vaccination rate in the countries. The impact of the pandemic therefore varies considerably between regions and customer sectors. Governments and other local authorities are working to contain the spread of infection by implementing various countermeasures such as contact restrictions, adherence to minimum hygienic standards, wearing of respiratory masks, vaccine mandates, and vaccination and testing services to avoid widespread curfews and restrictions on the opening of certain sectors of the economy. Depending on epidemiological trends and political pressure, governments are expected to relax existing restrictions and avoid new ones to reduce the associated economic harm. The extent and duration of the individual impacts on our business are difficult to predict. For example, if containment measures are initiated at short notice or last an unpredictably long time, our business may be significantly impacted in ways that exceed current expectations and go beyond mitigation measures already in place. We could face unexpected closures of sites, factories or office buildings of our suppliers, customers or our own operations, which would affect our ability to produce or deliver our products, solutions and services. The most material uncertainties of the COVID-19 crisis are its continued duration, including for example potential further waves of infection, mutations of the virus and the evolution of global vaccination progress, and the economic costs of restrictions. Since the second quarter of fiscal 2020, we have felt the impact in our businesses, both our short-cycle businesses and project businesses, as, for example, customers cancelled orders or postponed investments, we were exposed to increased default risk, and our supply chain experienced difficulties in certain areas. Now we are seeing a recovery in many business sectors, and travel is also becoming easier. The longer the restrictive measures such as curfews last, the deeper the resulting recession will be. Possible consequences include an unchecked increase of public and private debt which hampers the post-crisis recovery, serious disruptions in the financial system and insolvencies among Siemens customers and suppliers. In the long term, a reversal of globalization could reduce potential future growth. Various task forces and crisis teams have been set up in all areas of Siemens to carefully monitor and mitigate the various impacts of COVID-19, with a focus on the health and safety of our employees through operational vaccination offers, testing concepts and making treatment offers available, and on business continuity. At the Group level, an executive-level crisis team at Group headquarters has worked out overarching decisions and coordinated the flow of information through the different levels of the organization, while empowering responsible management in each business and country to take appropriate action according to national and regional guidelines.

Increasing sustainability focus: The increasing environmental, social and governance (ESG) requirements from governments and customers as well as financing restrictions from governments, customer demands and financing restrictions for greenhouse gas emitting technologies could result in additional costs. Additionally, business involvement in sensitive environmental, social or governance activities might be negatively perceived and trigger adverse media attention. This could lead to reputational damage and have an impact on achieving our business goals. In fiscal 2021 we introduced a binding ESG risk framework and with it an optimized due diligence process. This supports Siemens businesses with due diligence in the customer-oriented environment with a view to possible environmental and social risks as well as related human rights and reputational risks.

Portfolio measures, at-equity investments, other investments and strategic alliances: Our strategy includes divesting our activities in some business areas and strengthening others through portfolio measures, including mergers and acquisitions. With respect to divestments, we may not be able to divest some of our activities as planned, and the divestitures we do carry out could have a negative impact on our business situation, financial condition, results of operations and reputation. Mergers and acquisitions are inherently risky because of difficulties that may arise when integrating people, operations, technologies and products. There can be no assurance that any of the businesses we acquire can be integrated successfully and in a timely manner as originally planned, or that they will perform as anticipated once integrated. In addition, we may incur significant acquisition, administrative, tax and other expenditures in connection with these transactions, including costs related to integration of acquired businesses. Furthermore, portfolio measures may result in additional financing needs and adversely affect our capital structure. Acquisitions can lead to substantial additions to intangible assets, including goodwill, in our statements of financial position. If we were to encounter continuing adverse business developments or if we were otherwise to perform worse than expected at acquisition activities, then these intangible assets, including goodwill, might have to be impaired, which could adversely affect our business situation, financial condition and results of operations. Our investment portfolio includes investments held for purposes other than trading and other investments. Any factors negatively influencing the financial condition and results of operations of our at-equity investments and other investments could have an adverse effect on our equity pick-up related to these investments or may result in a related write-off. In addition, our business situation, financial condition and results of operations could also be adversely affected in connection with loans, guarantees or non-compliance with financial covenants related to these investments. Furthermore, such investments are inherently risky as we may not be able to sufficiently influence corporate governance processes or business decisions taken by our at-equity investments, other investments and strategic alliances, which may have a negative effect on our business and especially on our reputation. In addition, joint ventures bear the risk of difficulties that may arise when integrating people, operations, technologies and products. Strategic alliances may also pose risks for us because we compete in some business areas with companies with which we have strategic alliances. Besides other measures, we handle these risks with standardized processes as well as dedicated roles and responsibilities in the areas of mergers, acquisitions, divestments and carve-outs. This includes the systematic treatment of all contractual obligations and post-closing claims.

8.3.2 Operational risks

Cyber/Information security: Digital technologies are deeply integrated into our business portfolio. Further integration of information technology into products and services in conjunction with changing business strategies (such as outsourcing, globally distributed development, a lesser degree of sole production) are leading to an increasingly distributed supply chain, making efficient controls difficult. The fact of a large number of suppliers requires a significant effort for the initial and regular verification of the effective implementation of cybersecurity requirements by suppliers. Siemens business entities might lose market access if their products, solutions and services do not comply with increased regulations and legal requirements for cybersecurity in their respective countries. We observe a global increase of cybersecurity threats and higher levels of professionalism in computer crime, which pose a risk to the security of products, systems and networks and the confidentiality, availability and integrity of data. According to various external data sources, this trend has accelerated during the COVID-19 pandemic. Especially the number of phishing attacks as well as the number of malicious websites have increased significantly. Moreover, the information technology market is concentrated among a small number of information technology and software vendors, which could lead to dependence on a single provider. There can be no assurance that the measures aimed at protecting our intellectual property and portfolio will address these threats under all circumstances. There is a risk that confidential information (data privacy) may be stolen or that the integrity of our portfolio may be compromised, e.g. by attacks on our networks, social engineering, data manipulations in critical applications and a loss of critical resources, resulting in financial damages. Cybersecurity covers the IT of our entire enterprise including office IT, systems and applications, special purpose networks, and our operating environments such as manufacturing and research and development (R&D). Like other large multinational companies, we face active cyber threats from sophisticated adversaries that are supported by organized crime and nation-states engaged in economic espionage or even sabotage. We strive to mitigate these risks by employing a number of measures, including employee training, considering new models of flexible working environments, and comprehensive monitoring of our networks and systems through cyber defense with an artificial intelligence solution to identify attacks faster and prevent damage to society and especially to critical infrastructures, our customers, our partners and Siemens overall. We initiated the industrial "Charter of Trust," signed by a growing group of global companies, which sets out principles for building trust in digital technologies and creating a more secure digital world. Nonetheless, our systems, products, solutions and services, as well as those of our service providers, remain potentially vulnerable to attacks. Such attacks could potentially lead to the publication, manipulation or leakage of information such as through industrial espionage. They could also result in deliberate improper use of our systems, vulnerable products, production downtimes and supply shortages, with potential adverse effects on our reputation, our competitiveness and results of operations. For increased protection of Siemens and reduction of a potential financial impact caused by cyber incidents, the risk transfer possibilities have been evaluated. As a result of an international insurance tender, the currently insurable cybersecurity risks have been to a partial extent transferred to a consortium of insurance companies.

Supply chain management: The financial performance of our operating units depends on reliable and effective supply chain management for components, sub-assemblies and materials. Capacity constraints and supply shortages resulting from ineffective supply chain management may lead to production bottlenecks, delivery delays, quality issues and additional costs. We also rely on third parties to supply us with parts, components and services. Using third parties to manufacture, assemble and test our products may reduce our control over manufacturing yields, quality assurance, product delivery schedules and costs. Although we work closely with our suppliers to avoid supply-related problems, there can be no assurance that we will not encounter supply problems in the future, especially if we use single-source suppliers for critical components. Shortages and delays could materially harm our businesses. Unanticipated increases in the price of components or raw materials due to market shortages or other reasons could also adversely affect performance. Furthermore, we may be exposed to the risk of delays and interruptions in the supply chain as a consequence of catastrophic events (including pandemics), cyber incidents or suppliers' financial difficulties, particularly if we are unable to identify alternative sources of supply or means of transportation in a timely manner or at all. Besides other measures, we mitigate price fluctuation in global raw material markets with various hedging instruments.

Internal programs and initiatives: We are in a continuous process of operational optimization and constantly engage in cost-reduction initiatives, including ongoing capacity adjustment measures and structural initiatives. Consolidation of business activities and manufacturing facilities, outsourcings, joint ventures and the streamlining of product portfolios are all part of these cost-reduction efforts. These measures may not be implemented as planned, may turn out to be less effective than anticipated, may become effective later than estimated or may not become effective at all. Any future contribution of these measures to our profitability will be influenced by the actual savings achieved and by our ability to sustain them. In case of restructuring and outsourcing activities, there could be delays in product deliveries or we might even experience delivery failures. Furthermore, delays in critical R&D projects could lead to negative impacts in running projects. We constantly control and monitor the progress of these projects and initiatives using standardized controlling and milestone tracking approaches.

Project-related risks: A number of our segments conduct activities under long-term contracts that are awarded on a competitive bidding basis. Such contracts typically arise at Mobility and in various activities of Smart Infrastructure or Portfolio Companies. Some of these contracts are inherently risky because we may assume substantially all of the risks associated with completing a project and meeting post-completion warranty obligations. For example, we may face the risk that we must satisfy technical requirements of a project even though we have not gained experience with those requirements before winning the project. The profit margins realized on fixed-priced contracts may vary from original estimates as a result of changes in costs and productivity over a contract's term. We sometimes bear the risk of unanticipated project modifications, shortage of key personnel, quality problems, financial difficulties of our customers and/or significant partners, cost overruns or contractual penalties caused by unexpected technological problems, unexpected developments at the project sites, unforeseen changes or difficulties in the regulatory or political environment, performance problems with our suppliers, subcontractors and consortium partners or other logistical difficulties. Some of our multi-year contracts also contain demanding installation and maintenance requirements in addition to other performance criteria relating to timing, unit cost and compliance with government regulations, which, if not satisfied, could subject us to substantial contractual penalties, damages, non-payment and contract termination. There can be no assurance that contracts and projects, in particular those with long-term duration and fixed-priced calculation, can be completed profitably. To tackle those risks, we established a global project management organization to systematically improve the technical and commercial capabilities of our project management personnel. For very complex projects we conduct dedicated risk assessments in very early stages of the sales phase before we decide to hand over a binding offer to our customers.

Shortage of skilled personnel: Competition for diverse and highly qualified personnel (e.g. specialists, experts, digital talent) remains intense in the industries and regions in which our businesses operate. We have ongoing demand for highly skilled employees and a need to enhance diversity, inclusion and sense of belonging in our workforce. Our future success depends in part on our continued ability to identify, assess and hire engineers, digital talent and other qualified personnel. We must also integrate, develop and retain them after they join us, which appears especially relevant in times of a new, increasingly virtual working environment. We address these topics for example by strengthening the capabilities and skills of our talent acquisition teams and a strategy of proactive search for people with the required capabilities in our respective industries and markets. Technology and digitalization help us to be more effective in attracting and selecting diverse talent. Furthermore, we have a focus on diversity and structured succession planning.

8.3.3 Financial risks

Risks from pension obligations: The provisions for pensions and similar obligations may be affected by changes in actuarial assumptions, including the discount rate, as well as by movements in financial markets or a change in the mix of assets in our investment portfolio. Additionally, they are subject to legal risks with regard to plan design among other factors. A significant increase in the underfunding may have a negative effect on our capital structure and rating, and thus may tighten refinancing options and increase costs. In order to comply with local pension regulations in selected foreign countries, we may face an economic risk of increasing cash outflows due to change in funding level according to local regulations of our pension plans in these countries or to changes in the regulations themselves.

Audits by tax authorities and changes in tax regulations: We operate in nearly all countries of the world and therefore are subject to many different tax regulations. Changes in tax laws in any of these jurisdictions could result in higher tax expenses and increased tax payments. Furthermore, legislative changes could impact our tax receivables and liabilities as well as deferred tax assets and deferred tax liabilities. In addition, the uncertain legal environment in some regions could limit our ability to enforce our rights. As a globally operating organization, we conduct business in countries subject to complex tax rules, which may be interpreted in different ways. Future interpretations or developments of tax regimes may affect our business situation, financial condition and results of operations. We are regularly audited by tax authorities in various jurisdictions and we continuously identify and assess relevant risks.

Market price risks: We are exposed to fluctuations in exchange rates, especially between the U.S. dollar and the euro, because a high percentage of our business volume is conducted as exports from Europe to areas using the U.S. dollar. In addition, we are exposed to effects involving the currencies of emerging markets, in particular the Chinese yuan. Appreciable changes in euro exchange rates could materially change our competitive position. We are also exposed to fluctuations in interest rates. Even hedging activities to mitigate such risks may result in a reverse effect. Fluctuations in exchange or interest rates, negative developments in the financial markets and changes in central bank policies could therefore negatively impact our financial results.

Liquidity and financing risks: Our treasury and financing activities could face adverse deposit and/or financing conditions from negative developments related to financial markets, such as limited availability of funds and hedging instruments, an updated evaluation of our solvency, particularly from rating agencies, negative interest rates, and impacts arising from more restrictive regulation of the financial sector, central bank policy, or the usage of financial instruments. Widening credit spreads due to uncertainty and risk aversion in the financial markets might lead to adverse changes in the market values of our financial assets, in particular our derivative financial instruments.

Credit risks: We provide our customers with various forms of direct and indirect financing of orders and projects, including guarantees. Siemens Financial Services in particular bears credit risks due to such financing activities if, for example, customers do not meet obligations arising from these financing arrangements, meet them only partially, or meet them late.

For further information on post-employment benefits, derivative financial instruments, hedging activities, financial risk management and related measures, see Notes 17, 24 and 25 in Notes to Consolidated Financial Statements for fiscal 2021.

8.3.4 Compliance risks

Current and future investigations regarding allegations of corruption, of antitrust violations and of other violations of law: Proceedings against us or our business partners regarding allegations of corruption, of antitrust violations and of other violations of law may lead to fines as well as penalties, sanctions, injunctions against future conduct, profit disgorgements, disqualifications from directly and indirectly engaging in certain types of business, the loss of business licenses or permits, other restrictions and legal consequences as well as negative public media coverage. Accordingly, we may, among other things, be required to comply with potential obligations and liabilities arising in connection with such investigations and proceedings, including potential tax penalties. Moreover, any findings related to public corruption that are not covered by the 2008 and 2009 corruption charge settlements, which we concluded with U.S. and German authorities, may endanger our business with government agencies and intergovernmental and supranational organizations. Monitors could again be appointed to review future business practices and we may otherwise be required to further modify our business practices and our compliance program.

In its global business, Siemens does part of its business with state-owned enterprises and governments. We also participate in a number of projects funded by government agencies and intergovernmental and supranational organizations, such as multilateral development banks. Ongoing or potential future investigations into allegations of corruption, antitrust violations or other violations of law could as well impair relationships with such parties or could result in our exclusion from public contracts. Such investigations may also adversely affect existing private business relationships and our ability to pursue potentially important strategic projects and transactions, such as strategic alliances, joint ventures or other business alliances, or could result in the cancellation of certain of our existing contracts. Moreover, third parties, including our competitors, could initiate significant litigation.

In addition, future developments in ongoing and potential future investigations, such as responding to the requests of governmental authorities and cooperating with them, could divert management's attention and resources from other issues facing our business. Furthermore, we might be exposed to compliance risks in connection with recently acquired operations that are in the ongoing process of integration.

Along with other measures, Siemens has established a global compliance organization that conducts among others compliance risk mitigation processes such as Compliance Risk Assessments or initiates internal audit activities performed by the internal assurance department.

Changes of regulations, laws and policies: As a diversified company with global businesses we are exposed to various product- and country-related regulations, laws and policies influencing our business activities and processes. According to observations and analysis, there is an increasing risk that existing technical regulations in target markets will suddenly change, or new ones will be set in force, which determine market access criteria that our products do not meet. The affected products would lose marketability in this market. The way of resolving the risk of a sales-stop depends on the case of how to correct the non-conformity. In case the product can technically stay as is, while it has to undergo new and additional conformity assessment and certification, there will be considerable effort and cost to carry out the needed testing and certification procedures. In a worse case, the affected product will need re-engineering or re-design to meet the requirements of the changed or new technical regulation even before it can become re-assessed and certified for market approval.

The latter case will cause significant extra effort and cost to do the needed product changes and to maintain the country-specific product variant as an additional derivate item in the portfolio. In the worst case, if the two aforementioned ways of maintaining the product's marketability prove to be not feasible, sale of the affected product in the market has to be stopped. We monitor the political and regulatory landscape in all our key markets to anticipate potential problem areas, with the aim of quickly adjusting our business activities and processes to changed conditions. However, any changes in regulations, laws and policies could adversely affect our business activities and processes as well as our financial condition and results of operations.

Protectionism (including tariffs/trade war): Protectionist trade policies, de-coupling and changes in the political and regulatory environment in the markets in which we operate, such as import and export controls, tariffs and other trade barriers including debarment from certain markets and price or exchange controls, could affect our business in national markets and could impact our business situation, financial position and results of operations; and may expose us to penalties, other sanctions and reputational damage. In addition, the uncertainty of the legal environment in some regions could limit our ability to enforce our rights and subject us to increasing costs related to appropriate compliance programs.

Geopolitical uncertainties including sanctions and export control: As a globally operating organization, we conduct business with customers in countries which are subject to export control regulations, embargoes, economic sanctions, debarment policies or other forms of trade restrictions (hereafter referred to as "sanctions") imposed by the U.S., the EU, China or other countries or organizations. New or expanded sanctions in countries in which we do business may result in a curtailment of our existing business in such countries or indirectly in other countries. We are also aware of policies of national authorities and institutional investors, such as pension funds or insurance companies, requiring divestment of interests in and prohibiting investment in and transactions with entities doing business with countries identified by the U.S. Department of State as state sponsors of terrorism. As a result, it is possible that such policies may result in our being unable to gain or retain certain investors or customers. In addition, the termination of our activities in sanctioned countries may expose us to customer claims and other actions. Our reputation could also suffer due to our activities with counterparties in or affiliated with these countries.

Environmental, health & safety and other governmental regulations: Some of the industries in which we operate are highly regulated. Current and future environmental, health and safety and other governmental regulations or changes thereto may require us to change the way we run our operations and could result in significant increases in our operating or production costs. Furthermore, we see the risk of potential environmental and health and safety incidents as well as potential non-compliance with environmental and health and safety regulations affecting Siemens and our contractors or sub-suppliers, resulting for example in serious injuries, business interruptions, penalties, loss of reputation and internal or external investigations.

In addition, while we have procedures in place to ensure compliance with applicable governmental regulations in the conduct of our business operations, it cannot be excluded that violations of applicable governmental regulations may be caused either by us or by third parties that we contract with, including suppliers or service providers whose activities may be attributed to us. Any such violations particularly expose us to the risk of liability, penalties, fines, reputational damage or loss of licenses or permits that are important to our business operations. In particular, we could also face liability for damage or remediation for environmental contamination at the facilities we design or operate. With regard to certain environmental risks, we maintain liability insurance at levels that our management believes are appropriate and consistent with industry practice. We may incur environmental losses beyond the limits, or outside the coverage, of such insurance, and such losses may have an adverse effect on our business situation, financial condition and results of operations.

Current or future litigation and legal and regulatory proceedings: Siemens is and potentially will be involved in numerous legal disputes and proceedings in various jurisdictions. These legal disputes and proceedings could result, in particular, in Siemens being subject to payment of damages and punitive damages, equitable remedies or sanctions, fines or disgorgement of profit. In individual cases this may also lead to formal or informal exclusion from tenders or the revocation or loss of business licenses or permits. Asserted claims are generally subject to interest rates. Some of these legal disputes and proceedings could result in adverse decisions for Siemens or decisions, assessments or requirements of regulatory authorities could deviate from our expectations, which may have material effects on our business activities as well as our financial position, results of operations and cash flows. Siemens maintains liability insurance for certain legal risks at levels our management believes are appropriate and consistent with industry practice. The insurance policy, however, does not protect Siemens against reputational damage. Moreover, Siemens may incur losses relating to legal proceedings beyond the limits, or outside the coverage, of such insurance or exceeding any provisions made for losses related to legal proceedings. Finally, there can be no assurance that Siemens will be able to maintain adequate insurance coverage on commercially reasonable terms in the future.

For additional information with respect to specific proceedings, see Note 22 in Notes to Consolidated Financial Statements for fiscal 2021.

8.3.5 Assessment of the overall risk situation

The most significant challenges have been mentioned first in each of the four risk categories: strategic, operational, financial and compliance.

While our assessments of individual risks have changed during fiscal 2021 due to developments in the external environment, changes in our business portfolio, effects of our own mitigation measures and the revision of our risk assessment, the overall risk situation for Siemens did not change significantly as compared to the prior year. We currently see the operational risk cyber/information security as the most significant challenge for us followed by the strategic risk arising from economic, political and geopolitical conditions.

At present, no risks have been identified that either individually or in combination could endanger our ability to continue as a going concern.

8.4 Opportunities

Within our ERM we regularly identify, evaluate and respond to opportunities that present themselves in our various fields of activity. Below we describe our most significant opportunities. Unless otherwise stated, the opportunities described relate to all organizational units. The order in which the opportunities are presented reflects the currently estimated relative exposure for Siemens associated with these opportunities and thus provides an indication of the opportunities' current importance to us. The described opportunities are not necessarily the only ones we encounter. In addition, our assessment of opportunities is subject to change because the Company, our markets and technologies are constantly advancing. It is also possible that opportunities we see today will never materialize.

Favorable political and regulatory environment (including sustainability): We see opportunities from potential improvement in the geopolitical policy environment, which could quickly restore a more positive industrial investment sentiment that supports the growth of our markets. In addition, government initiatives and subsidies (including tax reforms, recovery plans among others) may lead to more government spending (e.g. infrastructure, healthcare or digitalization investments) and ultimately result in an opportunity for us to participate in ways that increase our revenue and profit. By enabling our customers to lower their GHG (Greenhouse Gas) emissions across our portfolio and by reducing CO2 emission in our own operation, Siemens strives to support the trend towards a low-carbon economy. Siemens also welcomes and supports from an opportunity perspective, recent legislative and governmental accelerate to mitigate climate change worldwide, especially in Europe through e.g. the Green Deal or Sustainable Finance Initiative.

Mergers, acquisitions, equity investments, partnerships, divestments and streamlining our portfolio: We constantly monitor our current and potential markets to identify opportunities for strategic mergers, acquisitions, equity investments and partnerships, which may complement our organic growth. Such activities may help us to strengthen our position in our existing markets, provide access to new or underserved markets, or complement our technological portfolio in strategic areas. Opportunities might also arise when portfolio optimization measures generate gains, which enable us to further pursue our other strategies for growth and profitability.

Value creation through innovation: We drive innovation by investing significantly in R&D in order to develop sustainable solutions for our customers while also strengthening our own competitiveness. Being an innovative company and constantly inventing new technologies that we expect will meet future demands arising from the megatrends of demographic change, urbanization, climate change and globalization is one of our core purposes. We are granted thousands of new patents every year and continuously develop new concepts and convincing new digital and data-driven business models. This helps us create the next generation of ground-breaking innovations in such fields as digitalization, artificial intelligence, autonomous machines and edge computing. Across our operating units, we are profiting from our strength in the “Digital Enterprise.” Foremost, our cloud-based MindSphere platform enhances the availability of our customers’ digital products and systems and improves their productivity and efficiency. We offer edge computing apps along with MindSphere in individual facilities, so that customers can connect all their facilities to create an integrated data network. We see also significant opportunities to generate additional volume and profit from innovative digital products, services and solutions, including cyber security and applications for optimized energy consumption. We see growth opportunities in opening up access to new markets and customers through new marketing and sales strategies, which we implement in our operating units. Our position along the value chains of automation and digitalization allows us to further increase market penetration. Along these value chains, we have identified several concrete growth fields in which we see our greatest long-term potential. Hence, we are combining and developing our resources and capabilities for these growth fields.

Turning COVID-19 challenges into opportunities: The participation in governmental COVID-19 recovery programs such as the European Union’s ”Next Generation EU" recovery plan is an opportunity for Siemens. There is also the chance to strengthen our customer relationship through additional market offerings that specifically address use cases related directly to the COVID-19 pandemic. Potential growth areas might arise through the optimization program "new normal" with, for example, more working flexibility for our employees.

Optimization of organization and processes: On the one hand, we leverage ideas to drive further improvements in our processes and cost structure, such as common computing architecture for image processing or optimizing factory capacities for shorter lead times. On the other hand, we see an opportunity of further penetrating markets by ramping up local business excellence (e.g. engineering) and increasing local sourcing and local manufacturing.

Assessment of the overall opportunities situation: The most significant opportunity for Siemens is favorable political and regulatory environment (including sustainability) as described above.

While our assessments of individual opportunities have changed during fiscal 2021 due to developments in the external environment, changes in our business portfolio, our endeavors to profit from them and revision of our strategic plans, the overall opportunity situation for Siemens did not change significantly as compared to the prior year.

8.5 Significant characteristics of the accounting-related internal control and risk management system

The overarching objective of our accounting-related internal control and risk management system is to ensure that financial reporting is conducted in a proper manner, such that the Consolidated Financial Statements and the Combined Management Report of Siemens Group as well as the Annual Financial Statements of Siemens AG as the parent company are prepared in accordance with all relevant regulations.

Our ERM approach is based on the globally accepted COSO Standard (Committee of Sponsoring Organizations of the Treadway Commission) Enterprise Risk Management – Integrating with Strategy and Performance (2017) and the ISO (International Organization for Standardization) Standard 31000 (2018) and is adapted to Siemens requirements. The frameworks connect the ERM process with our financial reporting process and our internal control system. They consider a company’s strategy, the efficiency and effectiveness of its business operations, the reliability of its financial reporting and compliance with relevant laws and regulations to be equally important. Our accounting-related internal control system is based on the internationally recognized Internal Control – Integrated Framework (2013) also developed by COSO. The two systems are complementary.

At the end of each fiscal year, our management performs an evaluation of the effectiveness of the implemented control system, both in design and operating effectiveness. We have a standardized procedure under which necessary controls are defined, documented in accordance with uniform standards, and tested regularly for their effectiveness. Nevertheless, there are inherent limitations on the effectiveness of any control system, and no system, including one determined to be effective, may prevent or detect all misstatements.

Our Consolidated Financial Statements are prepared on the basis of a centrally issued conceptual framework which primarily consists of uniform Financial Reporting Guidelines and a chart of accounts. For Siemens AG and other companies within the Siemens Group required to prepare financial statements in accordance with German Commercial Code, this conceptual framework is complemented by mandatory regulations specific to the German Commercial Code. The need for adjustments in the conceptual framework due to regulatory changes is analyzed on an ongoing basis. Accounting departments are informed quarterly about current topics and deadlines from an accounting and closing process perspective.

The base data used in preparing our financial statements consists of the closing data reported by the operations of Siemens AG and its subsidiaries. The preparation of the closing data of most of our entities is supported by an internal shared services organization. Furthermore, other accounting activities, such as governance and monitoring activities, are usually bundled on a regional level. In particular cases, such as valuations relating to post-employment benefits, we use external experts. The reported closing data is used to prepare the financial statements in the consolidation system. The steps necessary to prepare the financial statements are subject to both manual and automated controls.

Qualification of employees involved in the accounting process is ensured through appropriate selection processes and training. As a fundamental principle, based on materiality considerations, the "four eyes" principle applies, and specific procedures must be adhered to for data authorization. Additional control mechanisms include target-performance comparisons and analyses of the composition of and changes in individual line items, both in the closing data submitted by reporting units and in the Consolidated Financial Statements. In line with our information security requirements, accounting-related IT systems contain defined access rules protecting them from unauthorized access. The manual and system-based control mechanisms referred to above generally also apply when reconciling the International Financial Reporting Standards (IFRS) closing data to the Annual Financial Statements of Siemens AG.

On a quarterly basis, we execute an internal certification process. Management at different levels of our organization, supported by confirmations by managements of entities under their responsibility, confirms the accuracy of the financial data that has been reported to Siemens' corporate headquarters and reports on the effectiveness of the related control systems.

Siemens Healthineers is subject to our Group-wide principles for the accounting-related internal control and risk management system and is responsible for adhering to those principles. The management of Siemens Healthineers provides periodic signoffs to the Managing Board of Siemens AG, certifying the effectiveness of its accounting-related internal control system as well as the completeness, accuracy, and reliability of the financial data reported to us.

After the acquisition of Varian, Siemens Healthineers has commenced to integrate the former Varian entities into our accounting-related internal control and risk management system. The integration efforts for the accounting-related internal control system will continue in fiscal 2022.

Our internal audit function systematically evaluates our financial reporting integrity, the effectiveness of the control system and the risk management system, and adherence to our compliance policies. Siemens Healthineers has its own internal audit department and annual audit plan. Topics from the annual audit plan of Siemens Healthineers that are also relevant for our Managing Board and Audit Committee must be mandated first by Siemens Healthineers' Managing Board and Audit Committee and subsequently by our Managing Board and Audit Committee. The audit procedures for these topics will be generally executed by joint teams including members of our and Siemens Healthineers' internal audit functions, thus respecting the interests of both Siemens AG and Siemens Healthineers. In addition, the Audit Committee is integrated into our control system. In particular, it oversees the accounting and accounting process and the effectiveness of the internal control system, the risk management system and the internal audit system. Moreover, we have rules for accounting-related complaints.

9. Siemens AG

The Annual Financial Statements of Siemens AG have been prepared in accordance with the regulations set forth in the German Commercial Code (Handelsgesetzbuch) and the German Stock Corporation Act (Aktiengesetz).

In fiscal 2021, results for Siemens AG arise mainly from the business activities of Digital Industries and Smart Infrastructure and are influenced significantly by the results of subsidiaries and investments we own either directly or indirectly. The business development of Siemens AG is fundamentally subject to the same risks and opportunities as the Siemens Group. Therefore, the foregoing explanations for the Siemens Group apply also for Siemens AG.

The Supervisory Board and the Managing Board propose from the unappropriated net income of Siemens AG for the fiscal year ended September 30, 2021, amounting to €3,400 million to distribute a dividend of €4.00 per share of no par value entitled to the dividend. The proposed dividend represents a total payout of €3.2 billion based on the estimated number of shares entitled to dividend at the date of the Annual Shareholders' Meeting. Based on Net income of Siemens group attributable to shareholders of Siemens AG of €6.2 billion for fiscal 2021, the dividend payout percentage is 52%. We intend to continue providing an attractive return to our shareholders. This includes striving for a dividend per share that exceeds the amount of the preceding year, or that at least matches the prior-year-level. For fiscal 2022, we expect that net income of Siemens AG will be sufficient to fund the distribution of a corresponding dividend.

As of September 30, 2021, the number of employees was 49.100.

9.1 Results of operations

Statement of Income of Siemens AG in accordance with German Commercial Code (condensed)

	Fiscal year		% Change
(in millions of €)	2021	2020	
Revenue	**15,094**	16,389	(8)%
Cost of Sales	**(10,960)**	(12,032)	9%
Gross profit	**4,135**	4,357	(5)%
as percentage of revenue	***27%***	*27%*	
Research and development expenses	**(1,570)**	(1,677)	6%
Selling and general administrative expenses	**(2,999)**	(3,490)	14%
Other operating income (expenses), net	**(196)**	(555)	65%
Financial income, net *thereof Income from investments, net 5,303 (prior year 8,078)*	**5,797**	6,557	(12)%
Income from business activity	**5,166**	5,192	0%
Income taxes	**(20)**	78	n/a
Net income	**5,147**	5,270	(2)%
Profit carried forward	**171**	141	22%
Allocation to other retained earnings	**(1,918)**	(2,436)	21%
Unappropriated net income	**3,400**	2,975	14%

The decrease of **revenue and cost of sales** was due mainly to the business activities of Gas and Power which, effective with the beginning of calendar year 2020, were transferred to Siemens Energy Global GmbH & Co. KG in preparation of the Siemens Energy spin-off completed in September 2020.

On a geographical basis, 76% of revenue was generated in the Europe, C.I.S., Africa, Middle East region, 17% in the Asia, Australia region and 7% in the Americas region. Exports from Germany accounted for 54% of overall revenue. In fiscal 2021, orders for Siemens AG amounted to €15.7 billion.

Research and development expenses and selling and **general administrative expenses** decreased due mainly to the above-mentioned transfer of the business activities of Gas and Power.

The R&D intensity (R&D as a percentage of revenue) was 10%, on the same level as fiscal 2020. The research and development activities of Siemens AG are fundamentally the same as for its corresponding business activities within the Siemens Group. Research and development expenses in both periods related mainly to Digital Industries. On an average basis, we employed 7,000 people in R&D in fiscal 2021.

The change in **other operating income (expenses), net**, was mainly due to higher expenses in fiscal 2020, which included expenses related to the valuation of an investment as well as expenses related to the spin-off of Siemens Energy.

The decrease in **financial income, net** was due primarily to lower **income from investments, net,** partly offset by a positive change in other financial income (expenses), net. The primary factors in lower income from investments, net were the following: a profit transfer agreement with Siemens Beteiligungen Inland GmbH, Germany, which reduced income by €0.9 billion; a decline in income from the investment in Siemens Holdings plc, Ltd., United Kingdom, of €0.7 billion; and a decrease of €0.5 billion in income from Siemens Ltd, China. Furthermore, fiscal 2020 included a gain of €2.1 billion from the disposal of Siemens Limited, India, which was partly offset by an impairment of €1.3 billion on the stake in Siemens Energy AG. In contrast, a gain of €0.9 billion from the sale of Flender GmbH, Germany in fiscal 2021 was recorded in income from investments, net. The positive change in other financial income (expenses), net included an increase in gains from non-current securities by €0.5 billion and a reduction of expenses by €0.4 billion from impairments of loan receivables related to an investment. Higher gains from non-current securities were driven by a transfer of investment funds and corresponding realization of hidden reserves as mentioned below.

9.2 Net assets and financial position

Statement of Financial Position of Siemens AG in accordance with German Commercial Code (condensed)

(in millions of €)	Sep. 30, 2021	2020	% Change
Assets			
Non-current assets			
Intangible and tangible assets	**1,068**	1,122	(5)%
Financial assets	**74,852**	74,877	0%
	75,920	75,999	0%
Current assets			
Inventories, receivables and other assets	**21,792**	16,937	29%
Cash and cash equivalents, other securities	**2,297**	8,786	(74)%
	24,089	25,724	(6)%
Prepaid expenses	**184**	133	39%
Deferred tax assets	**1,243**	1,034	20%
Active difference resulting from offsetting	**51**	85	(41)%
Total assets	**101,487**	102,975	(1)%
Liabilities and equity			
Equity	**21,216**	18,917	12%
Special reserve with an equity portion	**541**	619	(13)%
Provisions			
Provisions for pensions and similar commitments	**12,372**	11,700	6%
Provisions for taxes and other provisions	**4,220**	4,323	(2)%
	16,592	16,023	4%
Liabilities			
Liabilities to banks	**501**	98	>200%
Trade payables, liabilities to affiliated companies and other liabilities	**62,389**	67,047	(7)%
	62,890	67,145	(6)%
Deferred income	**249**	271	(8)%
Total liabilities and equity	**101,487**	102,975	(1)%

During fiscal 2021 Siemens contributed supplemental fundings to Siemens Pension-Trust e.V. and took measures under company law to simplify the investment structure of pension assets, which for the most part had overall no impact on the carrying amount of the **financial assets** as of September 2021 compared to the prior year. The supplemental fundings included stakes in Bentley Systems, Inc. in the amount of €1.0 billion and in ChargePoint Holdings, Inc. in the amount of €0.3 billion, as well as zero-coupon receiver swaps in the amount of €0.3 billion. The measures to simplify the investment structure included a transfer of investment funds at fair value of €4.8 billion (including realization of hidden reserves) to shares in affiliated companies, which led to a disposal of securities with a carrying amount of €4.1 billion in the fixed assets register. In addition to these transactions Siemens recorded the disposal of Flender GmbH in the fixed assets register, at a carrying amount of €1.0 billion.

The change in **cash and cash equivalents, other securities** related to the liquidity management of the Corporate Treasury of Siemens AG, which was focused not solely on the business activities of Siemens AG. The liquidity management is based on the financing policy of the Siemens Group, which is aimed towards a balanced financing portfolio, a diversified maturity profile and a comfortable liquidity cushion. Intra-group financing activities drove both an increase in receivables from affiliated companies, which resulted in higher **inventories, receivables and other assets,** and lower liabilities to affiliated companies, which was the main reason for the reduction of **trade payables, liabilities to affiliated companies and other liabilities.**

The increase in **provisions for pensions and similar commitments** was mainly due to recording of current service and interest costs and to lower discount rates partly offset by payments for pensions and similar commitments.

The increase in **equity** was attributable to net income for the year of €5.1 billion and the transfer of €0.5 billion in treasury shares to employees in connection with our share-based payments programs. These factors were partly offset by dividends paid in fiscal 2021 (for fiscal 2020) of €2.8 billion and share buybacks during the year amounting to €0.5 billion (including a €0.4 billion final payment to the commissioned bank). The equity ratio as of September 30, 2021 increased to 21%, from 18% a fiscal year earlier. For the disclosures in accordance with Section 160 para. 1 no. 2 of the German Stock Corporation Act about treasury shares, refer to Note 15 of our Notes to Annual Financial Statements for fiscal 2021.

9.3 Corporate Governance statement

The Corporate Governance statement pursuant to Sections 289f and 315d of the German Commercial Code is publicly available on the company's website at siemens.de/corporate-governance.

10. Takeover-relevant information (pursuant to Sections 289a and 315a of the German Commercial Code) and explanatory report

10.1 Composition of common stock

As of September 30, 2021, the Company's common stock totaled €2.550 billion. The capital stock is divided into 850 million registered shares of no par value (Siemens shares). The shares are fully paid in. All shares confer the same rights and obligations. The shareholders' rights and obligations are governed in detail by the provisions of the German Stock Corporation Act, in particular by Sections 12, 53a et seq., 118 et seq. and 186 of the German Stock Corporation Act.

10.2 Restrictions on voting rights or transfer of shares

At the Shareholders' Meeting, each share of stock has one vote and accounts for the shareholder's proportionate share in the Company's net income. An exception to this rule applies with regard to treasury shares held by the Company, which do not entitle the Company to any rights. Under Section 136 of the German Stock Corporation Act the voting right of the affected shares is excluded by law.

Siemens shares issued to employees worldwide under the employee share programs implemented since the beginning of fiscal 2009, in particular the Share Matching Plan, are freely transferable unless applicable local laws provide otherwise. Under the rules of the Share Matching Plan, however, in order to receive one matching share free of charge for each three shares purchased, participants are required to hold the shares purchased by them for a vesting period of several years, during which the participants must be continuously employed by Siemens AG or any of its affiliated companies. The right to receive matching shares is forfeited if the purchased shares are sold, transferred, hedged on, pledged or hypothecated in any way during the relevant vesting period.

The von Siemens-Vermögensverwaltung GmbH (vSV) has, on a sustained basis, powers of attorney allowing it to exercise the voting rights for 10,716,740 shares (as of September 30, 2021) on behalf of members of the Siemens family. These shares are part of the total number of shares held by the family's members. The powers of attorney are based on an agreement between the vSV and, among others, members of the Siemens family. The shares are voted together by vSV, taking into account the suggestions of a family partnership established by the family's members or of one of this partnership's governing bodies.

10.3 Legislation and provisions of the Articles of Association applicable to the appointment and removal of members of the Managing Board and governing amendment to the Articles of Association

The appointment and removal of members of the Managing Board are subject to the provisions of Sections 84 and 85 of the German Stock Corporation Act and Section 31 of the German Codetermination Act (Mitbestimmungsgesetz). According to Section 8 para. 1 of the Articles of Association, the Managing Board is comprised of several members, the number of which is determined by the Supervisory Board.

According to Section 179 of the German Stock Corporation Act, any amendment to the Articles of Association requires a resolution of the Shareholders' Meeting. The authority to adopt purely formal amendments to the Articles of Association was transferred to the Supervisory Board under Section 13 para. 2 of the Articles of Association. In addition, by resolutions adopted during past Shareholders' Meetings, the Supervisory Board has been authorized to amend Section 4 of the Articles of Association in accordance with the utilization of the Authorized and Conditional Capitals, and after expiration of the then-applicable authorization and utilization period.

Resolutions of the Shareholders' Meeting require a simple majority vote, unless a greater majority is required by law (Section 23 para. 2 of the Articles of Association). Pursuant to Section 179 para. 2 of the German Stock Corporation Act, amendments to the Articles of Association require a majority of at least three-quarters of the capital stock represented at the time of the casting of the votes, unless another capital majority is prescribed by the Articles of Association.

10.4 Powers of the Managing Board to issue and repurchase shares

The Managing Board is authorized to increase, with the approval of the Supervisory Board, the capital stock until February 2, 2026 by up to €90 million through the issuance of up to 30 million Siemens shares against contributions in cash (Authorized Capital 2021). Subscription rights of existing shareholders are excluded. The new shares shall be offered exclusively to employees of the Company and any of its affiliated companies. To the extent permitted by law, such employee shares may also be issued in such a manner that the contribution to be paid on such shares is covered by that part of the annual net income which the Managing Board and the Supervisory Board may allocate to other retained earnings under Section 58 para. 2 of the German Stock Corporation Act.

Furthermore, the Managing Board is authorized to increase, with the approval of the Supervisory Board, the capital stock until January 29, 2024 by up to €510 million through the issuance of up to 170 million Siemens shares against cash contributions and/or contributions in kind (Authorized Capital 2019).

As of September 30, 2021, the total unissued authorized capital of Siemens AG therefore consisted of €600 million nominal that may be used, in installments with varying terms, by issuance of up to 200 million Siemens shares.

By resolutions of the Shareholders' Meetings on January 30, 2019 and February 5, 2020, the Managing Board is authorized to issue bonds with conversion, exchange or option rights or with warrants attached, or a combination of these instruments, entitling the holders to subscribe to up to 80 million and up to 60 million Siemens shares, respectively. Based on these two authorizations, the Company or its affiliated companies may issue bonds until January 29, 2024 and February 4, 2025, respectively, each in an aggregate principal amount of up to €15 billion. In order to grant shares of stock to holders/creditors of such convertible bonds or warrant bonds, the capital stock was conditionally increased by resolutions of the Shareholders' Meetings in 2019 and 2020, by up to 80 million and up to 60 million Siemens shares, respectively (Conditional Capitals 2019 and 2020), i.e. in total by up to €420 million through the issuance of up to 140 million Siemens shares.

The new shares under Authorized Capital 2019 and the aforementioned bonds are to be issued against cash or non-cash contributions. They are, as a matter of principle, to be offered to shareholders for subscription. The Managing Board is authorized to exclude, with the approval of the Supervisory Board, subscription rights of shareholders in the event of capital increases against contributions in kind. In the event of capital increases against contributions in cash, the Managing Board is authorized to exclude shareholders' subscription rights with the approval of the Supervisory Board in the following cases:

- The issue price of the new shares/bonds is not significantly lower than the stock market price of the Siemens shares already listed or the theoretical market price of the bonds computed in accordance with generally accepted actuarial methods (exclusion of subscription rights, limited to 10% of the capital stock, in accordance with or by mutatis mutandis application of Section 186 para. 3 sentence 4 German Stock Corporation Act).
- The exclusion is necessary with regard to fractional amounts resulting from the subscription ratio.
- The exclusion is used to grant holders of conversion or option rights or conversion or option obligations on Siemens shares a compensation for the effects of dilution.

The new shares issued or to be issued in exchange for contributions in cash and in kind and with shareholders' subscription rights excluded, may in certain cases be subject to further restrictions. The details of those restrictions are described in the relevant authorization. In addition, the Managing Board has issued the commitment not to increase the capital stock from the Authorized Capital 2019 and the Conditional Capitals 2019 and 2020 by a total of more than 10% of the capital stock existing at the time of the Shareholders' Meeting on February 5, 2020, to the extent that capital increases with shareholders' subscription rights excluded are made from the Authorized Capital 2019 against contributions in cash or in kind or to service convertible bonds and/or warrant bonds issued under the authorizations approved on January 30, 2019 or February 5, 2020 with shareholders' subscription rights excluded. This commitment ends no later than February 4, 2025.

The Company may not repurchase its own shares unless so authorized by a resolution duly adopted by the shareholders at a general meeting or in other very limited circumstances set forth in the German Stock Corporation Act. On February 5, 2020, the Shareholders' Meeting authorized the Company to acquire until February 4, 2025 up to 10% of its capital stock existing at the date of adopting the resolution or – if this value is lower – as of the date on which the authorization is exercised. The aggregate of shares of stock of Siemens AG repurchased under this authorization and any other Siemens shares previously acquired and still held in treasury by the Company or attributable to the Company pursuant to Sections 71d and 71e of the German Stock Corporation Act may at no time exceed 10% of the then existing capital stock. Any repurchase of Siemens shares shall be accomplished at the discretion of the Managing Board either (1) by acquisition over the stock exchange, (2) through a public share repurchase offer or (3) through a public offer to swap Siemens shares for shares in a listed company within the meaning of Section 3 para. 2 German Stock Corporation Act. The Managing Board is additionally authorized to complete the repurchase of Siemens shares in accordance with the authorization described above by using certain derivatives (put and call options, forward purchases and any combination of these derivatives). In exercising this authorization, all stock repurchases based on the derivatives are limited to a maximum volume of 5% of Siemens' capital stock existing at the date of adopting the resolution at the Shareholders' Meeting. A derivative's term of maturity may not, in any case, exceed 18 months and must be chosen in such a way that the repurchase of Siemens shares upon exercise of the derivative will take place no later than February 4, 2025.

In addition to selling them over the stock exchange or through a public sales offer to all shareholders, the Managing Board is authorized by resolution of the Shareholders' Meeting on February 5, 2020 to also use Siemens shares repurchased on the basis of this or any previously given authorization for every permissible purpose, in particular as follows: Such Siemens shares may be

- retired;
- used in connection with share-based compensation programs and/or employee share programs of the Company or any of its affiliated companies and issued to individuals currently or formerly employed by the Company or any of its affiliated companies as well as to board members of any of the Company's affiliated companies;
- offered and transferred, with the approval of the Supervisory Board, to third parties against non-cash contributions;
- sold by the Managing Board, with the approval of the Supervisory Board, against payment in cash if the price at which such Siemens shares are sold is not significantly lower than the market price of Siemens stock (exclusion of subscription rights, limited to 10% of the capital stock, by mutatis mutandis application of Section 186 para. 3 sentence 4 German Stock Corporation Act); or
- used to service or secure obligations or rights to acquire Siemens shares arising particularly from or in connection with convertible bonds or warrant bonds of the Company or its affiliated companies. Moreover, the Managing Board is authorized to exclude subscription rights in order to grant holders/creditors of conversion or option rights or respective conversion or option obligations on Siemens shares subscription rights as compensation against effects of dilution to the extent to which they would be entitled after exercise of such rights or fulfillment of such obligations, and to use Siemens shares to service such subscription rights.

Furthermore, the Supervisory Board is authorized to use shares acquired on the basis of this or any previously given authorization to meet obligations or rights to acquire Siemens shares that were or will be agreed with members of the Managing Board within the framework of rules governing Managing Board compensation.

In November 2018, the Company announced that it would carry out a share buyback of up to €3 billion in volume until November 15, 2021 at the latest. The buyback commenced on December 3, 2018 and terminated on September 24, 2021. Using the authorizations given by the Annual Shareholders' Meetings on January 27, 2015 and February 5, 2020, Siemens repurchased 29.4 million shares by September 30, 2021 under this share buyback. This buyback had the exclusive purposes of retirement, of issuing shares to employees, board members of affiliated companies and members of the Managing Board of Siemens AG, and of servicing/securing the obligations or rights to acquire Siemens shares arising particularly from or in connection with convertible bonds and warrant bonds. On June 24, 2021, Siemens announced that it intends to launch a new five-year share buyback program of up to €3 billion, beginning in fiscal 2022.

As of September 30, 2021, the Company held 47,644,581 shares of stock in treasury.

For details on the authorizations referred to above, especially with the restrictions to exclude subscription rights and the terms to include shares when calculating such restrictions, please refer to the relevant resolution and to Section 4 of the Articles of Association.

10.5 Significant agreements which take effect, alter or terminate upon a change of control of the Company following a takeover bid

As of September 30, 2021, Siemens AG maintained lines of credit in the amount of € 7.45 billion.

In March 2021, Siemens AG entered into a bilateral loan agreement, which has been drawn in the full amount of € 500 million.

In addition, in March 2020 and in June 2019 respectively, a consolidated subsidiary as borrower and Siemens AG as guarantor entered into a bilateral loan agreement, each of which has been drawn in the full amount of US$ 500 million. In February 2021, a consolidated subsidiary as borrower entered into two bilateral loan agreements in the total amount of US$ 500 million; both loan agreements have been guaranteed by Siemens AG and have been fully drawn.

The lines of credit, and the relevant loan agreements mentioned above provide their respective lenders with a right of termination in the event that (1) Siemens AG becomes a subsidiary of another company or (2) a person or a group of persons acting in concert acquires effective control over Siemens AG by being able to exercise decisive influence over its activities (Art. 3(2) of Council Regulation (EC) 139 / 2004).

Framework agreements concluded by Siemens AG under International Swaps and Derivatives Association Inc. documentation (ISDA Agreements) grant each counterparty a right of termination, including in certain cases of (i) a transformation (for example mergers and changes of form), (ii) an asset transfer or (iii) acquisition of ownership interests that enables the acquirer to exercise control over Siemens AG or its controlling bodies. Partially this right of termination exists only, if (1) the resulting entity fails to simultaneously assume Siemens AG's obligations under the ISDA Agreements or (2) the resulting entity's creditworthiness is materially weaker than Siemens AG's immediately prior to such event. Generally, ISDA Agreements are designed such that upon termination all outstanding payment claims documented under them are to be netted.

10.6 Compensation agreements with members of the Managing Board or employees in the event of a takeover bid

The contracts with the members of the Managing Board previously contained the right of the member to terminate his or her contract with the Company for good cause in the event of a change of control that results in a substantial change in the position of a Managing Board member (for example, due to a change in corporate strategy or a change in the Managing Board member's duties and responsibilities). A change of control exists if one or several shareholders acting jointly or in concert acquire a majority of the voting rights in Siemens AG and exercise a controlling influence, or if Siemens AG becomes a dependent enterprise as a result of entering into an intercompany agreement within the meaning of Section 291 of the German Stock Corporation Act, or if Siemens AG is to be merged into an existing corporation or other entity. If this right of termination is exercised, the Managing Board member is entitled to a severance payment in the amount of no more than two years' compensation. The calculation of the annual compensation includes not only the base compensation and the target amount for the bonus, but also the target amount for the stock awards, in each case based on the most recent completed fiscal year prior to termination of the contract. The stock-based compensation components for which a firm commitment already exists will remain unaffected. Additionally, the severance payments cover non-monetary benefits by including an amount of 5% of the total severance amount. Severance payments will be reduced by 10% as a lump-sum allowance for discounted values and for income earned elsewhere. However, this reduction will apply only to the portion of the severance payment that was calculated without taking account of the first six months of the remaining term of the Managing Board member's contract. There is no entitlement to a severance payment if the Managing Board member receives benefits from third parties in connection with a change of control. A right to terminate the contract does not exist if the change of control occurs within a period of twelve months prior to a Managing Board member's retirement.

On September 18, 2019, the Supervisory Board of Siemens AG resolved that the contracts with members of the Managing Board should not contain such right of termination in the future. This has already been taken into account in the case of contract extensions and in the case of new contracts with the newly appointed members of the Managing Board as of October 1, 2020.

10.7 Other takeover-relevant information

We are not aware of, nor have we during the last fiscal year been notified of, any shareholder directly or indirectly holding 10% or more of the voting rights. There are no Siemens shares with special rights conferring powers of control. Shares of stock issued by Siemens AG to employees under its employee share program and/or as share-based compensation are transferred to the employees. The beneficiary employees who hold shares of employee stock may exercise their control rights in the same way as any other shareholder in accordance with applicable laws and the Articles of Association.

Consolidated Financial Statements*

FOR FISCAL 2021

* This document is an English language translation of the decisive German version and is not provided in the European Single Electronic Format (ESEF). The legally required rendering in ESEF-format is filed in German language with the operator of the German Federal Gazette and published in the German Federal Gazette.

SIEMENS

1. Consolidated Statements of Income

(in millions of €, per share amounts in €)	Note	Fiscal year 2021	2020
Revenue	2, 30	**62,265**	55,254
Cost of sales		**(39,527)**	(35,366)
Gross profit		**22,737**	19,888
Research and development expenses		**(4,859)**	(4,569)
Selling and general administrative expenses		**(11,189)**	(10,682)
Other operating income	5	**236**	630
Other operating expenses	6	**(431)**	(396)
Income (loss) from investments accounted for using the equity method, net	4	**(478)**	(596)
Interest income		**1,483**	1,545
Interest expenses		**(644)**	(814)
Other financial income (expenses), net		**641**	496
Income from continuing operations before income taxes		**7,496**	5,502
Income tax expenses	7	**(1,861)**	(1,346)
Income from continuing operations		**5,636**	4,156
Income from discontinued operations, net of income taxes	3	**1,062**	44
Net income		**6,697**	4,200
Attributable to:			
Non-controlling interests		**537**	170
Shareholders of Siemens AG		**6,161**	4,030
Basic earnings per share	28		
Income from continuing operations		**6.36**	4.77
Income from discontinued operations		**1.32**	0.23
Net income		**7.68**	5.00
Diluted earnings per share	28		
Income from continuing operations		**6.28**	4.70
Income from discontinued operations		**1.31**	0.23
Net income		**7.59**	4.93

2. Consolidated Statements of Comprehensive Income

(in millions of €)	Note	Fiscal year 2021	2020
Net income		**6,697**	4,200
Remeasurements of defined benefit plans	17	**2,123**	(261)
therein: Income tax effects		***(45)***	*33*
Remeasurements of equity instruments		**30**	5
therein: Income tax effects		***(1)***	*(3)*
Income (loss) from investments accounted for using the equity method, net		**57**	17
Items that will not be reclassified to profit or loss		**2,210**	(240)
Currency translation differences		**1,587**	(2,805)
Derivative financial instruments		**(237)**	148
therein: Income tax effects		***31***	*(38)*
Income (loss) from investments accounted for using the equity method, net		**88**	(89)
Items that may be reclassified subsequently to profit or loss		**1,438**	(2,746)
Other comprehensive income, net of income taxes		**3,647**	(2,986)
Total comprehensive income		**10,345**	1,214
Attributable to:			
Non-controlling interests		**693**	(47)
Shareholders of Siemens AG		**9,652**	1,261

3. Consolidated Statements of Financial Position

(in millions of €)	Note	Sep 30, 2021	Sep 30, 2020
Assets			
Cash and cash equivalents		**9,545**	14,041
Trade and other receivables	8	**15,518**	14,074
Other current financial assets	9	**7,985**	8,382
Contract assets	10	**6,688**	5,545
Inventories	11	**8,836**	7,795
Current income tax assets	7	**1,795**	1,523
Other current assets		**1,751**	1,271
Assets classified as held for disposal	3	**223**	338
Total current assets		**52,340**	52,968
Goodwill	3, 12	**29,729**	20,449
Other intangible assets	3, 12	**10,964**	4,838
Property, plant and equipment	13	**11,023**	10,250
Investments accounted for using the equity method	4	**7,539**	7,862
Other financial assets	14, 23	**22,964**	22,771
Deferred tax assets	7	**2,865**	2,988
Other assets		**2,183**	1,769
Total non-current assets		**87,267**	70,928
Total assets		**139,608**	123,897
Liabilities and equity			
Short-term debt and current maturities of long-term debt	16	**7,821**	6,562
Trade payables		**8,832**	7,873
Other current financial liabilities		**1,731**	1,958
Contract liabilities	10	**9,858**	7,524
Current provisions	18	**2,263**	1,674
Current income tax liabilities		**1,809**	2,281
Other current liabilities	15	**7,628**	6,209
Liabilities associated with assets classified as held for disposal	3	**10**	35
Total current liabilities		**39,952**	34,117
Long-term debt	16	**40,879**	38,005
Provisions for pensions and similar obligations	17	**2,839**	6,360
Deferred tax liabilities	7	**2,337**	664
Provisions	18	**1,723**	2,352
Other financial liabilities		**679**	769
Other liabilities		**1,925**	1,808
Total non-current liabilities		**50,381**	49,957
Total liabilities		**90,333**	84,074
Equity	3, 19		
Issued capital		**2,550**	2,550
Capital reserve		**7,040**	6,840
Retained earnings		**39,607**	33,078
Other components of equity		**(19)**	(1,449)
Treasury shares, at cost		**(4,804)**	(4,629)
Total equity attributable to shareholders of Siemens AG		**44,373**	36,390
Non-controlling interests	3	**4,901**	3,433
Total equity		**49,274**	39,823
Total liabilities and equity		**139,608**	123,897

4. Consolidated Statements of Cash Flows

(in millions of €)	Fiscal year 2021	2020
Cash flows from operating activities		
Net income	**6,697**	4,200
Adjustments to reconcile net income to cash flows from operating activities - continuing operations		
Income from discontinued operations, net of income taxes	**(1,062)**	(44)
Amortization, depreciation and impairments	**3,075**	3,098
Income tax expenses	**1,861**	1,346
Interest (income) expenses, net	**(839)**	(731)
(Income) loss related to investing activities	**(243)**	(644)
Other non-cash (income) expenses	**586**	373
Change in operating net working capital from		
Contract assets	**(934)**	(723)
Inventories	**(444)**	(414)
Trade and other receivables	**(1,227)**	214
Trade payables	**1,286**	67
Contract liabilities	**1,132**	418
Additions to assets leased to others in operating leases	**(463)**	(500)
Change in other assets and liabilities	**1,403**	1,183
Income taxes paid	**(2,324)**	(1,632)
Dividends received	**238**	293
Interest received	**1,369**	1,347
Cash flows from operating activities - continuing operations	**10,109**	7,851
Cash flows from operating activities - discontinued operations	**(113)**	1,012
Cash flows from operating activities - continuing and discontinued operations	**9,996**	8,862
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment	**(1,730)**	(1,498)
Acquisitions of businesses, net of cash acquired	**(14,391)**	(1,727)
Purchase of investments and financial assets for investment purposes	**(1,523)**	(1,269)
Change in receivables from financing activities	**(631)**	(994)
Disposal of intangibles and property, plant and equipment	**98**	47
Disposal of businesses, net of cash disposed	**2**	218
Disposal of investments and financial assets for investment purposes	**985**	1,174
Cash flows from investing activities - continuing operations	**(17,192)**	(4,050)
Cash flows from investing activities - discontinued operations	**1,698**	(1,134)
Cash flows from investing activities - continuing and discontinued operations	**(15,494)**	(5,184)
Cash flows from financing activities		
Purchase of treasury shares	**(547)**	(1,517)
Re-issuance of treasury shares and other transactions with owners	**2,055**	2,624
Issuance of long-term debt	**8,316**	10,255
Repayment of long-term debt (including current maturities of long-term debt)	**(4,294)**	(4,472)
Change in short-term debt and other financing activities	**(952)**	1,592
Interest paid	**(704)**	(833)
Dividends paid to shareholders of Siemens AG	**(2,804)**	(3,174)
Dividends attributable to non-controlling interests	**(285)**	(208)
Cash flows from financing activities - continuing operations	**785**	4,267
Cash flows from financing activities - discontinued operations	**–**	(1,095)
Cash flows from financing activities - continuing and discontinued operations	**785**	3,172
Effect of deconsolidation of Siemens Energy on cash and cash equivalents	**–**	(4,663)
Effect of changes in exchange rates on cash and cash equivalents	**204**	(525)
Change in cash and cash equivalents	**(4,509)**	1,663
Cash and cash equivalents at beginning of period	**14,054**	12,391
Cash and cash equivalents at end of period	**9,545**	14,054
Less: Cash and cash equivalents of assets classified as held for disposal and discontinued operations at end of period	**–**	13
Cash and cash equivalents at end of period (Consolidated Statements of Financial Position)	**9,545**	14,041

5. Consolidated Statements of Changes in Equity

(in millions of €)	Issued capital	Capital reserve	Retained earnings	Currency translation differences	Equity instruments	Derivative financial instruments	Treasury shares at cost	Total equity attributable to share-holders of Siemens AG	Non controlling interests	Total equity
Balance as of October 1, 2019	2,550	6,839	41,790	1,409	(49)	(226)	(3,663)	48,650	2,858	51,508
Net income	–	–	4,030	–	–	–	–	4,030	170	4,200
Other comprehensive income, net of income taxes	–	–	(185)	(2,701)	7	111	–	(2,769)	(218)	(2,986)
Dividends	–	–	(3,174)	–	–	–	–	(3,174)	(318)	(3,492)
Share-based payment	–	(6)	(141)	–	–	–	–	(147)	–	(147)
Purchase of treasury shares	–	–	–	–	–	–	(1,511)	(1,511)	–	(1,511)
Re-issuance of treasury shares	–	5	–	–	–	–	545	550	–	550
Disposal of equity instruments	–	–	(2)	–	–	–	–	(2)	–	(2)
Changes in equity resulting from major portfolio transactions	–	–	(9,589)	–	–	–	–	(9,589)	–	(9,589)
Other transactions with non-controlling interests	–	1	365	–	–	–	–	366	1,603	1,969
Other changes in equity	–	–	(15)	–	–	–	–	(15)	(663)	(677)
Balance as of September 30, 2020	2,550	6,840	33,078	(1,292)	(42)	(115)	(4,629)	36,390	3,433	39,823
Balance as of October 1, 2020	**2,550**	**6,840**	**33,078**	**(1,292)**	**(42)**	**(115)**	**(4,629)**	**36,390**	**3,433**	**39,823**
Net income	**–**	**–**	**6,161**	**–**	**–**	**–**	**–**	**6,161**	**537**	**6,697**
Other comprehensive income, net of income taxes	**–**	**–**	**2,175**	**1,465**	**29**	**(178)**	**–**	**3,492**	**156**	**3,647**
Dividends	**–**	**–**	**(2,804)**	**–**	**–**	**–**	**–**	**(2,804)**	**(284)**	**(3,088)**
Share-based payment	**–**	**137**	**(63)**	**–**	**–**	**–**	**–**	**74**	**–**	**74**
Purchase of treasury shares	**–**	**–**	**–**	**–**	**–**	**–**	**(547)**	**(547)**	**–**	**(547)**
Re-issuance of treasury shares	**–**	**58**	**–**	**–**	**–**	**–**	**372**	**430**	**–**	**430**
Disposal of equity instruments	**–**	**–**	**8**	**–**	**–**	**–**	**–**	**8**	**–**	**8**
Changes in equity resulting from major portfolio transactions	**–**	**–**	**1,229**	**–**	**–**	**–**	**–**	**1,229**	**1,095**	**2,325**
Other transactions with non-controlling interests	**–**	**5**	**(178)**	**–**	**–**	**–**	**–**	**(174)**	**(45)**	**(219)**
Other changes in equity	**–**	**–**	**1**	**–**	**–**	**114**	**–**	**115**	**9**	**124**
Balance as of September 30, 2021	**2,550**	**7,040**	**39,607**	**173**	**(13)**	**(179)**	**(4,804)**	**44,373**	**4,901**	**49,274**

6. Notes to Consolidated Financial Statements

NOTE 1 Basis of presentation

The accompanying Consolidated Financial Statements present the operations of Siemens Aktiengesellschaft with registered offices in Berlin (registry number HRB 12300) and Munich (registry number HRB 6684), Germany, and its subsidiaries (the Company or Siemens). They have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union as well as with the additional requirements set forth in Section 315e (1) of the German Commercial Code (HGB). The financial statements are in accordance with IFRS as issued by the International Accounting Standards Board (IASB). The Consolidated Financial Statements were authorized for issue by the Managing Board on November 30, 2021. Siemens prepares and reports its Consolidated Financial Statements in euros (€). Due to rounding, numbers presented may not add up precisely to totals provided. Siemens is a German based multinational focused technology company.

NOTE 2 Material accounting policies and critical accounting estimates

Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on the Company's results of operations, financial positions and cash flows. Critical accounting estimates could also involve estimates where Siemens reasonably could have used a different estimate in the current accounting period. Siemens cautions that future events often vary from forecasts and that estimates routinely require adjustment.

COVID-19 – Impacts of the pandemic coronavirus spread on Siemens' Consolidated Financial Statements are contingent on the further evolution of virus variants, the progress of worldwide vaccinations and the vaccines' effectiveness. Potential impacts may also result from increasingly phased out financial and non-financial measures originally taken by governments and organizations globally. Related impacts could influence fair value and carrying amounts of assets and liabilities, amount and timing of results of operations and cash flows. Effects vary considerably by region and customer industries. Siemens based its estimates and assumptions on existing knowledge and best information available. We expect that related effects on Siemens' Consolidated Financial Statements will not reach a substantial degree.

Basis of consolidation – The Consolidated Financial Statements include the accounts of Siemens AG and its subsidiaries over which the Company has control. Siemens controls an investee if it has power over the investee. In addition, Siemens is exposed to, or has rights to, variable returns from the involvement with the investee and Siemens is able to use its power over the investee to affect the amount of Siemens' return.

Business combinations – Cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are initially measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Non-controlling interests are measured at the proportional fair value of assets acquired and liabilities assumed (partial goodwill method). If there is no loss of control, transactions with non-controlling interests are accounted for as equity transactions not affecting net income. At the date control is lost, any retained equity interests are remeasured to fair value. In case of a written put option on non-controlling interests the Company assesses whether the prerequisites for the transfer of present ownership interest are fulfilled at the balance sheet date. If the Company is not the beneficial owner of the shares underlying the put option, the exercise of the put option will be assumed at each balance sheet date and treated as equity transaction between shareholders with the recognition of a purchase liability at the respective exercise price. The non-controlling interests participate in profits and losses during the reporting period.

Associates and joint ventures – Associates are companies over which Siemens has the ability to exercise significant influence over operating and financial policies (generally through direct or indirect ownership of 20% to 50% of the voting rights). Joint ventures are entities over which Siemens and one or more parties have joint control. Joint control requires unanimous consent of the parties sharing control in decision making on relevant activities.

Associates and joint ventures are recorded in the Consolidated Financial Statements using the equity method and are initially recognized at cost. If the investment was retained in a transaction in which Siemens lost control of a subsidiary, the fair value of the investment represents the cost on initial recognition. Siemens' share of its associate's or joint venture's post-acquisition profits or losses is recognized in the Consolidated Statements of Income, and its share of post-acquisition changes in equity that have not been recognized in the associate's or joint venture's profit or loss is recognized directly in equity. The cumulative post-acquisition changes also include effects from fair value adjustments and are adjusted against the carrying amount of the investment. When Siemens' share of losses in an associate or joint venture equals or exceeds its interest in the investment, Siemens does not recognize further losses, unless it incurs obligations or makes payments on behalf of the associate or joint venture. The interest in an associate or joint venture is the carrying amount of the investment together with any long term interests that, in substance, form part of Siemens' net investment in the associate or joint venture.

Siemens reviews associates and joint ventures for impairment whenever there is objective evidence that its investment is impaired, for example a significant or prolonged decline in the fair value of the investment below its cost. This includes the use of estimates and assumptions also related to observable valuation inputs that tend to be uncertain.

Foreign currency translation – Assets and liabilities of foreign subsidiaries, where the functional currency is other than the euro, are translated using the spot exchange rate at the end of the reporting period, while the Consolidated Statements of Income are translated using average exchange rates during the period. Differences arising from such translations are recognized within equity and reclassified to net income when the gain or loss on disposal of the foreign subsidiary is recognized. The Consolidated Statements of Cash Flows are translated at average exchange rates during the period, whereas cash and cash equivalents are translated at the spot exchange rate at the end of the reporting period.

Foreign currency transaction – Transactions that are denominated in a currency other than the functional currency of an entity, are recorded at that functional currency applying the spot exchange rate at the date when the underlying transactions are initially recognized. At the end of the reporting period, foreign currency-denominated monetary assets and liabilities are revalued to functional currency applying the spot exchange rate prevailing at that date. Gains and losses arising from these foreign currency revaluations are recognized in net income. Those foreign currency-denominated transactions which are classified as non-monetary are remeasured using the historical spot exchange rate.

Revenue recognition – Siemens recognizes revenue when, or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking our customer's creditworthiness into account. Revenue is the transaction price Siemens expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved. The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration. Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or Siemens. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Company reasonably estimates those. Revenue is recognized for each performance obligation either at a point in time or over time.

Sales from construction-type contracts: Revenues are recognized over time under the percentage-of-completion method, based on the percentage of costs incurred to date compared to total estimated costs. An expected loss on the contract is recognized as an expense immediately. Payment terms are usually 30 days from the date of invoice issued according to the contractual terms.

The percentage-of-completion method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required to fulfill the contractually defined obligations. These significant estimates include total estimated costs, total estimated revenues, contract risks, including technical, political and regulatory risks, risks from supply chain constraints and other judgments. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenue. In addition, Siemens needs to assess whether the contract is expected to continue or whether it is terminated. In determining whether the continuation or termination of a contract is expected to be the most likely scenario, all relevant facts and circumstances relating to the contract are considered on an individual basis.

Revenues from services: Revenues are recognized over time on a straight-line basis or, if the performance pattern is other than straight-line, as services are provided, i.e. under the percentage-of-completion method as described above. Payment terms are usually 30 days from the date of invoice issued according to the contractual terms.

Sale of goods: Revenues are recognized at a point in time when control of the goods passes to the buyer, usually upon delivery of the goods. Invoices are issued at that point in time and are usually payable within 30 days. For licensing transactions granting the customer a right to use Siemens' intellectual property, payment terms are usually 30 days from the date of invoice issued according to the contractual terms.

Income from royalties: Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement.

Income from interest – Interest is recognized using the effective interest method.

Functional costs – In general, operating expenses by types are assigned to the functions following the functional area of the corresponding profit and cost centers. Amortization, depreciation and impairment of intangible assets and property, plant and equipment are included in functional costs depending on the use of the assets.

Product-related expenses – Provisions for estimated costs related to product warranties are recorded in line item Cost of sales at the time the related sale is recognized.

Research and development costs – Costs of research activities are expensed as incurred. Costs of development activities are capitalized when the recognition criteria in IAS 38 are met. Capitalized development costs are stated at cost less accumulated amortization and impairment losses with an amortization period of generally three to ten years.

Earnings per share – Basic earnings per share are computed by dividing income from continuing operations, income from discontinued operations and net income, all attributable to ordinary shareholders of Siemens AG by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by assuming conversion or exercise of all potentially dilutive securities and share-based payment plans.

Goodwill – Goodwill is not amortized, instead, goodwill is tested for impairment annually, as well as whenever there are events or changes in circumstances (triggering events) which suggest that the carrying amount may not be recoverable. Goodwill is carried at cost less accumulated impairment losses. The goodwill impairment test is performed at the level of a cash-generating unit or a group of cash-generating units, generally represented by a segment. Siemens Healthineers is tested one level below the segment. This is the lowest level at which goodwill is monitored for internal management purposes.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash-generating unit or the group of cash-generating units that is expected to benefit from the synergies of the business combination. If the carrying amount of the cash-generating unit or the group of cash-generating units, to which the goodwill is allocated, exceeds its recoverable amount, an impairment loss on goodwill allocated to that (group of) cash-generating unit(s) is recognized. The recoverable amount is the higher of the cash-generating unit's or the group of cash-generating units' fair value less costs to sell and its value in use. If either of these values exceeds the carrying amount, it is not always necessary to determine both values. These values are generally determined based on discounted cash flow calculations. Impairment losses on goodwill are not reversed in future periods.

The determination of the recoverable amount of a cash-generating unit or a group of cash-generating units to which goodwill is allocated involves the use of estimates by management. The outcome predicted by these estimates is influenced e.g. by the successful integration of acquired entities, volatility of capital markets, interest rate developments, foreign exchange rate fluctuations and the outlook on economic trends. In determining recoverable amounts, discounted cash flow calculations generally use five-year projections (in exceptional cases up to ten years) that are based on financial forecasts. Cash flow projections take into account past experience and represent management's best estimate about future developments. Cash flows after the planning period are extrapolated using individual growth rates. Key assumptions on which management has based its determination of fair value less costs to sell and value in use include estimated growth rates and weighted average cost of capital. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any goodwill impairment.

Other intangible assets – The Company amortizes intangible assets with finite useful lives on a straight-line basis over their respective estimated useful lives. Estimated useful lives for patents, licenses and other similar rights generally range from three to five years, except for intangible assets with finite useful lives acquired in business combinations. Intangible assets acquired in business combinations primarily consist of customer relationships and trademarks as well as technology. Useful lives in specific acquisitions ranged from four to 30 years for customer relationships and trademarks (in fiscal 2020 four to 20 years) and for technology from five to 22 years (in fiscal 2020 five to 18 years).

Property, plant and equipment – Property, plant and equipment, is valued at cost less accumulated depreciation and impairment losses. Depreciation expense is recognized using the straight-line method. The following useful lives are assumed:

Factory and office buildings	20 to 50 years
Other buildings	5 to 10 years
Technical machinery & equipment	generally 10 years
Office & other equipment	generally 5 years
Equipment leased to others	generally 3 to 7 years

Impairment of property, plant and equipment and other intangible assets – The Company reviews property, plant and equipment and other intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, intangible assets not yet available for use are subject to an annual impairment test. Impairment testing of property, plant and equipment and other intangible assets involves the use of estimates in determining the assets' recoverable amount, which can have a material impact on the respective values and ultimately the amount of any impairment.

Leases – A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Further information on leases can be found in Notes 8, 13 and 16.

Lessor – Leases are classified as either finance or operating leases, determined based on whether substantially all the risks and rewards incidental to ownership of an underlying asset are transferred. If this is the case, the lease is classified as a finance lease; if not, it is an operating lease. Receivables from finance leases are recognized at an amount equal to the net investment in the lease. The assets underlying the operating leases are presented in Property, plant and equipment and depreciated on a straight-line basis over their useful lives or to their estimated residual value. Operating lease income is recognized on a straight-line basis over the lease term.

Lessee – Siemens recognizes right-of-use assets and lease liabilities for leases with a term of more than twelve months if the underlying asset is not of low value. Payments for short-term and low-value leases are expensed over the lease term. Extension options are included in the lease term if their exercise is reasonably certain. Right-of-use assets are measured at cost less accumulated depreciation and impairment losses adjusted for any remeasurements. Right-of-use assets are depreciated under the straight-line method over the shorter of the lease term and the useful life of the underlying assets. Lease liabilities are measured at the present value of the lease payments due over the lease term, generally discounted using the incremental borrowing rate. Lease liabilities are subsequently measured at amortized cost using the effective interest method. They are remeasured in case of modifications or reassessments of the lease.

Discontinued operations and non-current assets held for disposal – Discontinued operations are reported when a component of an entity is classified as held for disposal or has been disposed of, if the component represents a separate major line of business or geographical area of operations and is part of a single coordinated plan to disposal. A non-current asset or a disposal group is held for disposal if its carrying amount will be recovered principally through a sale transaction or through a distribution to owners rather than through continuing use. In the Consolidated Statements of Income and of Cash Flows, discontinued operations is reported separately from continuing operations; prior periods are presented on a comparable basis. The disclosures in the Notes to the Consolidated Financial Statements outside Note 3 relate to continuing operations or assets and liabilities not held for disposal. The determination of the fair value less costs to sell includes the use of estimates and assumptions that tend to be uncertain.

Income taxes – Tax positions are calculated taking into consideration the respective local tax laws, relevant court decisions and applicable tax authorities' views. Tax regulations can be complex and possibly subject to different interpretations of tax payers and local tax authorities. Different interpretations of existing or new tax laws as a result of tax reforms or other tax legislative procedures may result in additional tax payments for prior years and are taken into account based on management's considerations. Under the liability method, deferred tax assets and liabilities are recognized for expected tax consequences of future periods attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets are recognized if sufficient future taxable profit is available, including income from forecasted operating earnings, the reversal of existing taxable temporary differences and available tax planning opportunities that Siemens would execute. As of each period-end, Siemens evaluates the recoverability of deferred tax assets, based on taxable income of past periods and projected future taxable profits. As future developments are uncertain and partly beyond Siemens's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will recover. Estimates are revised in the period in which there is sufficient evidence to revise the assumption.

Contract assets, contract liabilities, receivables – When either party to a contract with customers has performed, Siemens presents a contract asset, a contract liability or a receivable depending on the relationship between Siemens' performance and the customer's payment. Contract assets and liabilities are presented as current since incurred in the normal operating cycle. Receivables are recognized when the right to consideration becomes unconditional. Valuation allowances for credit risks are made for contract assets and receivables in accordance with the accounting policy for financial assets measured at amortized cost.

Inventories – Inventories are valued at the lower of acquisition or production costs and net realizable value, costs being generally determined based on an average or first-in, first-out method. Determining net realizable value of inventories involves accounting estimates for quantity, technical and price risks.

Defined benefit plans – Siemens measures the entitlements by applying the projected unit credit method. The approach reflects an actuarially calculated net present value of the future benefit entitlement for services already rendered. In determining the net present value of the future benefit entitlement for service already rendered (Defined Benefit Obligation (DBO)), the expected rates of future salary increases and expected rates of future pension progression are considered. The assumptions used for the calculation of the DBO as of the period-end of the preceding fiscal year are used to determine the calculation of service cost and interest income and expense of the following year. Significant plans apply individual spot rates from full discount rate curves to determine service cost and interest expense. The net interest income or expense for the fiscal year will be based on the discount rate for the respective year multiplied by the net defined benefit liability (asset) at the preceding fiscal year's period-end date.

Service cost, past service cost and settlement gains (losses) for pensions and similar obligations as well as administration costs unrelated to the management of plan assets are allocated among functional costs. Past service cost and settlement gains (losses) are recognized immediately in profit or loss. For unfunded plans, the amount in line item Provisions for pensions and similar obligations equals the DBO. For funded plans, Siemens offsets the fair value of the plan assets with the DBO. Siemens recognizes the net amount, after adjustments for effects relating to any asset ceiling.

Remeasurements comprise actuarial gains and losses as well as the difference between the return on plan assets and the amounts included in net interest on the net defined benefit liability (asset). They are recognized in Other comprehensive income, net of income taxes.

Actuarial valuations rely on key assumptions including discount rates, expected compensation increases, rate of pension progression and mortality rates. Discount rates used are determined by reference to yields on high-quality corporate bonds of appropriate duration and currency at the end of the reporting period. In case such yields are not available, discount rates are based on government bonds yields. Due to changing market, economic and social conditions, the underlying key assumptions may differ from actual developments.

Entitlements resulting from plans based on asset returns from underlying assets are generally measured at the fair value of the underlying assets at period-end. If the performance of the underlying assets is lower than a guaranteed return, the DBO is measured by projecting forward the contributions at the guaranteed fixed return and discounting back to a present value.

Provisions – A provision is recognized in the Statement of Financial Position when it is probable that the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are recognized at present value by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money. When a contract becomes onerous, the present obligation under the contract is recognized as a provision.

Significant estimates are involved in the determination of provisions related to onerous contracts, warranty costs, asset retirement obligations, legal and regulatory proceedings as well as governmental investigations (Legal Proceedings). Siemens records a provision for onerous contracts with customers when current estimates of total estimated costs exceed estimated revenue. Onerous contracts with customers are identified by monitoring the progress of the project and updating the estimates which requires significant judgment relating to achieving certain performance standards as well as estimates involving warranty costs and estimates regarding project delays including the assessment of responsibility splits between the contract partners for these delays.

Legal Proceedings often involve complex legal issues and are subject to substantial uncertainties. Accordingly, considerable judgment is part of determining whether it is probable that there is a present obligation as a result of a past event at the end of the reporting period, whether it is probable that such a Legal Proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. Internal and external counsels are generally part of the determination process. Due to new developments, it may be necessary, to record a provision for an ongoing Legal Proceeding or to adjust the amount of a previously recognized provision. Upon resolution of a Legal Proceeding, Siemens may incur charges in excess of the recorded provisions for such matters. The outcome of Legal Proceedings may have a material effect on Siemens' financial position, its results of operations and/or its cash flows.

Termination benefits – Termination benefits are provided as a result of an entity's offer made in order to encourage voluntary redundancy before the regular retirement date or from an entity's decision to terminate the employment. Termination benefits in accordance with IAS 19, Employee Benefits, are recognized as a liability and an expense when the entity can no longer withdraw the offer of those benefits.

Financial instruments – A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Based on their contractual cash flow characteristics and the business model they are held in, financial instruments are classified as financial assets and financial liabilities measured at cost or amortized cost, measured at fair value, loan commitments, contract assets and receivables from finance leases. Regular way purchases or sales of financial assets are accounted for at the trade date. Initially, financial instruments are recognized at fair value and net of transaction costs, if not categorized at FVTPL. Subsequently, financial assets and liabilities are measured according to the category to which they are assigned to:

Financial assets measured at fair value through profit and loss (FVTPL): a) mandatorily measured at FVTPL: Debt financial assets are measured at FVTPL if the business model they are held in is not a hold-to-collect or a hold-and-sell business model, or if their contractual cash flows do not represent solely payments of principal and interest. Equity instruments are measured at FVTPL unless the FVOCI-option is elected. b) Financial assets designated as measured at FVTPL are irrevocably designated at initial recognition if the designation significantly reduces accounting mismatches that would otherwise arise if assets and liabilities as well as recognizing gains (losses) were measured on different bases.

Financial assets measured at fair value through other comprehensive income (FVOCI): are equity instruments for which Siemens irrevocably elects to present subsequent fair value changes in OCI at initial recognition of the instrument. Unrealized gains and losses, net of deferred income tax expenses, as well as gains and losses on the subsequent sale of the instruments are recognized in line item Other comprehensive income, net of income taxes.

Financial assets measured at amortized cost: Loans, receivables and other debt instruments held in a hold-to-collect business model with contractual cash flows that represent solely payments of principal and interest are measured at amortized cost using the effective interest method less valuation allowances for expected credit losses.

Valuation allowances are set up for expected credit losses, representing a forward-looking estimate of future credit losses involving significant judgment. Expected credit loss is the gross carrying amount less collateral, multiplied by the probability of default and a factor reflecting the loss in the event of default. Valuation allowances are not recognized when the gross carrying amount is sufficiently collateralized. Probabilities of default are mainly derived from internal rating grades. A simplified approach is used to assess expected credit losses from trade receivables, lease receivables and contract assets by applying their lifetime expected credit losses. The valuation allowance for loans and other long-term debt instruments primarily held at Financial Services (SFS) is measured according to a three-stage impairment approach:

Stage 1: At inception, twelve-month expected credit losses are recognized based on a twelve months probability of default.

Stage 2: If the credit risk of a financial asset increases significantly without being credit-impaired, lifetime expected credit losses are recognized based on a lifetime probability of default. A significant increase in credit risk is determined for each individual financial instrument using internal credit ratings. A rating deterioration does not trigger a transfer into Stage 2, if the credit rating remains within the investment grade range. More than 30 days past due payments will not be transferred into Stage 2, if the delay is not credit-risk-related.

Stage 3: If the financial asset is credit-impaired, valuation allowances equal lifetime expected credit losses. A financial asset is considered credit-impaired when there is observable information about significant financial difficulties and a high vulnerability to default, however, the definition of default is not yet met. Impairment triggers include liquidity problems, a request for debt restructuring or a breach of contract. A credit-risk driven contractual modification always results in a credit-impaired financial asset.

Financial assets are written off as uncollectible if recovery appears unlikely. Generally, if the limitation period expired, when a debtor's sworn statement of affairs is received, or when the receivable is not pursued due to its minor value. Receivables are written off when bankruptcy proceedings close.

A financial asset is derecognized when the rights to cash flows expire or the financial asset is transferred to another party. Significant modifications of contractual terms of a financial asset measured at amortized cost result in derecognition and recognition of a new financial asset; for insignificant modifications, the carrying amount of the financial asset is adjusted without derecognition.

Cash and cash equivalents – The Company considers all highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at cost.

Loan Commitments – Expected credit losses for irrevocable loan commitments are determined using the three-stage impairment approach for financial assets measured at amortized cost and recognized as a liability.

Financial liabilities – except for derivative financial instruments, Siemens measures financial liabilities at amortized cost using the effective interest method.

Derivative financial instruments – Derivative financial instruments, such as foreign currency exchange contracts and interest rate swap contracts are measured at fair value unless they are designated as hedging instruments, for which hedge accounting is applied. Changes in the fair value of derivative financial instruments are recognized either in net income or, in the case of a cash flow hedge, in line item Other comprehensive income, net of income taxes (applicable deferred income tax). Certain derivative instruments embedded in host contracts are also accounted for separately as derivatives.

Fair value hedges: The carrying amount of the hedged item is adjusted by the gain or loss attributable to the hedged risk. Where an unrecognized firm commitment is designated as hedged item, the subsequent cumulative change in its fair value is recognized as a separate financial asset or liability with corresponding gain or loss recognized in net income. For hedged items carried at amortized cost, the adjustment is amortized until maturity of the hedged item. For hedged firm commitments the initial carrying amount of the assets or liabilities that result from meeting the firm commitments are adjusted to include the cumulative changes in the fair value that were previously recognized as separate financial assets or liabilities.

Cash flow hedges: The effective portion of changes in the fair value of derivative instruments designated as cash flow hedges are recognized in line item Other comprehensive income, net of income taxes, and any ineffective portion is recognized immediately in net income. Amounts accumulated in equity are reclassified into net income in the same periods in which the hedged item affects net income.

Share-based payment – Share-based payment awards at Siemens are predominately designed as equity-settled. Fair value is measured at grant date and is expensed over the vesting period. Fair value is determined as the market price of the underlying shares, considering dividends during the vesting period the grantees are not entitled to as well as market conditions and non-vesting conditions, if applicable. Plans granting the rights to receive subsidiary shares constitute own shares and, accordingly, are accounted as equity-settled.

Prior-year information – The presentation of certain prior-year information has been reclassified to conform to the current year presentation.

NOTE 3 Acquisitions, dispositions and discontinued operations

Acquisitions

On April 15, 2021, Siemens completed the acquisition of all shares in Varian Medical Systems, Inc., USA (Varian). Varian is active in the field of cancer care, with solutions especially in radiation oncology and related digital solutions and applications. The acquired business is integrated into Siemens Healthineers. Varian thus offers a good complement to Siemens Healthineers' businesses in medical imaging, laboratory diagnostics and interventional procedures. The purchase price paid in cash amounted to US$16.4 billion (€13.9 billion as of the acquisition date). The preliminary purchase price allocation as of the acquisition date resulted in the following assets and liabilities: Cash and cash equivalents €0.6 billion, Trade and other receivables €0.6 billion, Inventories €0.8 billion, various other current assets €0.4 billion, Goodwill €8.0 billion, Other intangible assets €6.3 billion, Property, plant and equipment €0.5 billion, miscellaneous assets €0.2 billion, Trade payables €0.2 billion, Contract liabilities €0.7 billion, Current income tax liabilities €0.2 billion, Other current liabilities €0.3 billion, Deferred tax liabilities €1.6 billion and miscellaneous liabilities €0.5 billion. Resulting intangible assets mainly relate to technologies for oncology solutions, customer relationships, and the acquired order backlog. As of the acquisition date, goodwill was allocated to the groups of cash-generating units Varian €7.5 billion and Imaging €0.5 billion in accordance with the expected synergies. Goodwill relates to inseparable intangible assets such as synergy effects and employee know-how. Synergies from the acquisition are mainly expected from broader regional coverage of the sales network, cross-selling opportunities into our existing customer base and from expanded integrated service offerings (e.g. "Oncology-as-a-Service" program) and value partnerships, and joint product innovation. In addition, the business combination is expected to generate cost synergies in the administrative field and in procurement activities. The gross contractual amounts of Trade and other receivables is €603 million, of which €24 million were expected to be uncollectable at the date of acquisition. The gross contractual amount of loans and bonds receivables is €227 million, of which €207 million are probably uncollectible at the acquisition date. The acquired business contributed Revenue of €1,241 million and a net loss of €50 million for the period from the acquisition date to September 30, 2021, including earnings effects from the purchase price allocation and integration costs. If Varian had been included in the Consolidated Financial Statements since October 1, 2020, Revenue and Net income, including earnings effects from the purchase price allocation and integration costs, would have been €63.6 billion and €6.6 billion, respectively, in fiscal 2021. The purchase price allocation of Varian is preliminary as, in particular, the allocation of intangible assets including goodwill to currency areas is not finalized. Adjustments may lead to changes, such as, in intangible assets including goodwill and in deferred tax liabilities.

In August 2021, Siemens acquired all shares in Supplyframe Inc., USA (Supplyframe). Supplyframe is a design-to-source platform for the global electronics value chain. The transaction provides value to both Supplyframe's and Siemens' customers through access to both Siemens' offerings and Supplyframe's marketplace intelligence. The acquired business is integrated into Digital Industries. The preliminary purchase price paid in cash is €556 million as of the acquisition date. The preliminary purchase price allocation as of the acquisition date resulted in Other intangible assets of €111 million, thereof customer-related intangible assets and trademark rights €83 million and technology €28 million as well as in liabilities of €87 million. Goodwill of €491 million comprises intangible assets that are not separable such as employee know-how and expected synergy effects. The acquired business contributed Revenue of €11 million and Net income of €(7) million for the period from its acquisition date to September 30, 2021, including earnings effects from the purchase price allocation and integration costs. If Supplyframe had been included in the Consolidated Financial Statements since October 1, 2020, Revenue and Net income, including earnings effects from the purchase price allocation and integration costs, would have been €62,314 million and €6,694 million, respectively, in fiscal 2021.

In addition, Siemens closed several smaller acquisitions in fiscal 2021 and 2020 for a total purchase price of €429 million and €551 million, respectively, mainly paid in cash. The (preliminary) purchase price allocations resulted in Other intangible assets of €147 million and €263 million and Goodwill of €254 million and €298 million, respectively, which comprises intangible assets that are not separable such as employee know-how and expected synergy effects. The purchase price allocation for some of the acquired businesses is preliminary, as a detailed analysis of the assets and liabilities has not been finalized.

Dilution of the stake in Siemens Healthineers

In March 2021, Siemens Healthineers placed 53 million new shares to institutional investors, receiving gross proceeds of €2.3 billion and increasing its share capital to €1.128 billion. Siemens did not participate in the placement, thus, Siemens' stake in Siemens Healthineers decreased from 79% to 75%. The dilution is accounted for as equity transaction, which increased Non-controlling interests by €1.0 billion and Total equity attributable to shareholders of Siemens AG by €1.3 billion (mainly due to an increase in Retained earnings of €1.2 billion).

Sale of Flender GmbH

In October 2020, Siemens signed an agreement to sell 100% of its shares in Flender GmbH including Siemens' Wind Energy Generation business (Flender) to The Carlyle Group, U.S. Both businesses were previously reported under Portfolio Companies. In the first quarter of fiscal 2021, the businesses of Flender (the disposal group) met the criteria for classification as held for disposal as well as for discontinued operation, and, accordingly, Siemens ceased depreciation and amortization of assets within the disposal group. Upon closing of the transaction in March 2021, Siemens no longer controls Flender. The consideration was €1.875 billion. Derecognized net assets amounted to €954 million. The results of Flender are reported as discontinued operations in the Consolidated Statements of Income and Cash Flows for all periods presented:

(in millions of €)	FY 2021	FY 2020
Revenue	**928**	1,885
Expenses	**(818)**	(1,710)
Disposal gain net of disposal costs	**885**	(5)
Income (loss) from discontinued operations before income taxes	995	170
Income taxes on ordinary activities	**(8)**	(36)
Other income taxes	**(40)**	–
Income (loss) from discontinued operations, net of income taxes	**946**	134
thereof attributable to Siemens AG shareholders	***946***	*134*

The carrying amounts of the major classes of assets and liabilities derecognized were as follows:

(in millions of €)	Mar 10, 2021
Cash and cash equivalents	**95**
Trade and other receivables	**510**
Other current financial assets	**143**
Inventories	**540**
Goodwill	**123**
Property, plant and equipment	**359**
Miscellaneous current and non-current assets	**92**
Assets classified as held for disposal	**1,862**
Trade payables	**355**
Other current financial liabilities	**193**
Miscellaneous current liabilities	**244**
Miscellaneous non-current liabilities	**116**
Liabilities associated with assets classified as held for disposal	**907**

Spin-off Siemens Energy AG in fiscal 2020

Income from discontinued operations, net of income taxes includes €119 million from Siemens Energy AG in fiscal 2021, which are mainly attributable to the reversal of income tax provisions.

NOTE 4 Interests in other entities

Investments accounted for using the equity method

	Fiscal year	
(in millions of €)	2021	2020
Share of profit (loss), net	**(514)**	(114)
Gains (losses) on sales, net	**57**	108
Impairment and reversals of impairment	**(21)**	(590)
Income (loss) from investments accounted for using the equity method, net	**(478)**	(596)

In fiscal 2021, share of profit (loss) from investments accounted for using the equity method includes a loss of €396 million (loss of €24 million in fiscal 2020) from Siemens Energy AG. In fiscal 2021, the loss includes Siemens' share of Siemens Energy AG's net losses of €(159) million as well as effects from fair value adjustments at initial recognition of €(237) million.

Below summarized financial information of Siemens Energy AG are disclosed at a 100 per cent basis. They are adjusted to align with Siemens' accounting policies and to incorporate effects from fair value adjustments at initial recognition. These adjustments were preliminary in fiscal 2020 and have been finalized in fiscal 2021.

	Siemens Energy AG registered in Munich, Germany	
(in millions of €)	Sep 30, 2021	Sep 30, 2020
Ownership interest	**35.1%**	35.1%
Current assets	**23,397**	23,136
Non-current assets excluding goodwill	**16,874**	18,792
Current liabilities	**22,602**	21,669
Non-current liabilities	**7,514**	8,080
Net Assets	**10,155**	12,179
attributable to shareholders of Siemens Energy AG	***9,525***	*11,731*
Siemens interest in the net assets of Siemens Energy AG at fiscal year-end	**3,343**	4,118
Consolidation adjustments (including goodwill)	**3,009**	2,527
Carrying amount of Siemens Energy AG at end of fiscal year	**6,352**	6,645

	Fiscal year 2021	Fiscal year 2020
Revenue	**28,482**	27,457
Income (loss) from continuing operations, net of income taxes	**(1,236)**	(1,873)
Other comprehensive income, net of income taxes	**369**	(1,120)
Total comprehensive income (loss), net of income taxes	**(867)**	(2,993)
attributable to shareholders of Siemens Energy AG	***(793)***	*(2,630)*
Total comprehensive income, net of income taxes, attributable to Siemens (2020: since initial recognition on Sep. 25)	***(278)***	*(24)*

Siemens Energy AG is globally active in the transmission and generation of electrical power and is publicly listed. The market capitalization of Siemens Energy is €16.6 billion and €16.5 billion, respectively, as of September 30, 2021 and 2020.

Subsidiary with material non-controlling interests

Summarized financial information, in accordance with IFRS and before inter-company eliminations, is presented below.

	Siemens Healthineers AG registered in Munich, Germany	
(in millions of €)	Sep 30, 2021	Sep 30, 2020
Ownership interests held by non-controlling interests	**25%**	21%
Accumulated non-controlling interests	**4,031**	2,623
Current assets	**10,824**	10,268
Non-current assets	**31,338**	14,827
Current liabilities	**10,065**	7,289
Non-current liabilities	**15,758**	5,294

	Fiscal year 2021	Fiscal year 2020
Net income attributable to non-controlling interests	**409**	241
Dividends paid to non-controlling interests	**192**	132
Revenue	**17.997**	14,460
Income (loss) from continuing operations, net of income taxes	**1.746**	1,423
Other comprehensive income, net of income taxes	**700**	(598)
Total comprehensive income, net of income taxes	**2.446**	825
Total cash flows	**632**	(233)

NOTE 5 Other operating income

In fiscal 2021 and 2020, Other operating income mainly includes gains on sales of property, plant and equipment of €73 million and €308 million, respectively, as well as insurance related income. Fiscal 2020 included gains on the sales of businesses of €177 million.

NOTE 6 Other operating expenses

Other operating expenses in fiscal 2021 and 2020 include losses on the sale of businesses as well as effects from insurance, personnel, legal and regulatory matters.

NOTE 7 Income taxes

Income tax expenses (benefits) consist of the following:

	Fiscal year	
(in millions of €)	2021	2020
Current taxes	**1,650**	1,563
Deferred taxes	**211**	(217)
Income tax expenses	**1,861**	1,346

Current income tax expenses in fiscal 2021 and 2020 include adjustments recognized for current taxes of prior years in the amount of €(359) million and €(64) million, respectively. The deferred tax expenses (benefits) in fiscal 2021 and 2020 include tax effects of the origination and reversal of temporary differences of €94 million and €(289) million, respectively.

In Germany, the calculation of current taxes is based on a combined tax rate of 31%, consisting of a corporate tax rate of 15%, a solidarity surcharge thereon of 5.5% and an average trade tax rate of 15%. For foreign subsidiaries, current taxes are calculated based on the local tax law and applicable tax rates in the individual foreign countries. Deferred tax assets and liabilities in Germany and abroad are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Current and deferred income tax expenses differ from the amounts computed by applying a combined statutory German income tax rate of 31% as follows:

	Fiscal year	
(in millions of €)	2021	2020
Expected income tax expenses	**2,324**	1,705
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses	**607**	655
Tax-free income	**(386)**	(377)
Taxes for prior years	**(398)**	(56)
Change in realizability of deferred tax assets and tax credits	**100**	(75)
Change in tax rates	**54**	7
Foreign tax rate differential	**(496)**	(437)
Tax effect of investments accounted for using the equity method	**147**	33
Other, net (primarily German trade tax differentials)	**(91)**	(109)
Actual income tax expenses	**1,861**	1,346

Deferred income tax assets and (liabilities) on a net basis are summarized as follows:

	Sep 30,	
(in millions of €)	2021	2020
Deferred taxes due to temporary differences		
Intangible assets	**(2,931)**	(1,302)
Pensions and similar obligations	**2,724**	2,921
Current assets and liabilities	**437**	362
Non-current assets and liabilities	**(600)**	(417)
Tax loss carryforwards and tax credits	**898**	760
Total deferred taxes, net	**527**	2,324

Deferred tax balances and expenses (benefits) developed as follows in fiscal 2021 and 2020:

	Fiscal year	
(in millions of €)	2021	2020
Balance at beginning of fiscal year of deferred tax (assets) liabilities	**(2,324)**	(1,869)
Income taxes presented in the Consolidated Statements of Income	**211**	(217)
Changes in items of the Consolidated Statements of Comprehensive Income	**15**	8
Additions from acquisitions not impacting net income	**1,620**	61
Changes due to Siemens Energy	**-**	(301)
Other	**(49)**	(6)
Balance at end of fiscal year of deferred tax (assets) liabilities	**(527)**	(2,324)

Deferred tax assets have not been recognized with respect of the following items (gross amounts):

	Sep 30,	
(in millions of €)	2021	2020
Deductible temporary differences	**194**	192
Tax loss carryforwards	**2,280**	2,172
	2,474	2,364

The amount of €2,280 million for tax loss carryforwards for which no deferred tax asset has been recognized does include material loss carryforwards for local taxes only.

As of September 30, 2021 and 2020, €82 million and €221 million respectively, expire over the periods to 2029.

Siemens has not recognized deferred tax liabilities for income taxes or foreign withholding taxes on the cumulative earnings of subsidiaries of €31,628 million and €25,003 million, respectively in fiscal 2021 and 2020, because the earnings are intended to be permanently reinvested in the subsidiaries.

Including items charged or credited directly to equity and the expenses (benefits) from continuing and discontinued operations, the income tax expenses (benefits) consist of the following:

	Fiscal year	
(in millions of €)	2021	2020
Continuing operations	**1,861**	1,346
Discontinued operations	**(116)**	435
Income and expenses recognized directly in equity	**(55)**	(588)
	1,690	1,192

An uncertain tax regulation arising from a foreign tax reform may result in potential future tax payments amounting to a middle three-digit million euro range. Due to the low probability and the character of a contingent liability, no tax liability was recognized.

NOTE 8 Trade and other receivables

	Sep 30,	
(in millions of €)	2021	2020
Trade receivables from the sale of goods and services	**13,267**	12,071
Receivables from finance leases	**2,250**	2,003
	15,518	14,074

In fiscal 2021 and 2020, the long-term portion of receivables from finance leases is reported in Other financial assets amounting to €4,700 million and €4,245 million, respectively.

Future minimum lease payments to be received are as follows:

	Sep 30,	
(in millions of €)	2021	2020
Within one year	**2,711**	2,441
After one year but not more than two years	**1,911**	1,685
After two years but not more than three years	**1,284**	1,156
After three years but not more than four years	**807**	732
After four years but not more than five years	**452**	422
More than five years	**748**	717
	7,914	7,153

Future minimum lease payments reconcile to the net investment in the lease as follows:

	Sep 30,	
(in millions of €)	2021	2020
Future minimum lease payments	**7,914**	7,153
Less: Unearned finance income relating to future minimum lease payments	**(867)**	(778)
Present value of future minimum lease payments	**7,047**	6,375
Plus present value of unguaranteed residual value	**115**	100
Net investment in the lease	**7,162**	6,475

Investments in finance leases primarily relate to industrial machinery, medical equipment, transportation systems, equipment for information technology and office machines.

In fiscal 2021 and 2020, finance income on the net investment in the lease is €412 million and €398 million.

NOTE 9 Other current financial assets

	Sep 30,	
(in millions of €)	2021	2020
Loans receivable	**5,085**	4,904
Interest-bearing debt securities	**1,132**	1,256
Derivative financial instruments	**398**	798
Other	**1,370**	1,424
	7,985	8,382

NOTE 10 Contract assets and liabilities

As of September 30, 2021 and 2020, amounts expected to be settled after twelve months are €1,319 million and €960 million for contract assets and €1,824 million and €1,112 million for contract liabilities, respectively. In fiscal 2021, contract assets and liabilities increased by €141 million and €724 million, respectively, due to business combinations (mainly Varian). In fiscal 2021 and 2020, revenue includes €4,966 million and €4,616 million, respectively, which was included in contract liabilities at the beginning of the fiscal year.

NOTE 11 Inventories

	Sep 30,	
(in millions of €)	2021	2020
Raw materials and supplies	**1,974**	1,796
Work in progress	**3,421**	3,043
Finished goods and products held for resale	**2,825**	2,355
Advances to suppliers	**616**	600
	8,836	7,795

Cost of sales includes inventories recognized as expense amounting to €39,227 million and €35,017 million, respectively, in fiscal 2021 and 2020. Compared to prior year, write-downs increased by €61 million as of September 30, 2021. As of September 30, 2020, write-downs decreased by €18 million compared to FY 2019.

NOTE 12 Goodwill

	Fiscal year	
(in millions of €)	2021	2020
Cost		
Balance at begin of fiscal year	**22,115**	32,098
Translation differences and other	**657**	(1,642)
Acquisitions and purchase accounting adjustments	**8,768**	1,247
Dispositions and reclassifications to assets classified as held for disposal	**(123)**	(9,588)
Balance at fiscal year-end	**31,417**	22,115
Accumulated impairment losses and other changes		
Balance at begin of fiscal year	**1,666**	1,938
Translation differences and other	**22**	(100)
Impairment losses recognized during the period	**–**	99
Dispositions and reclassifications to assets classified as held for disposal	**–**	(271)
Balance at fiscal year-end	**1,688**	1,666
Carrying amount		
Balance at begin of fiscal year	**20,449**	30,160
Balance at fiscal year-end	**29,729**	20,449

Siemens performs the mandatory annual impairment test in the three months ended September 30. Key assumptions on which Siemens based its determinations of the fair value less costs to sell for the cash-generating units or groups of cash-generating units include terminal value growth rates up to 1.7% in fiscal 2021 and fiscal 2020, respectively and after-tax discount rates of 5.5% to 12.0% in fiscal 2021 and 5.5% to 12.5% in fiscal 2020.

To estimate the fair value less costs to sell of the cash-generating units or groups of cash-generating units, cash flows were projected for the next five years (in exceptional cases up to ten years) based on past experience, actual operating results and management's best estimate about future developments as well as market assumptions. The determined fair value of the cash-generating units or groups of cash-generating units is assigned to level 3 of the fair value hierarchy.

The fair value less costs to sell is mainly driven by the terminal value, which is particularly sensitive to changes in the assumptions on the terminal value growth rate and discount rate. Both assumptions are determined individually for each cash-generating unit or group of cash-generating units. Discount rates are based on the weighted average cost of capital (WACC). Siemens Financial Services' discount rate represents its specific cost of equity. The discount rates are calculated based on a risk-free rate of interest and a market risk premium. In addition, the discount rates reflect the current market assessment of the risks specific to each cash-generating unit or group of cash-generating units by taking into account specific peer group information on beta factors, leverage and cost of debt as well as country specific premiums. The parameters for calculating the discount rates are based on external sources of information. The peer group is subject to an annual review and adjusted, if necessary. Terminal value growth rates take into consideration external macroeconomic sources of data and industry specific trends.

The following table presents key assumptions used to determine fair value less costs to sell for impairment test purposes for the groups of cash-generating units to which a significant amount of goodwill is allocated:

	Sep 30, 2021		
(in millions of €)	Goodwill	Terminal value growth rate	After-tax discount rate
Varian of Siemens Healthineers	**7,692**	**1.7%**	**7.8%**
Digital Industries	**7,417**	**1.7%**	**8.5%**
Imaging of Siemens Healthineers	**6,525**	**1.7%**	**7.5%**

Revenue figures in the detailed forecast planning period of the groups of cash-generating units to which a significant amount of goodwill is allocated are based on average revenue growth rates (excluding portfolio effects) of between 7.3% and 9.3% (3.1% and 6.1% in fiscal 2020).

	Sep 30, 2020		
(in millions of €)	Goodwill	Terminal value growth rate	After-tax discount rate
Digital Industries	6,732	1.7%	8.5%
Imaging of Siemens Healthineers	5,827	1.7%	7.0%
Smart Infrastructure	2,114	1.5%	7.5%

The sensitivity analysis for the groups of cash-generating units to which a significant amount of goodwill is allocated was based on a reduction in after-tax future cash flows by 10% or an increase in after-tax discount rates by one percentage point or a reduction in the terminal value growth rate by one percentage point. Siemens concluded that no impairment loss would need to be recognized on goodwill in any of these groups of cash-generating units.

NOTE 13 Other intangible assets and property, plant and equipment

(in millions of €)	Gross carrying amount 10/01/2020	Translation differences	Additions through business combinations	Additions	Reclassifications	Retirements[1]	Gross carrying amount 09/30/2021	Accumulated depreciation/amortization and impairment	Carrying amount 09/30/2021	Depreciation/amortization and impairment in fiscal 2021
Internally generated technology	3,456	22	–	277	–	(51)	3,704	(1,910)	**1,794**	(208)
Acquired technology including patents, licenses and similar rights	4,631	138	2,576	43	–	(243)	7,144	(3,158)	**3,987**	(458)
Customer relationships and trademarks	5,037	176	3,978	–	–	(1,051)	8,139	(2,956)	**5,184**	(338)
Other intangible assets	13,124	335	6,553	319	–	(1,345)	18,987	(8,023)	**10,964**	(1,004)
Land and buildings	8,656	126	349	756	195	(629)	9,454	(4,029)	**5,425**	(707)
Technical machinery and equipment	5,120	86	73	136	142	(732)	4,826	(3,405)	**1,421**	(270)
Office and other equipment	5,249	75	85	511	81	(595)	5,406	(4,164)	**1,242**	(582)
Equipment leased to others	3,682	76	14	626	1	(538)	3,860	(1,979)	**1,882**	(511)
Advances to suppliers and construction in progress	736	16	47	711	(420)	(35)	1,055	(1)	**1,053**	–
Property, plant and equipment	23,443	379	568	2,739	–	(2,529)	24,601	(13,578)	**11,023**	(2,071)

[1] Includes assets reclassified to Assets classified as held for disposal and dispositions of those entities.

(in millions of €)	Gross carrying amount 10/01/2019[1]	Translation differences	Additions through business combi-nations	Additions	Reclassi-fications	Retire-ments[2]	Gross carrying amount 09/30/2020	Accumu-lated depre-ciation/am-ortization and impair-ment	Carrying amount 09/30/2020	Deprecia-tion/amorti-zation and impairment in fiscal 2020
Internally generated technology	3,885	(95)	–	419	–	(753)	3,456	(1,741)	**1,714**	(194)
Acquired technology including patents, licenses and similar rights	7,008	(202)	373	70	–	(2,618)	4,631	(2,902)	**1,729**	(443)
Customer relationships and trademarks	9,434	(333)	331	6	–	(4,401)	5,037	(3,642)	**1,395**	(315)
Other intangible assets	20,326	(630)	704	495	–	(7,772)	13,124	(8,286)	**4,838**	(952)
Land and buildings	11,319	(306)	40	1,108	396	(3,902)	8,656	(3,589)	**5,067**	(685)
Technical machinery and equipment	9,360	(233)	7	288	222	(4,523)	5,120	(3,699)	**1,421**	(273)
Office and other equipment	7,239	(206)	10	604	124	(2,523)	5,249	(4,078)	**1,171**	(571)
Equipment leased to others	3,700	(168)	–	656	38	(545)	3,682	(1,826)	**1,856**	(524)
Advances to suppliers and construction in progress	1,461	(39)	–	512	(780)	(418)	736	(1)	**735**	–
Property, plant and equipment	33,080	(951)	58	3,168	–	(11,911)	23,443	(13,194)	**10,250**	(2,054)

[1] Opening balance as of October 1, 2019 including effect of adopting IFRS 16

[2] Includes assets reclassified to Assets classified as held for disposal and dispositions of those entities.

The gross carrying amount of Advances to suppliers and construction in progress includes €959 million and €639 million, respectively, of property, plant and equipment under construction in fiscal 2021 and 2020. As of September 30, 2021 and 2020, contractual commitments for purchases of property, plant and equipment are €625 million and €563 million, respectively. Right-of-use assets are presented in Property, plant and equipment in accordance with their nature; right-of-use assets have a carrying amount of €2,641 million and €2,474 as of September 30, 2021 and 2020, respectively; additions are €901 million and €1,273 million and depreciation expense is €726 million and €706 million in fiscal 2021 and 2020. Right-of-use assets mainly relate to leases of land and buildings with a carrying amount of €2,320 million and €2,187 million as of September 30, 2021 and 2020, additions of €659 million and €1,029 million and depreciation expense of €534 million and €509 million in fiscal 2021 and 2020. Equipment leased to others mainly relate to Technical machinery and equipment as well as to Office and other equipment owned by Siemens with a carrying amount of €1,279 million and €404 million, respectively, as of September 30, 2021 and €1,223 million and €448 million, respectively, as of September 30, 2020.

In fiscal 2021 and 2020, expenses recognized for short-term leases are €50 million and €71 million, respectively; expenses for low-value leases not accounted for under the right-of-use model are €21 million and €23 million, respectively.

Future minimum lease payments to be received under operating leases are:

	Sep 30,	
(in millions of €)	2021	2020
Within one year	**449**	454
After one year but not more than two years	**336**	369
After two years but not more than three years	**247**	261
After three years but not more than four years	**182**	188
After four years but not more than five years	**124**	129
More than five years	**166**	186
	1,505	1,586

In fiscal 2021 and 2020, income from operating leases is €668 million and €571 million, respectively, thereof from variable lease payments €127 and €110 million, respectively.

NOTE 14 Other financial assets

	Sep 30,	
(in millions of €)	2021	2020
Loans receivable	**14,446**	14,189
Receivables from finance leases	**4,700**	4,245
Derivative financial instruments	**1,552**	2,044
Equity instruments	**1,556**	1,670
Other	**710**	623
	22,964	22,771

Item Loans receivable primarily relate to long-term loan transactions of SFS.

NOTE 15 Other current liabilities

(in millions of €)	Sep 30, 2021	Sep 30, 2020
Liabilities to personnel	**5,375**	4,304
Deferred Income	**96**	108
Accruals for pending invoices	**541**	518
Other	**1,616**	1,280
	7,628	6,209

Other includes miscellaneous tax liabilities of €742 million and €576 million, respectively, in fiscal 2021 and 2020.

NOTE 16 Debt

(in millions of €)	Current debt Sep 30, 2021	Current debt Sep 30, 2020	Non-current debt Sep 30, 2021	Non-current debt Sep 30, 2020
Notes and bonds	**5,867**	3,537	**37,505**	34,728
Loans from banks	**1,183**	321	**1,100**	1,076
Other financial indebtedness	**70**	2,021	**46**	55
Lease liabilities	**701**	683	**2,228**	2,146
Total debt	**7,821**	6,562	**40,879**	38,005

In fiscal 2021 and 2020, Siemens recognized interest expenses on lease liabilities of €43 million and €39 million and expenses relating to variable lease payments not included in the measurement of lease liabilities of €64 million and €100 million, respectively. In fiscal 2021 and 2020, cash flows to which Siemens is potentially exposed and which are not reflected in the measurement of lease liabilities relate primarily to lease contracts entered into, however which have not yet commenced as well as to extension options whose exercise is not yet reasonably certain totaling €2.9 billion and €2.6 billion, respectively, and, in addition, to variable lease payments mainly relating to incidental and operating costs for buildings leased by Siemens, for which no significant fluctuations are expected in the future.

Changes in liabilities arising from financing activities

(in millions of €)	10/01/2020	Cash flows	Non-cash changes: (Acquisitions)/Dispositions	Non-cash changes: Foreign currency translation	Non-cash changes: Fair value changes	Non-cash changes: Reclassifications and other changes	09/30/2021
Non-current notes and bonds	34,728	8,316	–	461	(242)	(5,758)	**37,505**
Current notes and bonds	3,537	(3,511)	–	110	5	5,726	**5,867**
Loans from banks (current and non-current)	1,397	839	67	22	–	(42)	**2,282**
Other financial indebtness (current and non-current)	2,076	(1,957)	–	(9)	–	6	**116**
Lease liabilities (current and non-current)	2,829	(745)	92	26	–	726	**2,929**
Total debt	44,567	2,941	159	610	(236)	659	**48,700**

In addition, other financing activities resulted in €130 million cash flows in fiscal 2021.

(in millions of €)	10/01/2019	Cash flows	Non-cash changes: (Acquisitions)/Dispositions	Non-cash changes: Foreign currency translation	Non-cash changes: Fair value changes	Non-cash changes: Reclassifications and other changes	09/30/2020
Non-current notes and bonds	29,176	10,256	–	(1,276)	120	(3,549)	34,728
Current notes and bonds	4,029	(3,959)	–	(46)	4	3,509	3,537
Loans from banks (current and non-current)	2,262	891	(1,387)	(225)	–	(144)	1,397
Other financial indebtness (current and non-current)	875	1,388	(1)	(209)	–	24	2,076
Lease liabilities (current and non-current)	3,233	(911)	(735)	(108)	–	1,351	2,829
Total debt	39,576	7,664	(2,123)	(1,865)	124	1,191	44,567

In addition, other financing activities resulted in €(99) million cash flows in fiscal 2020.

Credit facilities

As of September 30, 2021 and 2020, Siemens has €7.45 billion and €22.95 billion lines of credit, thereof unused €7.45 billion and €22.95 billion, respectively. In fiscal 2021, the unused €7.0 billion syndicated credit facility maturing in 2025 was extended to mature in 2026 with no extension option remaining. The €3.0 billion unused syndicated credit facility matured in December 2020. The €12.5 billion unused syndicated bridge facility to secure Siemens Healthineers AG’s financing of the acquisition of Varian Medical Systems, Inc. was cancelled by Siemens in March 2021. In September 2021, the unused €450 million revolving bilateral credit facility was extended to September 2022. The facilities are for general corporate purposes.

Notes and bonds

	Sep 30, 2021			Sep 30, 2020		
(interest/issued/maturity)	Currency	Notional amount (in millions)	Carrying amount in millions of €[1]	Currency	Notional amount (in millions)	Carrying amount in millions of €[1]
2.75%/2012/September 2025/GBP fixed-rate instruments	**£**	**350**	**406**	£	350	383
3.75%/2012/September 2042/GBP fixed-rate instruments	**£**	**650**	**743**	£	650	700
1.75%/2013/March 2021/EUR fixed-rate instruments	–	–	–	€	1,250	1,254
2.875%/2013/March 2028/EUR fixed-rate instruments	**€**	**1,000**	**998**	€	1,000	998
3.5%/2013/March 2028/US$ fixed-rate instruments	**US$**	**100**	**85**	US$	100	84
2014/September 2021/US$ floating-rate instruments	–	–	–	US$	400	342
0.375%/2018/September 2023/EUR fixed-rate instruments	**€**	**1,000**	**999**	€	1,000	998
1.0%/2018/September 2027/EUR fixed-rate instruments	**€**	**750**	**747**	€	750	746
1.375%/2018/September 2030/EUR fixed-rate instruments	**€**	**1,000**	**994**	€	1,000	994
0.3%/2019/February 2024/EUR fixed-rate instruments	**€**	**750**	**759**	€	750	764
0.9%/2019/February 2028/EUR fixed-rate instruments	**€**	**650**	**673**	€	650	690
1.25%/2019/February 2031/EUR fixed-rate instruments	**€**	**800**	**846**	€	800	882
1.75%/2019/February 2039/EUR fixed-rate instruments	**€**	**800**	**884**	€	800	963
0.0%/2019/September 2021/EUR fixed-rate instruments	–	–	–	€	1,000	1,002
0.0%/2019/September 2024/EUR fixed-rate instruments	**€**	**500**	**503**	€	500	503
0.125%/2019/September 2029/EUR fixed-rate instruments	**€**	**1,000**	**994**	€	1,000	993
0.5%/2019/September 2034/EUR fixed-rate instruments	**€**	**1,000**	**991**	€	1,000	991
3m EURIBOR+0.7%/2019/December 2021/EUR floating-rate instrument	**€**	**1,250**	**1,251**	€	1,250	1,256
0.0%/2020/February 2023/EUR fixed-rate instruments	**€**	**1,250**	**1,252**	€	1,250	1,253
0.0%/2020/February 2026/EUR fixed-rate instruments	**€**	**1,000**	**998**	€	1,000	997
0.25%/2020/February 2029/EUR fixed-rate instruments	**€**	**1,000**	**997**	€	1,000	996
0.5%/2020/February 2032/EUR fixed-rate instruments	**€**	**750**	**748**	€	750	747
1.0%/2020/February 2025/GBP fixed-rate instruments	**£**	**850**	**985**	£	850	929
0.125%/2020/June 2022/EUR fixed-rate instruments	**€**	**1,500**	**1,498**	€	1,500	1,496
0.25%/2020/June 2024/EUR fixed-rate instruments	**€**	**1,000**	**998**	€	1,000	997
0.375%/2020/June 2026/EUR fixed-rate instruments	**€**	**1,000**	**998**	€	1,000	998
0.875%/2020/June 2023/GBP fixed-rate instruments	**£**	**450**	**522**	£	450	491
Total Debt Issuance Program			**20,867**			23,449
6.125%/2006/August 2026/US$ fixed-rate instruments	**US$**	**1,750**	**1,697**	US$	1,750	1,718
2.9%/2015/May 2022/US$-fixed-rate-instruments	**US$**	**1,750**	**1,511**	US$	1,750	1,493
3.25%/2015/May 2025/US$ fixed-rate-instruments	**US$**	**1,500**	**1,369**	US$	1,500	1,401
4.4%/2015/May 2045/US$ fixed-rate-instruments	**US$**	**1,750**	**1,493**	US$	1,750	1,476
1.7%/2016/September 2021/US$-fixed-rate-instruments	–	–	–	US$	1,100	939
2.0%/2016/September 2023/US$-fixed-rate-instruments	**US$**	**750**	**646**	US$	750	638
2.35%/2016/October 2026/US$-fixed-rate-instruments	**US$**	**1,700**	**1,463**	US$	1,700	1,446
3.3%/2016/September 2046/US$-fixed-rate-instruments	**US$**	**1,000**	**856**	US$	1,000	846
2.7%/2017/March 2022/US$ fixed-rate-instruments	**US$**	**1,000**	**873**	US$	1,000	884
US$ 3m LIBOR+0.61%/2017/March 2022/US$ floating-rate instruments	**US$**	**850**	**734**	US$	850	725
3.125%/2017/March 2024/US$ fixed-rate-instruments	**US$**	**1,000**	**902**	US$	1,000	915
3.4%/2017/March 2027/US$ fixed-rate-instruments	**US$**	**1,250**	**1,077**	US$	1,250	1,064
4.2%/2017/March 2047/US fixed-rate-instruments	**US$**	**1,500**	**1,283**	US$	1,500	1,269
0.4%/2021/March 2023/US$ fixed-rate-instruments	**US$**	**1,250**	**1,078**	–	–	–
Compounded SOFR+0.43%/2021/March 2024/US$ floating-rate instruments	**US$**	**1,000**	**862**	–	–	–
0.65%/2021/March 2024/US$ fixed-rate-instruments	**US$**	**1,500**	**1,293**	–	–	–
1.2%/2021/March 2026/US$ fixed-rate-instruments	**US$**	**1,750**	**1,505**	–	–	–
1.7%/2021/March 2028/US$ fixed-rate-instruments	**US$**	**1,250**	**1,074**	–	–	–
2.15%/2021/March 2031/US$ fixed-rate-instruments	**US$**	**1,750**	**1,503**	–	–	–
2.875%/2021/March 2041/US$ fixed-rate-instruments	**US$**	**1,500**	**1,284**	–	–	–
Total US$ Bonds			**22,505**			14,816
Total			**43,372**			38,265

[1] Includes adjustments for fair value hedge accounting.

Debt Issuance Program – The Company has a program for the issuance of debt instruments in place under which, as of September 30, 2021, up to €30.0 billion of instruments can be issued (€25.0 billion as of September 30, 2020). As of September 30, 2021, €20.8 billion in notional amounts were issued and are outstanding (€23.2 billion as of September 30, 2020). In March 2021 the 1.75% €1.25 billion fixed-rate instrument was redeemed at face value. In September 2021, the US$ 400 million floating rate instruments were redeemed at face value. In September 2021 the 0.0% €1.0 billion fixed-rate instrument was redeemed at face value.

US$ Bonds – In September 2021, the 1.7% US$1.1 billion fixed-rate instruments were redeemed at face value. In March 2021, Siemens issued instruments totaling US$10.0 billion (€8.6 billion at September 30, 2021) in seven tranches.

Assignable and term loans

As of September 30, 2021 and 2020, five respectively two bilateral term loan facilities are outstanding (in aggregate € 1.8 billion and €0.85 billion). In fiscal 2021 three bilateral term loan facilities were newly signed: one bilateral €500 million term loan facility maturing in March 2022 with a one-year extension option; one bilateral US$150 million term loan facility (€130 million) maturing in February 2022 with a one-year extension option and one bilateral US$350 million term loan facility (€302 million) maturing in February 2022 with a one-year extension option. One existing bilateral US$500 million term loan facility (€432 million) has a maturity until March 2024 with a one-year extension option remaining and the second existing bilateral US$500 million term loan facility (€432 million) has a maturity until June 2024.

Commercial paper program

Siemens has a US$9.0 billion (€7.8 billion and €7.7 billion as of September 30, 2021 and 2020) commercial paper program in place including US$ extendible notes capabilities as of September 30, 2021 and 2020. As of September 30, 2021 and 2020, US$15 million (€13 million) and US$2.3 billion (€2.0 billion), respectively, were outstanding. Siemens' commercial papers have a maturity of generally less than 90 days. Interest rates ranged from 0.05% to 0.21% in fiscal 2021 and from 0.06% to 1.98% in fiscal 2020.

NOTE 17 Post-employment benefits

Defined benefit plans

The defined benefit plans open to new entrants are based predominantly on contributions made by the Company. Only to a certain extent, those plans are affected by longevity, inflation and compensation increases and take into account country specific differences. The Company's major plans are funded with assets in segregated entities. In accordance with local laws these plans are managed in the interest of the beneficiaries by way of contractual trust agreements with each separate legal entity. The defined benefit plans cover 442,000 participants, including 178,000 actives, 84,000 deferreds with vested benefits and 180,000 retirees and surviving dependents.

Germany

In Germany, pension benefits are provided through the following plans: BSAV (Beitragsorientierte Siemens Altersversorgung), frozen legacy plans as well as deferred compensation plans. The majority of active employees participate in the BSAV. Those benefits are predominantly based on notional contributions and the return on the corresponding assets of this plan, subject to a minimum return guaranteed by the employer. At inception of the BSAV, benefits provided under the frozen legacy plans were modified to substantially eliminate the effects of compensation increases. However, the frozen plans still expose Siemens to investment risk, interest rate risk and longevity risk. The pension plans are funded via contractual trust arrangements (CTA). In Germany no legal or regulatory minimum funding requirements apply.

U.S.

In the US, the Siemens Pension Plans are sponsored, which for the most part have been frozen to new entrants and to future benefit accruals, except for interest credits on cash balance accounts. Siemens has appointed the Investment Committee as the named fiduciary for the management of the assets of the Plans. The Plans' assets are held in Master Trusts and the trustees of the Master Trusts are responsible for the administration of the assets of the trust, taking directions from the Investment Committee. The Plans are subject to the funding requirements under the Employee Retirement Income Security Act of 1974 as amended (ERISA). There is a regulatory requirement to maintain a minimum funding level of 80% in the defined benefit plans in order to avoid benefit restrictions. At their discretion, sponsoring employers may contribute in excess of this regulatory requirement. Annual contributions are calculated by independent actuaries.

U.K.

Pension benefits are mainly offered through the Siemens Benefit Scheme for which, until the start of retirement, an inflation increase of the majority of accrued benefits is mandatory. The required funding is determined by a funding valuation carried out every third year based on legal requirements. Due to deviating guidelines for the determination of the discount rates, the technical funding deficit is usually larger than the IFRS funding deficit. To reduce the deficit Siemens entered into an agreement with the trustees to provide annual payments of £31 (€35) million until fiscal 2033. The agreement also provides for a cumulative advance payment by Siemens AG compensating the remaining annual payments at the date of early termination of the agreement due to cancellation or insolvency.

Switzerland

Following the Swiss law of occupational benefits (BVG) each employer has to grant post-employment benefits for qualifying employees. Accordingly, Siemens in Switzerland sponsors several cash balance plans. These plans are administered by external foundations. The board of the main foundation is composed of equally many employer and employee representatives. The board of the foundation is responsible for investment policy and asset management, as well as for any changes in the plan rules and the determination of contributions to finance the benefits. The Company is required to make total contributions at least as high as the sum of the employee contributions set out in the plan rules. In case of an underfunded plan the Company together with the employees may be asked to pay supplementary contributions according to a well-defined framework of recovery measures.

Development of the defined benefit plans[1]

	Defined benefit obligation (DBO)[2] (I)		Fair value of plan assets (II)		Effects of asset ceiling (III)		Net defined benefit balance (I – II + III)	
	Fiscal year		Fiscal year		Fiscal year		Fiscal year	
(in millions of €)	2021	2020	2021	2020	2021	2020	2021	2020
Balance at begin of fiscal year	**35,777**	40,317	**29,970**	31,307	**11**	33	**5,819**	9,042
Current service cost	**485**	595	**–**	–	**–**	–	**485**	595
Interest expenses	**299**	406	**–**	–	**–**	2	**299**	407
Interest income	**–**	–	**254**	333	**–**	–	**(254)**	(333)
Other[3]	**(4)**	(31)	**(13)**	(20)	**–**	–	**9**	(11)
Components of defined benefit costs recognized in the Consolidated Statements of income	**780**	970	**241**	313	**–**	2	**540**	658
Return on plan assets excluding amounts included in net interest income and net interest expenses	**–**	–	**2,243**	(74)	**–**	–	**(2,243)**	74
Actuarial (gains) losses	**75**	303	**–**	–	**–**	–	**75**	303
Effects of asset ceiling	**–**	–	**–**	–	**4**	(18)	**4**	(18)
Remeasurements recognized in the Consolidated Statements of Comprehensive Income	**75**	303	**2,243**	(74)	**4**	(18)	**(2,165)**	358
Employer contributions	**–**	–	**2,041**	2,898	**–**	–	**(2,041)**	(2,898)
Plan participants' contributions	**102**	142	**102**	142	**–**	–	**–**	–
Benefits paid	**(1,759)**	(1,828)	**(1,638)**	(1,685)	**–**	–	**(121)**	(143)
Settlement payments	**–**	(3)	**–**	(2)	**–**	–	**–**	(1)
Business combinations, disposals and other	**195**	(3,489)	**195**	(2,394)	**–**	(2)	**1**	(1,097)
Foreign currency translation effects	**371**	(634)	**388**	(535)	**1**	(2)	**(17)**	(101)
Other reconciling items	**(1,091)**	(5,812)	**1,089**	(1,576)	**1**	(4)	**(2,179)**	(4,240)
Balance at fiscal year-end	**35,542**	35,777	**33,543**	29,970	**16**	11	**2,015**	5,819
Germany	***21,697***	*22,223*	***19,929***	*17,161*	**–**	–	***1,768***	*5,062*
U.S.	***2,795***	*2,958*	***2,648***	*2,617*	**–**	–	***147***	*341*
U.K.	***6,005***	*5,637*	***6,339***	*6,000*	***8***	*8*	***(325)***	*(356)*
CH	***3,402***	*3,328*	***3,702***	*3,355*	**–**	–	***(300)***	*(27)*
Other countries	***1,643***	*1,632*	***925***	*838*	***8***	*4*	***726***	*798*
Total	**35,542**	35,777	**33,543**	29,970	**16**	11	**2,015**	5,819
thereof provisions for pensions and similar obligations							***2,839***	*6,360*
thereof net defined benefit assets (presented in Other assets)							***825***	*541*

[1] Discloses figures including Flender and Siemens Energy AG. Accordingly, it comprises the total of continuing and discontinuing operations.

[2] Total Defined benefit obligation (DBO) includes other post-employment benefits of €345 million and €393 million in fiscal 2021 and 2020 respectively, which primarily consist of transition payments to German employees after retirement as well as post-employment health care and life insurance benefits to employees in the U.S. and India.

[3] Includes past service benefits/costs, settlement gains/losses and administration costs related to liabilities.

Line item Business combinations, disposals and other includes the acquisition of Varian in fiscal 2021: DBO €303 million, Fair value of plan assets €271 million.

Employer contributions in fiscal 2021 include fundings in Germany of €1,887 million, thereof a contribution of a stake in Bentley Systems, Inc. amounting to €1,146 million, the contribution of various zero-coupon receiver swaps at total value of €368 million and the contribution of a stake in an equity instrument in the amount of €270 million. In fiscal 2020, Employer contributions include fundings in Germany of €2,730 million, including the contribution of a 9.9% interest in Siemens Energy AG of €1,881 million and real estate contributions from Siemens Real Estate.

Net interest expenses relating to provisions for pensions and similar obligations amount to €53 million and €66 million, respectively, in fiscal 2021 and 2020. The DBO is attributable to actives 29% and 28%, to deferreds with vested benefits 15% and 14% and to retirees and surviving dependents 57% and 57%, respectively, in fiscal 2021 and 2020.

The DBO remeasurements comprise actuarial (gains) and losses resulting from:

	Fiscal year	
(in millions of €)	2021	2020
Changes in demographic assumptions	**(224)**	(3)
Changes in financial assumptions	**(156)**	402
Experience (gains) losses	**455**	(97)
Total	**75**	303

Actuarial assumptions

The weighted-average discount rate used for the actuarial valuation of the DBO was as follows:

	Sep 30,	
	2021	2020
Discount rate	**1.3%**	1.1%
EUR	**0.9%**	0.8%
USD	**2.8%**	2.5%
GBP	**1.9%**	1.6%
CHF	**0.3%**	0.2%

The discount rate was derived from high-quality corporate bonds with an issuing volume of more than 100 million units in the respective currency zones, which have been awarded an AA rating (or equivalent) by at least one of the three rating agencies Moody's Investors Service, S&P Global Ratings or Fitch Ratings.

Applied mortality tables are:

Germany	Siemens specific tables (Siemens Bio 2017/2021), (in fiscal 2020 Siemens Bio 2017/2020)
U.S.	Pri-2012 with generational projection from the US Social Security Administration's Long Range Demographic Assumptions
U.K.	SAPS S3 (Standard mortality tables for Self Administered Pension Schemes with allowance for future mortality improvements), (in fiscal 2020 SAPS S2)
CH	BVG 2020 G (in fiscal 2020 BVG 2015 G)

The mortality tables used in Germany (Siemens Bio 2017/2021) are mainly derived from data of the German Siemens population and to a lesser extent from data of the Federal Statistical Office in Germany by applying formulas in accordance with recognized actuarial standards.

The rates of compensation increase and pension progression for countries with significant effects are shown in the following table. Inflation effects, if applicable, are included in the assumptions below.

	Sep 30,	
	2021	2020
Compensation increase		
U.K.	**3.0%**	2.6%
CH	**1.4%**	1.4%
Pension progression		
Germany	**1.5%**	1.5%
U.K.	**3.1%**	2.7%

Sensitivity analysis

A one-half-percentage-point change of the above assumptions would result in the following increase (decrease) of the DBO:

	Effect on DBO due to a one-half percentage-point			
	increase	decrease	increase	decrease
	Sep 30,			
(in millions of €)	2021		2020	
Discount rate	**(2,045)**	**2,259**	(2,134)	2,412
Rate of compensation increase	**95**	**(89)**	95	(90)
Rate of pension progression	**1,559**	**(1,386)**	1,689	(1,367)

The DBO effect of a 10% reduction in mortality rates for all beneficiaries would be an increase of €1,196 million and €1,285 million, respectively, as of September 30, 2021 and 2020.

As in prior years, sensitivity determinations apply the same methodology as applied for the determination of the post-employment benefit obligation. Sensitivities reflect changes in the DBO solely for the assumption changed.

Asset Liability Matching Strategies

As a significant risk, the Company considers a decline in the plans' funded status due to adverse developments of plan assets and/or defined benefit obligations resulting from changing parameters. Accordingly, Siemens implemented a risk management concept aligned with the defined benefit obligations (Asset Liability Matching). Risk management is based on a worldwide defined risk threshold (Value at Risk). The concept, the Value at Risk and the asset development including the investment strategy are monitored and adjusted on an ongoing basis under consultation of senior external experts. Independent asset managers are selected based on quantitative and qualitative analyses, which include their performance and risk evaluation. Derivatives are used to reduce risks as part of risk management.

Disaggregation of plan assets

	Sep 30,	
(in millions of €)	2021	2020
Equity securities	**5,773**	5,166
Fixed income securities	**13,811**	13,166
Government bonds	***3,782***	*3,583*
Corporate bonds	***10,030***	*9,583*
Alternative investments	**4,627**	4,078
Multi strategy funds	**4,288**	3,154
Derivatives	**1,510**	750
Cash and cash equivalents	**547**	813
Insurance contracts	**2,690**	2,565
Other assets	**297**	277
Total	**33,543**	29,970

Virtually all equity securities have quoted prices in active markets. The fair value of fixed income securities is based on prices provided by price service agencies. The fixed income securities are traded in active markets and almost all fixed income securities are investment grade. Alternative investments include hedge funds, private equity and real estate investments, thereof real estate used by the Company with a fair value of €530 million and €527 million, respectively, as of September 30, 2021 and 2020. Multi strategy funds mainly comprise absolute return funds and diversified growth funds that invest in various asset classes within a single fund and aim to stabilize return and reduce volatility. Derivatives predominantly consist of financial instruments for hedging interest rate risk and inflation risk.

Future cash flows

Employer contributions expected to be paid to defined benefit plans in fiscal 2022 are €212 million. Over the next ten fiscal years, average annual benefit payments of €1,754 million and €1,730 million, respectively, are expected as of September 30, 2021 and 2020. The weighted average duration of the DBO for Siemens defined benefit plans was 12 and 13 years, respectively, as of September 30, 2021 and 2020.

Defined contribution plans and state plans

Amounts recognized as expenses for defined contribution plans are €484 million and €710 million in fiscal 2021 and 2020, respectively. Contributions to state plans amount to €1,449 million and €1,844 million in fiscal 2021 and 2020. Amounts are based on continuing and discontinued operations.

NOTE 18 Provisions

(in millions of €)	Warranties	Order related losses and risks	Asset retirement obligations	Other	Total
Balance as of October 1, 2020	1,574	380	702	1,369	4,026
thereof: non-current	*581*	*183*	*690*	*898*	*2,352*
Additions	633	134	3	424	1,195
Usage	(375)	(98)	(100)	(199)	(773)
Reversals	(246)	(68)	(8)	(164)	(486)
Translation differences	12	4	1	7	24
Accretion expense and effect of changes in discount rates	–	–	(24)	–	(24)
Other changes including reclassifications to held for disposal and disposition of those entities	(93)	(2)	3	115	23
Balance as of September 30, 2021	**1,505**	**351**	**577**	**1,552**	**3,985**
thereof: non-current	***539***	***138***	***199***	***847***	***1,723***

The majority of the Company's provisions are generally expected to result in cash outflows during the next five years.

Warranties mainly relate to products sold. Order related losses and risks are provided for anticipated losses and risks on uncompleted construction, sales and leasing contracts.

The Company is subject to asset retirement obligations related to certain items of property, plant and equipment. Such asset retirement obligations are primarily attributable to environmental clean-up costs (disclosed in Corporate items of the Segment information) and to costs primarily associated with the removal of leasehold improvements at the end of the lease term.

Environmental clean-up costs relate to remediation and environmental protection liabilities which have been accrued based on the estimated costs of decommissioning the site for the production of uranium and mixed-oxide fuel elements in Hanau, Germany (Hanau facilities), as well as for a nuclear research and service center in Karlstein, Germany (Karlstein facilities). In May 2021, Siemens AG and the Federal Republic of Germany entered into a public-law contract based on which the obligation of final disposal of nuclear waste is transferred to the Federal Republic of Germany for a payment of €360 million. The contract and therefore the payment is subject to the approval of the EU commission under state-aid rules. Estimation uncertainties still relate to assumptions made to measure the obligations that remain with Siemens AG, with regard to conditioning and packaging of nuclear waste, as well as intermediate storage and transport to the final storage facility "Schacht Konrad" or a logistics depot until year-end 2032. As of September 30, 2021 and 2020, the provisions total €507 million and €638 million, respectively. The decrease results primarily from the reversal of advance payments to the federal government in the amount of €95 million which were capitalized and included in the carrying amount of the provision as well as from interest rate adjustments.

Other includes provisions for life and industrial business reinsurance contracts (liability, property, construction) in connection with the Siemens Energy business of €487 million and €499 million as of September 30, 2021 and 2020; thereof life €248 million and €262 million and industrial business €239 million and €237 million, respectively, as of September 30, 2021 and 2020. The provisions are for incurred and reported insurance losses as well as for incurred, hence, not yet reported insurance losses as of fiscal year-end. The provision is determined using actuarial standard valuation methodologies, which are parameterized based on historical loss data. Life reinsurance contracts have an average term of 20 years, whereas the cash outflows for the industrial business reinsurance contracts are expected within the next five years. Other also includes provisions for Legal Proceedings, as far as the risks that are subject to such Legal Proceedings are not already covered by project accounting. Provisions for Legal Proceedings amounted to €251 million and €248 million as of September 30, 2021 and 2020, respectively. Furthermore, Other includes provision for indemnifications in connection with dispositions of businesses of €96 million and €87 million as of September 30, 2021 and 2020. Such indemnifications may protect the buyer from potential tax, legal and other risks in conjunction with the purchased business.

NOTE 19 Equity

Siemens' issued capital is divided into 850 million registered shares with no par value and a notional value of €3.00 per share as of September 30, 2021 and 2020, respectively. The shares are paid in full. At the Shareholders' Meeting, each share has one vote and accounts for the shareholders' proportionate share in the Company's net income. All shares confer the same rights and obligations.

In fiscal 2021 and 2020, Siemens repurchased 976,346 shares and 19,071,746 shares, respectively. In fiscal 2021 and 2020, Siemens transferred 4,022,053 and 5,613,506 treasury shares, respectively. As of September 30, 2021 and 2020, the Company has treasury shares of 47,644,581 and 50,690,288 respectively.

Share based payment expenses increased Capital reserve by €294 million and €295 million (including non-controlling interests), respectively, in fiscal 2021 and 2020. In connection with the settlement of share based payment awards Siemens treasury shares (at cost) were transferred to employees of €226 million in fiscal 2021 and €310 million in fiscal 2020 which decreased Capital reserve and Retained earnings by €165 million and €61 million, respectively in 2021 and by €218 million and €92 million in fiscal 2020.

As of September 30, 2021 and 2020, total authorized capital of Siemens AG is €600 million nominal issuable in installments based on various time-limited authorizations, by issuance of up to 200 million registered shares of no par value. Siemens AG's conditional capital is €420.6 million or 140.2 million shares as of September 30, 2021 and 2020. Primarily, it can be used to serve convertible bonds or warrants under warrant bonds that could or can be issued based on various time-limited authorizations approved by the respective Shareholders' Meeting.

Dividends paid per share were €3.50 and €3.90, respectively, in fiscal 2021 and 2020. The Managing Board and the Supervisory Board propose to distribute a dividend of €4.00 per share to holders entitled to dividends, in total representing approximately €3.2 billion in expected payments. Payment of the proposed dividend is contingent upon approval at the Shareholders' Meeting on February 10, 2022.

In November 2018, Siemens announced a share-buyback program of up to €3 billion. The program ceased in September 2021. On June 24, 2021, Siemens announced that it intends to launch a new five-year share buyback program of up to €3 billion, beginning in fiscal 2022.

NOTE 20 Additional capital disclosures

A key consideration of our capital structure management is to maintain ready access to capital markets through various debt instruments and to sustain our ability to repay and service our debt obligations over time. In order to achieve this, Siemens intended to maintain an Industrial net debt divided by EBITDA (continued operations) ratio of up to 1.0 as of September 30, 2021 and 2020, respectively. In line with our updated Financial Framework we target an Industrial net debt divided by EBITDA (continuing operations) ratio of up to 1.5 for fiscal 2022 and beyond. The ratio indicates the approximate number of years that would be needed to cover the Industrial net debt through Income from continuing operations, excluding interest, other financial income (expenses), taxes, depreciation, amortization and impairments. The fiscal 2020 ratio is disclosed as computed in the prior year, it is disclosed before retrospective classification of discontinued operation.

(in millions of €)	Sep 30, 2021	2020
Short-term debt and current maturities of long-term debt	**7,821**	6,562
Plus: Long-term debt	**40,879**	38,005
Less: Cash and cash equivalents	**(9,545)**	(14,041)
Less: Current interest bearing debt securities	**(1,132)**	(1,256)
Less: Fair value of foreign currency and interest hedges relating to short- and long-term debt[1]	**(1,012)**	(777)
Net debt	**37,010**	28,492
Less: Siemens Financial Services debt[2]	**(26,519)**	(25,267)
Plus: Provisions for pensions and similar obligations	**2,839**	6,360
Plus: Credit guarantees	**530**	604
Industrial net debt	**13,861**	10,189
Income from continuing operations before income taxes	**7,496**	5,672
Plus/Less: Interest income, interest expenses and other financial income (expenses), net	**(1,480)**	(1,228)
Plus: Amortization, depreciation and impairments	**3,075**	3,157
EBITDA	**9,091**	7,601
Industrial net debt/EBITDA	**1.5**	1.3

[1] Debt is generally reported with a value representing approximately the amount to be repaid. Accordingly, debt in a hedging relationship is adjusted for fair values of interest hedges as well as for foreign currency hedge effects; the latter commencing with financing the acquisition of Varian Medical Systems, Inc. in fiscal 2021. Siemens deducts resulting changes in fair value, to derive an amount of debt that approximates the amount that will be repaid.

[2] The adjustment considers that both Moody's and S&P view Siemens Financial Services as a captive finance company. These rating agencies generally recognize and accept higher levels of debt attributable to captive finance subsidiaries in determining credit ratings. Following this concept, Siemens excludes Siemens Financial Services debt.

The SFS business is capital intensive and operates with a larger amount of debt to finance its operations compared to the industrial business.

(in millions of €)	Sep 30, 2021	Sep 30, 2020
Allocated equity	**2,774**	2,672
Siemens Financial Services debt	**26,519**	25,267
Debt to equity ratio	**9.56**	9.46

Equity allocated to SFS differs from the carrying amount of equity as it is mainly allocated based on the risks of the underlying business. Siemens' current corporate credit ratings are:

	Sep 30, 2021		Sep 30, 2020	
	Moody's Investors Service	S&P Global Ratings	Moody's Investors Service	S&P Global Ratings
Long-term debt	**A1**	**A+**	A1	A+
Short-term debt	**P-1**	**A-1+**	P-1	A-1+

NOTE 21 Commitments and contingencies

The following table presents the undiscounted amount of maximum potential future payments for major groups of guarantees:

(in millions of €)	Sep 30, 2021	Sep 30, 2020
Credit guarantees	**530**	604
Performance guarantees	**15,116**	27,917
	15,646	28,521

Item Credit guarantees covers the financial obligations of third parties generally in cases where Siemens is the vendor and (or) contractual partner or Siemens is liable for obligations of associated companies accounted for using the equity method. Additionally, credit guarantees are issued in the course of the SFS business. Credit guarantees generally provide that in the event of default or non-payment by the primary debtor, Siemens will be required to settle such financial obligations. The maximum amount of these guarantees is equal to the outstanding balance of the credit or, in case a credit line is subject to variable utilization, the nominal amount of the credit line. These guarantees have typically residual terms of up to four years. The Company held collateral mainly through inventories and trade receivables. As of September 30, 2021 and 2020, Credit guarantees include €124 million and €271 million for which Siemens holds reimbursement rights towards Siemens Energy. Siemens accrued €3 million and €18 million relating to credit guarantees as of September 30, 2021 and 2020, respectively.

Furthermore, Siemens issues performance guarantees, which mainly include performance bonds. In the event of non-fulfillment of contractual obligations by the primary obligor, Siemens will be required to pay up to an agreed-upon maximum amount. These agreements typically have terms of up to ten years. As of September 30, 2021 and 2020, Performance guarantees include €14,508 million and €27,425 million for which Siemens holds reimbursement rights towards Siemens Energy; the related contract liability amount for parent company guarantees is generally reduced using the straight-line method over the planned term of the underlying delivery or service agreement. As of September 30, 2021 and 2020, the Company accrued €51 million and €1 million, respectively, relating to performance guarantees.

As of September 30, 2021 and 2020, in addition to guarantees disclosed in the table above, there are contingent liabilities of €475 million and €405 million which mainly result from other guarantees, legal proceedings and from joint and several liabilities of consortia, in particular from the construction of a power plant in Finland. Other guarantees include €189 million and €261 million for which Siemens holds reimbursement rights towards Siemens Energy.

NOTE 22 Legal proceedings

Proceedings out of or in connection with alleged compliance violations

As previously reported, in July 2008, Hellenic Telecommunications Organization S.A. (OTE) filed a lawsuit against Siemens AG with the district court of Munich, Germany, seeking to compel Siemens AG to disclose the outcome of its internal investigations with respect to OTE. OTE seeks to obtain information with respect to allegations of undue influence and/or acts of bribery in connection with contracts concluded between Siemens AG and OTE from calendar year 1992 to 2006. At the end of July 2010, OTE expanded its claim and requested payment of damages by Siemens AG of at least €57 million to OTE for alleged bribery payments to OTE employees. In October 2014, OTE increased its damage claim to the amount of at least €68 million. Siemens AG continues to defend itself against the expanded claim.

As previously reported, in May 2014, the Public Affairs Office (Ministério Público) São Paulo initiated a lawsuit against Siemens Ltda. as well as other companies and several individuals claiming, inter alia, damages in an amount of BRL2.5 billion (approximately €399 million as of September 2021) plus adjustments for inflation and related interest in relation to train refurbishment contracts entered into between 2008 and 2011. In January 2015, the district court of São Paulo admitted a lawsuit of the State of São Paulo and two customers against Siemens Ltda., Siemens AG and other companies and individuals claiming damages in an unspecified amount. In March 2015, the district court of São Paulo admitted a lawsuit of the Public Affairs Office (Ministério Público) São Paulo against Siemens Ltda. and other companies claiming, inter alia, damages in an amount of BRL487 million (approximately €78 million as of September 2021) plus adjustments for inflation and related interest in relation to train maintenance contracts entered into in 2000 and 2002. In September 2015, the district court of São Paulo admitted another lawsuit of the Public Affairs Office (Ministério Público) São Paulo against Siemens Ltda. and other companies claiming, inter alia, damages in an amount of BRL918 million (approximately €147 million as of September 2021) plus adjustments for inflation and related interest in relation to train maintenance contracts entered into in 2006 and 2007. Siemens is defending itself against these actions. It cannot be excluded that further significant damage claims will be brought by customers or the state against Siemens.

As previously reported, in June 2015, Siemens Ltda. appealed to the Supreme Court against a decision of a previous court to suspend Siemens Ltda. from participating in public tenders and signing contracts with public administrations in Brazil for a five year term based on alleged irregularities in calendar year 1999 and 2004 in public tenders with the Brazilian Postal authority. In June 2018, the court accepted Siemens' appeal and declared the earlier instance decision as void. In June 2021, the court referred the case back to the court of first instance. In February 2018, the Ministério Público in Brasilia filed a lawsuit based on the same set of facts, mainly claiming the exclusion of Siemens Ltda. from public tenders for a ten year term. Siemens Ltda. is defending itself against the lawsuit. Siemens Ltda. is currently not excluded from participating in public tenders.

Siemens is involved in numerous Legal Proceedings in various jurisdictions. These Legal Proceedings could result, in particular, in Siemens being subject to payment of damages and punitive damages, equitable remedies or sanctions, fines or disgorgement of profit. In individual cases this may also lead to formal or informal exclusion from tenders or the revocation or loss of business licenses or permits. In addition, further Legal Proceedings may be commenced or the scope of pending Legal Proceedings may be extended. Asserted claims are generally subject to interest rates.

Some of these Legal Proceedings could result in adverse decisions for Siemens, which may have material effects on its business activities as well as its financial position, results of operations and cash flows.

For Legal Proceedings information required under IAS 37, Provisions, Contingent Liabilities and Contingent Assets is not disclosed if the Company concludes that disclosure can be expected to seriously prejudice the outcome of the matter.

NOTE 23 Additional disclosures on financial instruments

The following table discloses the carrying amounts of each category of financial assets and financial liabilities:

(in millions of €)	Sep 30, 2021	2020
Loans, receivables and other debt instruments measured at amortized cost[1]	**42,436**	40,304
Cash and cash equivalents	**9,545**	14,041
Derivatives designated in a hedge accounting relationship	**852**	790
Financial assets mandatorily measured at FVTPL[2]	**2,305**	3,422
Financial assets designated as measured at FVTPL[3]	**198**	220
Equity instruments measured at FVOCI[1]	**675**	491
Financial assets	**56,012**	59,268
Financial liabilities measured at amortized cost[4]	**59,172**	54,189
Derivatives not designated in a hedge accounting relationship[5]	**505**	765
Derivatives designated in a hedge accounting relationship[5]	**263**	213
Financial liabilities	**59,941**	55,167

[1] Reported in the following line items of the Statements of Financial Position as of September 30, 2021 and 2020, respectively: Trade and other receivables, Other current financial assets and Other financial assets, except for separately disclosed €1,824 million and €1,843 million equity instruments in Other financial assets (thereof €675 million and €491 million at FVOCI), €198 million and €220 million financial assets designated as measured at FVTPL and €1,950 million and €2,842 million derivative financial instruments (thereof in Other financial assets €1,552 million and €2,044 million) as well as €58 million and €18 million debt instruments measured at FVTPL in Other financial assets. Includes €13,267 million and €12,071 million trade receivables from the sale of goods and services, thereof €663 million and

[2] Reported in line items Other current financial assets and Other financial assets.

[3] Reported in Other financial assets.

[4] Reported in the following line items of the Statements of Financial Position: Short-term debt and current maturities of long-term debt, Trade payables, Other current financial liabilities, Long-term debt and Other financial liabilities, except for separately disclosed derivative financial instruments of €769 million and €978 million as of September 30, 2021 and 2020, respectively.

[5] Reported in line items Other current financial liabilities and Other financial liabilities.

Cash and cash equivalents include €190 million and €126 million as of September 30, 2021 and 2020, respectively, which are not available for use by Siemens mainly due to minimum reserve requirements with banks. As of September 30, 2021 and 2020, the carrying amount of financial assets Siemens pledged as collateral is €156 million and €115 million, respectively.

The following table presents the fair values and carrying amounts of financial assets and financial liabilities measured at cost or amortized cost for which the carrying amounts do not approximate fair value:

	Sep 30, 2021		Sep 30, 2020	
(in millions of €)	Fair value	Carrying amount	Fair value	Carrying amount
Notes and bonds	**45,594**	**43,373**	40,868	38,264
Loans from banks and other financial indebtedness	**2,400**	**2,398**	3,483	3,473

Fixed-rate and variable-rate receivables with a remaining term of more than twelve months, including receivables from finance leases, are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer, and the risk characteristics of the financed project. Based on this evaluation, allowances for these receivables are recognized.

The fair value of notes and bonds is based on prices provided by price service agencies at the period-end date (Level 2). The fair value of loans from banks and other financial indebtedness as well as other non-current financial liabilities are estimated by discounting future cash flows using rates currently available for debt of similar terms and remaining maturities (Level 2).

The following table allocates financial assets and financial liabilities measured at fair value to the three levels of the fair value hierarchy:

				Sep 30, 2021
(in millions of €)	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**917**	**2,030**	**1,085**	**4,031**
Equity instruments measured at FVTPL	**718**	**77**	**354**	**1,149**
Equity instruments measured at FVOCI	**–**	**1**	**674**	**675**
Debt instruments measured at FVTPL	**198**	**1**	**57**	**256**
Derivative financial instruments	**–**	**1,950**	**–**	**1,950**
Not designated in a hedge accounting relationship (including embedded derivatives)	***–***	***1,098***	***–***	***1,098***
In connection with fair value hedges	***–***	***307***	***–***	***307***
In connection with cash flow hedges	***–***	***545***	***–***	***545***
Financial liabilities measured at fair value – Derivative financial instruments	**–**	**769**	**–**	**769**
Not designated in a hedge accounting relationship (including embedded derivatives)	***–***	***505***	***–***	***505***
In connection with cash flow hedges	***–***	***263***	***–***	***263***

(in millions of €)	Level 1	Level 2	Level 3	Sep 30, 2020 Total
Financial assets measured at fair value	1,288	3,023	612	4,923
Equity instruments measured at FVTPL	1,067	77	209	1,353
Equity instruments measured at FVOCI	1	104	385	491
Debt instruments measured at FVTPL	220	–	18	238
Derivative financial instruments	–	2,842	–	2,842
Not designated in a hedge accounting relationship (including embedded derivatives)	–	*2,052*	–	*2,052*
In connection with fair value hedges	–	*554*	–	*554*
In connection with cash flow hedges	–	*236*	–	*236*
Financial liabilities measured at fair value – Derivative financial instruments	–	978	–	978
Not designated in a hedge accounting relationship (including embedded derivatives)	–	*765*	–	*765*
In connection with cash flow hedges	–	*213*	–	*213*

Fair value of equity instruments quoted in an active market is based on price quotations at period-end date. Fair value of debt instruments, is either based on prices provided by price service agencies or is estimated by discounting future cash flows using current market interest rates.

Fair values of derivative financial instruments are determined in accordance with the specific type of instrument. Fair values of derivative interest rate contracts are estimated by discounting expected future cash flows using current market interest rates and yield curves over the remaining term of the instrument. Interest rate futures are valued based on quoted market prices, if available. Fair values of foreign currency derivatives are based on forward exchange rates. Options are generally valued based on quoted market prices or based on option pricing models. No compensating effects from underlying transactions (e.g. firm commitments and forecast transactions) are considered.

The Company limits default risks resulting from derivative financial instruments by generally transacting with financial institutions with a minimum credit rating of investment grade. Based on Siemens' net risk exposure towards the counterparty, the resulting credit risk is taken into account via a credit valuation adjustment.

In fiscal 2021, Siemens Advanta acquired equity stakes for €279 million in cash (Thoughtworks). The financial asset is mandatorily measured at fair value through profit and loss (FVTPL). The company went public in September 2021 resulting in a gain from fair value measurement including foreign currency effects of €289 million at Siemens disclosed in Corporate items of segment information and presented in Other financial income (expenses), net.

As of September 30, 2021 and 2020, Level 3 financial assets include venture capital investments of €515 million and €386 million (Next47 investments). In fiscal 2021 and 2020, new level 3 investments and purchases amounted to €522 million and €249 million, respectively. Sales of Level 3 financial assets amounted to €305 million and €327 million, respectively, in fiscal 2021 and 2020.

In fiscal 2021, a Level 3 equity investment mandatorily measured at FVTPL was merged with a public holding company in exchange for shares in the new entity, ChargePoint. The transaction resulted in a gain of €220 million derived from now available Level 1 quoted prices. The gain is disclosed in Other financial income (expenses), net and in Next47 of Corporate items. Subsequently, the investment was contributed to the Siemens Pension-Trust e.V. at fair value of €270 million.

Net gains (losses) resulting from financial instruments are:

(in millions of €)	Fiscal year 2021	 2020
Cash and cash equivalents	**(17)**	(168)
Loans, receivables and other debt instruments measured at amortized cost	**74**	(526)
Financial liabilities measured at amortized cost	**22**	1,291
Financial assets and financial liabilities at FVTPL	**1,020**	552

Amounts include foreign currency gains (losses) from recognizing and measuring financial assets and liabilities. Net gains (losses) on financial assets and liabilities measured at FVTPL resulted from those mandatorily measured at FVTPL and comprise fair value changes of derivative financial instruments for which hedge accounting is not applied including interest income (expense), as well as dividends from and fair value changes of equity instruments measured at FVTPL.

Interest income (expense) includes interest from financial assets and financial liabilities not at fair value through profit or loss:

(in millions of €)	Fiscal year 2021	 2020
Total interest income on financial assets	**1,434**	1,503
Total interest expenses on financial liabilities	**(672)**	(702)

Valuation allowances for expected credit losses

(in millions of €)	Loans, receivables and other debt instruments measured at amortized cost				Contract Assets	Lease Receivables
	Loans and other debt instruments under the general approach			Trade receivables and other debt instruments under the simplified approach		
	Stage 1	Stage 2	Stage 3			
Valuation allowance as of October 1, 2020	**73**	**27**	**111**	**537**	**36**	**227**
Change in valuation allowances recorded in the Consolidated Statements of Income in the current period	**18**	**(10)**	**2**	**48**	**(22)**	**15**
Write-offs charged against the allowance	**n/a**	**n/a**	**(25)**	**(89)**	**–**	**(38)**
Recoveries of amounts previously written off	**n/a**	**n/a**	**2**	**7**	**–**	**2**
Foreign exchange translation differences and other changes	**(5)**	**(3)**	**8**	**5**	**1**	**5**
Reclassifications to line item Assets held for disposal and dispositions of those entities	**–**	**–**	**–**	**27**	**37**	**–**
Valuation allowance as of September 30, 2021	**86**	**15**	**98**	**535**	**53**	**212**

(in millions of €)	Loans, receivables and other debt instruments measured at amortized cost				Contract Assets	Lease Receivables
	Loans and other debt instruments under the general approach			Trade receivables and other debt instruments under the simplified approach		
	Stage 1	Stage 2	Stage 3			
Valuation allowance as of October 1, 2019	54	12	68	891	198	184
Change in valuation allowances recorded in the Consolidated Statements of Income in the current period	67	11	43	175	9	97
Write-offs charged against the allowance	n/a	n/a	(35)	(60)	—	(46)
Recoveries of amounts previously written off	n/a	n/a	–	6	—	2
Foreign exchange translation differences and other changes	(48)	4	35	(17)	(2)	(11)
Reclassifications to line item Assets held for disposal and dispositions of those entities	—	—	—	(458)	(169)	—
Valuation allowance as of September 30, 2020	73	27	111	537	36	227

Impairment losses on financial instruments are presented in line items Cost of sales, Selling and general administrative expenses and Other financial income (expenses), net. Net losses in fiscal 2021 and 2020 are €50 million and €404 million, respectively. Impairment losses net of (gains) from reversal of impairments are €(19) million and €33 million in fiscal 2021 and 2020 are mostly attributable to the SFS business and presented in Other financial income (expenses), net.

Offsetting

Siemens enters into master netting and similar agreements for derivative financial instruments. Potential offsetting effects are as follows:

(in millions of €)	Financial assets		Financial liabilities	
	Sep 30,		Sep 30,	
	2021	2020	2021	2020
Gross amounts	**1,910**	2,571	**753**	795
Amounts offset in the Statement of Financial Position	**5**	2	**5**	2
Net amounts in the Statement of Financial Position	**1,905**	2,569	**748**	793
Related amounts not offset in the Statement of Financial Position	**748**	829	**586**	571
Net amounts	**1,157**	1,739	**163**	221

NOTE 24 Derivative financial instruments and hedging activities

To hedge foreign currency exchange and interest rate risks, derivatives are contracted to achieve a 1:1 hedge ratio so that the main characteristics match the underlying hedged items (e.g. nominal amount, maturity) in a critical term match, which ensures an economic relationship between hedging instruments and hedged items suitable for hedge accounting. The nominal amounts of hedging instruments by maturity are:

	Sep 30, 2021		Sep 30, 2020	
(in millions of €)	Up to 12 months	More than 12 months	Up to 12 months	More than 12 months
Foreign currency exchange contracts	**3,605**	**14,676**	10,739	4,435
Interest rate swaps	**873**	**5,752**	450	7,110
therein: included in cash flow hedges	***13***	***605***	*–*	*598*
therein: included in fair value hedges	***859***	***5,147***	*450*	*6,512*

Fair values of each type of derivative financial instruments reported as financial assets or financial liabilities in line items Other current financial assets (liabilities) or Other financial assets (liabilities) are:

	Sep 30, 2021		Sep 30, 2020	
(in millions of €)	Asset	Liability	Asset	Liability
Foreign currency exchange contracts	**893**	**569**	933	617
therein: included in cash flow hedges	***544***	***231***	*231*	*106*
Interest rate swaps and combined interest and currency swaps	**987**	**155**	1,835	328
therein: included in cash flow hedges	**–**	***31***	–	*107*
therein: included in fair value hedges	***307***	**–**	*554*	–
Other (embedded derivatives, options, commodity swaps)	**70**	**45**	74	33
	1,950	**769**	2,842	978

Other components of equity, net of income taxes, relating to cash flow hedges reconciles as follows:

	Interest rate risk	Foreign currency risk	
(in millions of €)	Cash flow hedge reserve	Cash flow hedge reserve	Cost of hedging reserve
Balance as of October 1, 2020	(59)	133	117
Hedging gains (losses) presented in OCI	36	(263)	97
Reclassification to net income	6	(12)	(121)
Other	–	114	–
Balance as of September 30, 2021	**(17)**	**(28)**	**93**
thereof: discontinued hedge accounting	***(11)***	***(3)***	**–**

Amounts reclassified to net income in connection with interest rate risk hedges and non-operative foreign currency hedges are presented in Other financial income (expenses), net. Reclassifications of foreign currency risk hedges with operative business purposes are presented as functional costs. Costs of hedging reserve is the forward element of forward contracts that are not designated as hedge accounting and which are amortized to interest expense on a straight-line basis as the hedged item is time-period related. In fiscal 2021, €114 million in Other relate to designated foreign currency swaps to hedge risks of the highly probable purchase price payment made for the Varian acquisition. The amount was removed from the cash flow hedge reserve and included in the initial cost of Varian.

Foreign currency exchange rate risk management

Derivative financial instruments not designated in a hedging relationship

The Company manages its risks associated with fluctuations in foreign currency denominated receivables, payables, debt, firm commitments and forecast transactions primarily through a Company-wide portfolio approach. Under this approach the Company-wide risks are aggregated centrally, and various derivative financial instruments, primarily foreign currency exchange contracts, foreign currency swaps and options, are utilized to minimize such risks. Such a strategy does not qualify for hedge accounting treatment. The Company also accounts for foreign currency derivatives, which are embedded in sale and purchase contracts.

Cash flow hedges

The Company's operating units apply hedge accounting to certain significant forecast transactions and firm commitments denominated in foreign currencies. Particularly, the Company entered into foreign currency exchange contracts to reduce the risk of variability of future cash flows resulting from forecast sales and purchases as well as firm commitments. The risk mainly results from contracts denominated in US$ both from Siemens' operating units entering into long-term contracts e.g. from the project business and from the standard product business. In fiscal 2021 and 2020, the risk is hedged against the euro at an average rate of 1.2808 €/US$ and 1.2013 €/US$ (forward purchases of US$), respectively and 1.2070 €/US$ and 1.1950 €/US$ (forward sales of US$). As of September 30, 2021 and 2020, the hedging transactions have an average remaining maturity until 2026 and 2022 (forward purchases of US$) as well as 2022 and 2021 (forward sales of US$).

Included are Siemens' foreign currency forward contracts, entered into in fiscal 2021, to hedge foreign currency risks relating to US$10 billion (€8.5 billion) bonds granted to Siemens Healthineers, through which a synthetic Euro financing structure is achieved. It factually, also turns interest into € with volume weighted average interest rates of currently about 0.3%.

Interest rate risk management

Derivative financial instruments not designated in a hedging relationship

Interest rate risk management relating to the Group, excluding SFS' businesses, uses derivative financial instruments under a portfolio-based approach to manage interest risk actively relative to a benchmark. Interest rate management of the SFS and businesses remains to be managed separately, considering the term structure of SFS' financial assets and liabilities on a portfolio basis. Neither approach qualifies for hedge accounting treatment. Net cash receipts and payments in connection with interest rate swap agreements are recorded as interest expense in Other financial income (expenses), net.

Cash flow hedges of floating-rate commercial papers

Siemens applies cash flow hedge accounting to a revolving portfolio of floating-rate commercial papers of nominal US$700 million. Siemens pays a fixed rate of interest and receives a variable rate of interest, offsetting future changes in interest payments of the underlying floating-rate commercial papers. Net cash receipts and payments are recorded as interest expenses. The Company had interest rate swap contracts to receive variable rates of interest of an average of 0.13% and 0.23% as of September 30, 2021 and 2020, respectively, and paid fixed rates of interest (average rate of 1.95% and 1.95%, as of September 30, 2021 and 2020, respectively).

Fair value hedges of fixed-rate debt obligations

Under interest rate swap agreements outstanding in fiscal 2021 and 2020, the Company agreed to pay a variable rate of interest multiplied by a notional principal amount, and to receive in return an amount equal to a specified fixed rate of interest multiplied by the same notional principal amount. These interest rate swap agreements offset future changes in interest rates designated as hedged risk on the fair value of the underlying fixed-rate debt obligations. As of September 30, 2021 and 2020, the carrying amounts of €6,305 million and €6,938 million, respectively, of fixed-rate debt obligations are designated in fair value hedges, including €304 million and €540 million cumulative fair value hedge adjustments. Unamortized fair value hedge adjustments of €181 million and €220 million as of September 30, 2021 and 2020, respectively, relate to no longer applied hedge accounting. The amounts are amortized over the remaining term of the underlying debt, maturing until 2042. Carrying amount adjustments to debt of €236 million and €(123) million, respectively, in fiscal 2021 and 2020 are included in Other financial income (expenses), net; the related swap agreements resulted in gains (losses) of €(243) million and €91 million, respectively, in fiscal 2021 and 2020. Net cash receipts and payments relating to such interest rate swap agreements are recorded as interest expenses.

The Company had interest rate swap contracts to pay variable rates of interest of an average of (0.14)% and (0.13)% as of September 30, 2021 and 2020, respectively and received fixed rates of interest (average rate of 1.50% and 1.49%, as of September 30, 2021 and 2020, respectively). The notional amount of indebtedness hedged as of September 30, 2021 and 2020 was €6,007 million and €6,423 million, respectively. This changed 15% and 18% of the Company's underlying notes and bonds from fixed interest rates into variable interest rates as of September 30, 2021 and 2020, respectively. The notional amounts of these contracts mature at varying dates based on the maturity of the underlying hedged items. The net fair value of interest rate swap contracts (excluding accrued interest) used to hedge indebtedness as of September 30, 2021 and 2020 was €277 million and €520 million, respectively.

NOTE 25 Financial risk management

Increasing market fluctuations may result in significant earnings and cash flow volatility risk for Siemens. The Company's operating business as well as its investment and financing activities are affected particularly by changes in foreign exchange rates and interest rates. In order to optimize the allocation of financial resources across Siemens' segments and entities, as well as to achieve its aims, Siemens identifies, analyzes and manages the associated market risks. The Company seeks to manage and control these risks primarily through its regular operating and financing activities and uses derivative financial instruments when deemed appropriate.

In order to quantify market risks Siemens has implemented a system based on Value at Risk (VaR), which is also used for internal management of Corporate Treasury activities. The VaR figures are calculated based on historical volatilities and correlations of various risk factors, a ten day holding period, and a 99.5% confidence level.

Actual results that are included in the Consolidated Statements of Income or Consolidated Statements of Comprehensive Income may differ substantially from VaR figures due to fundamental conceptual differences. While the Consolidated Statements of Income and Consolidated Statements of Comprehensive Income are prepared in accordance with IFRS, the VaR figures are the output of a model with a purely financial perspective and represent the potential financial loss, which will not be exceeded within ten days with a probability of 99.5%. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations including the following. A ten day holding period assumes that it is possible to dispose of the underlying positions within this period. This may not be valid during continuing periods of illiquid markets. A 99.5% confidence level means that there is a 0.5% statistical probability that losses could exceed the calculated VaR. The use of historical data as a basis for estimating the statistic behavior of the relevant markets and finally determining the possible range of the future outcomes on the basis of this statistic behavior may not always cover all possible scenarios, especially those of an exceptional nature.

Any market sensitive instruments, including equity and interest-bearing investments that our Company's pension plans hold are not included in the following quantitative and qualitative disclosures.

Foreign currency exchange rate risk

Transaction risk

Each Siemens unit conducting businesses with international counterparties leading to future cash flows denominated in a currency other than its functional currency is exposed to risks from changes in foreign currency exchange rates. In the ordinary course of business, Siemens units are exposed to foreign currency exchange rate fluctuations, particularly between the U.S. dollar and the euro. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies as well as production activities and other contributions along the value chain in the local markets.

Operating units are prohibited from borrowing or investing in foreign currencies on a speculative basis. Intercompany financing or investments of operating units are preferably carried out in their functional currency or on a hedged basis.

According to the Company policy, Siemens units are responsible for recording, assessing and monitoring their foreign currency transaction exposure. The net foreign currency position of Siemens units serves as a central performance measure and has to be hedged within a band of at least 75% but no more than 100%.

Generally, the operating units conclude their hedging activities internally with Corporate Treasury. By applying a cost-optimizing portfolio approach, Corporate Treasury itself hedges foreign currency exchange rate risks with external counterparties and limits them.

As of September 30, 2021 and 2020, the VaR relating to foreign currency exchange rates was €39 million and €90 million. This VaR was calculated under consideration of items of the Consolidated Statements of Financial Position in addition to firm commitments, which are denominated in foreign currencies, as well as foreign currency denominated cash flows from forecast transactions for the following twelve months. The decrease in the VaR resulted mainly from a lower net foreign currency position after hedging activities and a lower volatility between the U.S. dollar and the euro.

Translation risk

Many Siemens units are located outside the Eurozone. Because the financial reporting currency of Siemens is the euro, the financial statements of these subsidiaries are translated into euro for the preparation of the Consolidated Financial Statements. To consider the effects of foreign currency translation in the risk management, the general assumption is that investments in foreign-based operations are permanent and that reinvestment is continuous. Effects from foreign currency exchange rate fluctuations on the translation of net asset amounts into euro are reflected in the Company's consolidated equity position.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk arises whenever interest terms of financial assets and liabilities are different. In order to manage the Company's position with regard to interest rate risk, interest income and interest expenses, Corporate Treasury performs a comprehensive corporate interest rate risk management by using fixed or variable interest rates from bond issuances and derivative financial instruments when appropriate. The interest rate risk relating to the Group, excluding SFS' business, is mitigated by managing interest rate risk within an integrated Asset Liability Management approach. The interest rate risk relating to SFS' business is managed separately, considering the term structure of financial assets and liabilities. The Company's interest rate risk results primarily from funding in the U.S. dollar, British pound and euro.

If there are no conflicting country-specific regulations, all Siemens operating units generally obtain any required financing through Corporate Treasury in the form of loans or intercompany clearing accounts. The same concept is adopted for deposits of cash generated by the units.

As of September 30, 2021 and 2020, the VaR relating to the interest rate was €529 million and €424 million. The increase was driven mainly by higher interest rate volatilities for the U.S. dollar and an increase in interest rate sensitivity for the U.S. dollar related to the US$10 billion instrument issued in March 2021.

Liquidity risk

Liquidity risk results from the Company's inability to meet its financial liabilities. Siemens follows a deliberated financing policy that is aimed towards a balanced financing portfolio, a diversified maturity profile and a comfortable liquidity cushion. Siemens mitigates liquidity risk by the implementation of effective working capital and cash management, arranged credit facilities with highly rated financial institutions, via a debt issuance program and via a global multi-currency commercial paper program. Liquidity risk may also be mitigated by the Siemens Bank GmbH, which increases the flexibility of depositing cash or refinancing.

In addition, Siemens constantly monitors funding options available in the capital markets, as well as trends in the availability and costs of such funding, with a view to maintaining financial flexibility and limiting repayment risks.

The following table reflects our contractually fixed pay-offs for settlement, repayments and interest. The disclosed expected undiscounted net cash outflows from derivative financial liabilities are determined based on each particular settlement date of an instrument and based on the earliest date on which Siemens could be required to pay. Cash outflows for financial liabilities (including interest) without fixed amount or timing are based on the conditions existing at September 30, 2021.

(in millions of €)	2022	2023	2024 to 2026	Fiscal year 2027 and thereafter
Non-derivative financial liabilities				
Notes and bonds	6,600	5,178	14,768	24,290
Loans from banks	1,217	176	914	16
Other financial indebtedness	70	6	36	4
Lease liabilities	731	556	971	921
Trade payables	8,776	25	30	1
Other financial liabilities	1,430	147	111	14
Derivative financial liabilities	429	143	213	72
Credit guarantees[1]	530	–	–	–
Irrevocable loan commitments[2]	3,408	312	165	2

[1] Based on the maximum amounts Siemens could be required to settle in the event of default by the primary debtor.

[2] A considerable portion result from asset-based lending transactions meaning that the respective loans can only be drawn after sufficient collateral has been provided by the borrower.

Credit risk

Credit risk is defined as an unexpected loss in financial instruments if the contractual partner is failing to discharge its obligations in full and on time or if the value of collateral declines.

Siemens provides its customers with various forms of direct and indirect financing particularly in connection with large projects. Hence, credit risks are determined by the solvency of the debtors, the recoverability of the collaterals, the success of projects we invested in and the global economic development.

The effective monitoring and controlling of credit risk through credit evaluations and ratings is a core competency of our risk management system. In this context, Siemens has implemented a binding credit policy.

Siemens maintains a Credit Risk Intelligence Unit to which numerous operating units from the Siemens Group regularly transfer business partner data as a basis for a centralized internal rating and credit limit recommendation process. Due to the identification, quantification and active management of credit risks, this increases credit risk transparency.

Ratings and individually defined credit limits are based on generally accepted rating methodologies, with information obtained from customers, external rating agencies, data service providers and Siemens’ credit default experiences. Internal ratings consider appropriate forward-looking information relevant to the specific financial instrument like expected changes in the debtor’s financial position, ownership, management or operational risks, as well as broader forward-looking information, such as expected macroeconomic, industry-related and competitive developments. The ratings also consider a country-specific risk component derived from external country credit ratings. Ratings and credit limits for financial institutions as well as Siemens' public and private customers, which are determined by internal risk assessment specialists, are continuously updated and considered for investments in cash and cash equivalents and in determining the conditions under which direct or indirect financing will be offered to customers.

An exposure is considered defaulted if the debtor is unwilling or unable to pay its credit obligations. A range of internally defined events trigger a default rating, including the opening of bankruptcy proceedings, receivables being more than 90 days past due, or a default rating by an external rating agency.

To analyze and monitor credit risks, the Company applies various systems and processes. A main element is a central IT application that processes data from operating units together with rating and default information and calculates an estimate, which may be used as a basis for individual bad debt provisions. Additionally, qualitative information is considered to particularly incorporate the latest developments.

The carrying amount is the maximum exposure to a financial asset’s credit risk, without taking account of any collateral. Collateral reduces the valuation allowance to the extent it mitigates credit risk. Collateral needs to be specific, identifiable and legally enforceable to be taken into account. Those collaterals are mostly held in the portfolio of SFS.

As of September 30, 2021 and 2020, collateral of €748 million and €829 million, respectively, relate to financial assets measured at fair value. Those collaterals are provided in connection with netting agreements for derivatives providing protection from the risk of a counterparty’s insolvency. As of September 30, 2021 and 2020, collateral held for credit-impaired receivables from finance leases amounted to €90 million and €141 million, respectively. As of September 30, 2021 and 2020, collateral held for financial assets measured at amortized cost amounted to €3,328 million and €4,109 million, respectively, including €90 million and €141 million, respectively, for credit-impaired loans in SFS’ asset finance business. Those collaterals mainly comprised property, plant and equipment. Credit risks arising from irrevocable loan commitments are equal to the expected future pay-offs resulting from these commitments.

SFS' external financing portfolio disaggregates into credit risk rating grades as of September 30, 2021 as follows (pre valuation allowances):

	Loans and other debt instruments under the general approach			Financial guarantees and loan commitments			Lease Receivables
(in millions of €)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Investment Grade Ratings	5,627	8	n/a	671	n/a	n/a	2,068
Non-Investment Grade Ratings	13,456	657	360	2,684	39	91	4,704

Trade receivables of operating units are generally rated internally; as of September 30, 2021 and 2020, approximately 47% and 43%, respectively, have an investment grade rating and 53% and 57%, respectively, have a non-investment grade rating. Contract assets generally show similar risk characteristics as trade receivables in operating units.

Amounts above do not represent economic credit risk, since they consider neither collateral held nor valuation allowances already recognized.

Equity Price Risk

Siemens' investment portfolio consists of direct and indirect investments in publicly traded companies that are classified as long term investments. These investments are monitored based on their current market value, affected primarily by fluctuations on the volatile technology-related markets worldwide. As of September 30, 2021 and 2020, the market value of Siemens' portfolio, which mainly consists of one investment in a publicly traded company, was €678 million and €1,055 million, respectively. As of September 30, 2021 and 2020, the VaR relating to the equity price was €105 million and €182 million.

NOTE 26 Share-based payment

Share-based payment awards may be settled in newly issued shares of capital stock of Siemens AG, in treasury shares or in cash. Share-based payment awards may forfeit if the employment of the beneficiary terminates prior to the expiration of the vesting period. In fiscal 2021 and 2020, expense from equity-settled awards on a continuing basis are €294 million and €295 million; cash-settled awards on a continuing basis resulted in gains (expenses) of €(8) million and €(26) million in fiscal 2021 and 2020. Included is expense of €127 million and €100 million in fiscal 2021 and 2020, respectively, resulting from various individually immaterial plans, of which €66 million and €45 million, respectively, stem from Siemens Healthineers plans. Siemens Healthineers plans are largely similar to Siemens' plans, except for granting Siemens Healthineers AG shares.

Stock Awards

The Company grants stock awards to members of the Managing Board, members of the senior management and other eligible employees. Stock awards are subject to a restriction period of about four years and entitle the beneficiary to Siemens shares following the restriction period without payment of consideration.

Stock awards are tied to performance criteria. For stock awards granted in fiscal 2021 and 2020, 80% of the target amount is linked to the relative total shareholder return of Siemens compared to the total shareholder return of the MSCI World Industrials sector index (TSR-Target) during a four-year restriction period; the remaining 20% are linked to a Siemens internal sustainability target considering environmental, social and governance targets (ESG-Target). The annual target amount for stock awards up to and including tranche 2019 is linked to the share price performance of Siemens relative to the share price performance of five important competitors during the four-year restriction period. The target attainment for each individual performance criteria ranges between 0% and 200%. For awards granted since fiscal 2019 settlement is in shares only corresponding to the actual target attainment. Awards granted prior to fiscal 2019, target outperformances in excess of 100% are settled in cash. The vesting period is four years.

Commitments to members of the Managing Board

The Managing Board's stock awards are based on criteria described above. Fair values are €12 million and €12 million, respectively, in fiscal 2021 and 2020, calculated by applying a valuation model. In fiscal 2021 and 2020, inputs to that model include an expected weighted volatility of Siemens shares of 24.30% and 21.58%, respectively, and a market price of €112.70 and €116.80 per Siemens share. Expected volatility was determined by reference to historic volatilities. The model applies a risk-free interest rate of up to (0.49)% and (0.24)% in fiscal 2021 and 2020, respectively, and an expected dividend yield of 3.10% in fiscal 2021 and 3.31% in fiscal 2020. Assumptions relating to correlations between the Siemens share price and the development of the MSCI index were derived from historic observations of share price and index changes.

Commitments to members of the senior management and other eligible employees

In fiscal 2021 and 2020, 1,975,492 and 2,688,334 equity-settled stock awards were granted relating to the TSR-Target with a fair value of €104 million and €132 million, respectively. In fiscal 2021 and 2020, 493,472 and 672,197 equity-settled stock awards were granted relating to the ESG-Target with a fair value of €48 million and €66 million, respectively.

The fair value of stock awards granted in fiscal 2021 and 2020 (TSR-related) was calculated applying a valuation model. In fiscal 2021 and 2020, inputs to that model include an expected weighted volatility of Siemens shares of 24.34% and 21.58%, respectively, and a market price of €112.36 and €116.02 per Siemens share. Expected volatility was determined by reference to historic volatilities. The model applies a risk-free interest rate of up to (0.49)% in fiscal 2021 and up to (0.26)% in fiscal 2020 and an expected dividend yield of 3.11% and 3.31% in fiscal 2021 and 2020, respectively. Assumptions relating to correlations between the Siemens share price and the development of the MSCI Index were derived from historic observations of share price and index changes. The fair value of the ESG component of €97.63 and

€98.02 per share in fiscal 2021 and 2020, respectively, was determined as the market price of Siemens shares less the present value of expected dividends during the vesting period.

Changes in stock awards:

	Fiscal year	
	2021	2020
Non-vested, beginning of period	**7,939,840**	9,300,505
Granted	**2,683,909**	3,577,133
Vested and fulfilled	**(1,292,912)**	(1,846,312)
Adjustments due to vesting conditions other than market conditions	**(173,648)**	(374,733)
Forfeited	**(444,962)**	(412,903)
Settled	**(42,116)**	(2,303,850)
Non-vested, end of period	**8,670,111**	7,939,840

Share Matching Program and its underlying plans

In fiscal 2021, Siemens issued a new tranche under each of the plans of the Share Matching Program.

Share Matching Plan

Under the Share Matching Plan, senior managers may invest a specified part of their variable compensation in Siemens shares (investment shares). The shares are purchased at the market price at a predetermined date in the second quarter. Plan participants receive the right to one Siemens share without payment of consideration (matching share) for every three investment shares continuously held over a period of about three years (vesting period) provided the plan participant has been continuously employed by Siemens until the end of the vesting period.

Monthly Investment Plan

Under the Monthly Investment Plan employees other than senior managers may invest a specified part of their compensation in Siemens shares on a monthly basis over a period of twelve months. Shares are purchased at market price at a predetermined date once a month. If the Managing Board decides that shares acquired under the Monthly Investment Plan are transferred to the Share Matching Plan, plan participants will receive the right to matching shares under the same conditions applying to the Share Matching Plan described above with a vesting period of about two years. The Managing Board decided that shares acquired under the tranches issued in fiscal 2020 and 2019 are transferred to the Share Matching Plan as of February 2021 and February 2020, respectively.

Base Share Program

Under the Base Share Program employees of Siemens AG and participating domestic Siemens companies may invest a fixed amount of their compensation in Siemens shares, sponsored by Siemens. The shares are bought at market price at a predetermined date in the second quarter and grant the right to receive matching shares under the same conditions applying to the Share Matching Plan described above. The fair value of the Base Share Program amounted to €25 million and €33 million in fiscal 2021 and 2020, respectively.

Resulting Matching Shares

	Fiscal year	
	2021	2020
Outstanding, beginning of period	**1,509,046**	1,785,913
Granted	**654,483**	874,793
Vested and fulfilled	**(624,480)**	(569,405)
Forfeited	**(80,385)**	(122,659)
Settled	**(69,648)**	(459,596)
Outstanding, end of period	**1,389,016**	1,509,046

The weighted average fair value of matching shares granted in fiscal 2021 and 2020 of €96.92 and €89.71 per share, respectively, was determined as the market price of Siemens shares less the present value of expected dividends; non-vesting conditions were taken into account.

Jubilee Share Program

For their 25th and 40th service anniversary eligible employees receive jubilee shares. There were 3.15 million and 3.29 million entitlements to jubilee shares outstanding as of September 30, 2021 and 2020, respectively.

NOTE 27 Personnel costs

	Continuing operations		Continuing and discontinued operations	
	Fiscal year		Fiscal year	
(in millions of €)	2021	2020	2021	2020
Wages and salaries	**20,697**	19,789	**20,882**	26,660
Statutory social welfare contributions and expenses for optional support	**3,082**	2,948	**3,113**	3,970
Expenses relating to post-employment benefits	**1,010**	1,024	**1,013**	1,348
	24,789	23,761	**25,008**	31,978

In fiscal 2021 and 2020, severance charges for continuing operations amount to €410 million and €589 million, respectively, thereof at Digital Industries €114 million and €210 million.

Employees were engaged in (averages; based on headcount):

	Continuing operations		Continuing and discontinued operations	
	Fiscal year		Fiscal year	
(in thousands)	2021	2020	2021	2020
Manufacturing and services	**171**	165	**172**	225
Sales and marketing	**54**	54	**54**	64
Research and development	**42**	41	**43**	45
Administration and general services	**26**	25	**26**	29
	293	285	**295**	363

NOTE 28 Earnings per share

	Fiscal year	
(shares in thousands; earnings per share in €)	2021	2020
Income from continuing operations	**5,636**	4,156
Less: Portion attributable to non-controlling interest	**537**	311
Income from continuing operations attributable to shareholders of Siemens AG	**5,099**	3,845
Less: Dilutive effect from share based payment resulting from Siemens Healthineers	**(5)**	(3)
Income from continuing operations attributable to shareholders of Siemens AG to determine dilutive earnings per share	**5,094**	3,842
Weighted average shares outstanding - basic	**801,829**	806,335
Effect of dilutive share-based payment	**9,661**	11,029
Weighted average shares outstanding - diluted	**811,490**	817,364
Basic earnings per share (from continuing operations)	**6.36**	4.77
Diluted earnings per share (from continuing operations)	**6.28**	4.70

NOTE 29 Segment information

(in millions of €)	Orders		External revenue		Intersegment Revenue		Total revenue		Profit		Assets		Free cash flow		Additions to intangible assets and property, plant & equipment		Amortization, depreciation & impairments	
	Fiscal year		Fiscal year		Fiscal year		Fiscal year		Fiscal year		Sep 30,	Sep 30,	Fiscal year		Fiscal year		Fiscal year	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Digital Industries	**18,427**	15,896	**16,156**	14,279	**358**	718	**16,514**	14,997	**3,362**	3,252	**10,123**	10,756	**3,750**	2,854	**288**	194	**640**	700
Smart Infrastructure	**16,071**	14,734	**14,671**	13,742	**344**	581	**15,015**	14,323	**1,743**	1,302	**4,385**	4,340	**2,098**	1,498	**181**	182	**334**	337
Mobility	**12,696**	9,169	**9,205**	9,012	**27**	40	**9,232**	9,052	**857**	822	**2,661**	3,424	**898**	862	**181**	183	**191**	292
Siemens Healthineers	**20,320**	16,163	**17,921**	14,349	**76**	111	**17,997**	14,460	**2,847**	2,184	**31,489**	15,338	**3,101**	1,928	**665**	544	**1,037**	815
Industrial Business	**67,514**	55,963	**57,954**	51,381	**805**	1,450	**58,759**	52,832	**8,808**	7,560	**48,658**	33,859	**9,847**	7,142	**1,314**	1,104	**2,202**	2,144
Siemens Financial Services	**697**	716	**663**	667	**34**	48	**697**	716	**512**	345	**30,384**	28,946	**820**	611	**22**	23	**204**	253
Portfolio Companies	**3,516**	3,024	**2,879**	2,747	**179**	461	**3,058**	3,209	**(85)**	(673)	**576**	767	**354**	270	**18**	25	**53**	159
Reconciliation to Consolidated Financial Statements	**(353)**	(1,672)	**769**	458	**(1,018)**	(1,960)	**(249)**	(1,502)	**(1,739)**	(1,731)	**59,990**	60,325	**(2,642)**	(1,670)	**376**	347	**616**	543
Siemens (continuing operations)	**71,374**	58,030	**62,265**	55,254	**–**	–	**62,265**	55,254	**7,496**	5,502	**139,608**	123,897	**8,379**	6,352	**1,730**	1,498	**3,075**	3,098

Description of reportable segments

Digital Industries, offers a comprehensive product portfolio and system solutions for automation used in discrete and process industries, complemented by product lifecycle and data-driven services,

Smart Infrastructure, offers products, systems, solutions, services and software to support a sustainable transition in energy generation sources, from fossil to renewable and a transition to smarter, more sustainable buildings and communities,

Mobility, combines all Siemens businesses in the area of passenger and freight transportation, including rail vehicles, rail automation systems, rail electrification systems, road traffic technology, digital solutions and related services,

Siemens Healthineers develops, manufactures, and sells a diverse range of innovative diagnostic and therapeutic products and services to healthcare providers,

Siemens Financial Services provides financing solutions to Siemens' customers and other companies via debt and equity investments, offering leasing, lending and working capital financing solutions and equipment, project and structured financing.

Portfolio Companies (POC)

Portfolio Companies comprise businesses which deliver a broad range of customized and application-specific products, software, solutions, systems and services for various industries including oil and gas, chemical, mining, cement, logistics, energy, marine, water and fiber.

Reconciliation to Consolidated Financial Statements

Siemens Energy Investment – includes our investment in Siemens Energy accounted for using the equity method as well as a smaller investment in connection with Siemens Energy.

Siemens Real Estate (SRE) – manages the Group's real estate business portfolio, operates the properties, and is responsible for building projects and the purchase and sale of real estate; excluded is the carved-out real estate of Siemens Healthineers; in fiscal 2020 Mobility was excluded as well.

Corporate items – includes corporate costs, such as group managing costs, basic research of Corporate Technology, Siemens Advanta, as well as corporate services and projects. Corporate items also include equity interests, activities generally intended for closure as well as activities remaining from divestments and discontinued operations.

Centrally carried pension expense – includes the Company's pension related income (expense) not allocated to the segments, POC or Siemens Real Estate.

Eliminations, Corporate Treasury and other reconciling items – comprise consolidation of transactions within the segments, certain reconciliation and reclassification items as well as central financing activities. It also includes interest income and expense, such as, for example, interest not allocated to segments or POC (referred to as financing interest), interest related to central financing activities or resulting consolidation and reconciliation effects on interest.

Measurement – Segments

Accounting policies for Segment information are generally the same as those used for the Consolidated Financial Statements. Segment information is disclosed for continuing operations; prior year Assets are reclassified to conform to the current year presentation. For internal and segment reporting purposes intercompany lease transactions, however, are classified as operating leases by the lessor and are accounted for off-balance sheet by the lessee (except for intercompany leases with Siemens Healthineers as lessees). Intersegment transactions are based on market prices.

Revenue

Revenue includes revenue from contracts with customers and revenue from leasing activities. In fiscal 2021 and 2020, lease revenue is €1,050 million and €958 million, respectively. In fiscal 2021 and 2020, Digital industries recognized €4,290 million and €4,144 million revenue, respectively, from its software business, Smart Infrastructure recognized €5,769 million and €5,182 million in its products business. Revenues of Mobility are mainly derived from construction-type business.

Profit

Siemens' Managing Board is responsible for assessing the performance of the segments (chief operating decision maker). The Company's profitability measure of the segments except for SFS is earnings before financing interest, certain pension costs, income taxes and amortization expenses of intangible assets acquired in business combinations as determined by the chief operating decision maker (Profit). The major categories of items excluded from Profit are described below.

Financing interest, excluded from Profit, is any interest income or expense other than interest income related to receivables from customers, from cash allocated to the segments and interest expenses on payables to suppliers. Financing interest is excluded from Profit because decision-making regarding financing is typically made at the corporate level.

Decisions on essential pension items are made centrally. Accordingly, Profit primarily includes amounts related to service cost of pension plans only, while all other regularly recurring pension related costs are included in reconciliations in line item Centrally carried pension expense.

Amortization expenses of intangible assets acquired in business combinations are not part of Profit. Furthermore, income taxes are excluded from Profit since income tax is subject to legal structures, which typically do not correspond to the structure of the segments. The effect of certain litigation and compliance issues is excluded from Profit, if such items are not indicative of performance. This may also be the case for items that refer to more than one reportable segment, SRE and (or) POC or have a corporate or central character. Costs for support functions are primarily allocated to the segments.

Profit of the segment SFS

In contrast to performance measurement principles applied to other segments, interest income and expenses are included, since interest is an important source of revenue and expense of SFS.

Asset measurement principles

Management determined Assets (Net capital employed) as a measure to assess capital intensity of the segments except for SFS. Its definition corresponds to the Profit measure except for amortization expenses of intangible assets acquired in business combinations which are not part of Profit, however, the related intangible assets are included in the segments' Assets. Segment Assets is based on Total assets of the Consolidated Statements of Financial Position, primarily excluding intragroup financing receivables, tax related assets and assets of discontinued operations, since the corresponding positions are excluded from Profit. The remaining assets are reduced by non-interest-bearing liabilities other than tax related liabilities, e.g. trade payables, to derive Assets. In contrast, Assets of SFS is Total assets. In individual cases assets of Mobility include project-specific intercompany financing of long-term projects. Assets of Siemens Healthineers and in fiscal 2020 of Mobility include real estate, while real estate of all other segments is carried at SRE.

Orders

Orders are determined principally as estimated revenue of accepted purchase orders for which enforceable rights and obligations exist as well as subsequent order value changes and adjustments, excluding letters of intent. To determine orders, Siemens considers termination rights and customer's creditworthiness.

As of September 30, 2021 and 2020, order backlog totaled €85 billion and €70 billion (continuing operations); thereof Digital Industries €7 billion and €5 billion, Smart Infrastructure €11 billion and €10 billion, Mobility €36 billion and €32 billion and Siemens Healthineers €27 billion and €18 billion. In fiscal 2022, Siemens expects to convert approximately €34 billion of the September 30, 2021 order backlog into revenue; thereof at Digital Industries approximately €6 billion, Smart Infrastructure approximately €7 billion, Mobility approximately €9 billion and Siemens Healthineers approximately €9 billion.

Free cash flow definition

Free cash flow of the segments constitutes cash flows from operating activities less additions to intangible assets and property, plant and equipment. Except for SFS, it excludes financing interest, except for cases where interest on qualifying assets is capitalized or classified as contract costs; it also excludes income tax as well as certain other payments and proceeds. Free cash flow of SFS includes related financing interest payments and proceeds; income tax payments and proceeds of SFS are excluded. In individual cases, free cash flow of Mobility includes project-specific intercompany financing of long-term projects.

Amortization, depreciation and impairments

Amortization, depreciation and impairments includes depreciation and impairments of property, plant and equipment as well as amortization and impairments of intangible assets each net of reversals of impairment.

Measurement – POC and Siemens Real Estate

POC follows the measurement principles of the segments except for SFS. Siemens Real Estate applies the measurement principles of SFS.

Reconciliation to Consolidated Financial Statements

Profit

	Fiscal year	
(in millions of €)	2021	2020
Siemens Energy Investment	**(396)**	(24)
Siemens Real Estate	**94**	325
Corporate items	**(435)**	(887)
Centrally carried pension expense	**(170)**	(211)
Amortization of intangible assets acquired in business combinations	**(738)**	(691)
Eliminations, Corporate Treasury and other reconciling items	**(94)**	(243)
Reconciliation to Consolidated Financial Statements	**(1,739)**	(1,731)

In fiscal 2021, Corporate items includes income of €192 million from Bentley Systems, Inc. stemming from the investment's fair value measurement before its transfer to the Siemens Pension-Trust e.V.

In fiscal 2021 and 2020, Profit of SFS includes interest income of €1,154 million and €1,242 million, respectively and interest expenses of €313 million and €436 million, respectively.

Assets

(in millions of €)	Sep 30, 2021	Sep 30, 2020
Siemens Energy Investment	**6,458**	6,748
Assets Siemens Real Estate	**4,535**	3,898
Assets Corporate items and pensions	**228**	(608)
Asset-based adjustments:		
Intragroup financing receivables	**56,091**	51,431
Tax-related assets	**4,511**	4,335
Liability-based adjustments	**33,456**	27,568
Eliminations, Corporate Treasury, other items	**(45,289)**	(33,049)
Reconciliation to Consolidated Financial Statements	**59,990**	60,325

NOTE 30 Information about geographies

	Revenue by location of customers		Revenue by location of companies		Non-current assets	
	Fiscal year		Fiscal year		Sep 30,	
(in millions of €)	2021	2020	2021	2020	2021	2020
Europe, C.I.S., Africa, Middle East	**31,138**	27,252	**32,066**	28,563	**23,724**	17,624
Americas	**16,312**	15,218	**16,426**	15,061	**22,409**	14,410
Asia, Australia	**14,815**	12,784	**13,773**	11,630	**5,582**	3,504
Siemens	**62,265**	55,254	**62,265**	55,254	**51,716**	35,537
thereof Germany	***11,249***	*9,373*	***13,226***	*11,227*	***7,061***	*6,995*
thereof countries outside of Germany	***51,016***	*45,881*	***49,039***	*44,027*	***44,655***	*28,543*
therein U.S.	***13,521***	*12,761*	***13,901***	*12,907*	***21,550***	*13,656*

Non-current assets consist of property, plant and equipment, goodwill and other intangible assets.

NOTE 31 Related party transactions

Joint ventures and associates

Siemens has relationships with many joint ventures and associates in the ordinary course of business whereby Siemens buys and sells a wide variety of products and services generally on arm’s length terms. The transactions between continuing operations and joint ventures and associates were as follows:

	Sales of goods and services and other income		Purchases of goods and services and other expenses		Receivables		Liabilities	
	Fiscal year		Fiscal year		Sep 30,	Sep 30,	Sep 30,	Sep 30,
(in millions of €)	2021	2020	2021	2020	2021	2020	2021	2020
Joint ventures	**169**	147	**10**	34	**113**	76	**8**	49
Associates	**1,329**	68	**584**	87	**1,129**	1,105	**861**	1,358
	1,498	215	**594**	121	**1,242**	1,181	**870**	1,407

In fiscal 2021 and 2020, sales of goods and services and other income resulting from transactions between discontinued operations and joint ventures and associates amounted to €97 million and €391 million, respectively. Purchases of goods and services and other expenses resulting from transactions between discontinued operations and joint ventures and associates amounted to €1 million and €174 million, respectively.

As of September 30, 2021 and 2020, receivables to associates included reimbursement rights against Siemens Energy which were recognized correspondingly with obligations from customer contracts in connection with Siemens Energy activities legally remaining at Siemens. Liabilities to associates as of September 30, 2021 and 2020 were mainly due to trade receivables that also result from these activities and that have economically to be allocated to Siemens Energy.

As of September 30, 2021 and 2020, guarantees to joint ventures and associates amounted to €14,533 million and €27,505 million, respectively, thereof €14,159 million and €27,253 million, respectively, to associates. These guarantees included mainly obligations from performance and credit guarantees in connection with the Siemens Energy business. For these guarantees, Siemens has reimbursement rights towards Siemens Energy.

As of September 30, 2021 and 2020, loans given to joint ventures and associates amounted to €1,138 million and €900 million, therein €1,122 million and €881 million related to joint ventures, respectively. The related book values amounted to €28 million and €26 million, therein €25 million and €20 million related to joint ventures, respectively. Valuation adjustments recognized in fiscal 2021 and 2020 reduced book values of loans related to joint ventures by €242 million and €744 million, respectively.

As of September 30, 2021 and 2020, the Company had commitments to make capital contributions to joint ventures and associates of €72 million and €62 million, therein €65 million and €51 million related to joint ventures, respectively.

As of September 30, 2021 and 2020, there were loan commitments to joint ventures amounting to €222 million and €299 million, respectively.

Pension entities

For information regarding the funding of our post-employment benefit plans see Note 17.

Related individuals

In fiscal 2021 and 2020, members of the Managing Board – including members who left during fiscal 2021 – received cash compensation of €21.4 million and €15.3 million. The fair value of share-based compensation amounted to €11.6 million and €11.3 million for 202,139 and 203,460 stock awards, respectively, granted in fiscal 2021 and 2020. In fiscal 2021 and 2020, the Company granted contributions under the BSAV to members of the Managing Board totaling €3.0 million and €4.5 million, respectively.

Therefore, in fiscal 2021 and 2020, compensation and benefits, attributable to members of the Managing Board amounted to €36.0 million and €31.0 million in total, respectively.

In fiscal 2021 and 2020, expense related to share-based compensation amounted to €7.6 million and €17.7 million, respectively, including expenses related to the additional cash payment compensation due to the spin-off of Siemens Energy.

Former members of the Managing Board and their surviving dependents received emoluments within the meaning of Section 314 para. 1 No. 6 b of the German Commercial Code totaling €30.1 million and €16.0 million in fiscal 2021 and 2020, respectively.

The defined benefit obligation (DBO) of all pension commitments to former members of the Managing Board and their surviving dependents as of September 30, 2021 and 2020 amounted to €192.0 million and €176.5 million, respectively.

Compensation attributable to members of the Supervisory Board comprised in fiscal 2021 and 2020 base compensation and additional compensation for committee work and amounted to €5.2 and €5.3 million (including meeting fees), respectively.

In fiscal 2021 and 2020, no other major transactions took place between the Company and the members of the Managing Board and the Supervisory Board.

Some of our board members hold, or in the last year have held, positions of significant responsibility with other entities. We have relationships with almost all of these entities in the ordinary course of our business whereby we buy and sell a wide variety of products and services on arm's length terms.

NOTE 32 Principal accountant fees and services

Fees related to professional services rendered by the Company's principal accountant, EY, for fiscal 2021 and 2020 are:

	Fiscal year	
(in millions of €)	2021	2020
Audit services	**37.6**	58.1
Other attestation services	**3.9**	10.4
Tax services	–	0.1
	41.6	68.6

In fiscal 2021 and 2020, 43% and 44%, respectively, of the total fees related to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Germany.

Audit Services relate primarily to services provided by EY for auditing Siemens' Consolidated Financial Statements, for auditing financial statements of Siemens AG and its subsidiaries, for reviews of interim financial statements being integrated into the audit, for project-accompanying IT audits, for audit services in connection with the implementation of new accounting standards as well as for audits of the internal control system at service companies. Other Attestation Services include primarily audits of financial statements as well as other attestation services in connection with M&A activities, audits of employee benefit plans, attestation services related to the sustainability reporting, comfort letters and other attestation services required under regulatory requirements, contractually agreed or requested on a voluntary basis.

NOTE 33 Corporate governance

The Managing and Supervisory Boards of Siemens Aktiengesellschaft and of Siemens Healthineers AG, a publicly listed subsidiary of Siemens, provided the declarations required under Section 161 of the German Stock Corporation Act (AktG) on October 1, 2021 and September 30, 2021. The declarations are available on the company's websites at siemens.com/gcg-code and at corporate.siemens-healthineers.com/investor-relations/corporate-governance.

NOTE 34 Subsequent events

In October 2021, Siemens recognized a pre-tax gain of €291 million related to Siemens' investment in Fluence Energy, LLC, Delaware, U.S. (Fluence), an investment accounted for using the equity method, which is active in energy storage products and services and digital applications for renewables and storage. Fluence issued new equity to a newly formed parent holding company, Fluence Energy, Inc., a Delaware corporation, which in turn issued shares of stock through an initial public offering. The transaction diluted Siemens' share in Fluence to 34%.

In October 2021, Siemens acquired the Netherlands based company SQCAP B.V. (Sqills), a provider in the provision of cloud-based inventory management, reservation, and ticketing software to public transport operators around the world. The acquired business will be integrated into Mobility. The purchase price is €537 million paid in cash plus contingent consideration recognized at the acquisition date at its maximum amount of €79 million. The purchase price allocation is preliminary as a detailed analysis of the assets and liabilities has not been finalized. Resulting Other Intangible assets include mainly customer-related intangible assets of €193 million and technology-related intangible assets of €138 million, while Goodwill of €368 million comprises intangible assets that are not separable such as employee know-how and synergy effects.

NOTE 35 List of subsidiaries and associated companies pursuant to Section 313 para. 2 of the German Commercial Code

September 30, 2021	Equity interest in %
Subsidiaries	
Germany (121 companies)	
Acuson GmbH, Erlangen	100[7]
Airport Munich Logistics and Services GmbH, Hallbergmoos	100[10]
AIT Applied Information Technologies GmbH & Co. KG, Stuttgart	100[9]
AIT Verwaltungs-GmbH, Stuttgart	100
Alpha Verteilertechnik GmbH, Cham	100[10]
BEFUND24 GmbH, Erlangen	85
Berliner Vermögensverwaltung GmbH, Berlin	100[10]
Capta Grundstücks-Verwaltungsgesellschaft mbH, Grünwald	100
Dade Behring Grundstücks GmbH, Kemnath	100
eos.uptrade GmbH, Hamburg	100[10]
evosoft GmbH, Nuremberg	100[10]
Geisenhausener Entwicklungs Management GmbH, Grünwald	100[7]
Geisenhausener Entwicklungs-GmbH & Co. KG, Grünwald	100[9]
HaCon Ingenieurgesellschaft mbH, Hanover	100[10]
ILLIT Grundstücksverwaltungs-Management GmbH, Grünwald	85
IPGD Grundstücksverwaltungs-Gesellschaft mbH, Grünwald	100
KACO new energy GmbH, Neckarsulm	100
KompTime GmbH, Munich	100[10]
Kyros 54 GmbH, Munich	100[7]
Kyros 58 GmbH, Munich	100[7]
Kyros 66 GmbH, Munich	100[7]
Kyros 67 GmbH, Munich	100[7]
Kyros B AG, Munich	100[7]
Kyros C AG, Munich	100[7]
Lincas Electro Vertriebsgesellschaft mbH, Grünwald	100[10]
Moorenbrunn Entwicklungs Management GmbH, Grünwald	100[7]
Moorenbrunn Entwicklungs-GmbH & Co. KG, Grünwald	100[9]
NEO New Oncology GmbH, Cologne	100
Next47 GmbH, Munich	100[10]
Next47 Services GmbH, Munich	100[10]
Omnetric GmbH, Munich	100
Onespin Solutions GmbH, Munich	100
Onespin Solutions Holding GmbH, Munich	100
OPTIO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Tübingen KG, Grünwald	100[9]
R & S Restaurant Services GmbH, Munich	100
REMECH Systemtechnik GmbH, Unterwellenborn	100[10]
RISICOM Rückversicherung AG, Grünwald	100
Siemens Bank GmbH, Munich	100
Siemens Beteiligungen Europa GmbH, Munich	100
Siemens Beteiligungen Inland GmbH, Munich	100[10]
Siemens Beteiligungen Management GmbH, Kemnath	100[7]
Siemens Beteiligungen USA GmbH, Berlin	100[10]
Siemens Beteiligungsverwaltung GmbH & Co. OHG, Kemnath	100[9, 12]

Siemens Campus Erlangen Grundstücks-GmbH & Co. KG, Grünwald	100[9]
Siemens Campus Erlangen Objekt 2 GmbH & Co. KG, Grünwald	100[9]
Siemens Campus Erlangen Objekt 3 GmbH & Co. KG, Grünwald	100[9]
Siemens Campus Erlangen Objekt 4 GmbH & Co. KG, Grünwald	100[9]
Siemens Campus Erlangen Objekt 5 GmbH & Co. KG, Grünwald	100[9]
Siemens Campus Erlangen Objekt 6 GmbH & Co. KG, Grünwald	100[9]
Siemens Campus Erlangen Objekt 7 GmbH & Co. KG, Grünwald	100[9]
Siemens Campus Erlangen Objektmanagement GmbH, Grünwald	100
Siemens Campus Erlangen Verwaltungs-GmbH, Grünwald	100[7]
Siemens Digital Logistics GmbH, Frankenthal	100
Siemens Electronic Design Automation GmbH, Munich	100
Siemens Finance & Leasing GmbH, Munich	100[10]
Siemens Financial Services GmbH, Munich	100[10]
Siemens Fonds Invest GmbH, Munich	100[10]
Siemens Global Innovation Partners Management GmbH, Munich	100[7]
Siemens Healthcare Diagnostics Products GmbH, Marburg	100
Siemens Healthcare GmbH, Munich	100
Siemens Healthineers AG, Munich	75
Siemens Healthineers Beteiligungen GmbH & Co. KG, Röttenbach	100
Siemens Healthineers Beteiligungen Verwaltungs-GmbH, Röttenbach	100[7]
Siemens Healthineers Holding I GmbH, Munich	100
Siemens Healthineers Holding II GmbH, Munich	100[7]
Siemens Healthineers Innovation GmbH & Co. KG, Röttenbach	100
Siemens Healthineers Innovation Verwaltungs-GmbH, Röttenbach	100[7]
Siemens Immobilien Besitz GmbH & Co. KG, Grünwald	100[9]
Siemens Immobilien GmbH & Co. KG, Grünwald	100[9]
Siemens Immobilien Management GmbH, Grünwald	100[7]
Siemens Industriepark Karlsruhe GmbH & Co. KG, Grünwald	100[9]
Siemens Industry Software GmbH, Cologne	100
Siemens Liquidity One, Munich	100
Siemens Logistics GmbH, Constance	100[10]
Siemens Medical Solutions Health Services GmbH, Grünwald	100
Siemens Middle East Services LP GmbH, Munich	100[7]
Siemens Mobility GmbH, Munich	100[10]
Siemens Mobility Real Estate GmbH & Co. KG, Grünwald	100[9]
Siemens Mobility Real Estate Management GmbH, Grünwald	100[7]
Siemens Nixdorf Informationssysteme GmbH, Grünwald	100
Siemens OfficeCenter Frankfurt GmbH & Co. KG, Grünwald	100[9]
Siemens OfficeCenter Verwaltungs GmbH, Grünwald	100
Siemens Private Finance Versicherungsvermittlungsgesellschaft mbH, Munich	100[10]
Siemens Project Ventures GmbH, Erlangen	100[10]
Siemens Real Estate Consulting GmbH & Co. KG, Munich	100[9]
Siemens Real Estate Consulting Management GmbH, Grünwald	100
Siemens Real Estate GmbH & Co. KG, Kemnath	100
Siemens Real Estate Management GmbH, Kemnath	100[7]
Siemens Technology Accelerator GmbH, Munich	100[10]
Siemens Technopark Mülheim GmbH & Co. KG i.L., Grünwald	100[9]
Siemens Technopark Nürnberg GmbH & Co. KG, Grünwald	100[9]
Siemens Traction Gears GmbH, Penig	100[10]
Siemens Trademark GmbH & Co. KG, Kemnath	100[9]
Siemens Trademark Management GmbH, Kemnath	100[7]
Siemens Treasury GmbH, Munich	100[10]
Siemens-Fonds C-1, Munich	100
Siemens-Fonds Pension Captive, Munich	100
Siemens-Fonds S-7, Munich	100
Siemens-Fonds S-8, Munich	100
Siemensstadt C1 Verwaltungs GmbH, Grünwald	100[7]

Siemensstadt CX Verwaltungs GmbH, Grünwald	100[7]
Siemensstadt Grundstücks-GmbH & Co. KG, Grünwald	100[9]
Siemensstadt Management GmbH, Grünwald	100[7]
Siemensstadt SPE Verwaltungs GmbH, Grünwald	100[7]
Siemensstadt SWHH Verwaltungs GmbH, Grünwald	100[7]
Siemensstadt VG Verwaltungs GmbH, Grünwald	100[7]
SILLIT Grundstücks-Verwaltungsgesellschaft mbH, Munich	100
SIMAR Ost Grundstücks-GmbH, Grünwald	100[10]
SYKATEC Systeme, Komponenten, Anwendungstechnologie GmbH, Erlangen	100[10]
timeseries germany GmbH, Munich	100
Varian Medical Systems Deutschland GmbH & Co. KG, Darmstadt	100[13]
Varian Medical Systems Haan GmbH, Haan	100
Varian Medical Systems München GmbH, Munich	100
Varian Medical Systems Particle Therapy GmbH & Co. KG, Troisdorf	100[13]
VMS Deutschland Holdings GmbH, Darmstadt	100
VMZ Berlin Betreibergesellschaft mbH, Berlin	100
VVK Versicherungsvermittlungs- und Verkehrskontor GmbH, Munich	100[10]
Weiss Spindeltechnologie GmbH, Maroldsweisach	100
Yunex GmbH, Munich	100
Zeleni Holding GmbH, Kemnath	100
Zeleni Real Estate GmbH & Co. KG, Kemnath	100
Europe, Commonwealth of Independent States (C.I.S.), Africa, Middle East (without Germany) (306 companies)	
ESTEL Rail Automation SPA, Algiers / Algeria	51
Siemens Spa, Algiers / Algeria	100
Varian Medical Systems Algeria Spa., Hydra / Algeria	49[1]
Siemens Industry Software Closed Joint-Stock Company, Yerevan / Armenia	100
ETM professional control GmbH, Eisenstadt / Austria	100
ITH icoserve technology for healthcare GmbH, Innsbruck / Austria	69
Omnetric GmbH, Vienna / Austria	100
Siemens Aktiengesellschaft Österreich, Vienna / Austria	100
Siemens Gebäudemanagement & -Services G.m.b.H., Vienna / Austria	100
Siemens Healthcare Diagnostics GmbH, Vienna / Austria	100
Siemens Industry Software GmbH, Linz / Austria	100
Siemens Konzernbeteiligungen GmbH, Vienna / Austria	100
Siemens Metals Technologies Vermögensverwaltungs GmbH, Vienna / Austria	100
Siemens Mobility Austria GmbH, Vienna / Austria	100
Siemens Personaldienstleistungen GmbH, Vienna / Austria	100
Steiermärkische Medizinarchiv GesmbH, Graz / Austria	52
Varian Medical Systems Gesellschaft mbH, Brunn am Gebirge / Austria	100
VVK Versicherungs-Vermittlungs- und Verkehrs-Kontor GmbH, Vienna / Austria	100
Yunex Traffic Austria GmbH, Vienna / Austria	100
Siemens W.L.L., Manama / Bahrain	51
Samtech SA, Angleur / Belgium	100
Siemens Healthcare NV, Beersel / Belgium	100
Siemens Industry Software NV, Leuven / Belgium	100
Siemens Mobility S.A. / N.V, Beersel / Belgium	100
Siemens S.A./N.V., Beersel / Belgium	100
Varian Medical Systems Belgium NV, Machelen / Belgium	100
Yunex S.A./N.V., Beersel / Belgium	100
Siemens d.o.o. Sarajevo - U Likvidaciji, Sarajevo / Bosnia and Herzegovina	100
Siemens Medicina d.o.o., Sarajevo / Bosnia and Herzegovina	100
Siemens EOOD, Sofia / Bulgaria	100
Siemens Healthcare EOOD, Sofia / Bulgaria	100
Siemens Mobility EOOD, Sofia / Bulgaria	100
Varinak Bulgaria EOOD, Sofia / Bulgaria	100
Siemens d.d., Zagreb / Croatia	100

Siemens Healthcare d.o.o., Zagreb / Croatia	100
OEZ s.r.o., Letohrad / Czech Republic	100
Siemens Electric Machines s.r.o., Drasov / Czech Republic	100
Siemens Healthcare, s.r.o., Prague / Czech Republic	100
Siemens Industry Software, s.r.o., Prague / Czech Republic	100
Siemens Mobility, s.r.o., Prague / Czech Republic	100
Siemens, s.r.o., Prague / Czech Republic	100
Yunex, s.r.o., Prague / Czech Republic	100
Acuson Denmark S/A, Ballerup / Denmark	100[7]
Siemens A/S, Ballerup / Denmark	100
Siemens Healthcare A/S, Ballerup / Denmark	100
Siemens Industry Software A/S, Ballerup / Denmark	100
Siemens Mobility A/S, Ballerup / Denmark	100
Varian Medical Systems Scandinavia AS, Herlev / Denmark	100
Mentor Graphics Egypt Company (A Limited Liability Company - Private Free Zone), New Cairo / Egypt	100
Siemens Healthcare Logistics LLC, Cairo / Egypt	100
Siemens Healthcare S.A.E., Cairo / Egypt	100
Siemens Industrial LLC, New Cairo / Egypt	100
Siemens Mobility Egypt LLC, Cairo / Egypt	100
Siemens Healthcare Oy, Espoo / Finland	100
Siemens Industry Software Oy, Espoo / Finland	100
Siemens Mobility Oy, Espoo / Finland	100
Siemens Osakeyhtiö, Espoo / Finland	100
Varian Medical Systems Finland OY, Helsinki / Finland	100
VIBECO - Virtual Buildings Ecosystem Oy, Espoo / Finland	100
Acuson France SAS, Saint-Denis / France	100[7]
Aimsun SARL, Paris / France	100
Mentor Graphics (France) SARL, Meudon La Forêt / France	100
Nextflow Software SAS, Nantes / France	100
Padam Mobility SAS, Paris / France	100
PETNET Solutions SAS, Lisses / France	100
Siemens Financial Services SAS, Saint-Denis / France	100
Siemens France Holding SAS, Saint-Denis / France	100
Siemens Healthcare SAS, Saint-Denis / France	100
Siemens Industry Software SAS, Châtillon / France	100
Siemens Lease Services SAS, Saint-Denis / France	100
Siemens Logistics SAS, Saint-Denis / France	100
Siemens Mobility SAS, Châtillon / France	100
Siemens SAS, Saint-Denis / France	100
Supplyframe Europe SAS, Grenoble / France	100
Varian Medical Systems France SARL, Le Plessis-Robinson / France	100
Siemens A.E., Electrotechnical Projects and Products, Athens / Greece	100
SIEMENS HEALTHCARE INDUSTRIAL AND COMMERCIAL SINGLE MEMBER SOCIETE ANONYME, Chalandri / Greece	100
SIEMENS MOBILITY RAIL AND ROAD TRANSPORTATION SOLUTIONS SINGLE-MEMBER SOCIETE ANONYME, Athens / Greece	100
YUNEX SINGLE-MEMBER SOCIETE ANONYME, Athens / Greece	100
evosoft Hungary Szamitastechnikai Kft., Budapest / Hungary	100
Siemens Healthcare Kft., Budapest / Hungary	100
Siemens Industry Software Kft., Budapest / Hungary	100
Siemens Mobility Kft., Budapest / Hungary	100
Siemens Zrt., Budapest / Hungary	100
Varian Medical Systems Hungary Kft., Budapest / Hungary	100
Yunex Traffic Kft., Budapest / Hungary	100
Mentor Graphics (Holdings) Unlimited Company, Shannon, County Clare / Ireland	100[13]
Mentor Graphics (Ireland) Limited, Shannon, County Clare / Ireland	100
Mentor Graphics Development Services Limited, Shannon, County Clare / Ireland	100
Siemens Healthcare Diagnostics Manufacturing Limited, Swords, County Dublin / Ireland	100
Siemens Healthcare Medical Solutions Limited, Swords, County Dublin / Ireland	100

Siemens Limited, Dublin / Ireland	100
Mentor Graphics (Israel) Limited, Herzilya Pituah / Israel	100
Mentor Graphics Development Services (Israel) Ltd., Rehovot / Israel	100
Siemens Concentrated Solar Power Ltd., Rosh HaAyin / Israel	100
Siemens HealthCare Ltd., Rosh HaAyin / Israel	100
Siemens Industry Software Ltd., Airport City / Israel	100
Siemens Ltd., Rosh Ha'ayin / Israel	100
Siemens Mobility Ltd., Rosh HaAyin / Israel	100
UGS Israeli Holdings (Israel) Ltd., Airport City / Israel	100
Acuson Italy S.r.l., Milan / Italy	100[7]
Siemens Healthcare S.r.l., Milan / Italy	100
Siemens Industry Software S.r.l., Milan / Italy	100
Siemens Logistics S.r.l., Milan / Italy	100
Siemens Mobility S.r.l., Milan / Italy	100
Siemens S.p.A., Milan / Italy	100
VAL 208 Torino GEIE, Milan / Italy	100[13]
Varian Medical Systems Italy SpA, Segrate / Italy	100
Siemens Healthcare Limited Liability Partnership, Almaty / Kazakhstan	100
Siemens TOO, Almaty / Kazakhstan	100
VMS Kenya, Ltd, Nairobi / Kenya	100
Siemens Industrial Business Co. For Electrical, Electronic and Mechanical Contracting WLL, Kuwait City / Kuwait	49[2]
Crabtree (Pty) Ltd, Maseru / Lesotho	100
Atruvi Invest Management S.à.r.l, Munsbach / Luxembourg	100[7]
FAST TRACK DIAGNOSTICS LUXEMBOURG S.à r.l., Esch-sur-Alzette / Luxembourg	100
TFM International S.A. i.L., Luxembourg / Luxembourg	100
FTD Europe Ltd, Sliema / Malta	100
CTSI (Mauritius) Ltd., Ebene / Mauritius	100
Varian Medical Systems Mauritius Ltd., Ebene / Mauritius	100
Siemens Healthcare SARL, Casablanca / Morocco	100
Siemens Industry Software SARL, Sala Al Jadida / Morocco	100
Siemens S.A., Casablanca / Morocco	100
Castor III B.V., The Hague / Netherlands	100
Dresser-Rand International B.V., The Hague / Netherlands	100
Flowmaster Group N.V., Eindhoven / Netherlands	100
Fractal Technologies B.V., Ospel / Netherlands	100
Mendix Technology B.V., Rotterdam / Netherlands	100
Mentor Graphics (Netherlands) B.V., Eindhoven / Netherlands	100
Pollux III B.V., The Hague / Netherlands	100
Siemens Finance B.V., The Hague / Netherlands	100
Siemens Financieringsmaatschappij N.V., The Hague / Netherlands	100
Siemens Healthineers Holding III B.V., The Hague / Netherlands	100
Siemens Healthineers Holding IV B.V., The Hague / Netherlands	100
Siemens Healthineers Nederland B.V., The Hague / Netherlands	100
Siemens Industry Software Netherlands B.V., Eindhoven / Netherlands	100
Siemens International Holding B.V., The Hague / Netherlands	100
Siemens International Holding III B.V., The Hague / Netherlands	100
Siemens Mobility B.V., Zoetermeer / Netherlands	100
Siemens Mobility Holding B.V., The Hague / Netherlands	100
Siemens Nederland N.V., The Hague / Netherlands	100
TASS International B.V., Helmond / Netherlands	100
Timeseries Group B.V., Rotterdam / Netherlands	100
TS International B.V., Rotterdam / Netherlands	100
Varian Medical Systems Nederland B.V., Houten / Netherlands	100
Varian Medical Systems Nederland Finance B.V., Houten / Netherlands	100
Yunex Traffic B.V., Zoetermeer / Netherlands	100
Siemens AS, Oslo / Norway	100
Siemens Healthcare AS, Oslo / Norway	100

Siemens Mobility AS, Oslo / Norway	100
Siemens Industrial LLC, Muscat / Oman	51
Mentor Graphics Pakistan Development (Private) Limited, Lahore / Pakistan	100
Siemens Healthcare (Private) Limited, Lahore / Pakistan	100
Siemens Pakistan Engineering Co. Ltd., Karachi / Pakistan	75
Mentor Graphics Polska Sp. z o.o., Katowice / Poland	100
Siemens Digital Logistics Sp. z o.o., Wroclaw / Poland	100
Siemens Finance Sp. z o.o., Warsaw / Poland	100
Siemens Healthcare Sp. z o.o., Warsaw / Poland	100
Siemens Industry Software Sp. z o.o., Warsaw / Poland	100
Siemens Mobility Sp. z o.o., Warsaw / Poland	100
Siemens Sp. z o.o., Warsaw / Poland	100
Varian Medical Systems Poland Sp. z o.o., Warsaw / Poland	100
YUNEX Sp. z o.o., Warsaw / Poland	100
SIEMENS HEALTHCARE, UNIPESSOAL, LDA, Amadora / Portugal	100
Siemens Logistics, Unipessoal Lda, Lisbon / Portugal	100
SIEMENS MOBILITY, UNIPESSOAL LDA, Amadora / Portugal	100
Siemens S.A., Amadora / Portugal	100
YUTRAFFIC, UNIPESSOAL LDA, Amadora / Portugal	100
Siemens W.L.L., Doha / Qatar	55
J2 Innovative Concepts Europe SRL, Bucharest / Romania	100
Siemens Healthcare S.R.L., Bucharest / Romania	100
Siemens Industry Software S.R.L., Brasov / Romania	100
Siemens Mobility S.R.L., Bucharest / Romania	100
Siemens S.R.L., Bucharest / Romania	100
SIMEA SIBIU S.R.L., Sibiu / Romania	100
Varinak Europe SRL (Romania), Pantelimon / Romania	100
Acuson RUS Limited Liability Company, Moscow / Russian Federation	100[7]
LIMITED LIABILITY COMPANY SIEMENS ELEKTROPRIVOD, St. Petersburg / Russian Federation	100
OOO Legion II, Moscow / Russian Federation	100
OOO Siemens, Moscow / Russian Federation	100
OOO Siemens Industry Software, Moscow / Russian Federation	100
Siemens Finance and Leasing LLC, Vladivostok / Russian Federation	100
Siemens Healthcare Limited Liability Company, Moscow / Russian Federation	100
Siemens Mobility LLC, Moscow / Russian Federation	100
Varian Medical Systems (RUS) Limited Liability Company, Moscow / Russian Federation	–[3]
Arabia Electric Ltd. (Equipment), Jeddah / Saudi Arabia	51
Siemens Healthcare Limited, Riyadh / Saudi Arabia	51
Siemens Ltd., Riyadh / Saudi Arabia	51
Siemens Mobility Saudi Ltd, Al Khobar / Saudi Arabia	51
Varian Medical Systems Arabia Commercial Limited, Riyadh / Saudi Arabia	75
Siemens d.o.o. Beograd, Belgrade / Serbia	100
Siemens Healthcare d.o.o. Beograd, Belgrade / Serbia	100
Siemens Mobility d.o.o. Cerovac, Kragujevac / Serbia	100
Supplyframe d.o.o, Beograd-Vracar, Belgrade / Serbia	100[7]
Yunex Traffic d.o.o. Beograd, Belgrade / Serbia	100
Acuson Slovakia s. r. o., Bratislava / Slovakia	100[7]
OEZ Slovakia, spol. s r.o., Bratislava / Slovakia	100
SAT Systémy automatizacnej techniky spol. s.r.o., Bratislava / Slovakia	60
Siemens Healthcare s.r.o., Bratislava / Slovakia	100
Siemens Mobility, s.r.o., Bratislava / Slovakia	100
Siemens s.r.o., Bratislava / Slovakia	100
SIPRIN s.r.o., Bratislava / Slovakia	100
Yunex, s.r.o., Bratislava / Slovakia	100
Siemens Healthcare d.o.o., Ljubljana / Slovenia	100
Siemens Mobility d.o.o., Ljubljana / Slovenia	100
Siemens Trgovsko in storitveno podjetje, d.o.o., Ljubljana / Slovenia	100

Crabtree South Africa Pty. Limited, Midrand / South Africa	100
KACO NEW ENERGY AFRICA (PTY) LTD, Midrand / South Africa	100[2]
Linacre Investments (Pty) Ltd., Kenilworth / South Africa	–[3]
S´Mobility Employee Stock Ownership Trust, Johannesburg / South Africa	–[3]
Siemens Employee Share Ownership Trust, Johannesburg / South Africa	–[3]
Siemens Healthcare Employee Share Ownership Trust, Midrand / South Africa	–[3]
Siemens Healthcare Proprietary Limited, Halfway House / South Africa	90
SIEMENS INDUSTRY SOFTWARE SA (PTY) LTD, Centurion / South Africa	100
Siemens Mobility (Pty) Ltd, Randburg / South Africa	75
Siemens Proprietary Limited, Midrand / South Africa	70
Varian Medical Systems Africa (Pty) Ltd., Midrand / South Africa	100
Aimsun S.L., Barcelona / Spain	100
Fábrica Electrotécnica Josa, S.A.U., Tres Cantos / Spain	100
SIEMENS HEALTHCARE, S.L.U., Getafe / Spain	100
Siemens Holding S.L., Madrid / Spain	100
Siemens Industry Software S.L., Tres Cantos / Spain	100
Siemens Logistics S.L. Unipersonal, Madrid / Spain	100
SIEMENS MOBILITY, S.L.U., Tres Cantos / Spain	100
Siemens Rail Automation S.A.U., Tres Cantos / Spain	100
Siemens Renting S.A., Madrid / Spain	100
Siemens S.A., Madrid / Spain	100
Telecomunicación, Electrónica y Conmutación S.A., Madrid / Spain	100
Varian Medical Systems Iberica SL, Alcobendas / Spain	100
Mentor Graphics (Scandinavia) AB, Solna / Sweden	100
Siemens AB, Solna / Sweden	100
Siemens Financial Services AB, Solna / Sweden	100
Siemens Healthcare AB, Solna / Sweden	100
Siemens Industry Software AB, Solna / Sweden	100
Siemens Mobility AB, Solna / Sweden	100
BlueWatt engineering Sàrl, Lausanne / Switzerland	100
Siemens Healthcare AG, Zurich / Switzerland	100
Siemens Industry Software GmbH, Zurich / Switzerland	100
Siemens Logistics AG, Zurich / Switzerland	100
Siemens Mobility AG, Wallisellen / Switzerland	100
Siemens Schweiz AG, Zurich / Switzerland	100
Varian Medical Systems Imaging Laboratory G.m.b.H., Dättwil / Switzerland	100
Varian Medical Systems International AG, Steinhausen / Switzerland	100
Yunex AG, Zurich / Switzerland	100
Siemens Tanzania Ltd. i.L., Dar es Salaam / Tanzania, United Republic of	100
Mentor Graphics Tunisia SARL, Tunis / Tunisia	100
Siemens Mobility S.A.R.L., Tunis / Tunisia	100
Siemens S.A., Tunis / Tunisia	100
KACO New Enerji Limited Sirketi, Pendik / Turkey	100
Siemens AG - Siemens Sanayi Ve Ticaret AS Velaro Joint Venture, Kartal - Istanbul / Turkey	100
Siemens Finansal Kiralama A.S., Istanbul / Turkey	100
Siemens Healthcare Saglik Anonim Sirketi, Istanbul / Turkey	100
Siemens Mobility Ulasim Sistemleri Anonim Sirketi, Istanbul / Turkey	100
Siemens Sanayi ve Ticaret Anonim Sirketi, Istanbul / Turkey	100
V.O.S.S. Varinak Onkoloji Sistemleri Satis Ve Servis Anonim Sirketi, Istanbul / Turkey	100
YUNEX ULAŞIM TEKNOLOJILERI ANONIM ŞIRKETI, Kartal/Istanbul / Turkey	100
100% foreign owned subsidiary “Siemens Ukraine”, Kiev / Ukraine	100
SIEMENS HEALTHCARE LIMITED LIABILITY COMPANY, Kiev / Ukraine	100
PSE Software and Consulting L.L.C., Abu Dhabi / United Arab Emirates	49[2]
Samateq FZ LLC, UAE, Abu Dhabi / United Arab Emirates	100
SD (Middle East) LLC, Dubai / United Arab Emirates	49[2]
Siemens Capital Middle East Ltd, Abu Dhabi / United Arab Emirates	100
Siemens Healthcare FZ LLC, Dubai / United Arab Emirates	100

Siemens Healthcare L.L.C., Dubai / United Arab Emirates	**49**[2]
Siemens Industrial LLC, Masdar City / United Arab Emirates	**49**[2]
Siemens Middle East Limited, Masdar City / United Arab Emirates	**100**
SIEMENS MOBILITY LLC, Dubai / United Arab Emirates	**49**[2]
Acuson United Kingdom Ltd., Frimley, Surrey / United Kingdom	**100**[7]
AIMSUN LIMITED, London / United Kingdom	**100**
ByteToken, Ltd, Edinburgh / United Kingdom	**100**
Data Sheet Archive Limited, London / United Kingdom	**100**
Electrium Sales Limited, Frimley, Surrey / United Kingdom	**100**
Flomerics Group Limited, Frimley, Surrey / United Kingdom	**100**
GyM Renewables Limited, Frimley, Surrey / United Kingdom	**100**[7]
Mendix Technology Limited, Frimley, Surrey / United Kingdom	**100**
Mentor Graphics (UK) Limited, Frimley, Surrey / United Kingdom	**100**
MRX Technologies Limited, Frimley, Surrey / United Kingdom	**100**
Next47 Fund 2018, L.P., Palo Alto, CA / United Kingdom	**100**
Next47 Fund 2019, L.P., Palo Alto, CA / United Kingdom	**100**
Next47 Fund 2020, L.P., Palo Alto, CA / United Kingdom	**100**
Next47 Fund 2021, L.P., Palo Alto, CA / United Kingdom	**100**
Next47 Fund 2022, L.P., Palo Alto, CA / United Kingdom	**100**
Project Ventures Rail Investments I Limited, Frimley, Surrey / United Kingdom	**100**
Samacsys Limited, London / United Kingdom	**100**
SBS Pension Funding (Scotland) Limited Partnership, Edinburgh / United Kingdom	**57**[3]
Siemens Financial Services Holdings Ltd., Stoke Poges, Buckinghamshire / United Kingdom	**100**
Siemens Financial Services Ltd., Stoke Poges, Buckinghamshire / United Kingdom	**100**
Siemens Healthcare Diagnostics Ltd, Frimley, Surrey / United Kingdom	**100**
Siemens Healthcare Diagnostics Manufacturing Ltd, Frimley, Surrey / United Kingdom	**100**
Siemens Healthcare Diagnostics Products Ltd, Frimley, Surrey / United Kingdom	**100**
Siemens Healthcare Limited, Frimley, Surrey / United Kingdom	**100**
Siemens Holdings plc, Frimley, Surrey / United Kingdom	**100**
Siemens Industry Software Computational Dynamics Limited, Frimley, Surrey / United Kingdom	**100**
Siemens Industry Software Limited, Frimley, Surrey / United Kingdom	**100**
Siemens Logistics Limited, Frimley, Surrey / United Kingdom	**100**
Siemens Mobility Limited, London / United Kingdom	**100**
Siemens Pension Funding (General) Limited, Frimley, Surrey / United Kingdom	**100**
Siemens Pension Funding Limited, Frimley, Surrey / United Kingdom	**100**
Siemens plc, Frimley, Surrey / United Kingdom	**100**
Siemens Process Systems Engineering Limited, Frimley, Surrey / United Kingdom	**100**
Siemens Rail Automation Limited, London / United Kingdom	**100**
Siemens Rail Systems Project Holdings Limited, London / United Kingdom	**100**
The Preactor Group Limited, Frimley, Surrey / United Kingdom	**100**
UltraSoc Technologies Limited, Frimley, Surrey / United Kingdom	**100**
Varian Medical Systems UK Holdings Limited, Crawley, West Sussex / United Kingdom	**100**
Varian Medical Systems UK Limited, Crawley, West Sussex / United Kingdom	**100**
Yunex Limited, Poole, Dorset / United Kingdom	**100**
Americas (124 companies)	
Siemens Healthcare S.A., Buenos Aires / Argentina	**100**
Siemens Industrial S.A., Buenos Aires / Argentina	**100**
Siemens IT Services S.A., Buenos Aires / Argentina	**100**
Siemens Mobility S.A., Munro / Argentina	**100**
Iriel Indústria e Cómercio de Sistemas Eléctricos Ltda., Canoas / Brazil	**100**
Siemens Healthcare Diagnósticos Ltda., São Paulo / Brazil	**100**
Siemens Industry Software Ltda., São Caetano do Sul / Brazil	**100**
Siemens Infraestrutura e Indústria Ltda., São Paulo / Brazil	**100**
Siemens Mobility Soluções de Mobilidade Ltda., São Paulo / Brazil	**100**
Siemens Participações Ltda., São Paulo / Brazil	**100**
Varian Medical Systems Brasil Ltda., São Paulo / Brazil	**100**

10125032 CANADA INC, Mississauga / Canada	100
10262595 Canada Inc., Mississauga / Canada	100
12241510 CANADA INC., Mississauga / Canada	100
Bytemark Canada Inc., Saint John / Canada	100
EPOCAL INC., Toronto / Canada	100
Mentor Graphics (Canada) ULC, Vancouver / Canada	100[13]
RAIL-TERM INC., Mississauga / Canada	100
RailTerm Systems Inc., Dorval / Canada	100
Siemens Canada Limited, Oakville / Canada	100
Siemens Financial Ltd., Oakville / Canada	100
Siemens Healthcare Limited, Oakville / Canada	100
Siemens Industry Software ULC, Vancouver / Canada	100[13]
Siemens Logistics Ltd., Oakville / Canada	100
SIEMENS MOBILITY LIMITED, Oakville / Canada	100
TimeSeries Canada Inc., Montreal / Canada	100
Varian Medical Systems Canada, Inc., Ottawa / Canada	100
Monarch Capital, Limited, Grand Cayman / Cayman Islands	100
Talent Choice Investment Limited, George Town / Cayman Islands	100
Nimbic Chile SpA, Las Condes / Chile	100
Siemens Healthcare Equipos Médicos Sociedad por Acciones, Santiago de Chile / Chile	100
Siemens Mobility SpA, Santiago de Chile / Chile	100
Siemens S.A., Santiago de Chile / Chile	100
J. Restrepo Equiphos S.A.S, Bogotá / Colombia	100
Siemens Healthcare S.A.S., Tenjo / Colombia	100
Siemens S.A., Tenjo / Colombia	100
YUNEX S.A.S., Bogotá / Colombia	100
Siemens Healthcare Diagnostics S.A., San José / Costa Rica	100
Siemens S.A., San José / Costa Rica	100
Siemens Mobility, S.R.L., Santo Domingo / Dominican Republic	100
Siemens S.A., Quito / Ecuador	100
Siemens-Healthcare Cia. Ltda., Quito / Ecuador	100
Siemens Healthcare, Sociedad Anonima, Antiguo Cuscatlán / El Salvador	100
Siemens S.A., Antiguo Cuscatlán / El Salvador	100
Siemens S.A., Guatemala / Guatemala	100
Grupo Siemens S.A. de C.V., Mexico City / Mexico	100
Indústria de Trabajos Eléctricos S.A. de C.V., Ciudad Juárez / Mexico	100
Siemens Healthcare Diagnostics, S. de R.L. de C.V., Mexico City / Mexico	100
Siemens Industry Software, S.A. de C.V., Mexico City / Mexico	100
Siemens Inmobiliaria S.A. de C.V., Mexico City / Mexico	100
Siemens Logistics S. de R.L. de C.V., Mexico City / Mexico	100
Siemens Mobility S. de R.L. de C.V., Mexico City / Mexico	100
SIEMENS SERVICIOS COMERCIALES SA DE CV, SOFOM, ENR, Mexico City / Mexico	100
Siemens, S.A. de C.V., Mexico City / Mexico	100
Siemens Large Drive Applications S.A., Panama City / Panama	100[7]
Siemens Healthcare S.A.C., Surquillo / Peru	100
Siemens Mobility S.A.C., Lima / Peru	100
Siemens S.A.C., Surquillo / Peru	100
Varian Medical Systems Puerto Rico, LLC, Guaynabo / Puerto Rico	100
Acuson, LLC, Wilmington, DE / United States	100[7]
Aimsun Inc., New York, NY / United States	100
Building Robotics Inc., Wilmington, DE / United States	100
Bytemark Inc., Dover, DE / United States	97
CD-adapco Battery Design LLC, Dover, DE / United States	100
Corindus, Inc., Wilmington, DE / United States	100
D3 Oncology Inc., Wilmington, DE / United States	100
Dedicated2Imaging LLC, Wilmington, DE / United States	80
ECG Acquisition, Inc., Wilmington, DE / United States	100

ECG TopCo Holdings, LLC, Wilmington, DE / United States	**73**
eMeter Corporation, Wilmington, DE / United States	**100**
Enlighted, Inc., Wilmington, DE / United States	**100**
Executive Consulting Group, LLC, Wilmington, DE / United States	**100**
J2 Innovations, Inc., Los Angeles, CA / United States	**100**
Mannesmann Corporation, New York, NY / United States	**100**
Mansfield Insurance Company, Burlington, VT / United States	**100**
Next47 Inc., Wilmington, DE / United States	**100**
Next47 Mid-Tier GP 2018, L.P., Wilmington, DE / United States	**100**
Next47 Mid-Tier GP 2019, L.P., Wilmington, DE / United States	**100**
Next47 Mid-Tier GP 2020, L.P., Wilmington, DE / United States	**100**
Next47 Mid-Tier GP 2021, L.P., Wilmington, DE / United States	**100**
Next47 Mid-Tier GP 2022, L.P., Wilmington, DE / United States	**100**
Next47 TTGP, L.L.C., Wilmington, DE / United States	**100**
Omnetric Corp., Wilmington, DE / United States	**100**
P.E.T.NET Houston, LLC, Austin, TX / United States	**51**
Page Mill Corporation, Boston, MA / United States	**100**
PETNET Indiana, LLC, Indianapolis, IN / United States	**50**[1]
PETNET Solutions Cleveland, LLC, Wilmington, DE / United States	**63**
PETNET Solutions, Inc., Knoxville, TN / United States	**100**
PolyDyne Software Inc., Austin, TX / United States	**100**
Rail-Term Corp., Plymouth, MI / United States	**100**
Siemens Capital Company LLC, Wilmington, DE / United States	**100**
Siemens Corporation, Wilmington, DE / United States	**100**
Siemens Electrical, LLC, Wilmington, DE / United States	**100**
Siemens Financial Services, Inc., Wilmington, DE / United States	**100**
Siemens Financial, Inc., Wilmington, DE / United States	**100**
Siemens Government Technologies, Inc., Wilmington, DE / United States	**100**
Siemens Healthcare Diagnostics Inc., Los Angeles, CA / United States	**100**
Siemens Healthcare Laboratory, LLC, Wilmington, DE / United States	**100**
Siemens Healthineers Holdings, LLC, Wilmington, DE / United States	**100**
Siemens Industry Software Inc., Wilmington, DE / United States	**100**
Siemens Industry, Inc., Wilmington, DE / United States	**100**
Siemens Logistics LLC, Wilmington, DE / United States	**100**
Siemens Medical Solutions USA, Inc., Wilmington, DE / United States	**100**
Siemens Mobility, Inc, Wilmington, DE / United States	**100**
Siemens Process Systems Engineering Inc., Wilmington, DE / United States	**100**
Siemens Public, Inc., Iselin, NJ / United States	**100**
Siemens USA Holdings, Inc., Wilmington, DE / United States	**100**
SMI Holding LLC, Wilmington, DE / United States	**100**
Supplyframe, Inc., Pasadena, CA / United States	**100**
TimeSeries US, Inc., Centennial, CO / United States	**100**
Varian BioSynergy, Inc., Wilmington, DE / United States	**100**
Varian Medical Systems Africa Holdings, Inc., Wilmington, DE / United States	**100**
Varian Medical Systems Canada Holdings, Inc., Wilmington, DE / United States	**100**
Varian Medical Systems India Private Limited, Wilmington, DE / United States	**100**
Varian Medical Systems International Holdings, Inc., Wilmington, DE / United States	**100**
Varian Medical Systems Latin America, Ltd., Wilmington, DE / United States	**100**
Varian Medical Systems Netherlands Holdings, Inc., Wilmington, DE / United States	**100**
Varian Medical Systems Pacific, Inc., Wilmington, DE / United States	**100**
Varian Medical Systems, Inc., Wilmington, DE / United States	**100**
Yunex LLC, Wilmington, DE / United States	**100**
Siemens S.A., Montevideo / Uruguay	**100**
Siemens Healthcare S.A., Caracas / Venezuela, Bolivarian Republic of	**100**[7]
Siemens Rail Automation, C.A., Caracas / Venezuela, Bolivarian Republic of	**100**
Dade Behring Hong Kong Holdings Corporation, Tortola / Virgin Islands, British	**100**

Asia, Australia (154 companies)	
Aimsun Pty Ltd, Sydney / Australia	**100**
ALDRIDGE TRAFFIC CONTROLLERS PTY. LTD, Sydney / Australia	**100**
Australia Hospital Holding Pty Limited, Bayswater / Australia	**100**
Exemplar Health (NBH) 2 Pty Limited, Bayswater / Australia	**100**[7]
Exemplar Health (NBH) Holdings 2 Pty Limited, Bayswater / Australia	**100**
Exemplar Health (NBH) Trust 2, Bayswater / Australia	**100**
J.R.B. Engineering Pty Ltd, Bayswater / Australia	**100**
Siemens Healthcare Pty. Ltd., Melbourne / Australia	**100**
Siemens Industry Software Pty Ltd, Bayswater / Australia	**100**
Siemens Ltd., Bayswater / Australia	**100**
Siemens Mobility Pty Ltd, Bayswater / Australia	**100**
SIEMENS RAIL AUTOMATION PTY. LTD., Bayswater / Australia	**100**
Varian Medical Systems Australasia Pty Ltd., Belrose / Australia	**100**
YUNEX PTY. LTD., Sydney / Australia	**100**
Siemens Healthcare Ltd., Dhaka / Bangladesh	**100**
Siemens Industrial Limited, Dhaka / Bangladesh	**100**
Acuson (Shanghai) Co., Ltd., Shanghai / China	**100**[7]
Beijing Siemens Cerberus Electronics Ltd., Beijing / China	**100**
Green Matrix (Suzhou) Network Technology Co., Ltd., Suzhou / China	**100**
Hangzhou Alicon Pharm Sci & Tec Co., Ltd., Hangzhou / China	**100**
Mentor Graphics (Shanghai) Electronic Technology Co., Ltd., Shanghai / China	**100**
Scion Medical Technologies (Shanghai) Ltd., Shanghai / China	**100**
Siemens Building Technologies (Tianjin) Ltd., Tianjin / China	**70**
Siemens Business Information Consulting Co., Ltd, Beijing / China	**100**
Siemens Circuit Protection Systems Ltd., Shanghai, Shanghai / China	**75**
Siemens Commercial Factoring Ltd., Shanghai / China	**100**
Siemens Electrical Apparatus Ltd., Suzhou, Suzhou / China	**100**
Siemens Electrical Drives (Shanghai) Ltd., Shanghai / China	**100**
Siemens Electrical Drives Ltd., Tianjin / China	**85**
Siemens Factory Automation Engineering Ltd., Beijing / China	**100**
Siemens Finance and Leasing Ltd., Beijing / China	**100**
Siemens Financial Services Ltd., Beijing / China	**100**
Siemens Healthcare Diagnostics Manufacturing Ltd., Shanghai, Shanghai / China	**100**
Siemens Healthineers Diagnostics (Shanghai) Co., Ltd., Shanghai / China	**100**
Siemens Healthineers Digital Technology (Shanghai) Co., Ltd., Shanghai / China	**100**
Siemens Healthineers Ltd., Shanghai / China	**100**
Siemens Industrial Automation Products Ltd., Chengdu, Chengdu / China	**100**
Siemens Industry Software (Beijing) Co., Ltd., Beijing / China	**100**
Siemens Industry Software (Shanghai) Co., Ltd., Shanghai / China	**100**
Siemens Intelligent Signalling Technologies Co. Ltd., Foshan / China	**60**
Siemens International Trading Ltd., Shanghai, Shanghai / China	**100**
Siemens Investment Consulting Co., Ltd., Beijing / China	**100**
Siemens Logistics Automation Systems (Beijing) Co., Ltd, Beijing / China	**100**
Siemens Ltd., China, Beijing / China	**100**
Siemens Manufacturing and Engineering Centre Ltd., Shanghai / China	**51**
Siemens Medium Voltage Switching Technologies (Wuxi) Ltd., Wuxi / China	**85**
Siemens Mobility Electrification Equipment (Shanghai) Co., Ltd., Shanghai / China	**51**
Siemens Mobility Equipment (China) Co., Ltd, Shanghai Pilot Free Trade Zone / China	**100**
Siemens Mobility Rail Equipment (Tianjin) Ltd., Tianjin / China	**100**
Siemens Mobility Technologies (Beijing) Co., Ltd, Beijing / China	**100**
Siemens Numerical Control Ltd., Nanjing, Nanjing / China	**80**
Siemens Power Automation Ltd., Nanjing / China	**100**
Siemens Sensors & Communication Ltd., Dalian / China	**100**
Siemens Shanghai Medical Equipment Ltd., Shanghai / China	**100**
Siemens Shenzhen Magnetic Resonance Ltd., Shenzhen / China	**100**

Siemens Signalling Co., Ltd., Xi'an / China	**70**
Siemens Standard Motors Ltd., Yizheng / China	**100**
Siemens Switchgear Ltd., Shanghai, Shanghai / China	**55**
Siemens Technology Development Co., Ltd. of Beijing, Beijing / China	**90**
Siemens Venture Capital Co., Ltd., Beijing / China	**100**
Siemens Wiring Accessories Shandong Ltd., Zibo / China	**100**
Siemens X-Ray Vacuum Technology Ltd., Wuxi, Wuxi / China	**100**
Suzhou Ling Dong Zhen GE Network Technology Co., Ltd., Suzhou / China	**–**[3]
Varian Medical Systems China Co., Ltd., Beijing / China	**100**
Varian Medical Systems Trading (Beijing) Co., Ltd., Beijing / China	**100**
Yutraffic Technologies (Beijing) Co., Ltd., Beijing / China	**100**
Scion Medical Limited, Hong Kong / Hong Kong	**100**
Siemens Healthcare Limited, Hong Kong / Hong Kong	**100**
Siemens Industry Software Limited, Hong Kong / Hong Kong	**100**
Siemens Limited, Hong Kong / Hong Kong	**100**
Siemens Logistics Limited, Hong Kong / Hong Kong	**100**
Siemens Mobility Limited, Hong Kong / Hong Kong	**100**
Supply Frame (Hong Kong) Limited, Hong Kong / Hong Kong	**100**
Vertice Investment Limited, Hong Kong / Hong Kong	**100**
YUTRAFFIC LTD., Hong Kong / Hong Kong	**100**
AIS Design Automation Private Limited, Bangalore / India	**100**
American Institute of Pathology and Laboratory Sciences Private Limited, Hyderabad / India	**100**
Artmed Healthcare Private Limited, Hyderabad / India	**100**
Bytemark India LLP, Bangalore / India	**100**
Bytemark Technology Solutions India Pvt Ltd, Bangalore / India	**100**
C&S Electric Limited, New Delhi / India	**99**
Cancer Treatment Services Hyderabad Private Limited, Hyderabad / India	**100**
Enlighted Energy Systems Pvt Ltd, Chennai / India	**100**
Flomerics India Private Limited, Mumbai / India	**100**
Mentor Graphics (India) Private Limited, New Delhi / India	**100**
Mentor Graphics (Sales and Services) Private Limited, New Delhi / India	**100**
PETNET Radiopharmaceutical Solutions Pvt. Ltd., Mumbai / India	**100**
Preactor Software India Private Limited, Bangalore / India	**100**
Siemens Factoring Private Limited, Navi Mumbai / India	**100**
Siemens Financial Services Private Limited, Mumbai / India	**100**
Siemens Healthcare Private Limited, Mumbai / India	**100**
Siemens Healthineers India LLP, Bangalore / India	**100**
SIEMENS HEALTHINEERS INDIA MANUFACTURING PRIVATE LIMITED, Mumbai / India	**100**[7]
Siemens Industry Software (India) Private Limited, New Delhi / India	**100**
Siemens Limited, Mumbai / India	**51**
Siemens Logistics India Private Limited, Navi Mumbai / India	**100**
Siemens Rail Automation Pvt. Ltd., Navi Mumbai / India	**100**
Siemens Technology and Services Private Limited, Navi Mumbai / India	**100**
Varian Medical Systems International (India) Private Limited, Mumbai / India	**100**
P.T. Siemens Indonesia, Jakarta / Indonesia	**100**
PT Siemens Healthineers Indonesia, Jakarta / Indonesia	**100**
PT Siemens Mobility Indonesia, Jakarta / Indonesia	**100**
Acrorad Co., Ltd., Okinawa / Japan	**96**
Avatar Integrated Systems Kabushiki Kaisha, Yokohama / Japan	**100**
OneSpin Solutions Japan K.K., Yokohama / Japan	**100**
Siemens Electronic Design Automation Japan K.K., Tokyo / Japan	**100**
Siemens Healthcare Diagnostics K.K., Tokyo / Japan	**100**
Siemens Healthcare K.K., Tokyo / Japan	**100**
Siemens K.K., Tokyo / Japan	**100**
Siemens PLM Software Computational Dynamics K.K., Yokohama / Japan	**100**
Varian Medical Systems K.K., Tokyo / Japan	**100**
Acuson Korea Ltd., Seongnam-si / Korea, Republic of	**100**[7]

Siemens Electronic Design Automation (Korea) LLC, Seoul / Korea, Republic of	100
Siemens Healthineers Ltd., Seoul / Korea, Republic of	100
Siemens Industry Software Ltd., Seoul / Korea, Republic of	100
Siemens Ltd. Seoul, Seoul / Korea, Republic of	100
Siemens Mobility Ltd., Seoul / Korea, Republic of	100
Siemens Process Systems Engineering Limited, Daejeon / Korea, Republic of	100
Varian Medical Systems Korea, Inc., Seoul / Korea, Republic of	100
Dresser-Rand Asia Pacific Sdn. Bhd., Kuala Lumpur / Malaysia	100
Siemens Healthcare Sdn. Bhd., Petaling Jaya / Malaysia	100
Siemens Industry Software Sdn. Bhd., George Town, Penang / Malaysia	100
Siemens Malaysia Sdn. Bhd., Petaling Jaya / Malaysia	100
Siemens Mobility Sdn. Bhd., Kuala Lumpur / Malaysia	100
Varian Medical Systems Malaysia Sdn Bhd, Kuala Lumpur / Malaysia	100
Siemens (N.Z.) Limited, Auckland / New Zealand	100
Siemens Healthcare Limited, Auckland / New Zealand	100
Siemens Healthcare Inc., Manila / Philippines	100
Siemens, Inc., Manila / Philippines	100
Varian Medical Systems Philippines, Inc., City of Pasig / Philippines	100
Acuson Singapore Pte. Ltd., Singapore / Singapore	100[7]
Aimsun Pte Ltd, Singapore / Singapore	100
Mentor Graphics Asia Pte Ltd, Singapore / Singapore	100
Siemens Healthcare Pte. Ltd., Singapore / Singapore	100
Siemens Industry Software Pte. Ltd., Singapore / Singapore	100
Siemens Logistics PTE. LTD., Singapore / Singapore	100
Siemens Mobility Pte. Ltd., Singapore / Singapore	100
Siemens Pte. Ltd., Singapore / Singapore	100
YUNEX PTE. LTD., Singapore / Singapore	100
Asiri A O I Cancer Centre (Private) Limited, Colombo / Sri Lanka	50[2]
Fang Chi Health Management Co., Ltd, Taipei / Taiwan, Province of China	100
Hong Tai Health Management Co. Ltd., Taipei / Taiwan, Province of China	100
New Century Technology Co. Ltd., Taipei / Taiwan, Province of China	100
Siemens Healthcare Limited, Taipei / Taiwan, Province of China	100
Siemens Industry Software (TW) Co., Ltd., Taipei / Taiwan, Province of China	100
Siemens Limited, Taipei / Taiwan, Province of China	100
Varian Medical Systems Taiwan Co., Ltd., Taipei / Taiwan, Province of China	100
Siemens Healthcare Limited, Bangkok / Thailand	100
Siemens Limited, Bangkok / Thailand	100
Siemens Logistics Automation Systems Ltd., Bangkok / Thailand	100
Siemens Mobility Limited, Bangkok / Thailand	100
Siemens Healthcare Limited, Ho Chi Minh City / Viet Nam	100
Siemens Ltd., Ho Chi Minh City / Viet Nam	100
Varian Medical Systems Vietnam Co Ltd, Ho Chi Minh City / Viet Nam	100
Associated companies and joint ventures	
Germany (24 companies)	
Alchemist Accelerator Europe Fund I GmbH & Co. KG, Grünwald	41[8]
ATS Projekt Grevenbroich GmbH, Schüttorf	25[8]
BELLIS GmbH, Braunschweig	49
BentoNet GmbH, Baden-Baden	50
Caterva GmbH, Pullach i. Isartal	50
Curagita Holding GmbH, Heidelberg	30
DKS Dienstleistungsgesellschaft f. Kommunikationsanlagen des Stadt- und Regionalverkehrs mbH, Cologne	49[8]
FEAG Fertigungscenter für Elektrische Anlagen GmbH, Erlangen	49[8]
GuD Herne GmbH, Essen	50
IFTEC GmbH & Co. KG, Leipzig	50
INPRO Innovationsgesellschaft für fortgeschrittene Produktionssysteme in der Fahrzeugindustrie mbH, Berlin	33[8]

LIB Verwaltungs-GmbH, Leipzig	**50**[8]
Ludwig Bölkow Campus GmbH, Taufkirchen	**25**[8]
MetisMotion GmbH, Munich	**23**[8]
MeVis BreastCare GmbH & Co. KG, Bremen	**49**
MeVis BreastCare Verwaltungsgesellschaft mbH, Bremen	**49**[8]
Nordlicht Holding GmbH & Co. KG, Frankfurt	**33**
Nordlicht Holding Verwaltung GmbH, Frankfurt	**33**[8]
Siemens Energy AG, Munich	**35**
Siemens EuroCash, Munich	**4**[6]
Sternico GmbH, Wendeburg	**49**[8]
Valeo Siemens eAutomotive GmbH, Erlangen	**50**
Veja Mate Offshore Project GmbH, Oststeinbek	**20**
WUN H2 GmbH, Wunsiedel	**45**[8]
Europe, Commonwealth of Independent States (C.I.S.), Africa, Middle East (without Germany) (37 companies)	
Armpower CJSC, Yerevan / Armenia	**40**
Aspern Smart City Research GmbH, Vienna / Austria	**44**[8]
Aspern Smart City Research GmbH & Co KG, Vienna / Austria	**44**
Meomed s.r.o., Prerov / Czech Republic	**47**[8]
Siemens Aarsleff Konsortium I/S, Ballerup / Denmark	**67**[4, 8, 12, 13]
BioMensio Oy, Tampere / Finland	**23**[8]
TRIXELL SAS, Moirans / France	**25**
EVIOP-TEMPO S.A. Electrical Equipment Manufacturers, Vassiliko / Greece	**48**
Parallel Graphics Ltd., Dublin / Ireland	**57**[4, 8]
Reindeer Energy Ltd., Bnei Berak / Israel	**33**
Transfima GEIE, Milan / Italy	**42**[8, 13]
Transfima S.p.A., Milan / Italy	**49**[8]
KACO New Energy Co., Amman / Jordan	**49**[8]
Temir Zhol Electrification LLP, Astana / Kazakhstan	**49**
EGM Holding Limited, Marsaskala / Malta	**33**
Energie Electrique de Tahaddart S.A., Tangier / Morocco	**20**
Buitengaats C.V., Amsterdam / Netherlands	**20**[6, 13]
Buitengaats Management B.V., Eemshaven / Netherlands	**20**[8]
Infraspeed EPC Consortium V.O.F., Zoetermeer / Netherlands	**50**[8, 13]
Infraspeed Maintainance B.V., Dordrecht / Netherlands	**50**
Locomotive Workshop Rotterdam B.V., Zoetermeer / Netherlands	**50**
Ural Locomotives Holding Besloten Vennootschap, The Hague / Netherlands	**50**
ZeeEnergie C.V., Amsterdam / Netherlands	**20**[6, 13]
ZeeEnergie Management B.V., Eemshaven / Netherlands	**20**[8]
Rousch (Pakistan) Power Ltd., Islamabad / Pakistan	**26**
OOO Transconverter, Moscow / Russian Federation	**35**[8]
Impilo Consortium (Pty.) Ltd., La Lucia / South Africa	**31**
Nertus Mantenimiento Ferroviario y Servicios S.A., Madrid / Spain	**51**[4]
WS Tech Energy Global S.L., Viladecans / Spain	**49**
Stavro Holding I AB, Stockholm / Sweden	**40**
Certas AG, Zurich / Switzerland	**50**
Interessengemeinschaft TUS, Volketswil / Switzerland	**50**[13]
Awel Y Môr Offshore Wind Farm Limited, Swindon, Wiltshire / United Kingdom	**10**[6]
Cross London Trains Holdco 2 Limited, London / United Kingdom	**33**
Five Estuaries Offshore Wind Farm Limited, Swindon, Wiltshire / United Kingdom	**25**
Galloper Wind Farm Holding Company Limited, Swindon, Wiltshire / United Kingdom	**25**
Plessey Holdings Ltd., Frimley, Surrey / United Kingdom	**50**[8]
Americas (21 companies)	
Brasol Participaçoes e Empreendimentos S.A., Brazil, São Paulo / Brazil	**97**[4]
GNA 1 Geração de Energia S.A., São João da Barra / Brazil	**22**
Micropower Comerc Energia S.A., São Paulo / Brazil	**20**

MPC Serviços Energéticos 1A S.A, Navegantes / Brazil	**48**
MPC Serviços Energéticos 1B S.A., Cabo de Santo Agostinho / Brazil	**48**
UTE GNA II GERAÇÃO DE ENERGIA S.A., Rio de Janeiro / Brazil	**22**
Union Temporal Recaudo y Tecnologia, Santiago de Cali / Colombia	**20**[13]
Akuo Energy Dominicana, S.R.L, Santo Domingo / Dominican Republic	**33**
DELARO, S.A.P.I. DE C.V., Mexico City / Mexico	**29**
CEF-L Holding, LLC, Wilmington, DE / United States	**27**
DeepHow Corp., Princeton, NJ / United States	**23**[8]
Fluence Energy, LLC, Wilmington, DE / United States	**43**
Hickory Run Holdings, LLC, Wilmington, DE / United States	**20**[6]
MSS Energy Holdings, LLC, New York, NY / United States	**20**
Panda Stonewall Intermediate Holdings I, LLC, Wilmington, DE / United States	**37**
PhSiTh LLC, New Castle, DE / United States	**33**
PTG Holdings Company LLC, Dover, DE / United States	**26**
Rether networks, Inc., Berkeley, CA / United States	**30**[8]
Software.co Technologies, Inc., Wilmington, DE / United States	**24**
USARAD Holdings, Inc., Fort Lauderdale, FL / United States	**30**[8]
Wi-Tronix Group Inc., Dover, DE / United States	**30**
Asia, Australia (22 companies)	
Exemplar Health (NBH) Partnership, Melbourne / Australia	**50**
Forest Wind Holdings Pty Limited, Sydney / Australia	**50**
Forest Wind Investment Company (1) Pty Limited, Sydney / Australia	**50**
PHM Technology Pty Ltd, Melbourne / Australia	**37**[8]
DBEST (Beijing) Facility Technology Management Co., Ltd., Beijing / China	**25**
Guangzhou Suikai Smart Energy Co., Ltd., Guangzhou / China	**35**
Shanghai Electric Power Generation Equipment Co., Ltd., Shanghai / China	**40**
Siemens Traction Equipment Ltd., Zhuzhou, Zhuzhou / China	**50**
Smart Metering Solutions (Changsha) Co. Ltd., Changsha / China	**49**
TianJin ZongXi Traction Motor Ltd., Tianjin / China	**50**
TieKe Intelligent Signalling Railway Equipment Co., Ltd., Tianjin / China	**49**
Xi’An X-Ray Target Ltd., Xi'an / China	**43**[8]
Zhenjiang Siemens Busbar Trunking Systems Co. Ltd., Yangzhong / China	**50**
Zhi Dao Railway Equipment Ltd., Taiyuan / China	**50**
Bangalore International Airport Ltd., Bangalore / India	**20**
HEALTH CONTINUUM PRIVATE LIMITED, Bangalore / India	**30**[8]
Orange Sironj Wind Power Private Limited, New Delhi / India	**46**
Pune IT City Metro Rail Limited, Pune / India	**26**
P.T. Jawa Power, Jakarta / Indonesia	**50**
BE C&I Solutions Holding Pte. Ltd., Singapore / Singapore	**24**
Power Automation Pte. Ltd., Singapore / Singapore	**49**
SINGAPORE AQUACULTURE TECHNOLOGIES (SAT) PTE LTD, Singapore / Singapore	**24**

	Equity interest in %	Net income in millions of €	Equity in millions of €
Other investments[11]			
Germany (3 companies)			
Erlapolis 20 GmbH, Munich	**100**[4, 5]	**(1)**	**(1)**
Munipolis GmbH, Munich	**100**[4, 5]	**–**	**257**
SPT Beteiligungen GmbH & Co. KG, Grünwald	**100**[4, 5]	**–**	**170**
Europe, Commonwealth of Independent States (C.I.S.), Africa, Middle East (without Germany) (1 company)			
Siemens Gas and Power Holding B.V., Zoeterwoude / Netherlands	**2**	**1,307**	**5,592**
Americas (2 companies)			
Babson Diagnostics, Inc., Dover, DE / United States	**20**[5]	**(4)**	**7**
Thoughtworks Holding Inc., Wilmington, DE / United States	**8**	**65**	**395**

[1] Control due to a majority of voting rights.
[2] Control due to rights to appoint, reassign or remove members of the key management personnel.
[3] Control due to contractual arrangements to determine the direction of the relevant activities.
[4] No control due to contractual arrangements or legal circumstances.
[5] No significant influence due to contractual arrangements or legal circumstances.
[6] Significant influence due to contractual arrangements or legal circumstances.
[7] Not consolidated due to immateriality.
[8] Not accounted for using the equity method due to immateriality.
[9] Exemption pursuant to Section 264 b German Commercial Code.
[10] Exemption pursuant to Section 264 (3) German Commercial Code.
[11] Values according to the latest available local GAAP financial statements; the underlying fiscal year may differ from the Siemens fiscal year.
[12] Siemens AG is a shareholder with unlimited liability of this company.
[13] A consolidated affiliated company of Siemens AG is a shareholder with unlimited liability of this company.
n/a = No financial data available.

Responsibility Statement

TO THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT FOR FISCAL 2021

SIEMENS

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report, which has been combined with the Management Report for Siemens Aktiengesellschaft, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Munich, November 30, 2021

Siemens Aktiengesellschaft

The Managing Board

Dr. Roland Busch

Cedrik Neike

Matthias Rebellius

Prof. Dr. Ralf P. Thomas

Judith Wiese

Independent Auditor’s Report

TO THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT FOR FISCAL 2021

SIEMENS

To Siemens Aktiengesellschaft, Berlin and Munich

Report on the audit of the consolidated financial statements and of the group management report

Opinions

We have audited the consolidated financial statements of Siemens Aktiengesellschaft, Berlin and Munich, and its subsidiaries (the Group), which comprise the consolidated statements of income and comprehensive income for the fiscal year from October 1, 2020 to September 30, 2021, the consolidated statements of financial position as of September 30, 2021, the consolidated statements of cash flows and changes in equity for the fiscal year from October 1, 2020 to September 30, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Siemens Aktiengesellschaft, which is combined with the management report of Siemens Aktiengesellschaft, for the fiscal year from October 1, 2020 to September 30, 2021. In accordance with the German legal requirements, we have not audited the content of the Corporate Governance Statement which is published on the website stated in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] as well as with full IFRSs as issued by the International Accounting Standards Board (IASB), and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of September 30, 2021 and of its financial performance for the fiscal year from October 1, 2020 to September 30, 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the Corporate Governance Statement referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). In conducting the audit of the consolidated financial statements we also complied with International Standards on Auditing (ISA). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from October 1, 2020 to September 30, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Accounting for the acquisition of Varian

Reasons why the matter was determined to be a key audit matter: The acquisition of Varian Medical Systems, Inc., USA (Varian), was completed on April 15, 2021. Since then, Siemens AG indirectly holds all the shares in Varian via its subsidiary Siemens Healthineers AG. The acquisition was accounted for in accordance with IFRS 3, Business Combinations, on the basis of a preliminary purchase price allocation. To finance the acquisition, a further capital increase was carried out at the level of Siemens Healthineers AG in fiscal year 2021 by issuing new shares, resulting in an increase of non-controlling interests in the Siemens consolidated financial statements. Furthermore, the Group issued bonds denominated in US dollars to finance the transaction. To hedge foreign currency risks in connection with the acquisition and its financing, the Group entered into hedging transactions which were designated as hedging instruments in hedging relationships.

The accounting for the acquisition, including financing and hedging of foreign currency risks, was a key audit matter due to the estimation uncertainties and judgments involved in the preliminary purchase price allocation (particularly regarding the measurement of acquired intangible assets) and due to the overall significant impact on the assets, liabilities, financial position and financial performance of the Group, the complexity of the transaction and the associated significant risk of material misstatement.

Auditor's response: Our audit procedures in relation to the preliminary purchase price allocation included the assessment of the consideration transferred by Siemens and an evaluation of the methodology applied by the external appraiser engaged by management with respect to the identification and valuation of the assets acquired and liabilities assumed in accordance with the requirements of IFRS

3. We assessed the suitability of the preliminary external appraisal as audit evidence, among other things, through inquiries of management as well as of the external appraiser. With the assistance of internal valuation specialists, we also analyzed whether the assumptions and estimates (particularly growth rates, cost of capital, royalty rates and remaining useful lives) used in determining the fair values of the identifiable assets acquired (particularly the acquired customer relationships and trade names as well as technologies) and liabilities assumed correspond to general and industry-specific market expectations. In addition, we used the expertise of internal industry specialists for the assessment of the recognition and valuation of identified intangible assets and liabilities assumed. Further, we reperformed the calculations in the valuation models and reconciled the expected future cash flows underlying the valuations with, inter alia, internal business plans. As part of our audit procedures, we also assessed the earnings effects in fiscal year 2021 resulting from the subsequent accounting for assets acquired and liabilities assumed, particularly taking into account the remaining useful lives of the acquired assets. As part of our audit of the accounting for the capital increase, we compared the change in equity with the underlying resolutions of the Managing Board and the Supervisory Board of Siemens Healthineers, the register entries as well as other contractual agreements with third parties. For the bonds issued, we compared the recognized amounts with the respective underlying contractual agreements. With regard to the accounting for hedging relationships we assessed whether the requirements for hedge accounting in accordance with IFRS 9, Financial Instruments, were satisfied based on the documentation prepared by management and the underlying contractual agreements. We also assessed the accounting for hedging relationships and reconciled the amounts with the respective line items in the consolidated statement of financial position, consolidated statement of income and consolidated statement of comprehensive income. In this context, we further assessed the methodology applied to determine the fair values of hedging instruments and the clerical accuracy of the respective calculations.

Furthermore, we assessed the application of uniform accounting policies, tax effects resulting from the acquisition and the accounting for the first-time consolidation of the Varian entities in the consolidation system. In addition, we assessed the acquisition-related disclosures (including financing and hedging) in the notes to the consolidated financial statements taking into account the respective IFRS requirements.

Our audit procedures did not lead to any reservations relating to the accounting for the acquisition of Varian.

Reference to related disclosures: With regard to the accounting and measurement policies applied in connection with the business combination, refer to Note 2 Material accounting policies and critical accounting estimates in the notes to the consolidated financial statements. An explanation of the transaction including the related financing and hedging transactions as well as disclosures on the preliminary purchase price allocation is included in Note 3 Acquisitions, dispositions and discontinued operations, Note 16 Debt and Note 24 Derivative financial instruments and hedging activities in the notes to the consolidated financial statements.

Revenue recognition on construction-type contracts

Reasons why the matter was determined to be a key audit matter: The Group conducts a significant portion of its business under construction-type contracts, particularly in the Mobility business. Revenue from long-term construction-type contracts is recognized in accordance with IFRS 15, Revenue from Contracts with Customers, generally over time under the percentage-of-completion method. We consider the accounting for construction-type contracts to be an area posing a significant risk of material misstatement (including the potential risk of management override of internal controls) and accordingly a key audit matter, because management's assessments significantly impact the determination of the extent of progress towards completion. These assessments include, in particular, the scope of deliveries and services required to fulfill contractually defined obligations, total estimated contract costs, remaining costs to completion and total estimated contract revenues, as well as contract risks including technical, political, regulatory and legal risks. Revenues, total estimated contract costs and profit recognition may deviate significantly from original estimates based on new knowledge about cost overruns and changes in project scope over the term of a construction-type contract. The effects of the coronavirus pandemic (COVID-19) on the project business, such as delays in project execution or disruptions in supply chains as well as change in law clauses with regard to compensation for damages or contractual penalties for delays in delivery and their accounting treatment remained of key significance for our audit.

Auditor's response: As part of our audit, we obtained an understanding of the Group's internally established methods, processes and control mechanisms for project management in the bid and execution phase of construction-type contracts. In this regard, we assessed the design and operating effectiveness of the accounting-related internal controls in the project business by obtaining an understanding of business transactions specific to construction-type contracts, from the initiation of the transaction through presentation in the consolidated financial statements. We also tested controls addressing the timely assessment of changes in cost estimates and the timely and complete recognition of such changes in the project calculation.

As part of our substantive audit procedures, which particularly involved project reviews, we evaluated management's estimates and assumptions based on a risk-based selection of a sample of contracts. Our sample primarily included projects that are subject to significant future uncertainties and risks, such as projects with complex safety/technical and regulatory requirements or projects with a large portion of materials and services to be provided by suppliers or consortium partners, fixed-price or turnkey projects, cross-border projects, projects in regions particularly affected by the COVID-19 pandemic and projects with changes in cost estimates, delays and/or low or negative margins. Our audit procedures included, among others, review of the contracts and their terms and conditions including contractually agreed partial deliveries and services, termination rights, penalties for delay and breach of contract, liquidated damages as well as joint and several liability. In order to evaluate whether revenues were recognized on an accrual basis for the selected projects, we analyzed revenues attributable to the fiscal year and corresponding cost of sales to be recognized in the statement of income considering the extent of progress towards completion and examined the accounting for the associated items in the statement of financial position. Considering the requirements of IFRS 15, we also assessed the accounting for contract amendments or contractually agreed options. We further performed inquiries of project management (both commercial and technical project managers) with respect to the development of the projects including the effects of COVID-19 on project execution, the reasons for deviations between planned and actual costs, the current estimated costs to complete the projects, and management's assessments on probabilities that contract risks and claims from joint and several liability will materialize. To identify anomalies in the development of margins and other project KPIs, we also applied data analysis procedures. In designing our audit procedures, we also considered results from project audits conducted by the internal audit function. Furthermore, we obtained evidence from third parties for selected projects (e.g., project acceptance documentation, contractual terms and conditions, and lawyers' confirmations regarding alleged breaches of contract and asserted claims).

Due to the large contract volume and risk profile, our audit procedures focused on large contracts for delivery of high-speed and commuter trains.

Our audit procedures did not lead to any reservations relating to revenue recognition on construction-type contracts.

Reference to related disclosures: With regard to the recognition and measurement policies applied in accounting for construction-type contracts, refer to Note 2 Material accounting policies and critical accounting estimates in the notes to the consolidated financial statements. With respect to contract assets and liabilities as well as provisions for order related losses and risks, refer to Note 10 Contract assets and liabilities, Note 18 Provisions and Note 21 Commitments and contingencies in the notes to the consolidated financial statements.

Provisions for proceedings out of or in connection with alleged compliance violations as well as provisions for asset retirement obligations

Reasons why the matter was determined to be a key audit matter: We considered the accounting for provisions for proceedings out of or in connection with alleged compliance violations, including allegations of corruption and antitrust violations, and for asset retirement obligations to be a key audit matter. These matters are subject to inherent uncertainties and require estimates that could have a significant impact on the recognition and measurement of the respective provision and, accordingly, on assets, liabilities and financial performance. The proceedings out of or in connection with alleged compliance violations are subject to uncertainties because they involve complex legal issues and accordingly, considerable management judgment, in particular when determining whether and in what amount a provision is required to account for the risks. The uncertainties and estimates with respect to asset retirement obligations pertain especially to the estimated costs for waste treatment and packaging for final storage, for interim storage as well as transport to the final nuclear waste storage facility.

Auditor's response: During our audit of the financial reporting of proceedings out of or in connection with alleged compliance violations, we examined the processes implemented by Siemens for identifying, assessing and accounting for legal and regulatory proceedings. To determine what potentially significant pending legal proceedings or claims asserted are known and to assess management's estimates of the expected cash outflows, our audit procedures included inquiring of management and other persons within the Group entrusted with these matters, obtaining written statements from in-house legal counsels with respect to the assessment of estimated cash outflows and their probability, obtaining confirmations from external legal advisors and evaluating internal statements concerning the accounting treatment in the consolidated financial statements. Furthermore, we examined legal consulting expense accounts for any indications of legal matters not yet considered.

We further considered alleged or substantiated non-compliance with legal provisions, official regulations and internal company policies (compliance violations) by inspecting internal and external statements on specific matters, obtaining written statements from external legal advisors, and by inquiring of the compliance organization. In this regard, among other procedures, we evaluated the conduct and results of internal investigations by inspecting internal reports and the measures taken to remediate identified weaknesses, and assessed on this basis whether management's evaluation of any risks to be accounted for in the consolidated financial statements is plausible.

Based on the aforementioned uncertainties, our audit procedures with respect to asset retirement obligations focused on the remediation and environmental protection liabilities in connection with the decommissioning of the facilities in Hanau, Germany (Hanau facilities), as well as for the nuclear research and service center in Karlstein, Germany (Karlstein facilities). Our audit procedures included, among others, assessing the estimated costs for waste treatment and packaging for final storage, for interim storage as well as transport to the final nuclear waste storage facility, and the valuation methods used by drawing on the expertise of our valuation specialists. We evaluated management's assessments, particularly regarding the accounting effects of the contractually agreed transfer of the nuclear waste disposal obligation to the Federal Republic of Germany, which is still subject to the approval of the EU commission under state-aid-rules, and the expected costs to fulfill the obligations remaining with Siemens through inquiries of persons entrusted with the matter and inspections of internal and external documents.

Furthermore, we evaluated the disclosures on proceedings out of or in connection with alleged compliance violations as well as on asset retirement obligations in the notes to the consolidated financial statements.

Our audit procedures did not lead to any reservations relating to the accounting for proceedings out of or in connection with alleged compliance violations as well as for asset retirement obligations.

Reference to related disclosures: With regard to the recognition and measurement policies applied in accounting for provisions, refer to Note 2 Material accounting policies and critical accounting estimates in the notes to the consolidated financial statements. With respect to proceedings out of or in connection with alleged compliance violations, refer to Note 22 Legal proceedings. With respect to the uncertainties and estimates relating to asset retirement obligations, refer to Note 18 Provisions of the notes to the consolidated financial statements.

Uncertain tax positions and deferred taxes

Reasons why the matter was determined to be a key audit matter: Siemens operates in numerous countries with different local tax legislation. The accounting for uncertain tax positions as well as deferred taxes requires management to exercise considerable judgment and make estimates and assumptions, and was therefore a key audit matter. In particular, this affects the measurement and completeness of uncertain tax positions, the recoverability of deferred tax assets, the measurement and completeness of deferred tax liabilities as well as management's assessments regarding the tax implications of the COVID-19 pandemic.

Auditor's response: With the assistance of internal tax specialists who have knowledge of relevant local tax law, we examined the processes installed by management for the identification, recognition and measurement of tax positions. In the course of our audit procedures relating to uncertain tax positions, we evaluated whether management's assessment of the tax implications of significant business transactions or events in fiscal year 2021, which could result in uncertain tax positions or influence the measurement of existing uncertain tax positions, was in compliance with tax law. In particular, this includes the tax implications arising from the results of tax field audits, the acquisition or disposal of company shares, corporate (intragroup) restructuring activities and cross-border matters, such as the determination of transfer prices.

In order to assess measurement and completeness, we also obtained confirmations from external tax advisors. Further, we evaluated management's assessments with respect to the prospects of success of appeal and tax court proceedings by inquiring of the employees of the Siemens tax department and by considering current tax case law.

In assessing the recoverability of deferred tax assets, we above all analyzed management's assumptions with respect to tax planning strategies and projected future taxable income, also in view of the implications of the COVID-19 pandemic, and compared them to internal business plans. In the course of our audit procedures regarding deferred tax liabilities, we examined in particular the assumptions regarding reinvestment of subsidiaries' retained profits for an indefinite period and assessed these taking into account dividend planning.

Our audit procedures did not lead to any reservations relating to the accounting for uncertain tax positions and deferred taxes.

Reference to related disclosures: With regard to the recognition and measurement policies applied in accounting for income taxes, refer to Note 2 Material accounting policies and critical accounting estimates in the notes to the consolidated financial statements. With respect to disclosures for deferred tax assets and liabilities, refer to Note 7 Income taxes in the notes to the consolidated financial statements.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board in the Annual Report 2021 within the meaning of ISA [DE] 720 (Revised). Management and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] on the Corporate Governance Code, which is part of the Corporate Governance Statement, and for the Compensation Report. In all other respects, management is responsible for the other information. The other information comprises the Corporate Governance Statement referred to above. In addition, the other information comprises parts to be included in the Annual Report, of which we received a version prior to issuing this auditor's report, in particular:

- the Responsibility Statement (to the Consolidated Financial Statements and the Group Management Report),
- the Responsibility Statement (to the Annual Financial Statements and the Management Report),
- the Five-Year Summary,
- the Compensation Report,
- the Report of the Supervisory Board,
- Notes and forward-looking statements,

but not the consolidated financial statements and the annual financial statements, not the disclosures of the combined management report whose content is audited and not our auditor's reports thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report 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, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Supervisory Board for the consolidated financial statements and the group management report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB as well as with full IFRSs as issued by the IASB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, management is responsible for such internal control as management has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, management is responsible for financial reporting based on the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as management has considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation as well as in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW and in supplementary compliance with ISA will always detect a material misstatement. 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 consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, 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 opinions. 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 of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report 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 these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. 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 Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB as well as with full IFRSs as issued by the IASB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance on the electronic rendering of the consolidated financial statements and the group management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the file SIEMENS_2021.zip (SHA-256 checksum: c2fee878a23005add85c87b5f4a7cf3e7883b81d2626892870c12ff3d2a977f8) and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from October 1, 2020 to September 30, 2021 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering, of the consolidated financial statements and the group management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of management and the Supervisory Board for the ESEF documents

Management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, management is responsible for such internal control as it has determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the Annual Shareholders' Meeting on February 3, 2021. We were engaged by the Supervisory Board on February 3, 2021. We have been the group auditor of Siemens Aktiengesellschaft without interruption since the fiscal year from October 1, 2008 to September 30, 2009.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the *Bundesanzeiger* [German Federal Gazette] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Katharina Breitsameter.

Munich, November 30, 2021
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Breitsameter	Dr. Gaenslen
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Annual Financial Statements*

FOR FISCAL 2021

* This document is an English language translation of the decisive German version and is not provided in the European Single Electronic Format (ESEF). The legally required rendering in ESEF is filed in German language with the operator of the German Federal Gazette and published in the German Federal Gazette.

SIEMENS

1. Income Statement

(in millions of €)	Note	Fiscal year 2021	2020
Revenue	1	**15,094**	16,389
Cost of sales		**(10,960)**	(12,032)
Gross profit		**4,135**	4,357
Research and development expenses		**(1,570)**	(1,677)
Selling expenses		**(1,999)**	(2,131)
General administrative expenses		**(1,001)**	(1,359)
Other operating income	2	**279**	202
Other operating expenses	2	**(475)**	(757)
Income (loss) from operations		**(631)**	(1,365)
Income (loss) from investments, net	3	**5,303**	8,078
Interest income	4	**319**	411
thereof negative interest from financial investment		***(26)***	(18)
Interest expenses	4	**137**	(131)
thereof positive interest from borrowing		***395***	286
Other financial income (expenses), net	5	**39**	(1,800)
Income from business activity		**5,166**	5,192
Income taxes	6	**(20)**	78
Net income		**5,147**	5,270

Appropriation of net income	27		
Net income		**5,147**	5,270
Profit carried forward		**171**	141
Withdrawals from other retained earnings		**–**	12,694
Asset reduction due to spin-off		**–**	(12,694)
Allocation to other retained earnings		**(1,918)**	(2,436)
Unappropriated net income		**3,400**	2,975

2. Balance Sheet

(in millions of €)	Note	Sep. 30, 2021	2020
Assets			
Non-current assets	10		
Intangible assets		**192**	225
Property, plant and equipment		**876**	897
Financial assets		**74,852**	74,877
		75,920	75,999
Current assets			
Inventories	11	**1,934**	1,869
Advance payments received		**(986)**	(1,005)
		949	863
Receivables and other assets	12		
Trade receivables		**1,696**	1,442
Receivables from affiliated companies		**17,564**	12,694
Other receivables and other assets		**1,583**	1,937
		20,844	16,074
Other Securities		**215**	435
Cash and cash equivalents		**2,082**	8,351
		24,089	25,724
Prepaid expenses		**184**	133
Deferred tax assets	13	**1,243**	1,034
Active difference resulting from offsetting	14	**51**	85
Total assets		**101,487**	102,975
Shareholders´ equity and liabilities			
Shareholders´ equity	15		
Subscribed capital[1]		**2,550**	2,550
Treasury shares		**(143)**	(152)
Issued capital		***2,407***	*2,398*
Capital reserve		**8,289**	8,156
Other retained earnings		**7,119**	5,387
Unappropriated net income		**3,400**	2,975
		21,216	18,917
Special reserve with an equity portion		**541**	619
Provisions			
Provisions for pensions and similar commitments	16	**12,372**	11,700
Provisions for taxes		**628**	636
Other provisions	17	**3,592**	3,687
		16,592	16,023
Liabilities	18		
Liabilities to banks		**501**	98
Trade payables		**2,111**	1,777
Liabilities to affiliated companies		**58,985**	63,638
Other liabilities		**1,293**	1,632
		62,890	67,145
Deferred income		**249**	271
Total shareholders´ equity and liabilities		**101,487**	102,975

[1] Conditional Capital as of September 30, 2021 and 2020 amounted to €421 million and €421 million, respectively.

3. Notes to Annual Financial Statements

3.1 General Disclosures

Siemens AG has registered offices in Berlin and Munich, Germany. The Company is registered in the commercial register maintained by the local courts in Berlin Charlottenburg, Germany, under the entry number HRB 12300, and in Munich, Germany, under the entry number HRB 6684.

The Annual Financial Statements of Siemens AG have been prepared in accordance with the regulations set forth in the German Commercial Code (Handelsgesetzbuch, HGB) and the German Stock Corporation Act (Aktiengesetz, AktG). Amounts are presented in millions of euros (€ million). Due to rounding, numbers presented may not add up precisely to totals provided.

3.2 Accounting and Measurement Principles

Revenue are proceeds from selling and leasing products, providing services and granting licenses, including licensing contracts for the use of the Siemens trademark.

Negative interest from financial investments is presented as a deduction in **interest income**, and positive interest from borrowings as a deduction in **interest expenses**.

Intangible assets acquired for consideration are capitalized at acquisition costs and amortized on a straight-line basis over a maximum of five years or, if longer, the contractually agreed useful life. Items are amortized on a pro rata temporis basis in the year of acquisition. The capitalization option for internally generated intangible assets is not used.

Acquired **goodwill** is generally amortized systematically over the expected useful life of five to 15 years. The expected useful life is based on the expected use of the acquired businesses and is determined in particular by economic factors such as future growth and profit expectations, synergy effects and employee base.

Property, plant and equipment: The components of production costs are described in the context of the explanations for inventories. In general, property, plant and equipment is depreciated using the straight-line method. In certain cases, the declining balance method is applied, whereby a switch is made from the declining balance to the straight-line method as soon as the latter results in higher depreciation expense. Items are depreciated on a pro rata temporis basis in the year of acquisition. Low-value non-current assets that are subject to wear and tear, movable, and capable of being used independently, are expensed immediately or capitalized and fully depreciated in the year of acquisition.

Useful lives of property, plant and equipment

Factory and office buildings	20 to 50 years
Other buildings	5 to 10 years
Technical equipment and machines	mostly 10 years
Other equipment, plant and office equipment	3 to 8 years
Equipment leased to others	mostly 3 to 5 years

Special reserve with an equity portion includes reserves pursuant to Section 6b of the German Income Tax Act (Einkommensteuergesetz), recognized and transferred in fiscal years prior to the transition to regulations of the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz).

Financial assets: Impairment losses are recognized if the decline in value is presumed to be other than temporary. This applies, if objective evidence, particularly events or changes in circumstances, indicate a significant or other than temporary decline in value. In case of an impairment in prior periods, a lower recognized value may not be maintained if the reasons for the impairment do no longer exist.

Inventories are measured at the lower of average acquisition or production costs and daily values. Production costs comprise, in addition to direct costs, an appropriate portion of production and material overheads and depreciation of property, plant and equipment. General administration expenses, expenses for social facilities, voluntary social costs and company pension scheme costs are not capitalized. Write-downs are recorded to cover inventory risks for reduced usability and technological obsolescence as well as in the context of loss-free valuation of unbilled contracts in construction-type and service businesses.

Allowances on **receivables** are determined on the basis of the probability of default and country risks.

Deferred tax assets for differences between valuations of balance sheet line items in accordance to commercial and tax law and tax loss carryforwards are recognized if a future tax benefit is expected. Deferred tax assets are netted with deferred tax liabilities. Recognized deferred tax assets and liabilities comprise temporary differences of assets, liabilities, and deferred items of entities forming part of the Siemens AG tax group and partnerships to the extent that the recovery or settlement of the carrying amount of assets, liabilities, or deferred items result in a deductible or taxable amount in the taxable profit (loss) of Siemens AG.

Offsetting of assets and of income and expenses: Siemens AG measures assets at fair value that are designated as being held exclusively to settle specified pension obligations and obligations for early retirement ("Altersteilzeit") arrangements and which cannot be accessed by other creditors. Income and expenses relating to these designated assets are offset against the expenses arising from compounding the corresponding obligations and are reported within the line item Other financial income (expenses), net.

Pensions and similar commitments: Siemens AG measures its pension obligations using the settlement amount calculated with the actuarial projected unit credit method on the basis of biometric probabilities. The discount rate used corresponds to the average market interest rate for instruments with an assumed remaining maturity of 15 years as published by German Federal Reserve Bank (Deutsche Bundesbank).

Entitlements resulting from plans based on asset returns from underlying assets are generally measured at the fair value of the underlying assets at the balance sheet date. If the performance of the underlying assets is lower than a guaranteed return, the pension provision is measured by projecting forward the contributions at the guaranteed fixed return and discounting to a present value.

According to the Act on the Improvement of Company Pensions (Gesetz zur Verbesserung der betrieblichen Altersversorgung), Siemens AG is secondarily liable for pension benefits provided under an indirect pension funding vehicle (mittelbarer Durchführungsweg). Siemens AG recognizes the underfunding in the item Provisions for pensions and similar commitments as far as the respective assets of the pension fund or of the pension and support fund (Pensions- und Unterstützungskasse) do not cover the settlement amount of the respective pension obligations.

Other provisions are recognized in an appropriate and sufficient amount to cover individual obligations for all identifiable risks relating to liabilities of uncertain timing and amount and for anticipated losses on onerous contracts, taking account of price and cost increases expected to arise in the future. Provisions for agreed personnel restructuring measures were recognized for legal and constructive obligations. Significant provisions with a remaining term of more than one year are discounted using a discount rate which corresponds to the average market interest rate appropriate for the remaining term of the obligations, as calculated and published by Deutsche Bundesbank.

Foreign currency translation: Receivables, other current assets, securities, cash and cash equivalents, provisions and liabilities (excluding advance payments received on orders) as well as commitments and contingencies denominated in foreign currency are generally measured applying the mean spot exchange rate on the balance sheet date. Balance Sheet line items denominated in foreign currency which are part of a valuation unit used to hedge foreign currency risk are measured using the mean spot exchange rate on the transaction date. Non-current assets and inventories acquired in foreign currency are generally measured applying the mean spot exchange rate on the transaction date.

Guarantees and other commitments: Siemens AG issues parent company guarantees, i.e. guarantees to ensure performance obligations incurred from the delivery of goods or provision of services by affiliated and long-term investee companies or their parent companies. For measurement purposes, the contract amount of the secured delivery or service agreement is reduced using the straight-line method over the planned term of the delivery or service agreement, unless there are reasons for a different risk assessment and an increased liability amount ("risk-adequate liability amount"). Credit lines included in the guarantee obligations in the context of financing affiliated companies are recognized at their nominal amount.

Derivative financial instruments are used by Siemens AG almost exclusively for hedging purposes and - if the relevant conditions are met - are aggregated with the underlying hedged item into valuation units. When a valuation unit is created, changes in values or cash flows from the hedged item and hedging contract are compared. A provision is recognized only for a negative surplus from the ineffective part of the market value changes. The unrealized gains and losses from the effective part offset each other completely and are not recognized in the Balance Sheet or the Income Statement.

Classification of items in the annual financial statements: Siemens AG aggregates individual line items of the Income Statement and Balance Sheet if the individual line item is not material for providing a true and fair view of the Company's financial position and if such an aggregation improves the clarity of the presentation. Siemens AG discloses these items separately in the notes.

The business and economic environment continues to be affected by the **coronavirus pandemic (COVID-19)**. Due to the spread of the virus, it is difficult to predict the duration and extent of the resulting impact on Siemens AG's assets, provisions, liabilities and results. However, the Company does not anticipate that COVID-19-related effects will have a material impact on the financial statements.

3.3 Notes to the Income Statement

NOTE 1 Revenue

Revenue by lines of business

	Fiscal year
(in millions of €)	2021
Digital Industry	**8,176**
Smart Infrastructure	**4,832**
Other revenue	**2,086**
Revenue	**15,094**

Revenue by region

	Fiscal year
(in millions of €)	2021
Europe, C.I.S., Africa, Middle East	**11,507**
Americas	**1,058**
Asia, Australia	**2,529**
Revenue	**15,094**

NOTE 2 Other operating income and expenses

Other operating income included income of €171 million from the release of a provision related to an investment and income from the release of the special reserve with an equity portion of €78 (2020: €49) million.

Other operating expenses included expenses of €191 million for an intragroup service contract and expenses of €109 million for the recognition of a provision related to guarantees and expected obligations from consortium contracts.

NOTE 3 Income (loss) from investments, net

	Fiscal year	
(in millions of €)	2021	2020
Income from investments	**3,599**	4,666
thereof from affiliated companies	***3,534***	*4,655*
Income from profit transfer agreements with affiliated companies	**610**	1,968
Expenses from loss transfers from affiliated companies	**(4)**	(6)
Impairments on investments	**(619)**	(1,646)
Reversals of impairments on investments	**32**	664
Gains from the disposal of investments	**1,724**	2,452
Losses from the disposal of investments	**(39)**	(21)
Income from investments, net	**5,303**	**8,078**

Income from investments included in particular profit distributions from Siemens Ltd., China, amounting to €1,331 million, from Siemens Holdings plc., United Kingdom, amounting to €698 million and from Siemens Healthineers AG, Germany, amounting to €534 million.

Income from profit transfer agreements with affiliated companies included profit transfers from Siemens Beteiligungen Inland GmbH, Germany, amounting to €307 million.

Gains from the disposal of investments included gains from the disposal of Flender GmbH, Germany, amounting to €875 million, of Kyros Beteiligungsverwaltung GmbH, Germany, amounting to €411 million and of BSAV Kapitalbeteiligungen und Vermögensverwaltungs Management GmbH, Germany, amounting to €301 million.

NOTE 4 Interest income and interest expenses

Interest income presented in the income statement included interest income from affiliated companies of €209 (2020: €326) million. Interest expenses included interest income from borrowing from affiliated companies of €166 (2020: interest expenses from borrowing of €88) million.

Interest income from loans of non-current financial assets amounted to €79 (2020: €81) million.

NOTE 5 Other financial income (expenses), net

	Fiscal year	
(in millions of €)	2021	2020
Interest component of changes in the pension provisions that are not offset against designated plan assets	**(1,058)**	(815)
Financial income (expenses), (net) relating to the pension and personnel-related provisions that are offset against designated plan assets	**11**	(31)
Other financial income	**1,424**	218
Other financial expenses	**(206)**	(277)
Impairments and reversal of impairments of loans and securities of non-current and current assets	**(132)**	(895)
Other financial income (expenses), net	**39**	(1,800)

Financial income (expenses), net relating to the pension and personnel-related provisions that are offset against designated plan assets represented a net amount from offset income totaling €57 (2020: €18) million and expenses totaling €46 (2020: €50) million.

Other financial income resulted from gains from non-current securities, in fiscal 2021 primarily from the transfer of investment funds to SPT Beteiligungen GmbH & Co. KG, totaling €692 (2020: €186) million, the release of provisions for risks relating to derivative financial instruments totaling €213 (2020: expenses of €48) million, from derivative instruments related to interest rate hedging totaling €312 (2020: expenses of €10) million, and from derivative financial instruments related to foreign currency hedging amounting to €197 (2020: expenses of €176) million.

Other financial expenses included expenses from monetary balance sheet items denominated in foreign currencies totaling €186 (2020: income of €32) million. In addition, the position included expenses from compounding of other provisions amounting to €18 (2020: €33) million.

Impairments and reversal of impairments of loans and securities of non-current and current assets included an impairment of €149 million of a long-term loan related to an investment.

NOTE 6 Income taxes

(in millions of €)	Fiscal year 2021	2020
Income tax expenses	**(229)**	(126)
Deferred taxes	**209**	204
Income taxes	**(20)**	78

Income tax expenses resulted primarily from foreign withholding taxes as well as from expenses for previous years from the completion of a tax audit. Tax income from the remedy of appeals filed had an offsetting effect.

Deferred taxes included income from the increase of deferred tax assets related to pension provisions.

NOTE 7 Other taxes

Other taxes of €16 (2020: €16) million were included in functional costs.

NOTE 8 Impact of tax regulations on net income

The use of tax incentives had a positive effect on net income of €78 million.

NOTE 9 Income and expenses relating to prior periods

The income statement of Siemens AG included expenses and income relating to prior periods of €253 million and €512 million, respectively. Expenses relating to prior periods included tax expenses related to the completion of a tax audit. Income relating to prior periods resulted mainly from the release of provisions as well as tax income, particularly related to the remedy of appeals filed.

3.4 Notes to the Balance Sheet

NOTE 10 Non-current assets

	Acquisition or production costs					Accumulated depreciation/amortization					Carrying amount	
(in millions of €)	Oct 01, 2020	Additions	Reclassifi-cations	Disposals	Sep 30, 2021	Oct 01, 2020	Depreciation/ amortization	Write-ups	Disposals	Sep 30, 2021	Sep 30, 2021	Sep 30, 2020
Intangible assets												
Concessions and industrial property rights	404	10	–	(88)	**325**	(298)	(26)	–	88	**(236)**	**89**	106
Goodwill	203	–	–	–	**203**	(84)	(16)	–	–	**(100)**	**103**	119
	606	10	–	(88)	**528**	(382)	(42)	–	88	**(336)**	**192**	225
Property, plant and equipment												
Land, land rights and buildings, including buildings on third-party land	392	17	20	(2)	**427**	(246)	(7)	–	2	**(252)**	**175**	146
Technical equipment and machinery	1,326	37	23	(59)	**1,326**	(1,008)	(65)	1	56	**(1,016)**	**310**	318
Other equipment, plant and office equipment	1,217	98	6	(137)	**1,183**	(927)	(127)	–	135	**(919)**	**264**	290
Equipment leased to others	164	7	–	(6)	**165**	(95)	(11)	–	4	**(101)**	**64**	69
Advanced payments made and construction in progress	73	40	(49)	(1)	**64**	–	–	–	–	**–**	**64**	73
	3,172	199	–	(205)	**3,165**	(2,275)	(211)	1	197	**(2,289)**	**876**	897
Financial assets												
Shares in affiliated companies	59,672	9,738	285	(4,910)	**64,786**	(1,154)	(441)	32	81	**(1,482)**	**63,304**	58,517
Shares in investments	8,896	282	(285)	(1,324)	**7,570**	(1,523)	(178)	–	216	**(1,485)**	**6,084**	7,373
Loans	4,115	1,229	–	(897)	**4,447**	(554)	(151)	4	–	**(701)**	**3,746**	3,561
Securities	5,450	1,202	–	(4,933)	**1,718**	(24)	–	–	24	**–**	**1,718**	5,426
	78,133	12,450	–	(12,063)	**78,520**	(3,255)	(770)	36	321	**(3,668)**	**74,852**	74,877
Non-current assets	81,911	12,659	–	(12,356)	**82,213**	(5,912)	(1,023)	37	606	**(6,293)**	**75,920**	75,999

Additions and disposals in **Shares in affiliated companies** and **Securities** were mainly related to supplemental fundings of Siemens Pension Trust e.V. as well as to corporate law measures to simplify the investment structure of the pension assets. The additions to Shares in affiliated companies resulted primarily from the increase in the carrying amount of the shares in SPT Beteiligungen GmbH & Co. KG of €7.8 billion. This increase was due, on the one hand, from the fair value transfer of investment funds by disclosing unrealized gains of €4.8 billion, which led to a corresponding disposal in Securities with a carrying amount of €4.1 billion. On the other hand, the additions included supplemental fundings, including shares in Bentley Systems, Inc. in the amount of €1.0 billion and in ChargePoint Holdings, Inc. in the amount of €0.3 billion as well as zero-coupon receiver swaps in the amount of €0.3 billion. In connection with the contribution of the shares in Bentley Systems, Inc., there was a corresponding capital reduction at Siemens Beteiligungsverwaltung GmbH & Co. OHG in the same amount, which resulted in a disposal in Shares in affiliated companies. Also, the intragroup sale of a stake in Atecs Mannesmann GmbH of €1.1 billion and the sale of Flender GmbH of €1.0 billion to Carlyle Group Inc. were reflected in disposals in Shares in affiliated companies.

Disposals of **investments** resulted primarily from the sale of shares in Siemens Energy AG held by Siemens Pension-Trust e.V., totaling €1.0 billion. Proceeds from the sales were also contributed to SPT Beteiligungen GmbH& Co. KG.

For the investment in Siemens Energy AG, the market price as of September 30, 2021, was around 11% below the carrying amount of €5.3 billion. However, the investment is not considered to be permanently impaired due to the unchanged expected value potential.

Loans included loans to affiliated companies amounting to €3,327 (2020: €3,249) million, loans to investments amounting to €43 (2020: €0) million, and other loans amounting to €375 (2020: €312) million.

Total impairments of non-current assets were €772 (2020: €2,193) million.

NOTE 11 Inventories

	Sep 30,	
(in millions of €)	2021	2020
Raw materials and supplies	**491**	404
Work in progress	**264**	238
Finished products and goods	**253**	280
Cost of unbilled contracts	**856**	874
Advance payments made	**70**	73
Inventories	**1,934**	1,869

NOTE 12 Receivables and other assets

(in millions of €)	Sep 30, 2021	thereof maturities more than one year	Sep 30, 2020	thereof maturities more than one year
Trade receivables	**1,696**	**40**	1,442	69
Receivables from affiliated companies	**17,564**	**4,407**	12,694	2,845
Other receivables and other assets	**1,583**	**186**	1,937	170
thereof from long-term investees	***2***	**–**	*2*	–
thereof other assets	***1,582***	***186***	*1,936*	*170*
Receivables and other assets	**20,844**	**4,632**	16,074	3,084

Receivables from affiliated companies resulted primarily from intragroup-financing activities and included trade receivables totaling €6 (2020: €31) million.

NOTE 13 Deferred tax assets

Deferred tax assets resulted mainly from pension provisions and pension-related assets as well as deferred taxes of companies within the consolidated tax group. Deferred taxes from partnerships had an offsetting effect.

For the measurement of deferred taxes, a tax rate of 31.33% was applied. Deviating from this, a tax rate of 15.83% was applied for temporary differences related to assets, liabilities and prepaid/deferred items of partnerships.

NOTE 14 Active difference resulting from offsetting

(in millions of €)	Sep 30, 2021
Fair value of designated plan assets	**1,089**
Settlement amount for offset pension provisions	**(751)**
Settlement amount for offset personnel-related provisions	**(287)**
Active difference resulting from offsetting	**51**
Acquisition cost of designated plan assets	**950**

NOTE 15 Shareholders' equity

(in millions of €)	Oct 01, 2020	Share buybacks	Issuance of treasury shares under share-based payments and employee share programs	Dividend for 2020	Net income	Sep 30, 2021
Subscribed capital	2,550	–	–	–	–	**2,550**
Treasury shares	(152)	(3)	12	–	–	**(143)**
Issued capital	2,398	(3)	12	–	–	**2,407**
Capital reserve	8,156	–	133	–	–	**8,289**
Other retained earnings	5,387	(544)	359	–	1,918	**7,119**
Unappropriated net income	2,975	–	–	(2,804)	3,229	**3,400**
Shareholders' equity	18,917	(547)	503	(2,804)	5,147	**21,216**

Subscribed capital

The capital stock of Siemens AG is divided into 850,000,000 registered shares of no-par value with a notional value of €3.00 per share.

Authorized capital (not issued)

As of September 30, 2021, Siemens AG had authorized capital totaling a nominal amount of €600 million, which can be issued in instalments and with different time limits by issuing up to 200 million registered no-par value shares.

In detail, there are the following authorizations to increase the capital stock:

- By resolution of the Annual Shareholders' Meeting of February 3, 2021, the Managing Board is authorized to increase the capital stock until February 2, 2026 by up to €90 million through the issuance of up to 30 million Siemens shares against contributions in cash (Authorized Capital 2021). Subscription rights of existing shareholders are excluded. The new shares may exclusively be offered to employees of Siemens AG and its affiliated companies (employee shares). To the extent permitted by law, employee shares may also be issued in such a manner that the contribution to be paid on such shares is covered by that part of the annual net income which the Managing Board and the Supervisory Board may allocate to other retained earnings under Section 58 para. 2 of the German Stock Corporation Act.
- Further, by resolution of the Annual Shareholders' Meeting of January 30, 2019, the Managing Board is authorized to increase, with the approval of the Supervisory Board, the capital stock until January 29, 2024 by up to €510 million through the issuance of up to 170 million registered no-par value shares against cash contributions and/or contributions in kind (Authorized Capital 2019). Under certain conditions, the Managing Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in the event of issue against contributions in kind. In the case of issue against cash payment, the shares are generally to be offered to shareholders for subscription. However, the Managing Board is authorized, with the consent of the Supervisory Board, to exclude subscription rights, firstly for any fractional amounts, secondly, to grant dilution compensation in connection with convertible bonds or bonds with warrants already issued, and thirdly, under certain further conditions, if the issue price of the new shares does not fall significantly below the stock exchange price of the company's already listed shares.

Treasury shares

The following table presents the development of treasury shares:

(in number of shares)	Fiscal year 2021
Treasury shares, beginning of fiscal year	**50,690,288**
Share buyback	**976,346**
Issuance under share-based payments and employee share programs	**(4,022,053)**
Treasury shares, end of fiscal year	**47,644,581**

Siemens AG held 47,644,581 treasury shares, equaling a nominal amount of €143 million, representing 5.6% of the capital stock.

On September 24, 2021, the share buyback announced on November 8, 2018 with a volume of up to €3 billion was completed. The share buyback, which began on December 3, 2018, was executed in the reporting period based on the authorization granted by the Annual Shareholders' Meeting on February 5, 2020. In addition to the dividend policy, the share buyback was intended to allow shareholders to continuously participate in the success of the company. In fiscal 2021, Siemens AG repurchased a total of 976,346 treasury shares under this share buyback program. This represented a nominal amount of €3 million or 0.1% of capital stock. In this reporting period, €137 million (excluding incidental transaction charges) were spent for this purpose; this represents a weighted average stock price of €140.22 per share. The purchases were made in the reporting period on 228 Xetra trading days and were carried out by a bank that had been commissioned by Siemens AG; the shares were purchased exclusively on the electronic trading platform of the Frankfurt Stock Exchange (Xetra). The average volume on these trading days was about 4,282 shares.

In addition, a final payment of €410 million was made to the executing bank in fiscal 2021, which led to weighted average acquisition costs of €100.42 per share in relation to the total share buyback from 2018 to 2021 of 29,385,132 shares with a buyback volume including the final payment of €2,951 million. The final payment was recognized in the balance sheet as a purchase price adjustment against other retained earnings.

On June 24, 2021, Siemens again announced a share buyback with a volume of up to €3 billion in the period from the beginning of fiscal 2022 to 2026. The share buyback, which began on November 15, 2021, will be executed based on the authorizations granted by the Annual Shareholders' Meeting on February 5, 2021. In addition to the dividend policy, the share buyback is intended to allow shareholders to continuously participate in the success of the company.

The treasury shares purchased under the share buybacks may be used for purposes of retirement, distribution to employees, members of the executive bodies of companies affiliated with Siemens and members of the Managing Board, as well as the servicing of convertible bonds with attached warrants.

In fiscal 2021, Siemens AG re-issued in total 4,022,053 treasury shares under the exclusion of subscription rights in connection with share-based payments and employee share programs in the Group, equaling a nominal amount of €12 million and 0.5% of the capital stock. The Company received in total €203 million for 1,729,089 shares, re-issued against payment of a purchase price. Siemens AG received this amount for unrestricted use. All shares were sold as investment shares in connection with the share matching program to plan participants. In each case, the purchase price was determined on the basis of the closing rate in Xetra trading, determined on a monthly effective date. Therefore, in the reporting period, in total 1,199,097 shares related to the monthly investment plan at a weighted average share price of €130.61 per share, 158,769 shares related to the share matching plan at a weighted average share price of €134.02 per share, and 371,223 shares related to the base share program at a weighted average share price of €67.01 per share (after consideration of a 50% subsidy by the Company). The other shares re-issued during the reporting period can be primarily attributed to the servicing of stock awards granted in fiscal 2017 totaling 1,555,044 shares, to 624,480 matching shares under the share matching program for fiscal 2018, and to 113,440 jubilee shares.

Information on amounts subject to dividend payout restrictions

(in millions of €)	Fiscal Year 2021
Amount representing the difference of the recognition of provisions and similar commitments based on average interest rates covering ten and seven years, respectivly	**890**
Amounts from the capitalization of deferred taxes	**1,243**
Amounts from the capitalization of assets at fair value	**38**

These amounts subject to dividend payout restrictions face other retained earnings in a sufficiently high amount. The unappropriated net income of €3,400 million is available for distribution.

Disclosures on shareholdings of Siemens AG

As of September 30, 2021, the following information on shareholdings subject to reporting requirements was available to the Company pursuant to Section 160 para 1 No. 8 German Stock Corporation Act (Aktiengesetz):

BlackRock, Inc., Wilmington, USA, notified us on April 14, 2021, that its percentage of voting rights (held either directly or indirectly) in Siemens AG amounted to 6.17% (52,408,410 voting rights) on April 9, 2021.

The State of Qatar, Doha, acting by and through the DIC Company Limited, notified us on May 10, 2012, that its percentage of voting rights (held either directly or indirectly) in Siemens AG exceeded the threshold of 3% of the voting rights in our Company on May 7, 2012 and amounted to 3.04% (27,758,338 voting rights) as per this date.

The Werner Siemens-Stiftung, Zug, Switzerland, notified us on January 21, 2008, that its percentage of voting rights (held either directly or indirectly) in Siemens AG exceeded the threshold of 3% of the voting rights in our Company on January 2, 2008 and amounted to 3.03% (27,739,285 voting rights) as per this date.

NOTE 16 Provisions for pensions and similar commitments

In Germany, Siemens AG provides pension benefits through the BSAV (Beitragsorientierte Siemens Altersversorgung), frozen legacy plans and deferred compensation plans. The majority of Siemens' active employees participate in the BSAV. The benefits are predominantly based on nominal contributions by the Company and investment returns on assets designated to that plan, subject to a minimum return guaranteed by the Company. In connection with the implementation of the BSAV, benefits provided under the frozen legacy plans were modified to substantially eliminate the effects of compensation increases. Therefore, valuation assumptions for salary and pension increases including career trend are no longer significant for the pension obligation of Siemens AG. The pension benefits are funded via contractual trust arrangements (CTA). A portion of these trust assets also covers the pension obligations of other domestic subsidiaries.

Therefore, the assets do not meet the criteria for offsetting against the pension obligation and are presented as financial assets of Siemens AG.

The actuarial valuation of the settlement amount of €13,123 million as of September 30, 2021 was based, among others, on a discount rate of 1.98% and on a rate of pension progression of 1.50% per year, except for the BSAV and deferred compensation plans with 1.00% per year. The mortality tables used (Siemens Bio 2017/2021) are primarily based on data of the German Siemens population, using a set of formulas that corresponds to generally accepted actuarial standards.

NOTE 17 Other provisions

The main amounts in other provisions were contributed by provisions related to personnel costs of €1,271 million, provisions for decontamination obligations of €496 million, and provisions for onerous contracts from derivative financial instruments amounting to €422 million.

In May 2021, Siemens AG and the Federal Republic of Germany entered into a public-law contract based on which the obligation of final disposal of nuclear waste is transferred to the Federal Republic of Germany for a payment of €360 million. The contract and therefore the payment is subject to the approval of the EU commission under state-aid rules. Estimation uncertainties still relate to assumptions made to measure the obligations that remain with Siemens AG, with regard to conditioning and packaging of nuclear waste, as well as intermediate storage and transport to the final storage facility "Schacht Konrad" or a logistics depot until year-end 2032.

NOTE 18 Liabilities

(in million of €)	Sep 30, 2021	up to 1 year	1 year up to 5 years	thereof maturities more than 5 years	Sep 30, 2020	up to 1 year	1 year up to 5 years	thereof maturities more than 5 years
Liabilities to banks	**501**	501	–	–	98	98	–	–
Advance payments received	**–**	–	–	–	–	–	–	–
Trade payables	**2,111**	2,072	39	–	1,777	1,708	69	–
Liabilities to affiliated companies	**58,985**	52,047	5,270	1,669	63,638	51,802	8,674	3,163
Other liabilities	**1,293**	1,224	68	–	1,632	1,619	14	–
thereof to long-term investees	***5***	*5*	–	–	*1*	*1*	–	–
thereof miscellaneous liabilities	***1,288***	*1,220*	*68*	–	*1,632*	*1,618*	*14*	–
therein from taxes	***50***	*50*	–	–	*39*	*39*	–	–
therein for social security	***209***	*209*	–	–	*231*	*231*	–	–
Liabilities	**62,890**	55,844	5,377	1,669	67,145	55,226	8,756	3,163

Liabilities to affiliated companies resulted primarily from intragroup-financing activities.

3.5 Other disclosures

NOTE 19 Material expenses

(in millions of €)	Fiscal year 2021	2020
Expenses for raw materials, supplies and purchased merchandise	**(4,713)**	(5,299)
Costs of purchased services	**(3,009)**	(3,211)
Material expenses	**(7,722)**	(8,510)

NOTE 20 Personnel expenses

(in millions of €)	Fiscal year 2021	2020
Wages and salaries	**(4,584)**	(4,993)
Social security contributions and expenses for other employee benefits	**(657)**	(738)
Expenses for pensions	**(383)**	(437)
Personnel expenses	**(5,624)**	(6,168)

Personnel expenses did not include the expenses resulting from the compounding of the pension and personnel-related provisions, which are included in other financial income (expenses), net.

The breakdown of employees per function is as follows:

	Fiscal year 2021
Production	**27,100**
Sales	**8,300**
Research and development	**7,000**
Administration and general functions	**7,200**
Employees	**49,500**

NOTE 21 Share-based payment

Siemens AG allows employees and members of the Managing Board to participate in share-based payment programs. For the purpose of servicing share-based payment programs Siemens AG also delivers Siemens shares, which have been granted by affiliated companies.

Stock Awards

Siemens AG grants stock awards to members of the Managing Board, members of the senior management and other eligible employees.

Stock awards to beneficiaries of Siemens AG are expensed as incurred over the vesting period and are measured at the intrinsic value (= share price of the Siemens stock) at the balance sheet date on a pro rata basis for the proportion of the vesting period expired considering the estimated target attainment at the balance sheet date.

The following table shows the changes in the stock awards held by beneficiaries of Siemens AG:

(in number of shares)	Fiscal year 2021
Non-vested, beginning of fiscal year	**4,145,939**
Granted	**1,402,547**
Vested and fulfilled	**(663,086)**
Forfeited	**(227,627)**
Settled	**(3,591)**
Change in connection with the adjustment of the ESG target	**(90,280)**
Organizational changes	**114,516**
Non-vested, end of fiscal year	**4,678,418**

The pro rata intrinsic value of all stock awards issued to beneficiaries of Siemens AG amounted to €288 million at the balance sheet date.

Share Matching Program

Plan participants receive the right to one Siemens share without payment (matching share) for every three investment shares continuously held over a vesting period.

Matching shares granted to beneficiaries of Siemens AG are expensed as incurred over the vesting period and are measured at the intrinsic value (= share price of the Siemens stock) at the balance sheet date on a pro rata basis for the proportion of the vesting period expired at the balance sheet date.

The following table shows the changes in the entitlements to matching shares of beneficiaries of Siemens AG:

(in number of shares)	Fiscal year 2021
Outstanding, beginning of fiscal year	**744,034**
Granted	**314,473**
Vested and fulfilled	**(268,767)**
Forfeited	**(36,845)**
Settled	**(20,289)**
Organizational changes	**4,975**
Outstanding, end of fiscal year	**737,581**

The pro rata intrinsic value of all matching shares issued to beneficiaries of Siemens AG amounted to €64 million.

NOTE 22 Shares in investment funds

The following shares in investment funds according to investment objects were held:

(in million of €)	Carrying amount	Market value	Sep 30, 2021 Deviation from carrying amount
Mixed funds	**2,157**	**2,383**	**226**
Bond-based funds	**331**	**331**	**–**
Share-based funds	**37**	**37**	**–**
Money market funds	**59**	**59**	**–**
Shares in investment assets according to investment objects	**2,583**	**2,809**	**226**

Generally, shares in investment funds are accounted for securities held as non-current financial assets. Exceptions were those shares which represented plan assets and therefor were not accessible by all other creditors. These shares are held exclusively for the purpose of settling liabilities arising from post-employment obligations or comparable obligations with a long-term maturity, and are to be offset against such liabilities.

NOTE 23 Guarantees and other commitments

(in millions of €)	Sep 30, 2021
Obligations from guarantees	**2,711**
Warranty obligations	**111,515**
thereof relating to financing of affiliated companies	***75,845***
thereof relating to performance guarantees on behalf of affiliated companies	***20,011***
thereof Others	***15,658***
Guarantees and other commitments	**114,226**

Warranty obligations relating to financing of affiliated companies included guarantees towards banks for credit lines granted to affiliated companies.

Effective January 1, 2020, the Gas and Power business line was transferred to Siemens Energy Global GmbH & Co. KG in preparation for the spin-off of the Siemens Energy business, which occurred on September 25, 2020. The items Obligations from guarantees and Others included guarantees and other commitments for the benefit of companies of the Siemens Energy Group totaling €0.8 billion and €12.3 billion, respectively, with corresponding full reimbursement rights towards Siemens Energy Global GmbH & Co. KG. In addition, the position included indemnifications issued in connection with dispositions of businesses. Such indemnifications, if customary to the relevant transactions, may protect the buyer from potential tax, legal and other risks in conjunction with the purchased business.

Warranty obligations included obligations of Siemens AG towards affiliated companies totaling €414 million.

Siemens AG only enters into guarantees and other commitments after careful consideration of the risks concerned and in general only in relation to its own business activities or those of affiliated companies as well as to business activities of companies, if it holds an investment in them or their parent companies. Based on an ongoing risk evaluation of the arrangements entered into and taking into account all information available up to the date on which the Annual Financial Statements were issued for approval, Siemens AG concluded that the relevant primary debtors are able to fulfill the underlying obligations. For this reason, Siemens AG considered it not probable that it will be called upon in conjunction with any of the guarantees and commitments described above.

NOTE 24 Financial payment obligations under lease and rental arrangements

Expenses for lease and rental arrangements with third parties in which the economic ownership of the leased/rented asset was not attributable to Siemens AG and the relevant items were not recognized as assets by Siemens AG amounted to €195 million. Object of these contracts were mainly real estate and other non-current assets.

Payment obligations under lease and rental arrangements amounted to €1,155 million, of which €74 million resulted from transactions with affiliated companies. Payment obligations under lease and rental arrangements due within the next fiscal year amounted to €259 million.

NOTE 25 Other financial obligations

Obligations for equity and debt contributions amounted to €379 million, of which €165 million related to associates.

Approximately €2.2 billion were outstanding as of September 30, 2021 from an outsourcing agreement with a maturity of several years.

Siemens AG has entered into a contract to pay its affiliated company Siemens Trademark GmbH & Co. KG, Germany, a running royalty for the use of the Siemens trademark rights. The fee is calculated by applying business-specific royalty rates to brand-related revenue. The contract has an indefinite duration. For fiscal 2021, the corresponding expenses amounted to €725 million. For fiscal 2022, the royalty is expected to be in the same magnitude.

In the course of its normal business operations, Siemens AG is involved in numerous legal and regulatory proceedings as well as governmental investigations (legal proceedings) in various jurisdictions. These legal proceedings could result in particular in the Company being subject to payment of damages and punitive damages, equitable remedies or criminal or civil sanctions, fines or disgorgements of profit. In individual cases, this may also lead to formal or informal exclusion from tenders or the revocation or loss of business licenses or permits. In addition, further Legal Proceedings may be commenced or the scope of pending Legal Proceedings may be expanded. Some of these legal proceedings could result in adverse decisions for Siemens AG that may have material effects on its financial position, the results of its operations and/or its cash flows in the respective reporting period. In addition, Siemens is jointly and severally liable within consortia. As far as not recognized in the financial statements, Siemens AG did not expect any material negative effects on its financial position, the results of its operations and/or its cash flows at balance sheet date.

NOTE 26 Derivative financial instruments and valuation units

As a consequence of its global operating, investing and financing activities, Siemens AG is in particular exposed to risks resulting from changes in exchange rates and interest rates, managed in line with a proven risk management system in consideration of defined risk limits. As the parent company of the Siemens Group, Siemens AG has the central role within the group-wide management of financial market risks. To manage the risks resulting from changes in exchange rates and interest rates, Siemens uses primarily foreign currency forward contracts, interest rate swaps, combined interest and foreign currency swaps as well as interest rate options and interest rate futures. Thereby the operating units of Siemens AG are not allowed to enter into derivative financial instruments for speculative purposes. The contract partners of the Company for derivative financial instruments are banks, brokers and affiliated companies. The credit rating for banks and brokers is constantly monitored.

The following table presents the notional amounts and fair values of those existing derivative financial instruments that were not included in a valuation unit at the balance sheet date:

	Sep 30, 2021	
(in millions of €)	Notional amount	Fair values
Interest rate hedging contracts		
Interest rate swaps	**5,325**	**24**
Interest rate options	**950**	**5**
Existing derivative financial instruments	**6,275**	**30**

The notional amounts equal the contractual amounts of the individual derivative financial instrument which – irrespective of the nature of the concluded position (sale or purchase) – are presented on a gross basis (gross notional amounts).

Fair values of interest rate derivative financial instruments are determined by discounting expected future cash flows over the remaining term of the instrument using current market interest rates and yield curves. If option components are included, fair values are determined based on an option price model or quoted market prices.

The following table presents the carrying amounts, if existing, of derivative financial instruments not included in valuation units and the balance sheet line items in which these amounts were recognized.

	Sep 30, 2021		
(in millions of €)	Other assets	Other provisions	Other liabilities
Interest rate hedging contracts			
Interest rate swaps	**–**	**(283)**	**–**
Interest rate options	**1**	**–**	**(10)**
Derivative financial instruments requiring recognition	**1**	**(283)**	**(10)**

Provided the relevant conditions are met, derivative financial instruments are aggregated with the underlying hedged item into valuation units. Using the freezing method, the hedging transactions are not recognized in the balance sheet. The effectiveness of the valuation unit is either ensured through risk management, or is demonstrated both prospectively and retrospectively based on appropriate methods used to demonstrate effectiveness (e.g. dollar offset method, regression method, sensitivity analysis). Valuation gains and losses from derivative financial instruments and hedged items are netted for each valuation unit. A provision for anticipated losses on onerous contracts is recognized for the respective valuation unit in the amount of an existing loss surplus. Profit surpluses are not recognized.

Valuation unit used to hedge the foreign currency risk

According to the Company policy, Siemens units are responsible for recording, assessing and monitoring their foreign currency transaction exposure. The net foreign currency position of the Siemens units serves as a central performance measure and has to be hedged within a band of at least 75% but no more than 100% with the Corporate Treasury of Siemens AG.

The remaining foreign currency risk after offsetting cash flows in the same currency is hedged by the Corporate Treasury of Siemens AG with external contract partners. The net foreign currency position (before hedging) of Siemens AG is combined with the offsetting foreign currency exchange contracts to a macro valuation unit. For this purpose, hedged items and hedging instruments are measured with the respective underlying discounted cash flows. For foreign currency derivative financial instruments, the determination is based on the changes in relevant forward exchange rates. The existing derivative currency hedging contracts are included in the valuation unit in their entirety and had maturity terms until the year 2041. The cash in- and outflows from the foreign currency exchange contracts, firm commitments and forecast transactions are disclosed on a net basis in the following table.

(in millions of €)	Sep 30, 2021
Foreign currency risk from balance sheet items	**(891)**
thereof assets	***14,534***
thereof liabilities	***(15,426)***
Foreign currency risk from firm commitments and forecast transactions	**466**
thereof expected cash inflows from firm commitments and forecasted transactions	***779***
thereof expected cash outflows from firm commitments and forecasted transactions	***(312)***
Net foreign currency position (before hedging)	**(425)**
Foreign currency exchange contracts (net face value)	**292**
thereof with external contract partners	***7,289***
thereof with affiliated companies	***(6,998)***
Net foreign currency position (after hedging)	**(133)**

Firm commitments and forecast transactions concern business transactions for which a legally binding contract was concluded but not yet performed on by either contracting party, as well as contingent payment claims for already partially completed performance obligations in the project and product businesses.

The net fair value of derivative financial instruments from foreign currency hedge accounting was €320 million as of September 30, 2021; positive fair values were €1,328 million and negative fair values were €1,008 million. Accordingly, no provision for anticipated losses was recognized for the derivative financial instruments with negative fair values that were included in this macro valuation unit.

Valuation unit used to hedge the interest rate risk

The interest rate hedging contracts used by Siemens AG serve mainly to hedge against interest rate risks and to optimize the interest result in accordance with internal interest rate benchmarks.

Siemens AG has entered into interest rate derivatives with external counterparties to hedge interest rate swaps transacted with its affiliated companies against interest rate risk. As of September 30, 2021, the interest rate swaps transacted with affiliated companies included in this macro valuation unit had a notional amount of €2,080 million and fair values of €(255) million and had maximum maturity terms until the year 2028. At balance sheet date, these underlying transactions were matched by external interest rate derivatives with fair values of €115 million, and maximum maturity terms until the year 2028. As of September 30, 2021, the negative surplus for the macro valuation unit, recorded in provisions for onerous contracts, amounted to €139 million.

To hedge receivables from affiliated companies against interest rate risk, Siemens AG has entered into interest rate derivatives with external counterparties and combined these instruments with the underlying transactions in a macro valuation unit. As of September 30, 2021, the notional amount of the receivables, which had a maximum maturity until the year 2045, amounted to €13,904 million. As of September 30, 2021, the cumulative market value changes of these receivables of €131 million were matched by offsetting interest rate derivatives with a positive net fair value of €37 million and maximum maturity terms until the year 2040, of which positive fair values were €148 million and negative fair values were €111 million.

To hedge payables to affiliated companies against interest rate risk, Siemens AG has entered into interest rate derivatives with external counterparties. The payables hedged within this micro valuation unit had a nominal volume of €2,147 million as of September 30, 2021 and maximum maturity terms until the year 2025. As of September 30, 2021, negative cumulative changes in market value of these liabilities of €101 million were matched by external interest rate derivatives with identical maturities whose market value was €109 million.

The amount of interest rate risks hedged with the valuation unit that did not lead to a provision for anticipated losses accordingly totaled €227 million.

NOTE 27 Proposal for the appropriation of net income

The Supervisory Board and the Managing Board propose the unappropriated net income of Siemens AG for the fiscal year ended September 30, 2021, amounting to €3,400 million to be appropriated as follows: Distribution of a dividend of €4.00 on each share of no par value entitled to the dividend, and carry-forward of the unappropriated net income for shares of no par value not entitled to the dividend.

NOTE 28 Remuneration of the members of the Managing Board and the Supervisory Board

Remuneration of the members of the Managing Board

Members of the Managing Board, including members who retired from the Managing Board during the fiscal year, received cash compensation of €21.4 million. The fair value of share-based compensation amounted to €11.6 million for 202,139 stock awards. The Company granted contributions under the BSAV to members of the Managing Board totaling €3.0 million.

Therefore, the compensation and benefits attributable to members of the Managing Board amounted to €36.0 million in total.

Total remuneration of former members of the Managing Board

Former members of the Managing Board and their surviving dependents received a total of €30.1 million according to Section 285 para. 1 number 9b of the German Commercial Code.

Siemens recognized pension provisions totaling €131.7 million for the pension entitlements to former members of the Managing Board and their surviving dependents.

Remuneration of the members of the Supervisory Board

Compensation attributable to members of the Supervisory Board comprises a base compensation and additional compensation for committee work and amounted to €5.2 million (including meeting fees).

NOTE 29 Declaration of Compliance with the German Corporate Governance Code

As of October 1, 2021, the mandatory statement pursuant to Section 161 of the German Stock Corporation Act (AktG) has been issued by the Managing Board and the Supervisory Board and is permanently accessible on WWW.SIEMENS.DE/CORPORATE-GOVERNANCE.

NOTE 30 Members of the Managing Board and Supervisory Board

Members of the Managing Board and positions held by Managing Board members

In fiscal 2021, the Managing Board had the following members:

Name	Date of birth	First appointed	Term expires	Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises External positions (as of September 30, 2021)	Group company positions (as of September 30, 2021)
Roland Busch (Dr. rer. nat.) President and Chief Executive Officer (since February 3, 2021)	November 22, 1964	April 1, 2011	March 31, 2025		**German positions:** - Siemens Healthineers AG, Munich[1] - Siemens Mobility GmbH, Munich (Chairman)
Klaus Helmrich (until March 31, 2021) as of March 31, 2021	May 24, 1958	April 1, 2011	March 31, 2021	**German positions:** - EOS Holding AG, Krailling	
Joe Kaeser (President and Chief Executive Officer, member of the Managing Board until February 3, 2021) as of February 3, 2021	June 23, 1957	May 1, 2006	At the end of the 2021 Annual Shareholders' Meeting	**German positions:** - Daimler AG, Stuttgart[1] - Mercedes-Benz AG, Stuttgart - Siemens Energy AG, Munich (Chairman)[1] - Siemens Energy Management GmbH, Munich (Chairman) **Positions outside Germany:** - NXP Semiconductors N.V., Netherlands[1]	**Positions outside Germany:** - Siemens Ltd., India[1]
Cedrik Neike	March 7, 1973	April 1, 2017	May 31, 2025	**German positions:** - Evonik Industries AG, Essen[1] **Positions outside Germany:** - Atos SE, France[1]	**Positions outside Germany:** - Siemens Aktiengesellschaft Österreich, Austria (Chairman) - Siemens France Holding S.A., France
Matthias Rebellius	January 2, 1965	October 1, 2020	September 30, 2025	**German positions:** - Siemens Energy AG, Munich[1] - Siemens Energy Management GmbH, Munich	**Positions outside Germany:** - Arabia Electric Ltd., Saudi Arabia (Deputy Chairman) - Siemens Ltd., Australia - Siemens Ltd., India[1] - Siemens Ltd., Saudi Arabia (Deputy Chairman) - Siemens Schweiz AG, Switzerland (Chairman) - Siemens W.L.L., Qatar
Ralf P. Thomas (Prof. Dr. rer. pol.)	March 7, 1961	September 18, 2013	September 17, 2023	**German positions:** - Siemens Energy AG, Munich[1] - Siemens Energy Management GmbH, Munich	**German positions:** - Siemens Healthcare GmbH, Munich (Chairman) - Siemens Healthineers AG, Munich (Chairman)[1] **Positions outside Germany:** - Siemens Proprietary Ltd., South Africa (Chairman)
Judith Wiese	January 30, 1971	October 1, 2020	September 30, 2023	**German positions:** - European School of Management and Technology GmbH, Berlin	

[1] Publicly listed.

Members of the Supervisory Board and positions held by Supervisory Board members

In fiscal 2021, the Supervisory Board had the following members:

Name	Occupation	Date of birth	Member since	Term expires[1]	Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises (as of September 30, 2021)
Jim Hagemann Snabe Chairman	Chairman of the Supervisory Board of Siemens AG and of the Board of Directors of A.P. Møller-Mærsk A/S	October 27, 1965	October 1, 2013	2025	**German positions:** - Allianz SE, Munich (Deputy Chairman)[3] **Positions outside Germany:** - A.P. Møller-Mærsk A/S, Denmark (Chairman)[3] - C3.ai, Inc., USA[3]
Birgit Steinborn[2] First Deputy Chairwoman	Chairwoman of the Central Works Council of Siemens AG	March 26, 1960	January 24, 2008	2023	
Werner Brandt	Chairman of the Supervisory Board of	January 3,	January 31,	2023	**German positions:**

(Dr. rer. pol.) Second Deputy Chairman (since February 3, 2021)	RWE AG and of ProSiebenSat.1 Media SE	1954	2018		- ProSiebenSat.1 Media SE, Munich (Chairman)[3] - RWE AG, Essen (Chairman)[3]
Tobias Bäumler[2] (since October 16, 2020)	Deputy Chairman of the Central Works Council and of the Combine Works Council of Siemens AG	October 10, 1979	October 16, 2020	2023	
Michael Diekmann	Chairman of the Supervisory Board of Allianz SE	December 23, 1954	January 24, 2008	2023	**German positions:** - Allianz SE, Munich (Chairman)[3] - Fresenius Management SE, Bad Homburg - Fresenius SE & Co. KGaA, Bad Homburg (Deputy Chairman)[3]
Andrea Fehrmann[2] (Dr. phil.)	Trade Union Secretary, IG Metall Regional Office for Bavaria	June 21, 1970	January 31, 2018	2023	**German positions:** - Siemens Energy AG, Munich[3] - Siemens Energy Management GmbH, Munich
Bettina Haller[2]	Chairwoman of the Combine Works Council of Siemens AG	March 14, 1959	April 1, 2007	2023	**German positions:** - Siemens Mobility GmbH, Munich (Deputy Chairwoman)
Harald Kern[2]	Chairman of the Siemens Europe Committee	March 16, 1960	January 24, 2008	2023	
Jürgen Kerner[2]	Chief Treasurer and Executive Member of the Managing Board of IG Metall	January 22, 1969	January 25, 2012	2023	**German positions:** - MAN Truck & Bus SE, Munich (Deputy Chairman) - Premium Aerotec GmbH, Augsburg (Deputy Chairman) - Siemens Energy AG, Munich[3] - Siemens Energy Management GmbH, Munich - ThyssenKrupp AG, Essen (Deputy Chairman)[3] - Traton SE, Munich[3]
Nicola Leibinger-Kammüller (Dr. phil.) (until February 3, 2021) as of February 3, 2021	Chief Executive Officer (CEO) – President and Chairwoman of the Group Management of TRUMPF GmbH + Co. KG	December 15, 1959	January 24, 2008	2021	**Positions outside Germany:** - TRUMPF Schweiz AG, Switzerland[4]
Benoît Potier	Chairman and Chief Executive Officer of Air Liquide S.A.	September 3, 1957	January 31, 2018	2023	**Positions outside Germany:** - Air Liquide International S.A., France (Chairman and Chief Executive Officer)[3,4] - Air Liquide International Corporation (ALIC), USA (Chairman)[4] - American Air Liquide Holdings, Inc., USA[4] - The Hydrogen Company S.A., France[4]
Hagen Reimer[2]	Trade Union Secretary of the Managing Board of IG Metall	April 26, 1967	January 30, 2019	2023	**German positions:** - Siemens Energy AG, Munich[3] - Siemens Energy Management GmbH, Munich
Norbert Reithofer (Dr.-Ing. Dr.-Ing. E.h.)	Chairman of the Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft	May 29, 1956	January 27, 2015	2023	**German positions:** - Bayerische Motoren Werke Aktiengesellschaft, Munich (Chairman)[3] - Henkel AG & Co. KGaA, Düsseldorf[3,5] - Henkel Management AG, Düsseldorf
Kasper Rørsted (since February 3, 2021)	Chief Executive Officer and Board Member of adidas AG[3]	February 24, 1962	February 3, 2021	2025	**Positions outside Germany:** - Member of the Board of Directors, Nestlé S.A., Switzerland[3]
Baroness Nemat Shafik (DBE, DPhil)	Director of the London School of Economics	August 13, 1962	January 31, 2018	2023	
Nathalie von Siemens (Dr. phil.)	Member of supervisory boards	July 14, 1971	January 27, 2015	2023	**German positions:** - Messer Group GmbH, Sulzbach - Siemens Healthcare GmbH, Munich - Siemens Healthineers AG, Munich[3] - TÜV Süd AG, Munich **Positions outside Germany:** - EssilorLuxottica SA, France[3]
Michael Sigmund[2]	Chairman of the Committee of Spokespersons of the Siemens Group and Chairman of the Central Committee of Spokespersons of Siemens AG	September 13, 1957	March 1, 2014	2023	
Dorothea Simon[2]	Chairwoman of the Central Works Council of Siemens Healthcare GmbH	August 3, 1969	October 1, 2017	2023	**German positions:** - Siemens Healthcare GmbH, Munich
Grazia Vittadini (since February 3, 2021)	Airbus Special Advisor	September 23, 1969	February 3, 2021	2025	
Werner Wenning (Second Deputy Chairman and member of the Supervisory Board until February 3, 2021) as of February 3, 2021	Member of the Supervisory Board	October 21, 1946	January 23, 2013	2021	
Matthias Zachert	Chairman of the Board of Management of LANXESS AG[3]	November 8, 1967	January 31, 2018	2023	
Gunnar Zukunft[2]	Deputy Chairman of the Central Works Council of Siemens Industry Software GmbH	June 21, 1965	January 31, 2018	2023	**German positions:** - Siemens Industry Software GmbH, Cologne

1 As a rule, the term of office ends at the conclusion of the (relevant) ordinary Annual Shareholders' Meeting.
2 Employee representative.
3 Publicly listed.
4 Group company position.
5 Shareholders' Committee.

NOTE 31 List of subsidiaries and associated companies pursuant to Section 285 para. 11, 11a and 11b of the German Commercial Code

September 30, 2021	Net income in millions of €[1]	Equity in millions of €[1]	Equity interest in %
Germany (46 companies)			
Erlapolis 20 GmbH, Munich	(1)	(1)	100[4]
evosoft GmbH, Nuremberg	2	8	100
HaCon Ingenieurgesellschaft mbH, Hanover	(7)	150	100
KACO new energy GmbH, Neckarsulm	(16)	47	100
Munipolis GmbH, Munich	–	257	100[4]
NEO New Oncology GmbH, Cologne	–	1,142	100
Next47 Services GmbH, Munich	(28)	1	100
Onespin Solutions Holding GmbH, Munich	(1)	53	100
OWP Butendiek GmbH & Co. KG, Bremen	119	648	23[5]
Project Ventures Butendiek Holding GmbH, Munich	–	66	100[6]
RISICOM Rückversicherung AG, Grünwald	70	316	100
Siemens Bank GmbH, Munich	29	1,149	100
Siemens Beteiligungen Europa GmbH, Munich	47	5,159	100
Siemens Beteiligungen Inland GmbH, Munich	(97)	21,257	100
Siemens Beteiligungen USA GmbH, Berlin	(17)	13,723	100
Siemens Beteiligungsverwaltung GmbH & Co. OHG, Kemnath	1,058	23,511	100[2]
Siemens Campus Erlangen Grundstücks-GmbH & Co. KG, Grünwald	14	31	100
Siemens Electronic Design Automation GmbH, Munich	(9)	69	100
Siemens Energy AG, Munich	200	13,021	40
Siemens Finance & Leasing GmbH, Munich	6	130	100
Siemens Financial Services GmbH, Munich	8	2,033	100
Siemens Fonds Invest GmbH, Munich	1	12	100
Siemens Healthcare Diagnostics Products GmbH, Marburg	(13)	473	100
Siemens Healthcare GmbH, Munich	138	1,619	100
Siemens Healthineers AG, Munich	1,377	24,363	75
Siemens Healthineers Beteiligungen GmbH & Co. KG, Röttenbach	95	23,648	100
Siemens Healthineers Holding I GmbH, Munich	(60)	(4,811)	100
Siemens Healthineers Innovation GmbH & Co. KG, Röttenbach	101	101	100
Siemens Immobilien GmbH & Co. KG, Grünwald	68	92	100
Siemens Industry Software GmbH, Cologne	13	308	100
Siemens Logistics GmbH, Constance	28	80	100
Siemens Mobility GmbH, Munich	212	2,178	100
Siemens Mobility Real Estate GmbH & Co. KG, Grünwald	7	121	100
Siemens Nixdorf Informationssysteme GmbH, Grünwald	–	28	100
Siemens Project Ventures GmbH, Erlangen	(26)	263	100
Siemens Real Estate GmbH & Co. KG, Kemnath	14	115	100
Siemens Trademark GmbH & Co. KG, Kemnath	653	1,841	100
Siemens Treasury GmbH, Munich	2	3	100
SIM 2. Grundstücks-GmbH & Co. KG, Grünwald	6	321	90[4]
SIMAR Ost Grundstücks-GmbH, Grünwald	(1)	(30)	100
SPT Beteiligungen GmbH & Co. KG, Grünwald	–	170	100[4]
Valeo Siemens eAutomotive GmbH, Erlangen	(12)	153	50[5]
Varian Medical Systems Particle Therapy GmbH & Co. KG, Troisdorf	(18)	150	100[3]
Veja Mate Offshore Project GmbH, Oststeinbek	137	347	20[5]
VMS Deutschland Holdings GmbH, Darmstadt	3	220	100
Yunex GmbH, Munich	2	69	100
Europe, Commonwealth of Independent States (C.I.S.), Africa, Middle East (without Germany) (104 companies)			
Siemens Spa, Algiers / Algeria	19	40	100

ETM professional control GmbH, Eisenstadt / Austria	14	21	100
Siemens Aktiengesellschaft Österreich, Vienna / Austria	160	1,374	100
Siemens Healthcare Diagnostics GmbH, Vienna / Austria	14	112	100
Siemens Konzernbeteiligungen GmbH, Vienna / Austria	359	1,818	100
Siemens Metals Technologies Vermögensverwaltungs GmbH, Vienna / Austria	–	42	100
Siemens Mobility Austria GmbH, Vienna / Austria	20	(153)	100
Siemens Healthcare NV, Beersel / Belgium	10	99	100
Siemens Industry Software NV, Leuven / Belgium	23	388	100
Siemens Mobility S.A. / N.V, Beersel / Belgium	7	24	100
Siemens S.A./N.V., Beersel / Belgium	14	84	100
OEZ s.r.o., Letohrad / Czech Republic	17	52	100
Siemens Mobility, s.r.o., Prague / Czech Republic	12	27	100
Siemens, s.r.o., Prague / Czech Republic	44	103	100
Siemens A/S, Ballerup / Denmark	6	40	100
Siemens Aarsleff Konsortium I/S, Ballerup / Denmark	–	–	67[2, 3]
Siemens Osakeyhtiö, Espoo / Finland	9	40	100
ATOS SE, Bezons / France	(262)	6,871	10[5]
Siemens France Holding SAS, Saint-Denis / France	74	224	100
Siemens Healthcare SAS, Saint-Denis / France	22	222	100
Siemens Industry Software SAS, Châtillon / France	7	53	100
Siemens Mobility SAS, Châtillon / France	(31)	106	100
Siemens SAS, Saint-Denis / France	44	183	100
Siemens A.E., Electrotechnical Projects and Products, Athens / Greece	7	92	100
SIEMENS HEALTHCARE INDUSTRIAL AND COMMERCIAL SINGLE MEMBER SOCIETE ANONYME, Chalandri / Greece	1	62	100
Mentor Graphics (Holdings) Unlimited Company, Shannon, County Clare / Ireland	348	1,995	100[3]
Mentor Graphics (Ireland) Limited, Shannon, County Clare / Ireland	146	1,836	100
Siemens Limited, Dublin / Ireland	2	13	100
Mentor Graphics Development Services (Israel) Ltd., Rehovot / Israel	–	116	100
Siemens Concentrated Solar Power Ltd., Rosh HaAyin / Israel	(1)	81	100
Siemens Industry Software Ltd., Airport City / Israel	14	51	100
UGS Israeli Holdings (Israel) Ltd., Airport City / Israel	–	1	100
Siemens Healthcare S.r.l., Milan / Italy	17	254	100
Siemens S.p.A., Milan / Italy	35	198	100
Varian Medical Systems Italy SpA, Segrate / Italy	3	22	100
FAST TRACK DIAGNOSTICS LUXEMBOURG S.à r.l., Esch-sur-Alzette / Luxembourg	33	105	100
SPT Holding SARL, Luxembourg / Luxembourg	(146)	36	100[4]
SPT Invest Management, SARL, Luxembourg / Luxembourg	(2)	–	100[4]
Varian Medical Systems Mauritius Ltd., Ebene / Mauritius	–	77	100
Castor III B.V., The Hague / Netherlands	3	–	100
Dresser-Rand International B.V., The Hague / Netherlands	–	3	100
Mendix Technology B.V., Rotterdam / Netherlands	(73)	122	100
Mentor Graphics (Netherlands) B.V., Eindhoven / Netherlands	–	57	100
Pollux III B.V., The Hague / Netherlands	3	–	100
Siemens Financieringsmaatschappij N.V., The Hague / Netherlands	8	83	100
Siemens Gas and Power Holding B.V., Zoeterwoude / Netherlands	1,307	5,592	2
Siemens Healthineers Holding III B.V., The Hague / Netherlands	170	4,420	100
Siemens Healthineers Holding IV B.V., The Hague / Netherlands	-	13,895	100
Siemens Healthineers Nederland B.V., The Hague / Netherlands	114	1,029	100
Siemens Industry Software Netherlands B.V., Eindhoven / Netherlands	61	459	100
Siemens International Holding B.V., The Hague / Netherlands	1,452	12,299	100
Siemens International Holding III B.V., The Hague / Netherlands	(1)	2	100
Siemens Mobility Holding B.V., The Hague / Netherlands	86	960	100
Siemens Nederland N.V., The Hague / Netherlands	29	166	100
Ural Locomotives Holding Besloten Vennootschap, The Hague / Netherlands	11	100	50[5]
Varian Medical Systems Nederland B.V., Houten / Netherlands	27	6,273	100

SIEMENS HEALTHCARE, UNIPESSOAL, LDA, Amadora / Portugal	4	91	100
Siemens S.A., Amadora / Portugal	11	108	100
Siemens W.L.L., Doha / Qatar	11	25	55
LIMITED LIABILITY COMPANY SIEMENS ELEKTROPRIVOD, St. Petersburg / Russian Federation	5	25	100
OOO Legion II, Moscow / Russian Federation	3	74	100
OOO Siemens, Moscow / Russian Federation	20	51	100
Siemens Finance and Leasing LLC, Vladivostok / Russian Federation	50	115	100
Siemens Healthcare Limited Liability Company, Moscow / Russian Federation	19	14	100
Siemens Mobility LLC, Moscow / Russian Federation	16	25	100
Siemens Healthcare Limited, Riyadh / Saudi Arabia	20	40	51
Siemens Mobility d.o.o. Cerovac, Kragujevac / Serbia	(9)	34	100
Siemens s.r.o., Bratislava / Slovakia	5	29	100
Siemens Proprietary Limited, Midrand / South Africa	(12)	43	70
Fábrica Electrotécnica Josa, S.A.U., Tres Cantos / Spain	2	45	100
SIEMENS HEALTHCARE, S.L.U., Getafe / Spain	12	277	100
Siemens Holding S.L., Madrid / Spain	9	76	100
SIEMENS MOBILITY, S.L.U., Tres Cantos / Spain	1	65	100
Siemens Rail Automation S.A.U., Tres Cantos / Spain	27	639	100
Siemens S.A., Madrid / Spain	20	188	100
Siemens Financial Services AB, Solna / Sweden	26	214	100
Siemens Healthcare AG, Zurich / Switzerland	4	157	100
Siemens Industry Software GmbH, Zurich / Switzerland	7	142	100
Siemens Mobility AG, Wallisellen / Switzerland	29	110	100
Siemens Schweiz AG, Zurich / Switzerland	35	1,103	100
Varian Medical Systems International AG, Steinhausen / Switzerland	74	5,968	100
Siemens Healthcare Saglik Anonim Sirketi, Istanbul / Turkey	11	49	100
Siemens Sanayi ve Ticaret Anonim Sirketi, Istanbul / Turkey	35	93	100
Electrium Sales Limited, Frimley, Surrey / United Kingdom	(6)	81	100
Galloper Wind Farm Holding Company Limited, Swindon, Wiltshire / United Kingdom	38	99	25[5]
Next47 Fund 2018, L.P., Palo Alto, CA / United Kingdom	–	92	100
Next47 Fund 2019, L.P., Palo Alto, CA / United Kingdom	–	94	100
Next47 Fund 2020, L.P., Palo Alto, CA / United Kingdom	–	124	100
Next47 Fund 2021, L.P., Palo Alto, CA / United Kingdom	–	162	100
Project Ventures Rail Investments I Limited, Frimley, Surrey / United Kingdom	15	8	100
SBS Pension Funding (Scotland) Limited Partnership, Edinburgh / United Kingdom	15	591	57
Siemens Financial Services Holdings Ltd., Stoke Poges, Buckinghamshire / United Kingdom	23	137	100
Siemens Financial Services Ltd., Stoke Poges, Buckinghamshire / United Kingdom	41	341	100
Siemens Healthcare Diagnostics Manufacturing Ltd, Frimley, Surrey / United Kingdom	6	180	100
Siemens Healthcare Diagnostics Products Ltd, Frimley, Surrey / United Kingdom	3	170	100
Siemens Healthcare Limited, Frimley, Surrey / United Kingdom	34	(26)	100
Siemens Holdings plc, Frimley, Surrey / United Kingdom	577	1,214	100
Siemens Industry Software Computational Dynamics Limited, Frimley, Surrey / United Kingdom	2	378	100
Siemens Industry Software Limited, Frimley, Surrey / United Kingdom	18	101	100
Siemens Mobility Limited, London / United Kingdom	111	750	100
Siemens Pension Funding Limited, Frimley, Surrey / United Kingdom	(2)	480	100
Siemens plc, Frimley, Surrey / United Kingdom	22	1,053	100
Siemens Process Systems Engineering Limited, Frimley, Surrey / United Kingdom	(15)	105	100
Yunex Limited, Poole, Dorset / United Kingdom	–	60	100
Americas (47 companies)			
Siemens Industrial S.A., Buenos Aires / Argentina	(1)	19	100
GNA 1 Geração de Energia S.A., São João da Barra / Brazil	(11)	277	22[5]
Siemens Healthcare Diagnósticos Ltda., São Paulo / Brazil	20	138	100
Siemens Infraestrutura e Indústria Ltda., São Paulo / Brazil	16	78	100
Siemens Participações Ltda., São Paulo / Brazil	(12)	74	100
EPOCAL INC., Toronto / Canada	3	116	100

Siemens Canada Limited, Oakville / Canada	26	284	100
Siemens Financial Ltd., Oakville / Canada	13	463	100
Siemens Healthcare Limited, Oakville / Canada	3	77	100
Siemens S.A., Santiago de Chile / Chile	17	44	100
Siemens S.A., Tenjo / Colombia	(2)	46	100
Grupo Siemens S.A. de C.V., Mexico City / Mexico	58	83	100
Siemens, S.A. de C.V., Mexico City / Mexico	6	111	100
Babson Diagnostics, Inc., Dover, DE / United States	(4)	7	20[5]
Bentley Systems, Incorporated, Wilmington, DE / United States	101	278	9[5, 7]
CEF-L Holding, LLC, Wilmington, DE / United States	7	247	27[5]
ChargePoint Holdings, Inc., Campbell, CA / United States	n/a	n/a	4
Corindus, Inc., Wilmington, DE / United States	(46)	530	100
ECG Acquisition, Inc., Wilmington, DE / United States	–	176	100
ECG TopCo Holdings, LLC, Wilmington, DE / United States	(21)	129	73
eMeter Corporation, Wilmington, DE / United States	(4)	98	100
Enlighted, Inc., Wilmington, DE / United States	(15)	3	100
Fluence Energy, LLC, Wilmington, DE / United States	(44)	(18)	43
Hickory Run Holdings, LLC, Wilmington, DE / United States	4	275	20[5]
Mannesmann Corporation, New York, NY / United States	–	43	100
Panda Stonewall Intermediate Holdings I, LLC, Wilmington, DE / United States	–	–	37[5]
PETNET Solutions, Inc., Knoxville, TN / United States	28	158	100
PolyDyne Software Inc., Austin, TX / United States	1	6	100[5]
Siemens Capital Company LLC, Wilmington, DE / United States	(48)	1,497	100
Siemens Corporation, Wilmington, DE / United States	58	5,327	100
Siemens Financial Services, Inc., Wilmington, DE / United States	124	1,607	100
Siemens Government Technologies, Inc., Wilmington, DE / United States	5	422	100
Siemens Healthcare Diagnostics Inc., Los Angeles, CA / United States	(14)	6,632	100
Siemens Healthineers Holdings, LLC, Wilmington, DE / United States	-	13,895	100
Siemens Industry Software Inc., Wilmington, DE / United States	160	4,675	100
Siemens Industry, Inc., Wilmington, DE / United States	461	6,852	100
Siemens Medical Solutions USA, Inc., Wilmington, DE / United States	165	16,362	100
Siemens Mobility, Inc, Wilmington, DE / United States	70	938	100
Siemens Public, Inc., Iselin, NJ / United States	27	1,476	100
Siemens USA Holdings, Inc., Wilmington, DE / United States	–	10,376	100
SMI Holding LLC, Wilmington, DE / United States	(6)	7	100
Supplyframe, Inc., Pasadena, CA / United States	(1)	60	100
Thoughtworks Holding Inc., Wilmington, DE / United States	65	395	8[5]
Varian Medical Systems International Holdings, Inc., Wilmington, DE / United States	6,587	7,415	100
Varian Medical Systems Netherlands Holdings, Inc., Wilmington, DE / United States	214	423	100
Varian Medical Systems, Inc., Wilmington, DE / United States	246	8,620	100
Dade Behring Hong Kong Holdings Corporation, Tortola / Virgin Islands, British	94	33	100
Asia, Australia (53 companies)			
Australia Hospital Holding Pty Limited, Bayswater / Australia	1	22	100
J.R.B. Engineering Pty Ltd, Bayswater / Australia	–	–	100
Siemens Ltd., Bayswater / Australia	12	102	100
Siemens Mobility Pty Ltd, Bayswater / Australia	22	159	100
Beijing Siemens Cerberus Electronics Ltd., Beijing / China	22	30	100
Mentor Graphics (Shanghai) Electronic Technology Co., Ltd., Shanghai / China	2	62	100
Shanghai Electric Power Generation Equipment Co., Ltd., Shanghai / China	10	507	40[5]
Siemens Circuit Protection Systems Ltd., Shanghai, Shanghai / China	21	30	75
Siemens Electrical Apparatus Ltd., Suzhou, Suzhou / China	74	122	100
Siemens Electrical Drives (Shanghai) Ltd., Shanghai / China	32	40	100
Siemens Electrical Drives Ltd., Tianjin / China	63	134	85
Siemens Factory Automation Engineering Ltd., Beijing / China	25	29	100
Siemens Finance and Leasing Ltd., Beijing / China	23	132	100

Siemens Financial Services Ltd., Beijing / China	25	433	100
Siemens Healthcare Diagnostics Manufacturing Ltd., Shanghai, Shanghai / China	(7)	77	100
Siemens Healthineers Diagnostics (Shanghai) Co., Ltd., Shanghai / China	41	333	100
Siemens Healthineers Ltd., Shanghai / China	96	182	100
Siemens Industrial Automation Products Ltd., Chengdu, Chengdu / China	162	192	100
Siemens Industry Software (Shanghai) Co., Ltd., Shanghai / China	39	81	100
Siemens International Trading Ltd., Shanghai, Shanghai / China	13	41	100
Siemens Ltd., China, Beijing / China	851	2,333	100
Siemens Medium Voltage Switching Technologies (Wuxi) Ltd., Wuxi / China	50	55	85
Siemens Mobility Equipment (China) Co., Ltd, Shanghai Pilot Free Trade Zone / China	17	93	100
Siemens Mobility Technologies (Beijing) Co., Ltd, Beijing / China	19	123	100
Siemens Numerical Control Ltd., Nanjing, Nanjing / China	73	89	80
Siemens Shanghai Medical Equipment Ltd., Shanghai / China	102	128	100
Siemens Shenzhen Magnetic Resonance Ltd., Shenzhen / China	60	99	100
Siemens Standard Motors Ltd., Yizheng / China	60	87	100
Siemens Switchgear Ltd., Shanghai, Shanghai / China	29	49	55
Siemens Wiring Accessories Shandong Ltd., Zibo / China	7	14	100
Zhenjiang Siemens Busbar Trunking Systems Co. Ltd., Yangzhong / China	21	33	50[5]
Siemens Limited, Hong Kong / Hong Kong	9	24	100
Bangalore International Airport Ltd., Bangalore / India	(64)	318	20[6]
C&S Electric Limited, New Delhi / India	(4)	248	99
Mentor Graphics (India) Private Limited, New Delhi / India	7	85	100
Siemens Financial Services Private Limited, Mumbai / India	8	69	100
Siemens Healthcare Private Limited, Mumbai / India	31	171	100
Siemens Limited, Mumbai / India	120	1,523	51
Siemens Technology and Services Private Limited, Navi Mumbai / India	28	65	100
P.T. Jawa Power, Jakarta / Indonesia	195	909	50[5]
Siemens Healthcare Diagnostics K.K., Tokyo / Japan	7	207	100
Siemens Healthcare K.K., Tokyo / Japan	25	251	100
Siemens K.K., Tokyo / Japan	5	180	100
Varian Medical Systems K.K., Tokyo / Japan	10	77	100
Siemens Healthineers Ltd., Seoul / Korea, Republic of	27	100	100
Siemens Ltd. Seoul, Seoul / Korea, Republic of	13	126	100
Dresser-Rand Asia Pacific Sdn. Bhd., Kuala Lumpur / Malaysia	–	6	100
Siemens Malaysia Sdn. Bhd., Petaling Jaya / Malaysia	6	86	100
Siemens, Inc., Manila / Philippines	–	3	100
Siemens Pte. Ltd., Singapore / Singapore	39	92	100
Siemens Limited, Taipei / Taiwan, Province of China	13	44	100
Siemens Mobility Limited, Bangkok / Thailand	11	10	100
Siemens Ltd., Ho Chi Minh City / Viet Nam	1	25	100

[1] The values correspond to the annual financial statements after a possible profit transfer, for subsidiaries according to the IFRS closing.
[2] Siemens AG is a shareholder with unlimited liability of this company.
[3] A consolidated affiliated company of Siemens AG is a shareholder with unlimited liability of this company.
[4] Values from fiscal year October 01, 2019 - September 30, 2020
[5] Values from fiscal year January 01, 2020 - December 31, 2020
[6] Values from fiscal year April 01, 2020 - March 31, 2021
[7] Therein are 2% held via an investment fund managed by Siemens Fonds Invest GmbH.
n/a = No financial data available.

Responsibility Statement

TO THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT FOR FISCAL 2021

SIEMENS

To the best of our knowledge, and in accordance with the applicable reporting principles, the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the Management Report for Siemens Aktiengesellschaft, which has been combined with the Group Management Report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company.

Munich, November 30, 2021

Siemens Aktiengesellschaft

The Managing Board

Dr. Roland Busch

Cedrik Neike	Matthias Rebellius
Prof. Dr. Ralf P. Thomas	Judith Wiese

Independent Auditor's Report

TO THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT FOR FISCAL 2021

SIEMENS

To Siemens Aktiengesellschaft, Berlin and Munich

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of Siemens Aktiengesellschaft, Berlin and Munich, (the Company) which comprise the income statement for the fiscal year from October 1, 2020 to September 30, 2021, the balance sheet as of September 30, 2021 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Siemens Aktiengesellschaft, which is combined with the group management report, for the fiscal year from October 1, 2020 to September 30, 2021. In accordance with the German legal requirements, we have not audited the content of the Corporate Governance Statement which is published on the website stated in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of September 30, 2021 and of its financial performance for the fiscal year from October 1, 2020 to September 30, 2021 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the Corporate Governance Statement referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). In conducting the audit of the annual financial statements we also complied with International Standards on Auditing (ISA). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from October 1, 2020 to September 30, 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Impairment of non-current financial assets

Reasons why the matter was determined to be a key audit matter: The impairment test of non-current financial assets was a key audit matter, as in particular shares in affiliated companies and investments entail a significant risk of material misstatement due to the materiality of these assets as well as the judgment involved in assessing whether there is objective evidence to indicate a lower net realizable value and permanent impairment. The valuations of non-current financial assets also depend to a large extent on the assessment of future cash inflows, particularly given the continuing effects of the COVID-19 pandemic, and the discount rate applied.

Auditor's response: In assessing whether there was objective evidence to indicate a lower net realizable value and permanent impairment, we obtained an understanding of management's evaluation and also obtained external evidence of ratings, stock market prices, analyst assessments and observable valuation inputs in this regard.

With regard to the net realizable values calculated by management and its assessment as to whether an impairment is expected to be permanent, we examined the underlying processes related to the planning of future cash flows as well as to the calculation of net realizable value. We assessed the underlying valuation models for the determination of net realizable value in terms of methodology and reperformed the calculations with the assistance of internal valuation specialists. We further obtained explanations from management regarding material value drivers of the planning, including the effects of the COVID-19 pandemic, and examined whether the budget planning reflects general and industry-specific market expectations.

Forecast accuracy was assessed on a sample basis using budget-to-actual comparisons of historically forecast data with the actual results, also considering the effects attributable to the COVID-19 pandemic. The parameters used to estimate net realizable value such as the estimated growth rates and the weighted average cost of capital rates were assessed by comparing them to publicly available market data. We also performed our own sensitivity analyses to assess the impairment risk in the case of a reasonably possible change in one of the significant assumptions.

Our audit procedures did not lead to any reservations relating to assessing the impairment of non-current financial assets.

Reference to related disclosures: With regard to the recognition and measurement policies applied for the impairment of non-current financial assets, refer to chapter 3.2 Accounting and Measurement Principles in the notes to the financial statements and with respect to write-downs and write-ups of non-current financial assets, refer to chapter 3.3 Notes to the Income Statement, Note 3 Income (loss) from investments, net as well as chapter 3.4 Notes to the Balance Sheet, Note 10 Non-current assets in the notes to the financial statements.

Other provisions

Reasons why the matter was determined to be a key audit matter: We considered the accounting for other provisions, especially for legal disputes, regulatory proceedings and governmental investigations (legal proceedings) resulting from or in connection with alleged compliance violations as well as for decontamination to be a key audit matter. These matters are subject to inherent uncertainties and require estimates that could have a significant impact on the recognition and measurement of the respective provision and, accordingly, on assets, liabilities and financial performance. Legal proceedings resulting from or in connection with alleged compliance violations are subject to uncertainties because they involve complex legal issues and accordingly, considerable management judgment, in particular when determining whether and in what amount a provision is required to account for the risks. The uncertainties and estimates with respect to provisions for decontamination pertain especially to the estimated costs for waste treatment and packaging for final storage, for interim storage as well as transport to the final nuclear waste storage facility.

Auditor's response: During our audit of the financial reporting of legal proceedings resulting from or in connection with alleged compliance violations, we examined the processes implemented by Siemens for identifying, assessing and accounting for legal and regulatory proceedings. To determine what potentially significant pending legal proceedings or claims asserted also in connection with joint and several liability are known and to assess management's estimates of the expected cash outflows, our audit procedures included inquiring of management and other persons within the Company entrusted with these matters, obtaining written statements from in-house legal counsels with respect to the assessment of estimated cash outflows and their probability, obtaining confirmations from external legal advisors and evaluating internal statements concerning the accounting treatment in the annual financial statements. Furthermore, we examined legal consulting expense accounts for any indications of legal matters not yet considered.

We further considered alleged or substantiated non-compliance with legal provisions, official regulations and internal company policies (compliance violations) by inspecting internal and external statements on specific matters, obtaining written statements from external legal advisors, and by inquiring of the compliance organization. In this regard, among other procedures, we evaluated the conduct and results of internal investigations by inspecting internal reports and the measures taken to remediate identified weaknesses, and assessed on this basis whether management's evaluation of any risks to be accounted for in the annual financial statements is plausible.

Based on the aforementioned uncertainties, our audit procedures with respect to the provisions for decontamination focused on the remediation and environmental protection liabilities in connection with the decommissioning of the facilities in Hanau, Germany (Hanau facilities), as well as for the nuclear research and service center in Karlstein, Germany (Karlstein facilities). Our audit procedures included, among others, assessing the estimated costs for waste treatment and packaging for final storage, for interim storage as well as transport to the final nuclear waste storage facility, and the valuation methods used by drawing on the expertise of our valuation specialists. We evaluated management's assessments particularly regarding the accounting effects of the contractually agreed transfer of the nuclear waste disposal obligation to the Federal Republic of Germany, which is still subject to the approval of the EU commission under state-aid rules, and the expected costs to fulfill the obligations remaining with Siemens through inquiries of persons entrusted with the matter and inspections of internal and external documents.

Furthermore, we evaluated the disclosures on provisions for decontamination in the notes to the financial statements.

Our audit procedures did not lead to any reservations relating to the accounting for other provisions.

Reference to related disclosures: With regard to the recognition and measurement policies applied in accounting for other provisions, refer to chapter 3.2 Accounting and Measurement Principles in the notes to the financial statements. With respect to the legal proceedings, regulatory proceedings and governmental investigations, refer to chapter 3.5 Other Disclosures, Note 25 Other financial obligations and with respect to the uncertainties and estimates relating to the provisions for decontamination, refer to chapter 3.4 Notes to the Balance Sheet, Note 17 Other provisions in the notes to the financial statements.

Uncertain tax positions and recoverability of deferred tax assets

Reasons why the matter was determined to be a key audit matter: The accounting for uncertain tax positions as well as deferred taxes requires management to exercise considerable judgment and make estimates and assumptions, and was therefore a key audit matter. In particular, this affects the measurement and completeness of uncertain tax positions, the recoverability of deferred tax assets as well as management's assessments regarding the tax implications of the COVID-19 pandemic.

Auditor's response: With the assistance of internal tax specialists who have knowledge of tax law, we examined the processes installed by management for the identification, recognition and measurement of tax positions. In the course of our audit procedures relating to uncertain tax positions, we evaluated whether management's assessment of the tax implications of significant business transactions or events in fiscal year 2021, which could result in uncertain tax positions or influence the measurement of existing uncertain tax positions, was in compliance with tax law. In particular, this includes the tax implications arising from the results of tax field audits, the acquisition or disposal of company shares, corporate (intragroup) restructuring activities and cross-border matters, such as the determination of transfer prices. In order to assess measurement and completeness, we also obtained confirmations from external tax advisors. Further, we evaluated management's assessments with respect to the prospects of success of appeal and tax court proceedings by inquiring of the employees of the Siemens tax department and by considering current tax case law.

In assessing the recoverability of deferred tax assets, we above all analyzed management's assumptions with respect to tax planning strategies and projected future taxable income, also in view of the implications of the COVID-19 pandemic, and compared them to internal business plans.

Our audit procedures did not lead to any reservations relating to the accounting for uncertain tax positions and the assessment of the recoverability of deferred tax assets.

Reference to related disclosures: With regard to the recognition and measurement policies applied in accounting for income taxes, refer to chapter 3.2 Accounting and Measurement Principles and chapter 3.3 Notes to the Income Statement, Note 6 Income taxes and with respect to disclosures for deferred tax assets, refer to chapter 3.4 Notes to the Balance Sheet, Note 13 Deferred tax assets in the notes to the financial statements.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board in the Annual Report 2021 within the meaning of ISA [DE] 720 (Revised). Management and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] on the Corporate Governance Code, which is part of the Corporate Governance Statement, and for the Compensation Report. In all other respects, management is responsible for the other information. The other information comprises the Corporate Governance Statement referred to above.

In addition, the other information comprises parts to be included in the Annual Report, of which we received a version prior to issuing this auditor's report, in particular:

- the Responsibility Statement (to the annual financial statements and the management report),
- the Responsibility Statement (to the consolidated financial statements and the group management report),
- the Five-Year Summary,
- the Compensation Report,
- the Report of the Supervisory Board,
- Notes and forward-looking statements,

but not the consolidated financial statements and the annual financial statements, not the disclosures of the combined management report whose content is audited and not our auditor's reports thereon.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information, and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report 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, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Supervisory Board for the annual financial statements and the management report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as it, in accordance with German legally required accounting principles, has determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, management is responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as management has considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation as well as in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW and in supplementary compliance with ISA will always detect a material misstatement. 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 annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 opinions. 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 of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report 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 these systems of the Company.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- 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 the auditor’s report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. 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 be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law and the view of the Company’s position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance on the electronic rendering of the annual financial statements and the management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the management report (hereinafter the “ESEF documents”) contained in the file SIEMENS_2021.zip (SHA-256-checksum: c2fee878a23005add85c87b5f4a7cf3e7883b81d2626892870c12ff3d2a977f8) and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying annual financial statements and the accompanying management report for the fiscal year from October 1, 2020 to September 30, 2021 contained in the “Report on the audit of the annual financial statements and of the management report” above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the

“Auditor’s responsibilities for the assurance work on the ESEF documents” section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of management and the Supervisory Board for the ESEF documents

Management is responsible for the preparation of the ESEF documents including the electronic rendering of the annual financial statements and the management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB.

In addition, management is responsible for such internal control as it has determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor’s responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the Annual Shareholders’ Meeting on February 3, 2021. We were engaged by the Supervisory Board on February 3, 2021. We have been the auditor of Siemens Aktiengesellschaft without interruption since the fiscal year from October 1, 2008 to September 30, 2009.

We declare that the opinions expressed in this auditor’s report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Company or entities controlled by it the following services that are not disclosed in the annual financial statements or in the management report:

In addition to auditing the statutory financial statements of Siemens AG, we performed the statutory audit of Siemens’ consolidated financial statements, audits of financial statements of subsidiaries of Siemens AG, reviews of interim financial statements integrated in the audit, project-based IT audits, audit services in connection with the implementation of new accounting standards as well as service organization control engagements.

Audit-related services include primarily audits of financial statements as well as other attestation services in connection with M&A activities, attestation services related to the sustainability reporting, comfort letters and other attestation services required under regulatory requirements, contractually agreed or requested on a voluntary basis. Permitted tax services were rendered in connection with audit-related support for the analysis of the design of the tax compliance management system performed by Siemens.

Other matter – use of the auditor’s report

Our auditor’s report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be published in the *Bundesanzeiger* [German Federal Gazette] – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Katharina Breitsameter.

Munich, November 30, 2021
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Breitsameter	Dr. Gaenslen
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Five-Year Summary

FOR THE FIVE YEARS UNTIL FISCAL 2021

SIEMENS

(in millions of €, except where otherwise stated)

Revenue and profit	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Revenue[1]	**62,265**	55,254	56,797	55,538	82,863
Gross profit[1]	**22,737**	19,888	21,381	20,535	25,043
Income from continuing operations[1]	**5,636**	4,156	5,063	5,084	6,041
Net income	**6,697**	4,200	5,648	6,120	6,094

Assets, liabilities and equity[2]	Sep 30, 2021	Sep 30, 2020	Sep 30, 2019	Sep 30, 2018	Sep 30, 2017
Current assets	**52,340**	52,968	70,370	64,556	60,750
Current liabilities	**39,952**	34,117	50,723	47,874	46,077
Debt	**48,700**	44,567	36,449	32,177	32,224
Long-term debt	**40,879**	38,005	30,414	27,120	26,777
Net debt	**38,022**	29,270	22,726	19,840	22,607
Provisions for pensions and similar obligations	**2,839**	6,360	9,896	7,684	9,582
Equity (including non-controlling interests)	**49,274**	39,823	50,984	48,046	44,619
as a percentage of total assets	**35%**	32%	34%	35%	33%
Total assets	**139,608**	123,897	150,248	138,915	136,111

Cash flows	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Cash flows from operating activities – continuing operations[1]	**10,109**	7,851	6,825	7,539	7,225
Amortization, depreciation and impairments[1]	**3,075**	3,098	2,222	2,131	3,211
Cash flows from investing activities – continuing operations[1]	**(17,192)**	(4,050)	(4,166)	(3,288)	(7,456)
Additions to intangible assets and property, plant and equipment[1]	**(1,730)**	(1,498)	(1,739)	(1,820)	(2,406)
Cash flows from financing activities – continuing operations[1]	**785**	4,267	(1,214)	(2,376)	(1,560)
Change in cash and cash equivalents	**(4,509)**	1,663	1,325	2,677	(2,228)
Free cash flow – continuing and discontinued operations	**8,237**	6,404	5,845	5,824	4,769
Free cash flow – continuing operations[1]	**8,379**	6,352	5,086	5,719	4,819

Employees	Sep 30, 2021	Sep 30, 2020	Sep 30, 2019	Sep 30, 2018	Sep 30, 2017
Continuing operations (in thousands)[1]	**303**	285	287	288	377

Stock market information	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Basic earnings per share - continuing and discontinued operations	**€7.68**	€5.00	€6.41	€7.12	€7.34
Basic earnings per share - continuing operations[1]	**€6.36**	€4.77	€5.82	€5.94	€7.27
Diluted earnings per share - continuing and discontinued operations	**€7.59**	€4.93	€6.32	€7.01	€7.19
Diluted earnings per share - continuing operations[1]	**€6.28**	€4.70	€5.74	€5.84	€7.13
Dividend per share[3]	**€4.00**	€3.50	€3.90	€3.80	€3.70

[1] In FY 2020, Gas and Power and Siemens Gamesa Renewable Energy were classified as discontinued operations. Prior-period amounts beginning with FY 2018 are presented on a comparable basis. In FY 2021, Flender GmbH was classified as discontinued operation. Prior-period amounts beginning with FY 2019 are presented on a comparable basis.

[2] Beginning with September 30, 2018 under consideration of IFRS 9.

[3] For FY 2021 to be proposed to the Annual Shareholders' Meeting.

Notes and forward-looking statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in prospectuses, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens’ management, of which many are beyond Siemens’ control. These are subject to a number of risks, uncertainties and factors, including, but not limited to, those described in disclosures, in particular in the chapter Report on expected developments and associated material opportunities and risks in the Annual Report. Should one or more of these risks or uncertainties materialize, events of force majeure, such as pandemics, occur or should underlying expectations including future events occur at a later date or not at all or assumptions prove incorrect, actual results, performance or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes – in the applicable financial reporting framework not clearly defined – supplemental financial measures that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens’ net assets and financial positions or results of operations as presented in accordance with the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative and universally valid version.

For technical reasons, there may be differences between the accounting records appearing in this document and those published pursuant to legal requirements.

The Sustainability Report 2021 which reports on Sustainability and Citizenship at Siemens is available at: siemens.com/investor/en/

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