Annual Financial Report

for fiscal 2023

SIEMENS

Table of contents

Combined Management Report

for fiscal 2023

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 transport, 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, 2023, Siemens had around 320,000 employees.

As of September 30, 2023, 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 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. EU Taxonomy disclosures are outlined in chapter 11.

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 2023, Notes 17, 18, 22, 26 and 27, and in the Notes to the Annual Financial Statements for fiscal 2023, 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 2023" document, which are based on the standards developed by the Global Reporting Initiative (GRI). Said document also includes detailed information on DEGREE, Siemens' sustainability framework. 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 Revenue growth

In the Siemens Financial Framework we aim to achieve a revenue growth range of 5% to 7% per year on a comparable basis over a cycle of three to five years. 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 twelve 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.

2.2 Profitability and capital efficiency

Within the Siemens Financial Framework, we aim to achieve over a cycle of three to five years 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, profit represents EBITA adjusted for amortization of intangible assets not acquired in business combinations.

We have set the following margin ranges:

	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 SFS is return on equity after tax, or ROE after tax. ROE is defined as SFS' profit after tax, divided by its average allocated equity.

Primary measure for managing and controlling profit and profitability at Group level: Net income is the primary driver of basic earnings per share from net income (EPS) as well as of EPS before purchase price allocation accounting (EPS pre PPA) which is used for our capital market communication. 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. As with 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.

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. Our goal is to achieve a ROCE within a range of 15% to 20% over a cycle of three to five years.

2.3 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. We aim to achieve a ratio of up to 1.5.

2.4 Liquidity and dividend

We intend to continue providing an attractive return to our shareholders. In the Siemens Financial Framework, we strive for a dividend per share that exceeds the amount for the preceding year, or at least matches it.

As in the past, we intend to fund the dividend payout from Free cash flow. Our primary measure to assess our ability to generate cash, and ultimately to pay dividends, is the cash conversion rate for the Siemens Group, defined as the ratio of Free cash flow (continuing and discontinued operations) to net income. Over a cycle of three to five years, we aim to achieve a cash conversion rate of 1 minus the annual comparable revenue growth rate.

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 2023: to distribute a dividend of €4.70 on each share of no par value entitled to the dividend for fiscal 2023 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 8, 2024. The prior-year dividend was €4.25 per share.

2.5 Calculations of EPS pre PPA and ROCE

Calculation of EPS pre PPA

	Fiscal year	
(in millions of €, shares in thousands, earnings per share in €)	2023	2022
Net income attributable to shareholders of Siemens AG	**7,949**	3,723
Plus: Amortization of intangible assets acquired in business combinations – attributable to shareholders of Siemens AG	**773**	882
Less: Taxes on adjustment	**(193)**	(220)
(I) Adjusted Net income attributable to shareholders of Siemens AG	**8,529**	4,384
(II) Weighted average shares outstanding	**792**	801
(I) / (II) EPS pre PPA	**10.77**	5.47

Calculation of ROCE

	Fiscal year	
(in millions of €)	2023	2022
Net income	**8,529**	4,392
Less: Other interest expenses/income, net[1]	**(1,075)**	(939)
Plus: SFS Other interest expenses/income	**957**	971
Plus: Net interest expenses related to provisions for pensions and similar obligations	**97**	51
Less: Interest adjustments (discontinued operations)	**–**	5
Less: Taxes on interest adjustments (tax rate (flat) 30%)	**6**	(27)
Plus: Defined Varian-related acquisition effects (after tax)[2]	**251**	365
(I) Income before interest after tax	**8,765**	4,819
(II) Average capital employed	**47,002**	47,996
(I) / (II) ROCE	**18.6%**	10.0%

[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.
[2] Effects resulting from purchase price allocation for Varian Medical Systems, Inc. (Varian) which are comprised of amortization of tangible and intangible assets, inventory step-ups, deferred revenue adjustments and related income taxes.

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
Less: Goodwill and other intangible assets resulting from purchase price allocation related to the Varian acquisition
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)

3. Segment information

3.1 Overall economic conditions

Overall, calendar 2023 was characterized by many headwinds for the global economy. Global economic development continued to slowly recover from the negative shocks of the previous years: the coronavirus pandemic (COVID-19) with its disruptions on global demand and supply chains; war in Ukraine and the following commodity price explosions, especially for European energy; spiraling inflation and severe financial tightening which caused some turbulence in the banking sector and financial markets. After calendar 2022, in which global gross domestic product (GDP) increased by 3.1%, calendar 2023 is expected to show global GDP increasing by 2.6%, which shows a remarkable resilience of the global economy, given the number of big negative shocks of the previous year.

In the post-pandemic world, consumption patterns of households continued to normalize. In particular, the shift to goods from services triggered by COVID-19 ended and then reversed, with a strong rebound of the service sector including tourism, and a normalization of goods demand. In addition, in light of much higher interest rates many firms started to reduce their inventory levels, which they had previously elevated as a precautionary measure to ensure production and delivery during periods of supply chain bottlenecks. Accordingly, both global goods demand and trade were significantly weaker in calendar 2023.

These trends were primary contributors for the significant slowdown of the Chinese economy during calendar 2023, after it started very dynamically in the first quarter of calendar 2023 following lifting of severe COVID-19 lockdowns. Another main contributor for the slowdown was the intensification of the country's real estate crisis. Hence, China's GDP is expected to grow by only 5% in calendar 2023, which is regarded as low because under multiple lockdowns in calendar 2022, China delivered GDP growth of only 3% and some catching-up in 2023 was expected.

The U.S. economy was a positive surprise. Although monetary policy was substantially tightened and the main policy interest rate was increased to 5.5%, consumption and investment were strong and GDP is expected to expand by 2.5% in calendar 2023. In particular the labor market was robust and unemployment remained at historic lows. Despite the strong economy, inflation and core inflation rates declined substantially. By end of calendar 2023, consumer price inflation is expected to be approximately 3%, after it reached nearly 6.5% at the end of calendar 2022. Receding global commodity and energy prices and the dissolvement of supply chain bottlenecks both helped ease inflation while tighter monetary policy had the desired effect of anchoring inflation expectations. This helped the U.S. avoid a price-wage-price spiral which could have led to structurally higher inflation rates.

While the U.S. showed stronger economic growth than expected, the European Union (E.U.) experienced the difficulties that were widely expected. The drastic increase of energy prices in calendar 2022, a result of the war in Ukraine, had a severe negative impact, especially on energy-intensive industries. Strong increases in inflation rates led the European Central bank to increase the main policy interest rate to 4.5% which weighed on fixed investment, especially in the real estate sector. Moreover, the global manufacturing and trade slowdown mentioned above weighed on the E.U., due in particular to the high concentration of manufacturing and export industries in Germany, the region's largest economy. GDP growth in calendar 2023 is expected to be 0.4% in the E.U. and -0.4% in Germany. Only the service sector, in particular tourism, supported the overall E.U. economy.

The partly estimated figures presented here for GDP are based on an S&P Global report dated October 15, 2023.

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, servo 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 supplemented by an electronic design automation (EDA) software portfolio; the Mendix cloud-native low-code application development platform, which allows customers to significantly reduce app development times through visual representation of underlying code; and digital marketplaces for the global electronics value chain, such as Supplyframe and Pixeom. Digital Industries also provides customers with lifecycle and data-driven services.

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 customer 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. In fiscal 2023, Digital Industries continued 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. The transition held back revenue growth rates and profit margin development in the software business in fiscal 2023 and Digital Industries expects continued impacts until completion of the transition. 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, to increase supply chain resilience 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 innovative ways to merge the real and digital worlds with a continuous flow of data, so that customers can improve their products, production and resource efficiency. Digital Industries' innovations incorporate artificial intelligence (AI), edge computing, SaaS and software-defined control, among other advanced technologies. As part of Siemens' open digital marketplace Siemens Xcelerator – a business platform that includes a curated portfolio of internet-of-things-enabled hardware, software and digital services from across Siemens and certified third parties and facilitates interactions and transactions between customers, partners and developers – Digital Industries in fiscal 2023 introduced Industrial Operations X, an open and interoperable portfolio for automating and operating industrial production. Industrial Operations X focuses on integrating IT capabilities such as AI, low-code programming, edge computing, and cloud computing with automation technology and digital services. Through various collaborations, Digital Industries is developing industrial-grade AI solutions. With Intrinsic, an Alphabet company, Digital Industries collaborates to accelerate the integration of AI-based robotics and automation technology. Digital Industries and Microsoft are harnessing generative AI to help industrial companies drive innovation and efficiency across the entire product lifecycle. Also in fiscal 2023, Digital Industries introduced several innovations based on cloud and edge technologies such as Simcenter Cloud HPC, which provides instant-on, rapidly scalable cloud-based high performance computing for complex simulation studies, hosted on Amazon Web Services; and Industrial Edge Management System for Kubernetes clusters, which addresses IT users in production and aims to save IT resources, energy, and costs. Major **investments** of Digital Industries in fiscal 2023 relate to its own factory automation, motion control and process automation businesses, to further automate and digitalize facilities particularly in Germany, China and Singapore.

	Fiscal year		% Change	
(in millions of €)	2023	2022	Actual	Comp.
Orders	**20,620**	25,283	(18)%	(17)%
Revenue	**21,919**	19,517	12%	15%
therein: software business	***5,067***	*4,691*	*8%*	*10%*
Profit	**4,947**	3,892	27%	
Profit margin	**22.6%**	19.9%		

Following extraordinary demand in fiscal 2022, which included proactive customer purchasing, **orders** at Digital Industries came in lower in its automation businesses. The short-cycle factory automation and the motion control businesses were affected most strongly due particularly to destocking at customers. These declines were partly offset by significant growth in the software business, due to large contract wins in both the PLM and the EDA businesses. **Revenue** rose on increases in all businesses due in part to conversion from the order backlog which had expanded significantly in the previous fiscal year. The strongest revenue growth contributions came from the factory automation and the process automation businesses. Overall, growth in the automation businesses was supported by improved availability of components year-over-year. Revenue growth in the software business was led by the EDA business while year-over-year growth in PLM was held back by the transition to SaaS. On a geographic basis, orders remained stable in the Americas region, but came in lower in the region Europe, C.I.S., Africa, Middle East and in the region Asia, Australia due mainly to weaker demand in China. Revenue grew in all regions with the strongest contribution coming from the region Europe, C.I.S., Africa, Middle East. **Profit** and profitability at Digital Industries rose on strong improvements in all automation businesses, supported by higher capacity utilization and a more favorable business mix including improved availability of components for high-margin products. Profit in the software business declined due to increased expenses related to cloud-based activities including severance charges, which for Digital Industries overall rose to €109 million, up from €64 million in the prior year.

At the beginning of fiscal 2024, business activities in the areas of low-voltage and geared motors and motor spindles, previously part of Digital Industries' motion control business, were transferred to Portfolio Companies. If the transfer to Portfolio Companies had already existed at the beginning of fiscal 2023, Digital Industries would have posted orders of €19.387 billion, revenue of €20.636 billion, profit of €4.833 billion and a profit margin of 23.4%. At the beginning of fiscal 2024, Digital Industries' order backlog amounted to €11 billion, of which €8 billion are expected to be converted into revenue in fiscal 2024.

In fiscal 2023, **markets** served by Digital Industries overall grew significantly. However, after a strong start, growth momentum increasingly slowed over the course of the fiscal year. This was particularly evident in China. On a geographic basis, all regions contributed to growth, led by the regions Americas and Europe, C.I.S., Africa, Middle East. While global supply chain constraints eased, high price inflation led central banks to increase interest rates, which together with high energy costs impacted manufacturing industries. This impacted predominantly consumer- and building-related industries whereas production of investments goods still benefited from converting high order backlogs into current revenue. The entire manufacturing industry experienced a destocking of inventories as a countereffect of proactive ordering in the previous fiscal year. This was most evident in distributor channels and resulted in a significant decline in orders for automation equipment. Discrete industries, which are closer to consumer spending than process industries, were impacted earlier and more strongly than process industries, which are more project-based. The global automotive industry recovered throughout the year following a weak prior year, and benefited from improved supply chain conditions. Production of electric vehicles continued to increase. On a geographic basis, China, Japan, the U.S. and countries of the European Union saw a strong catchup of production mainly in the first half of the fiscal year. The machine-building industry grew strongly in the first half of fiscal 2023 but growth in major countries such as China, Germany, Japan and countries of the European Union came to a halt or market volume even declined in the second half of the fiscal year due to less favorable investment conditions caused by rising interest rates and a more cautious investment sentiment in consumer industries. Within the pharmaceutical and the chemicals industries, the pharmaceutical industry grew throughout the fiscal year, but with slower momentum towards the end of the fiscal year. In contrast, production in the chemicals industries declined in fiscal 2023. This was particularly evident within the countries of the European Union due mainly to high energy costs. The food and beverage industry grew strongly at the beginning of the fiscal year, driven by strong price increases. In the second half of the fiscal year, growth slowed considerably, reflecting weaker consumer spending. The market for electronics and semiconductors declined markedly at the beginning of fiscal 2023 but began to stabilize during the second half of the fiscal year. The decline, which was particularly evident in countries such as Taiwan and Korea with a focus on semiconductor production, was due among other factors to shrinking consumer demand following unusually high demand during the COVID-19 pandemic. For fiscal 2024, markets served by Digital Industries are expected to grow markedly slower than in fiscal 2023. While industrial software markets are expected to grow clearly, short-cycle markets served by Digital Industries are expected to contract slightly. Among other factors, rebalancing of supply chains, trade conflicts, effects from geopolitical tensions, cautious consumer spending and downsizing of inventories, mainly in distribution channels, are expected to weigh on market growth.

3.3 Smart Infrastructure

Smart Infrastructure offers products, systems, solutions, services and software to support the global transition from fossil to renewable energy sources, and the associated transition to smarter, more sustainable buildings and communities. Smart Infrastructure's versatile portfolio consists of buildings, electrification, and electrical products. Its buildings portfolio addresses the needs of operators, owners, occupants and users of buildings. It spans integrated building management systems and software; heating, ventilation and air conditioning controls; fire safety and security products and systems; and solutions and services such as energy performance services. With its electrification portfolio, Smart Infrastructure 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 fluorinated gas-free (F-gas-free) medium-voltage switchgear; and low-voltage switchboards and eMobility charging infrastructure. The electrical products portfolio addresses industrial and building applications. 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.

Smart Infrastructure's customer and end user 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 process industries such as oil and gas, pharmaceuticals 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 direct sales organizations, distributors and partners such as panel builders, original equipment manufacturers and value-added resellers and installers. To address more complex customer requirements, Smart Infrastructure uses its dedicated sales forces within its country organization. Furthermore, Smart Infrastructure provides e-commerce platforms or marketplaces where customers can directly place orders on-line, either via a web shop or via electronic interfaces, and sells its broad range of digital offerings and connected devices via Siemens Xcelerator. These digital sales channels and e-commerce platforms are becoming increasingly important and Smart Infrastructure therefore is continuously strengthening its digital omni-channel marketing and e-commerce platforms.

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 the customer segment and offering. Demand for Smart Infrastructure's electrical and building products offerings is driven strongly by macroeconomic cycles, while demand for its systems and solutions offerings changes more slowly, with a time lag of several quarters. In contrast, demand for service offerings shows only limited influence from macroeconomic cycles. 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 to increase the share of overall revenue that comes from services.

Smart Infrastructure benefits from a number of major **trends**. These include urbanization, demographic change, decarbonization, and digitalization. Urbanization and demographic change drive a need for smarter and more human-centric buildings. Climate change drives the need for decarbonization and digitalization. This results in an increasing demand for flexible and resilient energy infrastructures including rapid growth in electric mobility and more sustainable buildings. 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 decarbonizing offerings for buildings, utilities and industrial customers. Smart Infrastructure develops digital offerings for stable operation of electrical grids with a high share of renewable energy. In this regard, data from field devices is the basis for intelligent grid control and protection, providing grid flexibility and continuously matching energy supply and demand while protecting grid assets. Furthermore, it develops technologies for environmentally friendly and increasingly renewable-based energy systems, ranging from climate-friendly F-gas-free switchgear for medium voltage to charging solutions for e-mobility and grid integration of green hydrogen production. R&D efforts also strengthen Smart Infrastructure's capabilities to improve the sustainability, performance and attractiveness of buildings. Smart Infrastructure is expanding its digital offerings such as cloud solutions using field data from controllers and IoT devices and the business platform Building X on the principles of openness and modularity of Siemens Xcelerator. These and other offerings are enhanced using AI and large language models. For electrical distribution systems and industrial plants, Smart Infrastructure continuously drives digitalization of its switching and control products with connectivity to the cloud, remote diagnostics and edge computing capability. Smart Infrastructure puts an increasing focus of R&D on the sustainability of its products along the lifecycle, incorporating environmentally friendly designs, materials and processes. 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 €)	2023	2022	Actual	Comp.
Orders	**22,333**	20,798	7%	7%
Revenue	**19,946**	17,353	15%	15%
therein: service business	***4,243***	*3,856*	*10%*	*11%*
Profit	**3,074**	2,222	38%	
Profit margin	**15.4%**	12.8%		

Smart Infrastructure showed very strong performance in fiscal 2023. **Orders** increased clearly compared to the high prior-year level, which included proactive purchasing by customers. Growth was mainly driven by the electrification business and included a number of larger contract wins from data center, semiconductor, power distribution and battery manufacturing customers. **Revenue** rose in all businesses, with the strongest growth contributions coming from the electrification and the electrical products businesses. On a geographic basis, orders and revenue rose in all three reporting regions. The strongest growth contribution came from the Americas region, driven by the U.S., while growth in the Asia, Australia region was held back by declines in China, which were due mainly to negative currency translation effects. **Profit** also rose in all businesses. Growth in profit and profitability was driven by the electrical products and the electrification businesses due to higher revenue, by increased capacity utilization and by cost reductions achieved through the execution of Smart Infrastructure's competitiveness program. Severance charges were €50 million, up from €28 million a year earlier. At the end of fiscal 2023, Smart Infrastructure's order backlog was €16 billion, of which €10 billion are expected to be converted into revenue in fiscal 2024.

Overall, **markets** served by Smart Infrastructure grew clearly in fiscal 2023. Market dynamics were influenced by a further recovery from COVID-19-related effects; easing of supply chain and logistics constraints, which resulted in shorter lead times for order fulfillment; strong price inflation; and effects from the war in Ukraine. Furthermore, rising interest rates burdened building construction markets. On a geographic basis, all reporting regions contributed to growth. Price inflation affected all regions and was particularly high in the U.S. While on the one hand rising interest rates impacted growth in the U.S., economic activity was boosted by stimulus programs on the other hand. In China, the recovery from lockdown measures was significantly weaker than expected, which also impacted growth dynamics in other countries, while Europe was most strongly affected by the war in Ukraine and high energy prices. Grid markets grew clearly, driven by demand for integration of energy from renewable resources. Industrial markets also grew clearly on strong demand in the battery, semiconductor, and automotive industries. The buildings market overall also grew but activity in the commercial building market rose only moderately. In fiscal 2024, markets served by Smart Infrastructure are expected to grow clearly but at a slower pace than in fiscal 2023 due to a substantially lower effect from price inflation and a cooling of the general economic environment. While growth is expected to be weak in residential and commercial building markets and in some industrial markets, continued robust demand is expected for data centers and power distribution. Overall, market development in fiscal 2024 is expected to continue to be influenced by rebalancing of supply chains, trade conflicts and effects from geopolitical tensions.

3.4 Mobility

Mobility combines all Siemens businesses in the area of rail passenger and rail freight transportation. Within its rolling stock business, its offerings encompass vehicles and selected components for urban and regional transport such as 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 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 signaling crossing products and yard and depot solutions; and for electrification such as AC and DC traction power supply, contact lines and network control. With its service business, Mobility provides maintenance and digital services, among others, for rolling stock and rail infrastructure throughout the entire lifecycle. In its turnkey business, it bundles consulting, planning, financing, construction, service and operation of complete mobility systems. Mobility's software business comprises train planning systems, trip planning, mobile ticketing, Mobility as a Service (MaaS) platforms, on-demand transportation and fleet management, data analytics, and inventory and reservation management.

Mobility sells its products, systems and solutions through its worldwide network of sales and execution 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 and may lead to increased competitive pressure within the rail transport industry and also to fewer sourcing options for rail customers.

The main **trends** driving Mobility's markets are urbanization, decarbonization and digitalization. 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 generates growth opportunities for providers of such solutions. IoT systems and new software-based solutions such as MaaS are expected to become major growth enablers for the rail industry. Overall trends towards urbanization, decarbonization and digitalization persist and 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 reducing life-cycle costs of rail infrastructure and rolling stock, securing system availability, increasing network capacity of rail infrastructure, optimizing the processes of rail operators and improving passenger experience. With Siemens Xcelerator, Mobility intends to make software more modular and increasingly move it to the cloud. At the same time, Mobility intends to enhance connectivity of hardware and software and provide open application programming interfaces. Thereby Mobility accelerates the pace and impact of digital innovation, which in turn benefits owners, operators, and customers of rail transport. Mobility's major R&D areas include the development of efficient vehicle platforms with optimized lifecycle cost; eco-friendly, alternative power supplies for trains; the Railigent X open application suite for maintenance of rail assets; smart connected products; the Distributed Smart Safe System (DS3), which allows for hardware-independent and cloud-enabled signaling; automatic train operation for European Train Control System (ETCS); safe artificial intelligence for driverless trains; air-free brake systems, 5G for wireless-based activities; the Mobility Software Suite X for operators and passengers; and cyber security. Mobility's **investments** focus mainly on maintaining or enhancing its production facilities, on meeting project demands, and on enhancing its depot services.

(in millions of €)	Fiscal year 2023	Fiscal year 2022	% Change Actual	% Change Comp.
Orders	**20,629**	13,200	56%	65%
Revenue	**10,549**	9,692	9%	15%
therein: service business	***1,710***	*1,592*	*7%*	*9%*
Profit	**882**	794	11%	
Profit margin	**8.4%**	8.2%		

Order intake at Mobility exceeded the record level a year earlier on sharply higher volume from large orders. Contract wins in fiscal 2023 were highlighted by an order worth €2.9 billion for locomotives and associated maintenance in India, a €2.5 billion order for the first line of a turnkey rail system in Egypt and a €2.1 billion order for suburban trains in Germany. Order intake a year earlier included among others an order worth €1.5 billion for high-speed trains in Germany. **Revenue** rose on growth in nearly all businesses with the strongest contribution coming from the rolling stock business, and was supported by improved availability of components. On a geographic basis, revenue grew in all three reporting regions. Nominal volume development was held back by the fiscal 2022 divestment of Yunex Traffic, resulting in a portfolio effect which took four percentage points from order growth and five percentage points from revenue growth in the current period. As with revenue, **profit** and profitability rose in nearly all businesses. Profit in fiscal 2023 included a positive €0.2 billion in trailing effects related to the winding down of business activities in Russia a year earlier, which burdened prior-year profit by €0.6 billion in impairments and other charges. In addition, profit in fiscal 2022 included impacts from supplier delays and COVID-19 effects. These burdens were largely offset by a gain of €0.7 billion from the sale of Yunex Traffic. Severance charges were €25 million, compared to €27 million a year earlier. Mobility's order backlog rose to €45 billion at the end of the fiscal year, of which €11 billion are expected to be converted into revenue in fiscal 2024.

Markets served by Mobility grew significantly in fiscal 2023, supported by long-term trends such as urbanization, decarbonization and increasing demand for digital solutions. Market dynamics in fiscal 2023 also benefited from receding material shortages and easing of supply chain constraints. On a geographic basis, all regions contributed to market growth, highlighted by large and very large orders in Germany, the U.S., Egypt and India, among others. The market for rolling stock included large orders for high-speed trains, commuter trains and locomotives in Europe, India and Egypt. Growth in North America included major investments in new and existing fleets, especially for urban transport. Growth in the rail infrastructure market was driven mainly by digitalization, deployment of ETCS technology and track electrification, for example with projects in Europe and Asia. For fiscal 2024, markets served by Mobility are expected to grow clearly, benefiting from the above-mentioned trends and with all reporting regions contributing to growth. Market expansion is expected to be supported by a large number of public investment programs. Mobility anticipates that rail operators in Europe, particularly in Germany and in the U.K., will continue making significant investments in rolling stock and advanced rail infrastructure solutions and that customers in the Middle East and Africa will tender large turnkey projects, especially in North Africa and the Middle East such as in in Egypt, Saudi Arabia and the United Arab Emirates. Markets in the U.S. are expected to remain strong, especially due to ongoing investments in rolling stock, particularly for mainline and light rail transport; within the infrastructure market demand is expected to continue for mass transit including communications-based train control technology and from a developing market for rail freight solutions. In Asia, markets in India are expected to grow strongly with investments in mainline transport (high-speed trains, freight infrastructure, rolling stock fleet renewals and expansions of large commuter rail and locomotive tenders), urban metros and rail electrification driving growth.

3.5 Siemens Healthineers

Siemens as majority shareholder holds just over 75% of the shares of the publicly listed **Siemens Healthineers** AG, Germany. Siemens Healthineers is a global provider of healthcare products, solutions and services. It develops, manufactures, and sells a diverse range of diagnostic and therapeutic products and services to healthcare providers. In addition, Siemens Healthineers also provides clinical consulting services, as well as an extensive range of training and service offerings. This comprehensive portfolio supports customers along the entire care continuum, from prevention and early detection through 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/joint medical practices, public health agencies, public and private health insurers, through to pharmaceutical companies and clinical research institutes. The imaging business provides imaging products, services, and solutions as well as digital offerings. Its most important products are devices for magnetic resonance imaging, computed tomography, X-ray, molecular imaging, and ultrasound. The diagnostics business comprises in-vitro diagnostic products and services that are offered to healthcare providers in the fields of laboratory and point-of-care diagnostics. The Varian business provides multi-modality cancer care technologies along with solutions and services to oncology departments in hospitals and clinics. The portfolio of the advanced therapies business consists of highly integrated products, services, and solutions across multiple clinical fields that are designed to support image-guided minimally invasive treatments, in areas such as cardiology, interventional radiology, and surgery. 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. Markets of Siemens Healthineers are characterized by long-term stability, though, over the long term, these markets may also experience shorter-term fluctuations arising from macroeconomic and health political developments, such as changes in health policy, regulation or reimbursement systems. Because a substantial portion of Siemens Healthineers' revenue stems from recurring business, growth opportunities can be pursued from a stable foundation of profit.

The addressable markets of Siemens Healthineers are shaped by four major **trends**. The first is demographic developments, in particular the growing and aging global population. This trend poses major challenges for global healthcare systems and, at the same time, offers an opportunity for healthcare providers as the demand for cost-efficient healthcare solutions increases. 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 non-communicable diseases as a consequence of an aging population and environmental and lifestyle-related changes. This trend results in far more patients with multiple morbidities, increasing the need for new ways to detect and treat diseases in a timely manner. The fourth global trend, the transformation of healthcare providers such as hospitals and laboratories, results from a combination of societal and market forces that are driving healthcare providers to operate and organize their businesses differently. This development is driven partly by staff shortages, society's increasing resistance to healthcare costs, the growing professionalization of health insurance and governmental healthcare systems, burdens from chronic diseases and the rapid scientific progress. The growing cost pressure will continue to drive new remuneration models for healthcare services such as value-based reimbursement instead of treatment-based reimbursement. As a result of these factors, there's a trend of consolidation of healthcare providers into networks. The aim of the resulting larger clinic and laboratory chains, often operating internationally and acting increasingly like large corporations are systematic improvements in quality, while at the same time reducing costs. This development leads to an increased demand for standardized and scalable systems and solutions as well as new business models.

R&D activities at Siemens Healthineers are aimed at offering innovative and sustainable solutions for diagnostics and therapy to its customers. Artificial intelligence, sensors, and robotics are focal points of the R&D activities at Siemens Healthineers. A growing share of the R&D activities is devoted to improving the sustainability of the products. Furthermore, the systems of Siemens Healthineers regularly receive extensive software releases to improve user friendliness and add innovative applications. **Investments** at Siemens Healthineers were mainly for spending for factories to expand manufacturing and technical capabilities, in particular in the U.S. and China, for measures related to improving operational efficiency and for additions to intangible assets, including capitalized development expenses for products within the Atellica product line.

	Fiscal year		% Change	
(in millions of €)	2023	2022	Actual	Comp.
Orders	**24,499**	25,556	(4)%	(2)%
Revenue	**21,681**	21,715	0%	1%
Profit	**2,527**	3,369	(25)%	
Profit margin	**11.7%**	15.5%		

In fiscal 2023, Siemens Healthineers recorded a decrease of **orders,** while **revenue** was on the prior-year level. While the imaging and Varian businesses in particular delivered growth in both orders and revenue, this was offset by a substantial decline in the diagnostics business. On a geographic basis, revenue was on the prior-year level in all regions; in the Asia, Australia region reported revenue was held back by negative currency translation effects. **Profit** declined primarily due to substantially lower revenue from rapid coronavirus antigen tests in the diagnostics business, which also recorded charges of €0.2 billion related to its transformation program. In addition, profitability was burdened by impairments and other charges totaling €0.3 billion due to a management decision to refocus certain activities in the advanced therapies business. The imaging and Varian businesses increased their profit contributions on higher revenue. Severance charges were €167 million in fiscal 2023, compared to €71 million a year earlier. The order backlog for Siemens Healthineers was €34 billion at the end of the fiscal year, of which €11 billion are expected to be converted into revenue in fiscal 2024.

In general, the addressable global **markets** of Siemens Healthineers excluding rapid coronavirus antigen tests grew moderately in fiscal 2023. From a regional perspective, the Asia, Australia region saw market growth in most businesses; in China, government subsidy programs, among others, including the program of lending incentives associated with the economic stimulus package, had a positive effect on investment by healthcare providers. In the region Europe, C.I.S., Africa, Middle East, government subsidy programs, among others, were able to support growth in most businesses. In the U.S., market growth was recorded in all businesses. Globally, higher volume in the market for the imaging business was generated thanks to the high level of order backlogs resulting from demand catch-up effects, on the one hand, and investments in diagnostic imaging equipment in reaction to announced price hikes, on the other hand. The imaging market is expected to grow moderately overall in fiscal 2024, driven mainly by pent-up demand for the major imaging modalities. Within the diagnostics business, demand for rapid coronavirus antigen tests declined sharply after the COVID-19 pandemic ceased to be a global health emergency and the incidence of COVID-19 infections subsided. The market for the diagnostics business is expected to achieve slight growth in fiscal 2024, excluding COVID-19 testing. In the market for Varian, overall market growth, especially in the U.S. and Western Europe, was boosted mainly by increasing demand for product innovations and services as well as by an intact replacement market. For this reason, the market for Varian is expected to grow clearly in fiscal 2024. For advanced therapies business, government subsidy programs, including lending incentives enacted as part of the economic stimulus package in China along with EU investment programs, positively influenced market development. The expectation for the advanced therapies business is that the market will continue to grow moderately in fiscal 2024.

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, working capital and structured financing solutions and offers a broad range of equipment and project financing. In addition, SFS supports Siemens' industrial businesses with financial advisory services and 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 Siemens' industrial businesses to co-develop new digital business models, and also supports its customers through targeted financings in sustainable technologies and projects.

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Earnings before taxes (EBT)	**563**	498
therein: equity business	***201***	*269*
ROE (after taxes)	**16.3%**	15.6%

(in millions of €)	Sep 30, 2023	Sep 30, 2022
Total assets	**32,915**	33,263

Siemens Financial Services in fiscal 2023 recorded higher **earnings before taxes** in the debt business despite a volatile credit environment. In the prior period, earnings before taxes were burdened by €0.2 billion in connection with the sale of the financing and leasing business in Russia at the end of the fiscal year. The equity business recorded strong results. While both periods under review included gains from the sales of equity investments, fiscal 2022 additionally included higher gains from fair value measurements of investments and gains from energy-related investments in connection with rising prices in global energy markets.

Net cash from operations (defined as the sum of cash flows from operating and investing activities) amounted to €(733) million compared to €(616) million in fiscal 2022. In fiscal 2023 and fiscal 2022, net cash from operations comprised Free cash flow of €852 million and €985 million, respectively, while remaining cash flows from investing activities, including from changes in receivables from financing activities, comprised €(1,585) million and €(1,601) million, respectively.

Despite the increase in receivables from financing activities, **total assets** decreased since the end of fiscal 2022 due primarily to negative currency translation effects.

SFS's business scope and capital allocation is focused 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 the industrial businesses, among other factors, including macroeconomic effects such as inflation or recession which could impact the credit risk of customers. 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 combined with another business in the same industry, sold, placed into an external private equity partnership, or exited via a public listing.

At the end of fiscal 2023, Portfolio Companies consisted mainly of three separately managed units: Large Drives Applications offers electric motors, converters and mining solutions. Siemens Logistics offers sorting technology and solutions focused on handling baggage and cargo in airports. Siemens Energy Assets comprises certain regional business activities of the former Gas and Power segment; as part of the Siemens Energy carve-out these activities remained so far with Siemens due to country-specific regulatory restrictions or economic considerations.

Demand within the industries served by Portfolio Companies mainly shows a delayed response to changes in the overall economic environment. Financial results 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 heterogonous industrial customer base of the separately managed units requires a dedicated sales approach based on in-depth understanding of specific industries and customer requests, resulting in the use of various sales and marketing channels for Portfolio Companies.

	Fiscal year		% Change	
(in millions of €)	2023	2022	Actual	Comp.
Orders	**4,016**	3,995	1%	15%
Revenue	**3,313**	3,234	2%	19%
Profit	**343**	1,520	(77)%	
Profit margin	**10.3%**	47.0%		

In fiscal 2023, **orders and revenue** increased in all businesses. While order growth was driven by higher volume from larger orders, most evidently at the Airport Logistics business of Siemens Logistics, revenue increased mainly at Large Drives Applications in part due to strong conversion of the order backlog. Primarily due to the sale of the mail and parcel-handling business of Siemens Logistics in the fourth quarter of fiscal 2022, portfolio effects took eleven and 13 percentage points from orders and revenue, respectively. The strong **profit** was driven by Siemens Energy Assets and Large Drives Applications. Additionally, Portfolio Companies recorded a gain of €0.1 billion from the sale of the Commercial Vehicles business. For comparison, profit in fiscal 2022 included a gain of €1.1 billion from the sale of the mail and parcel-handling business of Siemens Logistics and a revaluation gain of €0.3 billion in connection with the sale of the equity investment in Valeo Siemens eAutomotive GmbH. Portfolio Companies recorded lower severance charges of €12 million, down from €20 million in fiscal 2022.

Although the broad range of businesses is operating in diverse markets, overall the main **markets** served by Portfolio Companies are generally impacted by uncertainties regarding geopolitical and economic developments which tend to trigger customer caution regarding purchasing decisions. After the post-pandemic recovery, a normalizing growth momentum is expected in most end-customer vertical markets in fiscal 2024.

At the beginning of fiscal 2024, Large Drives Applications and certain business activities which were transferred from Digital Industries are combined in the areas of low- to high-voltage motors, geared motors, medium-voltage converters and motor spindles under a new separately managed unit, Innomotics. If the transfer from Digital Industries had already existed at the beginning of fiscal 2023, Portfolio Companies would have posted orders of €5,317 million, revenue of €4,699 million, profit of €457 million and a profit margin of 9.7%. Portfolio Companies' order backlog amounted to €5 billion at the beginning of fiscal 2024, of which €3 billion are expected to be converted into revenue in fiscal 2024.

3.8 Reconciliation to Consolidated Financial Statements

Profit

	Fiscal year	
(in millions of €)	2023	2022
Siemens Energy Investment	**668**	(2,911)
Siemens Real Estate	**67**	118
Innovation	**(195)**	(190)
Governance	**(451)**	(582)
Centrally carried pension expense	**(104)**	(113)
Amortization of intangible assets acquired in business combinations	**(865)**	(990)
Financing, eliminations and other items	**(256)**	(474)
Reconciliation to Consolidated Financial Statements	**(1,135)**	(5,141)

The result for **Siemens Energy Investment** was driven by a gain of €1.6 billion from a partial reversal of an impairment on Siemens' stake in Siemens Energy AG (fiscal 2022 included an impairment of €2.7 billion), a gain of €0.3 billion resulting from the transfer of a stake in Siemens Energy AG to Siemens Pension-Trust e.V., and a gain of €0.2 billion which was recorded in connection with a capital increase by Siemens Energy AG in which Siemens did not participate. These gains were partly offset by Siemens' share of Siemens Energy's after-tax loss and expenses from amortization of assets resulting from purchase price allocation totaling €1.5 billion (fiscal 2022: totaling €0.2 billion).

Financing, eliminations and other items included a revaluation loss of €0.2 billion on the stake in Thoughtworks Holding Inc. (fiscal 2022: a loss of €0.3 billion). For comparison, fiscal 2022 included also impacts totaling €0.5 billion at Corporate Treasury, resulting from the sale of Siemens' financing and leasing business in Russia, as well as a loss of €0.1 billion resulting from applying hyperinflation accounting. These effects were partly offset in fiscal 2022 by a gain of €0.5 billion in connection with an investment accounted for using the equity method mainly due to fair value measurement.

4. Results of operations

4.1 Orders and revenue by region

Currency translation effects took two percentage points each from order and revenue growth year-over-year, respectively. Portfolio measures, including the sale of Yunex Traffic in the third quarter of fiscal 2022 and the mail and parcel-handling business of Siemens Logistics in the fourth quarter of fiscal 2022, took one percentage point each from order and revenue growth year-over-year. The ratio of orders to revenue (book-to-bill) for Siemens in fiscal 2023 was 1.19. The order backlog as of September 30, 2023 was €111 billion.

Orders (location of customer)

	Fiscal year		% Change	
(in millions of €)	2023	2022	Actual	Comp.
Europe, C.I.S., Africa, Middle East	**42,679**	42,373	1%	4%
therein: Germany	***15,164***	*15,046*	*1%*	*3%*
Americas	**26,540**	25,646	3%	3%
therein: U.S.	***22,093***	*21,563*	*2%*	*2%*
Asia, Australia	**23,085**	20,990	10%	15%
therein: China	***8,798***	*10,831*	*(19)%*	*(15)%*
Siemens (continuing operations)	**92,305**	89,010	4%	7%

On a **worldwide basis**, growth in orders related to external customers came on a sharp increase at Mobility and clear order growth at Smart Infrastructure; both businesses reported higher order intake across all regions year-over-year. Digital Industries and, to a lesser extent, Siemens Healthineers recorded order declines from high bases of comparison. Siemens Healthineers again had the highest order contribution.

In the **Europe, C.I.S., Africa, Middle East** region, order intake increased by double digits at Mobility, including a €2.5 billion order for the first line of a turnkey rail system in Egypt and a €2.1 billion order for suburban trains in Germany. Smart Infrastructure recorded clear order growth, whereas Digital Industries showed a double-digit decline year-over-year from a high base of comparison, due to its automation businesses. Orders at Siemens Healthineers declined year-over-year primarily due to lower demand for rapid coronavirus antigen tests in the diagnostics business. Within the region, **Germany** showed a pattern similar to the region overall.

Order intake rose in both the **Americas** region and in the **U.S.** on double-digit increases at Mobility and Smart Infrastructure, whereas Siemens Healthineers recorded a moderate order decline.

In the **Asia, Australia** region, order intake was up on a sharp increase at Mobility, including a €2.9 billion order for locomotives and associated maintenance in India, combined with slight order growth at Smart Infrastructure. Orders declined at Digital Industries and Siemens Healthineers. Within the region in **China**, order declines were reported in most of the industrial businesses, except at Mobility with significant growth. Overall, order intake both in the region and in China was strongly burdened by negative currency translation effects.

Revenue (location of customer)

	Fiscal year		% Change	
(in millions of €)	2023	2022	Actual	Comp.
Europe, C.I.S., Africa, Middle East	**36,664**	33,481	10%	12%
therein: Germany	***12,718***	*11,961*	*6%*	*9%*
Americas	**22,615**	20,680	9%	9%
therein: U.S.	***18,561***	*17,241*	*8%*	*7%*
Asia, Australia	**18,489**	17,816	4%	10%
therein: China	***9,367***	*9,557*	*(2)%*	*4%*
Siemens (continuing operations)	**77,769**	71,977	8%	11%

Worldwide, revenue related to external customers rose significantly at Smart Infrastructure and Digital Industries, while Mobility posted clearly higher revenue growth year-over-year. Revenue at Siemens Healthineers came in level with fiscal 2022 and was again the highest among industrial businesses.

Revenue in **Europe, C.I.S., Africa, Middle East** increased with double-digit growth contributions from Digital Industries and Smart Infrastructure. Mobility reported clear revenue growth, which was held back by portfolio effects stemming from the sale of Yunex traffic in fiscal 2022. Revenues at Siemens Healthineers decreased slightly. Within the region in **Germany**, the same pattern applied for Digital Industries and Smart Infrastructure, while revenues at Mobility came in flat. A decline in Germany at Siemens Healthineers was primarily due to lower demand for rapid coronavirus antigen tests in the diagnostics business.

In the **Americas** region, revenue was up in all four industrial businesses led by Smart Infrastructure with double-digit growth. Within the region in the **U.S.**, Mobility and Siemens Healthineers reported slight revenue decreases.

In the **Asia, Australia** region, revenue was up by on double-digit increase at Mobility, followed by revenue growth at Digital Industries and Smart Infrastructure. As with orders, revenue development both in the region and in **China** was held back by strong negative currency translation effects, which turned revenue development negative in China for Smart Infrastructure and Digital Industries. Mobility also recorded a revenue decline in China.

4.2 Income

(in millions of €, earnings per share in €)	Fiscal year 2023	2022	% Change
Digital Industries	**4,947**	3,892	27%
Smart Infrastructure	**3,074**	2,222	38%
Mobility	**882**	794	11%
Siemens Healthineers	**2,527**	3,369	(25)%
Industrial Business	**11,430**	10,277	11%
Profit margin Industrial Business	***15.4%***	*15.1%*	
Siemens Financial Services	**563**	498	13%
Portfolio Companies	**343**	1,520	(77)%
Reconciliation to Consolidated Financial Statements	**(1,135)**	(5,141)	78%
Income from continuing operations before income taxes	**11,201**	7,154	57%
Income tax expenses	**(2,687)**	(2,741)	2%
Income from continuing operations	**8,514**	4,413	93%
Income (loss) from discontinued operations, net of income taxes	**15**	(21)	n/a
Net income	**8,529**	4,392	94%
Basic EPS	**10.04**	4.65	116%
EPS pre PPA	**10.77**	5.47	97%
ROCE	**18.6%**	10.0%	

As a result of the developments described in chapter 3, **Income from continuing operations before income taxes** increased by 57%. Severance charges for continuing operations were €430 million, of which €351 million were in Industrial Business. In fiscal 2022, severance charges for continuing operations were €272 million, of which €190 million were in Industrial Business.

The tax rate in fiscal 2023 was 24% (fiscal 2022: 38%), benefiting from tax-free gains in relation to the partial reversal of an impairment on Siemens' stake in Siemens Energy AG and the contribution of a stake in Siemens Energy AG to Siemens Pension-Trust e.V. Moreover, the gain recorded in connection with the capital increase by Siemens Energy AG was also tax-free. These positive influences on the tax rate were partly offset by our participation in the after-tax loss at Siemens Energy, which was not tax-deductible. As a result, the increase in **Income from continuing operations** was 93%.

The increase in **Basic EPS** and in **EPS pre PPA** reflects the increase of Net income attributable to Shareholders of Siemens AG, which was €7,949 million in fiscal 2023 compared to €3,723 million in fiscal 2022, combined with a lower number of weighted average shares outstanding. Our investment in Siemens Energy AG contributed €0.84 to the increase of EPS pre PPA.

At 18.6%, **ROCE** was back in the target range established in our Siemens Financial Framework. The increase year-over-year was due primarily to sharply higher income before interest after tax.

4.3 Research and development

In fiscal 2023, we reported research and development expenses of €6.2 billion, compared to €5.6 billion in fiscal 2022. The resulting R&D intensity, defined as the ratio of R&D expenses to revenue, was 8.0% (fiscal 2022: 7.8%). Additions to capitalized development expenses amounted to €0.3 billion as in the prior year. As of September 30, 2023, Siemens worldwide held approximately 45,000 granted patents in its continuing operations. On average, we had 50,029 R&D employees in fiscal 2023.

Our research and development activities are ultimately geared to developing innovative, sustainable solutions for our customers – and our 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.

Siemens' core technologies have been determined to be critical for our Company's long-term success and that of our customers. They are bundled in eleven technology areas: additive manufacturing and materials (from fiscal 2024 on: advanced manufacturing and circularity), cybersecurity and trust, data analytics and artificial intelligence, power electronics, simulation and digital twin, sustainable energy and infrastructure, future of automation, integrated circuits and electronics, connectivity and edge, software systems and processes, and user experience.

We advance technologies also through our open innovation concept. We work closely with scholars from leading universities, research institutions and academic start-ups, not only under bilateral cooperation agreements but also in publicly funded collective projects. Our focus here is on our strategic research partners and in particular the Siemens Research and Innovation Ecosystems, which we maintain at 16 locations 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 our Company and our customers to grow and thrive in the age of digitalization.

5. Net assets position

(in millions of €)	Sep 30, 2023	2022	% Change
Cash and cash equivalents	**10,084**	10,465	(4)%
Trade and other receivables	**17,405**	16,701	4%
Other current financial assets	**10,605**	9,696	9%
Contract assets	**7,581**	7,559	0%
Inventories	**11,548**	10,626	9%
Current income tax assets	**1,363**	1,432	(5)%
Other current assets	**1,955**	1,935	1%
Assets classified as held for disposal	**99**	413	(76)%
Total current assets	**60,639**	58,829	3%
Goodwill	**32,224**	33,861	(5)%
Other intangible assets	**10,641**	12,196	(13)%
Property, plant and equipment	**11,938**	11,733	2%
Investments accounted for using the equity method	**3,014**	4,955	(39)%
Other financial assets	**22,855**	25,903	(12)%
Deferred tax assets	**2,231**	2,459	(9)%
Other assets	**1,523**	1,565	(3)%
Total non-current assets	**84,428**	92,673	(9)%
Total assets	**145,067**	151,502	(4)%

Our total assets at the end of fiscal 2023 were influenced by negative currency translation effects of €7.6 billion (particularly affecting goodwill and other financial assets), primarily involving the U.S. dollar.

The increase in **other current financial assets** was driven mainly by higher loans receivable at SFS, which were mainly due to new business and reclassification of loans receivable from other financial assets due to a reassessment of the expected repayment dates. The latter was a major factor also for the decrease of **other financial assets**, along with decreased positive fair values of derivative financial instruments.

Inventories increased in all industrial businesses, with the build-up most evident at Mobility and Siemens Healthineers.

The decrease of **other intangible assets** resulted mainly from negative currency translation effects and from impairments recorded at Siemens Healthineers.

Our investment in Siemens Energy AG was the main factor for the decrease of **investments accounted for using the equity method**. For further information see Note 4 in Notes to Consolidated Financial Statements for fiscal 2023.

6. Financial position

6.1 Capital structure

(in millions of €)	Sep 30, 2023	2022	% Change
Short-term debt and current maturities of long-term debt	**7,483**	6,658	12%
Trade payables	**10,130**	10,317	(2)%
Other current financial liabilities	**1,601**	1,616	(1)%
Contract liabilities	**12,571**	12,049	4%
Current provisions	**2,320**	2,156	8%
Current income tax liabilities	**2,566**	2,381	8%
Other current liabilities	**8,182**	7,448	10%
Liabilities associated with assets classified as held for disposal	**50**	61	(19)%
Total current liabilities	**44,901**	42,686	5%
Long-term debt	**39,113**	43,978	(11)%
Provisions for pensions and similar obligations	**1,426**	2,275	(37)%
Deferred tax liabilities	**1,655**	2,381	(30)%
Provisions	**1,794**	1,857	(3)%
Other financial liabilities	**1,453**	1,867	(22)%
Other liabilities	**1,666**	1,654	1%
Total non-current liabilities	**47,106**	54,011	(13)%
Total liabilities	**92,007**	96,697	(5)%
Debt ratio	***63%***	*64%*	
Total equity attributable to shareholders of Siemens AG	**47,791**	48,895	(2)%
Equity ratio	***37%***	*36%*	
Non-controlling interests	**5,270**	5,910	(11)%
Total liabilities and equity	**145,067**	151,502	(4)%

The increase in **short-term debt and current maturities of long-term debt** was due mainly to reclassifications of long-term instruments totaling €5.3 billion. This was partly offset by the repayment of euro, U.S. dollar and British pound instruments totaling €4.6 billion.

Long-term debt decreased due primarily to the above-mentioned reclassifications and currency translation effects of €1.9 billion on bonds issued in the U.S. dollar and British pound. Set against this were mainly increases of €2.5 billion from the issuance of euro bonds.

The contribution of a stake in Siemens Energy AG to Siemens Pension-Trust e.V. led to a decrease of **provisions for pensions and similar obligations**. Additional major effects resulted from returns on plan assets and actuarial gains and losses. For further information see Note 17 in Notes to Consolidated Financial Statement for fiscal 2023.

The main factors for the decrease in **total equity attributable to shareholders of Siemens AG** were a negative other comprehensive income, net of income taxes, of €4.0 billion resulting mainly from currency translation; dividend payments of €3.4 billion (for fiscal 2022); and changes in equity totaling €1.6 billion resulting from an equity transaction at Siemens Energy AG. These factors were largely offset by €7.9 billion in net income attributable to shareholders of Siemens AG. In fiscal 2023, Siemens cancelled 50 million treasury shares, thereby reducing issued capital by €150 million and retained earnings by €5.1 billion.

Capital structure ratio

Our capital structure ratio as of September 30, 2023 decreased to 0.6 from 1.0 a year earlier. The change was due to a decrease in Industrial net debt and a higher EBITDA.

Debt and credit facilities

As of September 30, 2023, we recorded, in total, €40.9 billion in notes and bonds, €2.2 billion in loans from banks, €0.5 billion in other financial indebtedness and €2.9 billion in lease liabilities. Notes and bonds were issued mainly in the U.S. dollar and the 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, 2023.

For further information about our debt see Note 16 in Notes to Consolidated Financial Statements for fiscal 2023. For further information about the functions and objectives of our financial risk management see Note 25 in Notes to Consolidated Financial Statements for fiscal 2023.

Off-balance-sheet commitments

As of September 30, 2023, the undiscounted amount of maximum potential future payments related primarily to credit and performance guarantees amounted to €6.2 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 €0.4 billion which result mainly from other guarantees and legal proceedings. Other guarantees include €0.1 billion, 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 Notes 21 and 25 in Notes to Consolidated Financial Statements for fiscal 2023.

Share buyback

The share buyback program announced on June 24, 2021 with a volume of up to €3 billion ending September 15, 2026, at the latest, began on November 15, 2021. This buyback is executed based on the authorization provided by the Annual Shareholders' Meeting on February 5, 2020. In fiscal 2023, Siemens repurchased 6,853,091 shares under this share buyback program. On November 16, 2023 we announced a share buyback of up to €6 billion for up to five years.

6.2 Cash flows

(in millions of €)	Fiscal year 2023
Cash flows from operating activities	
Net income	**8,529**
Change in operating net working capital	**(2,165)**
Other reconciling items to cash flows from operating activities – continuing operations	**5,918**
Cash flows from operating activities – continuing operations	**12,281**
Cash flows from operating activities – discontinued operations	**(41)**
Cash flows from operating activities – continuing and discontinued operations	**12,239**
Cash flows from investing activities	
Additions to intangible assets and property, plant and equipment	**(2,218)**
Acquisitions of businesses, net of cash acquired	**(407)**
Purchase of investments and financial assets for investment purposes	**(723)**
Change in receivables from financing activities of SFS	**(1,461)**
Other disposals of assets	**1,351**
Cash flows from investing activities – continuing operations	**(3,458)**
Cash flows from investing activities – discontinued operations	**281**
Cash flows from investing activities – continuing and discontinued operations	**(3,176)**
Cash flows from financing activities	
Purchase of treasury shares	**(884)**
Re-issuance of treasury shares and other transactions with owners	**(404)**
Issuance of long-term debt	**2,470**
Repayment of long-term debt (including current maturities of long-term debt)	**(5,252)**
Change in short-term debt and other financing activities	**300**
Interest paid	**(1,208)**
Dividends paid to shareholders of Siemens AG	**(3,362)**
Dividends attributable to non-controlling interests	**(389)**
Cash flows from financing activities – continuing operations	**(8,730)**
Cash flows from financing activities – discontinued operations	**(1)**
Cash flows from financing activities – continuing and discontinued operations	**(8,731)**

Industrial Business recorded **cash inflows from operating activities** that exceeded its profit, with the highest contribution from Digital Industries. Cash outflows from changes in operating net working capital were due mainly to Siemens Healthineers which recorded a significant build-up of trade and other receivables as well as inventories due in part to the expected growth of business activities in coming quarters.

Cash outflows for **purchase of investments and financial assets for investment purposes** included additions of assets eligible as central bank collateral and payments for debt or equity investments.

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

Cash inflows from **other disposals of assets** included mainly proceeds from disposals of assets eligible as central bank collateral, from the sale of the Commercial Vehicles business by Portfolio Companies, and from the sale or disposal of debt or equity investments.

Cash outflows from the **re-issuance of treasury shares and other transactions with owners** were driven by the purchase of Siemens Healthineers AG treasury shares.

Cash outflows for **dividends attributable to non-controlling interests** mainly included dividends paid to the shareholders of Siemens Healthineers AG.

With our ability to generate positive operating cash flows from continuing and discontinued operations of €12.2 billion in fiscal 2023, our total liquidity (defined as cash and cash equivalents plus current interest-bearing debt securities) of €11.1 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.

Cash conversion rate

	Fiscal year 2023			Fiscal year 2022		
(in millions of €)	Continuing operations	Discontinued operations	Continuing and discontinued operations	Continuing operations	Discontinued operations	Continuing and discontinued operations
Cash flows from operating activities	**12,281**	**(41)**	**12,239**	10,322	(81)	10,241
Additions to intangible assets and property, plant and equipment	**(2,218)**	**–**	**(2,218)**	(2,084)	–	(2,083)
(I) Free cash flow	**10,062**	**(41)**	**10,021**	8,238	(81)	8,157
(II) Net income			**8,529**			4,392
(I) / (II) Cash conversion rate			**1.17**			1.86

The cash conversion rate was influenced by a non-cash profit of €0.7 billion in fiscal 2023 (in fiscal 2022 by a non-cash loss of €2.9 billion) related to Siemens Energy Investment.

Investing activities

Additions to intangible assets and property, plant and equipment from continuing operations totaled €2.2 billion in fiscal 2023. Within the industrial businesses, ongoing investments related mainly to technological innovations; maintaining, extending and digitalizing our capacities for designing, manufacturing and marketing new solutions; improving productivity; and replacements of fixed assets. These investments amounted to €1.7 billion in fiscal 2023. The remaining portion related mainly to Siemens Real Estate, including significant amounts for projects such as new office buildings in Germany and Spain. 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, we expect a significant increase in fiscal 2024. In the context of the €2 billion investment strategy presented in fiscal 2023 to strengthen growth, innovation and resilience, significant amounts will be invested in the coming years for the construction and expansion of high-tech production facilities in the U.S., China and Singapore. As part of this investment strategy, Siemens also announced the establishment of its new Technology Campus in Erlangen, Germany, to expand development and manufacturing capacities. In addition, 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 new office buildings, including Siemens Campus Erlangen. Furthermore, we continue to invest in attractive innovation fields through Next47, our global venture capital unit.

7. Overall assessment of the economic position

Overall, global economic development in fiscal 2023 was mixed and characterized by a number of headwinds. In this environment, Siemens delivered a very strong performance in all its businesses due to its strategic positioning relative to long-term trends such as automation, electrification and digitalization. With our offerings, we help increase resource efficiency and the decarbonization of industry, transport and building infrastructures and make manufacturing more resilient and flexible. We expect these trends to continue to drive our growth in the coming years.

During fiscal 2023, we made further progress in focusing our business portfolio by selling our Commercial Vehicles business. Furthermore, we began forming a new motors and large drives company under the name Innomotics by combining our existing business activities in the areas of low- to high-voltage motors, geared motors, medium-voltage converters and motor spindles. Also, we further reduced our stake in Siemens Energy AG to 25.1% and transferred shares to Siemens Pension-Trust e.V. To boost future growth and drive innovation, we announced a €2 billion investment strategy mainly for new manufacturing capacity as well as innovation labs and education centers. We also expanded our open digital business platform, Siemens Xcelerator, by introducing Industrial Operations X, which includes a broad range of interoperable offerings for more adaptive production, and by adding new cloud-based applications for Building X, our suite for smart and sustainable buildings.

Fiscal 2023 was another very successful year for Siemens. We achieved excellent financial results in a volatile market environment, which on the one hand included destocking by customers and distributors following previously proactive purchasing, particularly in our short-cycle businesses, and on the other hand included improved supply chain conditions, which accelerated revenue conversion from our high order backlog. We raised our outlook during the fiscal year after the first and the second quarters. We then reached or exceeded all the targets set for our primary measures for fiscal 2023. We achieved revenue growth of 11% net of currency translation and portfolio effects and delivered EPS pre PPA of €10.77. Excluding Siemens Energy Investment, EPS pre PPA was €9.93. ROCE increased to 18.6%, our capital structure ratio came in at 0.6, and the cash conversion rate was 1.17.

Orders rose 7% year-over-year to €92.3 billion, for a book-to-bill ratio of 1.19, thus fulfilling our expectation of a ratio above 1. Order growth was driven by sharply higher volume from large orders at Mobility, including an order worth €2.9 billion for locomotives and associated maintenance in India and a €2.5 billion order for the first line of a turnkey rail system in Egypt, and by clear growth in Smart Infrastructure led by the electrification business. Orders in Digital Industries came in lower as the destocking trend mentioned above had a significant effect on its automation businesses.

Revenue was higher in nearly all our industrial businesses and rose to €77.8 billion, up 8% year-over-year. Smart Infrastructure and Digital Industries contributed double-digit growth with all businesses posting increases. Revenue growth at Smart Infrastructure was led by the electrification and the electrical products businesses, while at Digital Industries the factory automation and the process automation businesses contributed the strongest growth. Revenue growth at Mobility was led by a significant increase in the rolling stock business. Revenue at Siemens Healthineers remained on the prior-year level as growth particularly in the imaging and Varian businesses was offset by a decline in the diagnostics business. Excluding currency translation and portfolio effects, revenue for Siemens rose 11%. We thus exceeded the forecast provided in our Combined Management Report for fiscal 2022, which was to achieve comparable revenue growth in the range of 6% to 9%, and reached the upper end of our subsequently raised outlook, which was to achieve 9% to 11% in comparable revenue growth.

Profit Industrial Business exceeded the record high of a year earlier and rose 11% to €11.4 billion. All industrial businesses except Siemens Healthineers increased their profit year-over-year. The strongest increase came from Smart Infrastructure on improvements in all its businesses, led by the electrical products and the electrification businesses. Growth at Digital Industries was driven by the automation businesses, only partly offset by a decline in profit in the software business due mainly to higher expenses related to cloud-based activities. Profit at Mobility increased in nearly all businesses and included positive trailing effects related to the winding down of business activities in Russia a year earlier. Profit at Siemens Healthineers came in lower on declines in the diagnostics business, due primarily to sharply lower revenue from rapid coronavirus antigen tests as well as charges related to its transformation program and charges related to refocusing certain activities in the advanced therapies business.

The profit margin of our Industrial Business rose to 15.4%, up from 15.1% a year earlier, reaching its highest level ever. Digital Industries and Smart Infrastructure achieved the strongest increases and also contributed the highest margins: 22.6% and 15.4%, respectively. The profit margin for Mobility rose slightly to 8.4%, while the profit margin at Siemens Healthineers declined to 11.7%.

Earnings before taxes at SFS increased significantly due mainly to higher earnings before taxes in the debt business, which in the prior fiscal year included a €0.2 billion impact in connection with the sale of the financing and leasing business in Russia. Return on equity after tax for SFS increased to 16.3%. Profit at Portfolio Companies included a €0.1 billion gain from the sale of the Commercial Vehicles business but came in sharply lower compared to the prior fiscal year which had included a €1.1 billion gain from the sale of the mail and parcel-handling business of Siemens Logistics and a €0.3 billion revaluation gain in connection with the sale of our stake in Valeo Siemens eAutomotive GmbH. Results within Reconciliation to Consolidated Financial Statements benefited from positive effects related to Siemens Energy Investment, including €1.6 billion from a partial reversal of the prior-year €2.7 billion impairment on Siemens' stake in Siemens Energy AG. These positive effects were partly offset by Siemens’ share of Siemens Energy’s after-tax loss.

Net income nearly doubled year-over-year to a historic high of €8.5 billion and corresponding basic EPS more than doubled to €10.04. EPS pre PPA increased to €10.77. Excluding a positive €0.84 per share related to Siemens Energy Investment, EPS pre PPA was €9.93. We thus exceeded the forecast provided in our Combined Management Report for fiscal 2022, which was to achieve EPS pre PPA in a range of €8.70 to €9.20, and exceeded our forecast made after the third quarter of fiscal 2023, which was for EPS pre PPA excluding Siemens Energy Investment in the range of €9.60 to €9.90.

ROCE for fiscal 2023 rose to 18.6%, up from 10.0% in fiscal 2022. This increase was due to sharply higher income before interest after tax year-over-year. We thus exceeded the forecast for ROCE provided in our Combined Management Report 2022, which was to come close to or reach the lower end of our target range of 15% to 20%.

We evaluate our capital structure using the ratio of Industrial net debt to EBITDA. Due to a combination of a decrease in Industrial net debt and higher EBITDA year-over-year, this ratio declined to 0.6. We thus achieved the forecast provided in our Combined Management Report 2022, which was to achieve a ratio of up to 1.5.

Free cash flow from continuing and discontinued operations for fiscal 2023 was €10.0 billion, reaching a record high. The cash conversion rate for Siemens, defined as the ratio of Free cash flow from continuing and discontinued operations to Net income, was 1.17. We thus achieved a cash conversion rate that contributed strongly to the average required to reach our target of 1 minus annual comparable revenue growth rate over a cycle of three to five years.

We intend to continue providing an attractive shareholder return. The Siemens Managing Board, in agreement with the Supervisory Board, proposes a dividend of €4.70 per share, up from €4.25 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

The global economy showed remarkable resilience in calendar 2023, given the number of headwinds and negative economic shocks from the previous year. Nevertheless, these shocks still have adverse implications for economic growth in calendar 2024, especially the dampening effects of tighter financial conditions. Accordingly, in calendar 2024 the global economy is expected to further slow down to 2.3% GDP growth, after 2.6% in calendar 2023. Given the high number of active and potential geopolitical conflicts, the outlook is subject to a high level of uncertainty.

In the E.U., GDP is expected to increase by 0.8% in calendar 2024, after an anticipated growth of 0.4% in calendar 2023. The effects of the energy crisis still show negative impacts, especially in energy-intensive industries. Tighter monetary policy – the European Central Bank lifted the main policy interest rate to 4.5% in just over one year – also held back growth, particularly in the construction industry. The German economy is most impacted due to its proportionally large manufacturing sector and is expected to grow by only 0.5% in calendar 2024.

The U.S. economy is expected to decelerate to a soft landing. After unexpectedly strong GDP growth (expected to be +2.5%) in calendar 2023, caused mainly by a very strong services sector while industry was weak, growth in calendar 2024 is expected to slow down to 1.6%. Tighter financial conditions – the Federal Reserve increased the main policy interest rate to 5.5% and longer-term interest rates also increased substantially – will unfold their full effect next year. Hence, a short and shallow recession during calendar 2024, while not our baseline assumption, is also possible and expected by some economists. Consumer spending is expected to continue as a primary growth driver, while government investment programs (CHIPS Act, Inflation Reduction Act) play a supporting role for the economy as they spur business investment.

GDP in China is expected to grow at only 4.6% in calendar 2024, after an anticipated growth of 5.0% in calendar 2023. The correction in the real estate sector will continue to weigh on GDP growth. During calendar 2024 global goods demand, world trade and industrial production are expected to modestly increase again. The main assumption behind this expectation is further normalization for two critical factors: consumer spending and the inventory policies of companies. Both weighed on industrial output in calendar 2023 but are expected to modestly support growth of the Chinese economy in calendar 2024. In addition, Chinese private consumption is expected to drive domestic demand and some tailwinds will come from announced stimulus measures.

Globally, the decline of inflation rates is expected to continue, although at a slower pace. Past interest rate hikes are having the desired effect, and headline inflation is expected to steadily approach the central bank targets. Hence, monetary policy is expected to become less restrictive in calendar 2024.

Global fixed investments should benefit from government programs and from factory investments to improve supply chain resilience and other diversification measures. Global gross fixed investments are expected to grow by 3.2% in calendar 2024, unchanged from 3.2% in the year before.

Given the forecasted further slowdown of the global economy, growth of markets served by Siemens is also expected to slow in fiscal 2024 in light of significant headwinds, few tailwinds, and reduced stabilizing effects from high industry's order backlogs and price adjustments in a number of our businesses.

The forecasts for calendars 2024 and 2023 presented here for GDP and fixed investments are based on a report from S&P Global dated October 15, 2023.

8.1.2 Siemens Group

We are basing our outlook for fiscal 2024 on the above-mentioned expectations and assumptions regarding the overall economic situation 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 geopolitical tensions do not further increase. We expect improvements in productivity and adjusting prices for our own products, solutions and services to more than offset effects from wage increases and higher prices for raw materials and components.

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. 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. While we expect volatility in global currency markets to continue in fiscal 2024, we have improved our natural hedge on a global basis through geographic distribution of our production facilities in the past. In addition to the natural hedging strategy, 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 2024. In this outlook, we assume that currency translation effects in fiscal 2024 slightly reduce nominal volume growth rates for Siemens and profitability of our businesses.

This outlook excludes burdens from legal and regulatory matters.

Segments

Digital Industries expects for fiscal 2024 comparable revenue development of 0% to 3%. This is based on the assumption that following destocking by customers, global demand in the automation businesses, especially in China, will pick up again in the second half of the fiscal year. The profit margin is expected to be 20% to 23%.

Smart Infrastructure expects for fiscal 2024 comparable revenue growth of 7% to 10%. The profit margin is expected to be 15% to 17%.

Mobility expects for fiscal 2024 comparable revenue growth of 8% to 11%. The profit margin is expected to be 8% to 10%.

Siemens Healthineers expects to achieve comparable revenue growth of 4.5% to 6.5% in fiscal 2024, and to contribute solidly to the profit and profit margin of our Industrial Business.

SFS anticipates further gradually improved earnings before taxes in fiscal 2024 compared to fiscal 2023. Return on equity (ROE) (after tax) is expected to be in the target range of 15% to 20%.

Revenue growth

For comparable revenue, we expect the Siemens Group to achieve comparable revenue growth in the range of 4% to 8%. Furthermore, we anticipate that orders in fiscal 2024 will exceed revenue for a book-to-bill ratio above 1.

As of September 30, 2023, our order backlog totaled €111 billion, and we expect conversion from the backlog to strongly support revenue growth in fiscal 2024 with approximately €43 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

Outside our reportable segments, we expect Portfolio Companies to achieve an operational margin of more than 5%.

Results of Siemens Energy Investment depend on the performance of Siemens Energy and are excluded from our forecast for EPS pre PPA. We anticipate that Siemens Real Estate will continue with real estate disposals depending on market conditions. Results for Innovation are expected on the prior-year level, which was a negative €0.2 billion. The negative results related to Governance declined to €0.5 billion in fiscal 2023; we expect a further improvement in fiscal 2024. Centrally carried pension expense are expected to be on the prior-year level, which was a negative €0.1 billion. Amortization of intangible assets acquired in business combinations is expected in a range of €0.7 billion to €0.8 billion in fiscal 2024 based on our current business portfolio. Financing, eliminations and other items, which were a negative €0.3 billion in fiscal 2023, are expected to be on the prior-year level depending on market developments.

We anticipate our tax rate for fiscal 2024 to be in the range of 24% to 29%. This assumption does not take into consideration possible impacts from potential major tax reforms.

Our forecast for net income takes into account a number of additional factors. We assume solid project execution continues in fiscal 2024. We plan to keep the ratio of R&D expenses to revenue, which was 8% in fiscal 2023 at approximately the level in fiscal 2024. We expect the ratio of selling and general administrative expenses to revenue, which was 18% in fiscal 2023 to remain approximately on this level in fiscal 2024. Severance charges, which were €0.4 billion in fiscal 2023, are expected at a lower level in fiscal 2024.

Given the above-mentioned assumptions, we expect profitable growth of our Industrial Business to drive an increase in EPS pre PPA excluding Siemens Energy Investment to a range of €10.40 to €11.00 in fiscal 2024, along with a corresponding increase in net income. For comparison, fiscal 2023 EPS pre PPA was €9.93 excluding €0.84 in EPS pre PPA from Siemens Energy Investment.

Capital efficiency

For fiscal 2024, we expect ROCE to be in our target range of 15% to 20%.

Capital structure

We aim in general for a capital structure of up to 1.5; we expect to achieve this in fiscal 2024.

Cash conversion rate

For fiscal 2024, we expect a cash conversion rate that contributes to reaching our target of 1 minus the annual comparable revenue growth rate of Siemens over a cycle of three to five years.

8.1.3 Overall assessment

Our outlook for the Siemens Group for fiscal 2024 is based on the assumption that geopolitical tensions do not further increase. Under this condition, we expect our Industrial Business to continue its profitable growth.

For the Siemens Group we expect comparable revenue growth in the range of 4% to 8% and a book-to-bill ratio above 1.

We expect profitable growth of our Industrial Business to drive an increase in EPS pre PPA excluding Siemens Energy Investment to a range of €10.40 to €11.00 in fiscal 2024, up from EPS pre PPA excluding Siemens Energy Investment of €9.93 in fiscal 2023.

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 risk management and its contributing elements are regularly subject of audit activities by our internal audit function. 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, our internal control and our compliance management 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 cause (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 "pursue" 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. Due to regular screening of climate risks and environmental, social and governance (ESG) developments we can initiate related mitigation actions in a timely manner – also as part of our DEGREE implementation. 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 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 assessment; the same applies to opportunities. 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 Managing 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 high uncertainties regarding the global economic and geopolitical outlook, which deteriorated significantly in the past year due to multiple headwinds, all of which may continue to intensify. First, the Israel-Gaza conflict continues to escalate and might cause a larger regional conflict involving further parties. Ongoing risks emanate from the war in Ukraine. Both the Israel-Gaza conflict and the war in Ukraine may have negative impacts on sales development, production processes and purchasing and logistics processes, for example through interruptions in supply chains and energy supplies or bottlenecks affecting components, raw materials and intermediate products. Each of the conflicts could also intensify further to the point of expanding to include other warring parties, including NATO countries, and the use of unconventional weapons. An expansion of the conflicts would have a significant impact on the Siemens market environment. Even the current states of conflicts could have a further negative impact on development of potential crude oil and natural gas supplies. This would fuel inflation, with further risk of a sustained wage-price-spiral. In any case one of the core risks for the Siemens outlook is that central banks may fail to get inflation below their targets and then react more restrictively or even overreact. More restrictive financial conditions would likely push advanced economies into recession and pose a significant risk to vulnerable emerging economies. Highly indebted (emerging and industrialized) countries could suffer from increasing financing costs, further U.S. dollar appreciation, and loss of investor confidence. Other risks could arise for the stability of public finances and the banking sector. Further risks are coming from other geopolitical tensions (particularly associated with the Baltics, Eastern Europe, the Western Balkans, China, Taiwan, and Iran). We continue to face economic risks from a further significant slow-down of the Chinese economy. Key risks are coming from potential financial imbalances, particularly due to the struggling real-estate sector, but also from the growing debt-level of local governments, with growing negative implications for Siemens business in China and the country's trading partners. Obstruction and redefinitions of international cooperation agreements could severely impact our business. First and foremost a more extensive U.S.-China decoupling would have adverse effects on confidence and investment activity and would severely hit Siemens' business. Increasing trade barriers, protectionism, sanctions and in particular technical regulations would negatively impact production costs and productivity along our global value chains, as well as significantly impede or even hinder access to sales markets. A significant risk to our sales potential and cost structures is coming from the possibility of renewed supply chain bottlenecks, due to growing lack of availability of intermediate goods, in particular electronic components. Furthermore, grid-lock in U.S. politics could weigh on U.S. growth with the risk of a global spillover. 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. A resurgence of COVID-19 or even the outbreak of a new pandemic, a terrorist attack, 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 hybrid warfare.

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. 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.

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, such as Siemens Energy, 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, by other investments and by 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.

Increasing sustainability focus: Governments around the world continue to increase their focus on sustainability topics, resulting in the risk of increased costs to comply with new laws and related reporting requirements. In addition, increasing stakeholder and investor focus on sustainability topics brings reputational risk should our sustainability commitments, targets and activities be perceived as a deceptive use of green marketing or otherwise not credible. Climate change litigation has become a worldwide phenomenon with a corresponding risk to Siemens as a large corporation. We address these risks in a variety of ways including through our sustainability framework DEGREE, in which we have set ambitious sustainability targets. DEGREE includes measures to reduce our carbon footprint along with other initiatives addressing ESG topics more generally. We have implemented an ESG due diligence process that 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. Finally, we believe our overall portfolio is very well positioned to meet the current and future sustainability needs of our customers and the societies in which we operate.

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 field of digitalization (e.g. Digital Twin, artificial intelligence, cloud computing), there are risks associated with new competitors, substitutions for 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. Siemens generally differentiates its software offerings from those of other software companies through deep domain know-how. There are risks associated with technologies such as artificial intelligence, including generative artificial intelligence, that domain expertise will not be a significant distinguishing feature in the future, and that additional competitors may therefore emerge more easily or rapidly. Our operating results depend to a significant extent on our technological leadership, our ability to anticipate and adapt to changes in our markets, and our ability 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 or offer a better customer solution. 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 could be 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.

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 Siemens products, solutions and services; to Siemens IT systems and networks; and to the confidentiality, availability and integrity of data. 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. According to external sources of relevant data, this trend has been accelerated by geopolitical developments and tensions worldwide. Especially the numbers of phishing attacks and malicious websites have increased significantly. There is a risk that confidential information or data-privacy-relevant information may be stolen or that the integrity of our portfolio may be compromised, such as by attacks on our networks, social engineering, data manipulations in critical applications, or a loss of critical resources, resulting in financial damages and violation of data privacy laws. 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. 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 R&D. We strive to mitigate these risks by employing a number of cyber defense measures, including employee training, considering new models of flexible working environments, and comprehensive monitoring of our networks and systems with an artificial intelligence solution to identify attacks faster, and thereby prevent damage to society, 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 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, energy, critical parts (e.g. semiconductors) 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), geopolitical uncertainties, energy shortages, sabotage, cyber incidents, suppliers' financial difficulties or suppliers not meeting our standards, 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.

Shortage of skilled personnel: Competition for diverse and highly qualified personnel, such as specialists and experts in technical fields, remains intense in the industries and regions in which our businesses operate. We have ongoing demand for highly skilled people 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 attract engineers, tech talent and other qualified personnel. 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. In fiscal 2023 we rolled out our new Employer Branding in all our recruiting marketing activities and started a media campaign with focus on tech talent in our key markets. Technology and digitalization help us to be more effective in attracting and selecting diverse talent. In addition, we have a focus on diversity and structured succession planning. As with our existing people, we must also provide new talent with opportunities to grow and bond, especially soon after they join us. This appears especially relevant at a time of new, increasingly virtual working environments.

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-price 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 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.

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 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 changes 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 regions 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. Market prices show higher volatility than in the past due to increased macroeconomic uncertainties resulting from inflation, geopolitical tensions and other factors noted above.

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. The credit environment has become more dynamic due to a more uncertain macroeconomic outlook (e.g. inflation) and geopolitical tensions.

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 2023.

8.3.4 Compliance risks

Changes of regulations, laws and policies: Regulatory requirements are being introduced or modified at an unprecedented rate, often with little or no advance implementation lead time. This creates a risk that new requirements become effective more quickly than they can be implemented in the associated systems and processes, potentially resulting in business disruptions and the need for manual mitigation interventions. 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 result in market access criteria that our products do not meet. The affected products would lose marketability in this market. Reducing the risk of a sales-stop depends on the required correction for 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 make the needed product changes and to maintain the country-specific product variant as an additional derivative item in the portfolio. In the worst case, if the two aforementioned ways of maintaining the product's marketability prove to be not feasible, we must stop selling the affected product in the market. The uncertain geopolitical situation has triggered unpredictable – and often conflicting – extraterritorial regulations, restrictions and sanctions, thus creating a potential risk that it will be difficult to simultaneously comply with all relevant regulatory requirements of certain transactions. Complex cross-jurisdictional regulations can vary between countries, even within the same region, each with slightly different rules and requirements, creating a risk that a global standard cannot be effectively implemented and maintained, potentially leading to a need for more custom or regional standards. 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.

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 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 compliance risk mitigation processes such as Compliance Risk Assessments, among others, or initiates audit activities performed by the internal assurance department.

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 inability 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 or due to unauthorized diversion of our products to restricted parties or destinations. Siemens addresses these risks by maintaining a comprehensive and robust control program.

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, inbound and outbound investment screenings, and price or exchange controls, could affect our business in national markets and could impact our business situation, financial position and results of operations; we may also be exposed 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 adjusting our compliance programs.

Environmental, health & safety and other governmental regulations: Some of the industries in which we operate are highly regulated. Current and future environmental, health, 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, health or safety incidents as well as potential non-compliance with environmental, health or 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. However, the insurance policy does not protect Siemens against, in particular, reputational damage. Moreover, Siemens may incur losses relating to legal disputes and proceedings beyond the limits, or outside the coverage, of such insurance or exceeding any provisions made for losses related to legal disputes and 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 2023.

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 2023 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 strategic risk economic, political and geopolitical conditions as the most significant challenge for us followed by the operational risk cyber/information security.

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: A favorable political and regulatory environment including the transition towards a low-carbon economy could restore a more positive industrial investment sentiment that supports the growth of our markets. In addition, government initiatives and subsidies (including tax reforms, green and digital recovery plans, R&D among others) lead to more government spending (e.g. infrastructure, healthcare, mobility or digitalization investments) and may ultimately result in an opportunity for us to participate in ways that increase our revenue and profit. Investments to strengthen countries' resilience, energy and food security, as well as to diversify value chains close to major markets (reshoring, nearshoring) can present opportunities to businesses. By enabling our customers to reduce their greenhouse gas (GHG) emissions using our portfolio and by reducing CO2 emission in our own operations, Siemens strives to support the transition towards a low-carbon economy. Siemens also welcomes and supports recent legislative and governmental measures to accelerate the mitigation of climate change, especially in Europe such as through the Green Deal or sustainable finance initiatives.

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, digitalization, environmental change, resource scarcity and glocalization 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 digital twin, artificial intelligence, automation and edge computing. Across our operating units, we are profiting from our strength in connecting the real and digital worlds. Our Xcelerator platform is an open, digital business platform featuring a curated portfolio of IoT-enabled hardware and software, an ecosystem and a marketplace to enhance the digital transformation of our customers. 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 clear 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.

Leveraging Market Potential: Through sales and services initiatives we continuously strive to grow and extend our businesses in established markets, open up new markets for existing portfolio elements and strengthen our installed base in order to gain a higher market share and increased profits. Furthermore, we aim to increase our sales via improved account management and new distribution channels.

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. Furthermore, we leverage ideas to drive further improvements in our processes and cost structure optimizing factory capacities for shorter lead times. On the other hand, we see an opportunity of further penetrating markets by quality initiative program and avoiding or reducing non conformance cost.

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.

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 2023 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 internal control and risk management system

8.5.1 Internal Control System (ICS) and ERM

Our ICS and ERM are based on the principles, guidelines and measures introduced by the Managing Board, which are aimed at the organizational implementation of the Managing Board's decisions. Our ICS and ERM include the management of risks and opportunities relating to the achievement of business goals, the correctness and reliability of internal and external accounting, and compliance with the laws and regulations relevant to Siemens. Sustainability aspects are covered as well and are continuously developed based on the regulatory requirements.

Our ICS and ERM are based on the globally accepted COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). Our ERM approach is based on the COSO Standard "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. Our ICS is based on the internationally recognized "Internal Control – Integrated Framework" (2013) also developed by COSO. The framework defines the elements of a control system and sets the standard for assessing the adequacy and effectiveness of the ICS. The frameworks connect the ERM process with our financial reporting process and our ICS, both systems are complementary.

All Siemens entities are part of our ICS and ERM. The scope of activities to be performed by each entity is different, depending, among others, on the entity's impact on the Consolidated Financial Statements of Siemens and the specific risks associated with the entity. The management of each entity is obliged to implement an adequate and effective ICS and ERM within their area of responsibility, based on the group-wide mandatory methodology.

Overall responsibility for our ICS and ERM lies with the Managing Board. The Siemens Risk and Internal Control (RIC) organization bundles and integrates the internal control and ERM processes and supports the Managing Board in designing and maintaining adequate and effective processes for implementing, monitoring and reporting on internal control and ERM activities. It consists of the central RIC departments of Siemens AG and the RIC departments at our organizational units. The central RIC departments are responsible for monitoring and coordinating the entire processes in order to ensure an adequate and effective ICS and ERM within the Group.

We have an overarching, integrated ICS and ERM methodology (RIC methodology) with a standardized procedure under which necessary controls are defined, documented in accordance with uniform standards, and tested regularly for their adequacy and effectiveness. For more information on ERM, see chapter 8.2 Risk management.

Our ICS and ERM and their contributing elements are regularly subject of audit activities by our internal audit function. These are carried out either as part of the risk-based annual audit plan or as part of audits scheduled during the year upon request. Siemens Healthineers has its own internal audit function 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 – where reasonable – 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.

At the end of each fiscal year, our Managing Board performs an evaluation of the adequacy and effectiveness of the ICS and ERM. This evaluation is based primarily on the Siemens "In Control"-Statement and quarterly Managing Board meetings. The purpose of the "In Control"-Statement is to provide an overview of the key elements of the ICS and ERM of Siemens AG and its affiliated companies at the end of the fiscal year, to summarize the activities undertaken to review its adequacy and effectiveness and highlight any critical control weaknesses identified as part of these activities. The information contained in this statement is provided to the Audit Committee of the Supervisory Board of Siemens AG to report on the effectiveness of the ICS and ERM. The Siemens "In Control"-Statement is supported by certifications at various corporate levels and by all affiliated companies. In the quarterly Managing Board meetings, the company-wide risk and opportunity situation is evaluated, the results of the internal control process are explained and once a year an overall conclusion is made about the adequacy and effectiveness of our ICS or ERM. Based on this, the Managing Board has no indication that our ICS or ERM in their respective wholes have not been adequate or effective as of September 30, 2023.

Nevertheless, there are inherent limitations on the effectiveness of any risk management and control system. For example, no system – even if deemed to be adequate and effective – can guarantee that all risks that will actually occur will be identified in advance or that any process violations will be ruled out under all circumstances.

The Audit Committee is systematically integrated into our ICS and ERM. In particular, it oversees the accounting and the accounting process as well as the adequacy and effectiveness of the ICS, ERM and the internal audit system.

Siemens Healthineers is largely subject to the Group-wide principles for our ICS and ERM and is responsible for adhering to those principles.

The integration of Varian into our ICS, which began in fiscal 2021 after the acquisition by Siemens Healthineers, continued in fiscal 2023 and was completed to a very large extent with regard to all Varian entities. The integration measures are planned to be completely finalized in fiscal 2024.

8.5.2 Compliance Management System (CMS)

Our ICS and ERM also comprise a CMS aligned to the Company's risk situation which is based on the three pillars – prevent, detect and react. It includes the legal risk areas of corruption, antitrust law, data protection, money laundering, export controls as well as human rights and is based on an extensive internal set of rules: The Siemens Business Conduct Guidelines (BCG) define the basic principles and standards of behavior that must be observed by all employees in the company units and in relation to customers, external partners and the public. In addition, there are extensive internal compliance regulations, including associated controls, which oblige all Siemens employees to ensure the implementation of the CMS. They contain topic-specific implementation regulations for the individual risk areas with regard to compliance processes and tools as well as additional guidelines and information. The compliance operating model contains binding specifications for the employees of the compliance organization and describes responsibilities and how the CMS works.

Compliance risk management and compliance reviews as part of the CMS aim to identify compliance risks at an early stage and thus enable to take appropriate and effective measures to avoid or minimize risks. The risk assessment is also integrated into individual business processes and tools. The results of CMS that are relevant to the Group are taken into account as part of the Company-wide ERM.

The Compliance Control Program aims to ensure compliance with and implementation of the CMS and processes used worldwide. It is part of the ICS and is continuously further developed and adapted to the current Siemens guidelines. In addition, current compliance issues are discussed at the management level on a regular basis.

The entire CMS is continuously adapted to business-specific risks and various local legal requirements. The findings from compliance risk management as well as compliance controls and audits are used to derive measures for its further development.

8.5.3 Significant characteristics of the accounting-related ICS and ERM

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

Our ICS and ERM are based on the globally recognized COSO framework, for further information see 8.5.1.

At the end of each fiscal year, our management performs an evaluation of the effectiveness of the accounting-related ICS. 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 according to IFRS 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 integration of Varian into our accounting-related ICS, which began in fiscal 2021 after the acquisition by Siemens Healthineers, continued in fiscal 2023 and was completed to a very large extent with regard to all Varian entities. The integration measures are planned to be completely finalized in fiscal 2024.

Our internal audit function systematically reviews our financial reporting integrity, our accounting-related ICS and ERM. Siemens Healthineers has its own internal audit department and annual audit plan (see also 8.5.1). The Audit Committee is integrated into our accounting-related ICS. In particular, it oversees the accounting and accounting process and the adequacy and effectiveness of the associated ICS, the ERM 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 2023, 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 Siemens AG owns 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 to distribute a dividend of €4.70 per share of no par value entitled to the dividend, from the unappropriated net income of Siemens AG for the fiscal year ended September 30, 2023 amounting to €3.8 billion. The proposed dividend represents a total payout of €3.7 billion based on the estimated number of shares entitled to dividend at the date of the Annual Shareholders' Meeting. We intend to continue providing an attractive return to our shareholders. This includes striving for a dividend per share that exceeds the amount for the preceding year, or at least matches it. For fiscal 2024, we expect that net income of Siemens AG will be sufficient to fund the distribution of a commensurate dividend.

As of September 30, 2023, the number of employees was around 47.300.

9.1 Results of operations

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

	Fiscal year		% Change
(in millions of €)	2023	2022	
Revenue	**19,660**	17,390	13%
Cost of sales	**(13,671)**	(12,502)	(9)%
Gross profit	**5,989**	4,888	23%
as percentage of revenue	***30%***	*28%*	
Research and development expenses	**(2,084)**	(1,785)	(17)%
Selling and general administrative expenses	**(3,701)**	(3,283)	(13)%
Other operating income (expenses), net	**(53)**	(306)	83%
Income (loss) from investments, net	**4,734**	4,204	13%
Interest and other financial income (expenses), net	**(128)**	(605)	79%
Income from business activity	**4,758**	3,115	53%
Income taxes	**(298)**	498	n/a
Net income	**4,460**	3,612	23%
Profit carried forward	**250**	185	35%
Allocation to other retained earnings	**(950)**	(185)	>-200%
Unappropriated net income	**3,760**	3,613	4%

On a geographical basis, 75% of revenue was generated in the Europe, C.I.S., Africa, Middle East region, 17% in the Asia, Australia region and 8% in the Americas region. Exports from Germany accounted for 57% of overall revenue. In fiscal 2023, orders for Siemens AG amounted to €16.1 billion.

The increases in **revenue, cost of sales** and **research and development expenses** were most evident at Digital Industries.

The R&D intensity (R&D costs as a percentage of revenue) was 10.6%, slightly above the level in fiscal 2022. The R&D activities of Siemens AG are fundamentally the same as for its corresponding business activities within the Siemens Group. R&D expenses in both periods related mainly to Digital Industries. On an average basis, Siemens AG employed 7,100 people in R&D in fiscal 2023.

The increase in **selling and general administrative expenses** was due mainly to higher selling expenses led by Digital Industries.

Other operating income (expenses), net, included mainly a loss of €0.2 billion from a disposal in connection with the carve-out of business activities into the Innomotics GmbH, partly offset by €0.1 billion income from an intragroup service contract. Fiscal 2022 included mainly expenses of €0.2 billion from the intragroup service contract and expenses of €0.1 billion for the recognition of a provision related to guarantees and expected obligations from consortium contracts.

Income (loss) from investments, net included mainly income from investments of €2.9 billion (fiscal 2022: €4.8 billion) and income from profit transfer agreements with affiliated companies of €1.6 billion (fiscal 2022: €3.5 billion). Additionally, in fiscal 2023 Siemens AG recorded a gain of €0.2 billion from the sale of a part of its stake in Siemens Energy AG and a gain of €0.2 billion from the reversal of an impairment on the remaining stake in Siemens Energy AG. The remaining stake held directly by Siemens AG amounted to 21.0% as of September 30, 2023. These gains were partly offset by a loss of €0.2 billion from an impairment on a stake in Thoughtworks Holding Inc. For comparison, in fiscal 2022 Siemens AG recorded losses of €4.0 billion from impairment of investments, which included an impairment of €2.9 billion on Siemens AG's stake in Siemens Energy AG, Germany.

Interest and other financial income (expenses), net included a negative interest result of €0.6 billion compared to a positive interest result of €0.4 billion a year earlier, which was driven by the effect of higher interest rates on intragroup-financing activities. Fiscal 2022 included impacts of €0.6 billion in connection with allowances on receivables from affiliated companies related to business activities in Russia, expenses from the recognition of provisions for risks relating to derivative financial instruments of €0.4 billion and a higher negative interest component of €0.3 billion from changes in pension and personnel-related provisions.

9.2 Net assets and financial position

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

	Sep. 30,		% Change
(in millions of €)	2023	2022	
Assets			
Non-current assets			
Intangible and tangible assets	**1,307**	1,081	21%
Financial assets	**71,303**	71,576	0%
	72,610	72,657	0%
Current assets			
Inventories, receivables and other assets	**26,190**	30,424	(14)%
Cash and cash equivalents, other securities	**2,534**	1,623	56%
	28,724	32,047	(10)%
Prepaid expenses	**223**	220	1%
Deferred tax assets	**2,294**	2,065	11%
Active difference resulting from offsetting	**33**	16	107%
Total assets	**103,884**	107,005	(3)%
Liabilities and equity			
Equity	**21,422**	20,623	4%
Special reserve with an equity portion	**540**	540	0%
Provisions			
Provisions for pensions and similar commitments	**13,604**	13,380	2%
Provisions for taxes and other provisions	**4,666**	4,313	8%
	18,270	17,693	3%
Liabilities			
Liabilities to banks	**339**	639	(47)%
Trade payables, liabilities to affiliated companies and other liabilities	**63,079**	67,275	(6)%
	63,417	67,914	(7)%
Deferred income	**235**	235	0%
Total liabilities and equity	**103,884**	107,005	(3)%

The change in **cash and cash equivalents, other securities** relates to the liquidity management conducted by Corporate Treasury, 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 a decrease of €4.5 billion in receivables from affiliated companies, which resulted in lower **inventories, receivables and other assets,** and a decrease of €4.5 billion in liabilities to affiliated companies, which was the main reason for the decrease of **trade payables, liabilities to affiliated companies and other liabilities.**

The increase in **equity** was due to net income for the year of €4.5 billion and the transfer of €0.6 billion in treasury shares to employees in connection with our share-based payment programs. These factors were partly offset by dividends paid in fiscal 2023 (for fiscal 2022) of €3.4 billion and share buybacks during the year amounting to €0.9 billion. The equity ratio as of September 30, 2023 increased to 21%, from 19% 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 2023.

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.com/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

Following the cancellation of 50 million registered shares of no par value of the Company (Siemens shares) in February 2023, the Company's capital stock amounts to €2.400 billion (as of September 30, 2023), divided into 800 million 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 Siemens share programs implemented since the beginning of fiscal 2009, in particular the Share Matching Plan, are freely transferable unless applicable local laws indicate 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 10,059,581 Siemens shares (as of September 30, 2023) 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 contributions in cash and/or in kind (Authorized Capital 2019).

As of September 30, 2023, the total unissued authorized capital of Siemens AG therefore consisted of €600 million nominal that may be used, in installments with varying terms, by issuing 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 conversion obligations, or a combination of these instruments, entitling the holders/creditors 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 such convertible bonds and/or warrant 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 and/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 nominal 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 contributions in cash or in kind. 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 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 provide subscription rights as dilution compensation for holders/creditors of conversion or option rights/ obligations on Siemens shares.

The new shares issued or to be issued against contributions in cash or 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 respective authorizations. In addition, the Managing Board has declared, by way of a voluntary 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 voluntary commitment ends no later than February 4, 2025.

The Company may not repurchase Siemens 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 the 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 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 such 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 provide subscription rights as dilution compensation for holders/creditors of conversion or option rights/obligations on Siemens shares, 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.

On June 24, 2021, the Company announced that it would launch a new five-year share buyback program, beginning in fiscal 2022. This buyback, which began on November 15, 2021 and extends at the latest until September 15, 2026, is limited to a maximum value of €3 billion (excluding incidental transaction charges) on purchases of no more than 50 million Siemens shares. Using the authorization given by the Annual Shareholders' Meeting on February 5, 2020, Siemens repurchased 21.0 million shares by September 30, 2023 under this share buyback. This buyback has 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.

As of September 30, 2023, the Company held 10,079,918 shares of stock in treasury.

For details on the authorizations referred to above, especially the terms to exclude subscription rights, 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, 2023, Siemens AG maintained lines of credit in the amount of €7.45 billion.

In January 2023, Siemens AG entered into a bilateral loan agreement in the amount of US$250 million and in December 2022, Siemens AG entered into a bilateral loan agreement in the amount of PLN500 million; both loan agreements have been fully drawn.

In December 2021, a consolidated subsidiary as borrower and Siemens AG as guarantor entered into a bilateral loan agreement in the amount of €500 million, which has been fully drawn. 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.

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 share programs 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.

11. EU Taxonomy disclosure

The key performance indicators (KPI) in this section were determined based on Commission Delegated Regulation (EU) 2021/2178 in conjunction with the International Financial Reporting Standards applicable for the Consolidated Financial Statements. For calculating the eligibility and alignment KPIs, Siemens' business activities and associated revenue, capital expenditures (CapEx), and operating expenditures (OpEx) were predominantly directly mapped to an applicable economic activity listed in the Commission Delegated Acts in connection with EU regulation 2020/852. For the calculation of CapEx and OpEx, allocations were also made based on the revenue of the Taxonomy-eligible and aligned activities. To avoid double counting, a mapping was always made to one economic activity only. Following the eligibility assessment, the alignment with Substantial Contribution criteria for all eligible business activities was assessed and documented based on appropriate reporting hierarchy levels, such as business-segment, product-family or project level. Once a business activity demonstrated Substantial Contribution, the Do No Significant Harm (DNSH) criteria were assessed together with technical experts on the product, site, project and/or supplier level. For fiscal 2023, EU Taxonomy reporting is limited to the first two environmental objectives (climate change mitigation and climate change adaption). Based on its implemented group-wide structures on risk analysis, corporate guidelines and due diligence processes and mechanisms, Siemens fulfills the Minimum Safeguards requirements, which comprise the areas of human rights, anti-corruption and bribery, taxation, and fair competition.

Revenue KPI

The revenue KPI shows the ratio of revenue from Taxonomy-eligible and/or aligned economic activities to the total revenue in the Consolidated Statements of Income for the reporting year. Based on an assessment of the Siemens business portfolio, Taxonomy-eligible revenue accounted for 20.3% and Taxonomy-aligned revenue for 16.5% of total revenue. This translates into €15.7 billion in Taxonomy-eligible revenue and €12.8 billion in aligned revenue.

Taxonomy-eligible and aligned economic activities were primarily driven by the (i) Manufacture of low-carbon technologies for transport (Climate Change Mitigation, CCM 3.3), (ii) rail transportation infrastructure (CCM 6.14), (iii) Infrastructure enabling low-carbon road transport and public transport (CCM 6.15), all associated with Mobility businesses, as well as (iv) energy-efficient building technologies (CCM 3.5) and (v) services for energy-efficient building technologies (CCM 7.5), both related to Smart Infrastructure businesses.

The difference between Taxonomy-eligible revenue and Taxonomy-aligned revenue is mainly due to DNSH criteria related to pollution prevention as part of Appendix C, which go beyond existing national regulation. This is mainly because additionally required documentation is not completely available yet.

Capital expenditures KPI

The CapEx KPI shows the ratio of CapEx from Taxonomy-eligible and/or aligned economic activities to the total CapEx, reflecting additions (including additions from business combinations) to other intangible assets and property, plant and equipment in accordance with Note 13 to the Consolidated Financial Statements. In the reporting year, 34.5% (€1.3 billion) of Siemens' CapEx were eligible, and 12.2% (€0.5 billion) were aligned. The aligned CapEx is composed as follows: a majority of €0.4 billion is related to additions to property, plant and equipment, the remainder pertains to internally generated intangible assets and capitalized right-of-use assets.

This aligned CapEx includes €116 million related to a CapEx plan, associated with building projects to be finalized by fiscal 2028, summing up to a planned total volume of €1.4 billion (capitalizable and non-capitalizable costs). The buildings are designed to minimize energy use and carbon emissions (CCM 7.7).

Acquisition and ownership of buildings (CCM 7.7) related to Siemens' real estate portfolio represents the largest portion in overall CapEx eligibility. The difference between Taxonomy-eligible CapEx and Taxonomy-aligned CapEx is impacted by (i) only partial availability of information on energy performance certificates for our global portfolio and (ii) energy certificates below the required threshold defined in the Substantial Contribution criteria for the energy efficiency of buildings.

Operating expenditures KPI

The OpEx KPI shows the ratio of OpEx from Taxonomy-eligible and/or aligned economic activities to total OpEx. The total OpEx comprises direct non-capitalized costs related to research and development, building renovation measures, short-term leases, maintenance and repairs, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant, and equipment per Annex I of the Commission Delegated Regulation (EU) 2021/2178. Accordingly, 12.4% (€0.9 billion) of Siemens' OpEx were eligible and 8.2% (€0.6 billion) were aligned.

The majority of eligible and/or aligned expenditures relate to processes and assets associated with the economic activities described for the revenue KPI: (i) Manufacture of low carbon technologies for transport (CCM 3.3) and (ii) rail transportation infrastructure (CCM 6.14). These two activities account for half of eligible OpEx and the majority of aligned OpEx.

This aligned OpEx includes €3 million related to a CapEx plan, associated with building projects to be finalized by fiscal 2028, summing up to a planned total volume of €1.4 billion (capitalizable and non-capitalizable costs). The buildings are designed to minimize energy use and carbon emissions (CCM 7.7).

Corresponding to revenue, the difference between Taxonomy-eligible OpEx and Taxonomy-aligned OpEx relates mainly to the documentation of DNSH criteria for pollution prevention (Appendix C).

EU Taxonomy – Revenue	Codes	Revenue		Substantial contribution criteria		DNSH criteria						Minimum safe-guards	Taxonomy-aligned proportion of revenue	Category (E = enabling; T = transitional)
		Absolute Revenue	Proportion of Revenue	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems			
Economic activities		(in millions of €)	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T
A. Taxonomy-eligible activities														
A.1. Environmentally sustainable activities (Taxonomy-aligned)														
Manufacture of renewable energy technologies	3.1	58	0.1%	100%	0%		Y	Y	Y	Y	Y	Y	0.1%	E
Manufacture of low carbon technologies for transport	3.3	4,947	6.4%	100%	0%		Y	Y	Y	Y	Y	Y	6.4%	E
Manufacture of energy efficiency equipment for buildings	3.5	39	0.0%	100%	0%		Y	Y	Y	Y	Y	Y	0.0%	E
Manufacture of other low carbon technologies	3.6	122	0.2%	100%	0%		Y	Y	Y	Y	Y	Y	0.2%	E
Transmission and distribution of electricity	4.9	100	0.1%	100%	0%		Y	Y	Y	Y	Y	Y	0.1%	E
Infrastructure for rail transport	6.14	3,013	3.9%	100%	0%		Y	Y	Y	Y	Y	Y	3.9%	E
Infrastructure enabling low-carbon road transport and public transport	6.15	1,159	1.5%	100%	0%		Y	Y	Y	Y	Y	Y	1.5%	E
Infrastructure enabling low carbon water transport	6.16	16	0.0%	100%	0%		Y	Y	Y	Y	Y	Y	0.0%	E
Installation, maintenance and repair of energy efficiency equipment	7.3	433	0.6%	100%	0%		Y	Y	Y	Y	Y	Y	0.6%	E
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	2,574	3.3%	100%	0%		Y	Y	Y	Y	Y	Y	3.3%	E
Installation, maintenance and repair of renewable energy technologies	7.6	119	0.2%	100%	0%		Y	Y	Y	Y	Y	Y	0.2%	E
Acquisition and ownership of buildings	7.7	4	0.0%	100%	0%		Y	Y	Y	Y	Y	Y	0.0%	
Data-driven solutions for GHG emissions reductions	8.2	234	0.3%	100%	0%		Y	Y	Y	Y	Y	Y	0.3%	E
Professional services related to energy performance of buildings	9.3	4	0.0%	100%	0%		Y	Y	Y	Y	Y	Y	0.0%	E
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		12,822	16.5%										16.5%	

EU Taxonomy – Revenue		Revenue		Substantial contribution criteria		DNSH criteria						Minimum safe-guards	Taxonomy-aligned proportion of revenue	Category (E = enabling; T = transitional)
	Codes	Absolute Revenue	Proportion of Revenue	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems			
Economic activities		(in millions of €)	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)														
Manufacture of low carbon technologies for transport	3.3	1,317	1.7%											
Manufacture of energy efficiency equipment for buildings	3.5	976	1.3%											
Manufacture of other low carbon technologies	3.6	130	0.2%											
Transmission and distribution of electricity	4.9	241	0.3%											
Infrastructure for rail transport	6.14	15	0.0%											
Infrastructure enabling low-carbon road transport and public transport	6.15	10	0.0%											
Installation, maintenance and repair of energy efficiency equipment	7.3	92	0.1%											
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	25	0.0%											
Acquisition and ownership of buildings	7.7	105	0.1%											
Data-driven solutions for GHG emissions reductions	8.2	14	0.0%											
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		2,927	3.8%											
Total (A.1 + A.2)		15,748	20.3%										16.5%	
B. Taxonomy-non-eligible activities														
Revenue of Taxonomy-non-eligible activities (B)		62,020	79.7%											
Total (A+B)		77,769	100.0%											

EU Taxonomy – CapEx	Codes	CapEx		Substantial contribution criteria		DNSH criteria						Minimum safe-guards	Taxonomy-aligned proportion of CapEx	Category (E = enabling; T = transitional)
		Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems			
Economic activities		(in millions of €)	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T
A. Taxonomy-eligible activities														
A.1. Environmentally sustainable activities (Taxonomy-aligned)														
Manufacture of renewable energy technologies	3.1	2	0.1%	100%	0%		Y	Y	Y	Y	Y	Y	0.1%	E
Manufacture of low carbon technologies for transport	3.3	115	3.0%	100%	0%		Y	Y	Y	Y	Y	Y	3.0%	E
Transmission and distribution of electricity	4.9	1	0.0%	100%	0%		Y	Y	Y	Y	Y	Y	0.0%	E
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	12	0.3%	100%	0%		Y	Y	Y	Y	Y	Y	0.3%	T
Infrastructure for rail transport	6.14	65	1.7%	100%	0%		Y	Y	Y	Y	Y	Y	1.7%	E
Infrastructure enabling low-carbon road transport and public transport	6.15	18	0.5%	100%	0%		Y	Y	Y	Y	Y	Y	0.5%	E
Installation, maintenance and repair of energy efficiency equipment	7.3	2	0.1%	100%	0%		Y	Y	Y	Y	Y	Y	0.1%	E
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	2	0.0%	100%	0%		Y	Y	Y	Y	Y	Y	0.0%	E
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	24	0.6%	100%	0%		Y	Y	Y	Y	Y	Y	0.6%	E
Installation, maintenance and repair of renewable energy technologies	7.6	7	0.2%	100%	0%		Y	Y	Y	Y	Y	Y	0.2%	E
Acquisition and ownership of buildings	7.7	206	5.4%	100%	0%		Y	Y	Y	Y	Y	Y	5.4%	
Data-driven solutions for GHG emissions reductions	8.2	10	0.3%	100%	0%		Y	Y	Y	Y	Y	Y	0.3%	E
Professional services related to energy performance of buildings[1]	9.3	0	0.0%	100%	0%		Y	Y	Y	Y	Y	Y	0.0%	E
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		464	12.2%										12.2%	

[1] Value below €0.5 million, therefore rounded to zero.

EU Taxonomy – CapEx	Codes	CapEx		Substantial contribution criteria		DNSH criteria						Minimum safe-guards	Taxonomy-aligned proportion of CapEx	Category (E = enabling; T = transitional)
		Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems			
Economic activities		(in millions of €)	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)														
Manufacture of low carbon technologies for transport	3.3	27	0.7%											
Manufacture of energy efficiency equipment for buildings	3.5	30	0.8%											
Manufacture of other low carbon technologies	3.6	6	0.1%											
Transmission and distribution of electricity	4.9	4	0.1%											
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	67	1.8%											
Infrastructure for rail transport[1]	6.14	0	0.0%											
Infrastructure enabling low-carbon road transport and public transport[1]	6.15	0	0.0%											
Renovation of existing buildings	7.2	51	1.4%											
Installation, maintenance and repair of energy efficiency equipment	7.3	4	0.1%											
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	1	0.0%											
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	3	0.1%											
Installation, maintenance and repair of renewable energy technologies	7.6	2	0.1%											
Acquisition and ownership of buildings	7.7	652	17.1%											
Data-driven solutions for GHG emissions reductions[1]	8.2	0	0.0%											
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		848	22.3%											
Total (A.1 + A.2)		1,312	34.5%										12.2%	

EU Taxonomy – CapEx	Codes	Absolute CapEx	Proportion of CapEx
B. Taxonomy-non-eligible activities			
CapEx of Taxonomy-non-eligible activities (B)		2,496	65.5%
Total (A+B)		3,808	100.0%

[1] Value below €0.5 million, therefore rounded to zero.

EU Taxonomy – OpEx	Codes	OpEx		Substantial contribution criteria		DNSH criteria						Minimum safe-guards	Taxonomy-aligned proportion of OpEx	Category (E = enabling; T = transitional)
		Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems			
Economic activities		(in millions of €)	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T
A. Taxonomy-eligible activities														
A.1. Environmentally sustainable activities (Taxonomy-aligned)														
Manufacture of renewable energy technologies	3.1	8	0.1%	100%	0%		Y	Y	Y	Y	Y	Y	0.1%	E
Manufacture of low carbon technologies for transport	3.3	226	3.1%	100%	0%		Y	Y	Y	Y	Y	Y	3.1%	E
Transmission and distribution of electricity	4.9	1	0.0%	100%	0%		Y	Y	Y	Y	Y	Y	0.0%	E
Infrastructure for rail transport	6.14	196	2.7%	100%	0%		Y	Y	Y	Y	Y	Y	2.7%	E
Infrastructure enabling low-carbon road transport and public transport	6.15	69	0.9%	100%	0%		Y	Y	Y	Y	Y	Y	0.9%	E
Infrastructure enabling low carbon water transport	6.16	3	0.0%	100%	0%		Y	Y	Y	Y	Y	Y	0.0%	E
Installation, maintenance and repair of energy efficiency equipment	7.3	5	0.1%	100%	0%		Y	Y	Y	Y	Y	Y	0.1%	E
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)[1]	7.4	0	0.0%	100%	0%		Y	Y	Y	Y	Y	Y	0.0%	E
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	29	0.4%	100%	0%		Y	Y	Y	Y	Y	Y	0.4%	E
Installation, maintenance and repair of renewable energy technologies	7.6	1	0.0%	100%	0%		Y	Y	Y	Y	Y	Y	0.0%	E
Acquisition and ownership of buildings	7.7	7	0.1%	100%	0%		Y	Y	Y	Y	Y	Y	0.1%	
Data-driven solutions for GHG emissions reductions	8.2	54	0.7%	100%	0%		Y	Y	Y	Y	Y	Y	0.7%	E
Professional services related to energy performance of buildings[1]	9.3	0	0.0%	100%	0%		Y	Y	Y	Y	Y	Y	0.0%	E
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		597	8.2%										8.2%	

[1] Value below €0.5 million, therefore rounded to zero.

EU Taxonomy – OpEx		OpEx		Substantial contribution criteria		DNSH criteria						Minimum safe-guards	Taxonomy-aligned proportion of OpEx	Category (E = enabling; T = transitional)
	Codes	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems			
Economic activities		(in millions of €)	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)														
Manufacture of low carbon technologies for transport	3.3	26	0.4%											
Manufacture of energy efficiency equipment for buildings	3.5	189	2.6%											
Manufacture of other low carbon technologies	3.6	24	0.3%											
Transmission and distribution of electricity	4.9	2	0.0%											
Infrastructure for rail transport[1]	6.14	0	0.0%											
Infrastructure enabling low-carbon road transport and public transport[1]	6.15	0	0.0%											
Construction of new buildings[1]	7.1	0	0.0%											
Renovation of existing buildings	7.2	15	0.2%											
Installation, maintenance and repair of energy efficiency equipment	7.3	16	0.2%											
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	1	0.0%											
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	3	0.0%											
Installation, maintenance and repair of renewable energy technologies	7.6	1	0.0%											
Acquisition and ownership of buildings	7.7	21	0.3%											
Data-driven solutions for GHG emissions reductions	8.2	9	0.1%											
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		307	4.2%											
Total (A.1 + A.2)		905	12.4%										8.2%	
B. Taxonomy-non-eligible activities														
OpEx of Taxonomy-non-eligible activities (B)		6,369	87.6%											
Total (A+B)		7,274	100.0%											

[1] Value below €0.5 million, therefore rounded to zero.

Consolidated Financial Statements*

for fiscal 2023

* This document is an English language translation of the authoritative 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 Company Register and published in the German Company Register.

SIEMENS

1. Consolidated Statements of Income

(in millions of €, per share amounts in €)	Note	Fiscal year 2023	Fiscal year 2022
Revenue	2, 30	**77,769**	71,977
Cost of sales		**(48,116)**	(46,130)
Gross profit		**29,653**	25,847
Research and development expenses		**(6,183)**	(5,591)
Selling and general administrative expenses		**(13,941)**	(12,857)
Other operating income	5	**574**	2,171
Other operating expenses	6	**(454)**	(285)
Income (loss) from investments accounted for using the equity method, net	4	**906**	(2,085)
Interest income		**2,406**	1,632
Interest expenses		**(1,373)**	(689)
Other financial income (expenses), net		**(387)**	(987)
Income from continuing operations before income taxes		**11,201**	7,154
Income tax expenses	7	**(2,687)**	(2,741)
Income from continuing operations		**8,514**	4,413
Income (loss) from discontinued operations, net of income taxes		**15**	(21)
Net income		**8,529**	4,392
Attributable to:			
Non-controlling interests		**579**	669
Shareholders of Siemens AG		**7,949**	3,723
Basic earnings per share	28		
Income from continuing operations		**10.02**	4.67
Income (loss) from discontinued operations		**0.02**	(0.03)
Net income		**10.04**	4.65
Diluted earnings per share	28		
Income from continuing operations		**9.90**	4.62
Income (loss) from discontinued operations		**0.02**	(0.03)
Net income		**9.91**	4.59

2. Consolidated Statements of Comprehensive Income

(in millions of €)	Note	Fiscal year 2023	Fiscal year 2022
Net income		**8,529**	4,392
Remeasurements of defined benefit plans	17	**(104)**	(589)
therein: Income tax effects		***(84)***	*(560)*
Remeasurements of equity instruments		**(41)**	1
therein: Income tax effects		**–**	*(1)*
Income (loss) from investments accounted for using the equity method, net		**10**	72
Items that will not be reclassified to profit or loss		**(135)**	(516)
Currency translation differences		**(4,262)**	6,803
Derivative financial instruments		**(8)**	(74)
therein: Income tax effects		***(15)***	*45*
Income (loss) from investments accounted for using the equity method, net		**(161)**	398
Items that may be reclassified subsequently to profit or loss		**(4,431)**	7,127
Other comprehensive income, net of income taxes		**(4,566)**	6,611
Total comprehensive income		**3,962**	11,003
Attributable to:			
Non-controlling interests		**(10)**	1,450
Shareholders of Siemens AG		**3,972**	9,553

3. Consolidated Statements of Financial Position

(in millions of €)	Note	Sep 30, 2023	Sep 30, 2022
Assets			
Cash and cash equivalents		**10,084**	10,465
Trade and other receivables	8	**17,405**	16,701
Other current financial assets	9	**10,605**	9,696
Contract assets	10	**7,581**	7,559
Inventories	11	**11,548**	10,626
Current income tax assets		**1,363**	1,432
Other current assets	11	**1,955**	1,935
Assets classified as held for disposal		**99**	413
Total current assets		**60,639**	58,829
Goodwill	3, 12	**32,224**	33,861
Other intangible assets	3, 13	**10,641**	12,196
Property, plant and equipment	13	**11,938**	11,733
Investments accounted for using the equity method	4	**3,014**	4,955
Other financial assets	14, 23	**22,855**	25,903
Deferred tax assets	7	**2,231**	2,459
Other assets		**1,523**	1,565
Total non-current assets		**84,428**	92,673
Total assets		**145,067**	151,502

Liabilities and equity			
Short-term debt and current maturities of long-term debt	16	**7,483**	6,658
Trade payables		**10,130**	10,317
Other current financial liabilities		**1,601**	1,616
Contract liabilities	10	**12,571**	12,049
Current provisions	18	**2,320**	2,156
Current income tax liabilities		**2,566**	2,381
Other current liabilities	15	**8,182**	7,448
Liabilities associated with assets classified as held for disposal		**50**	61
Total current liabilities		**44,901**	42,686
Long-term debt	16	**39,113**	43,978
Provisions for pensions and similar obligations	17	**1,426**	2,275
Deferred tax liabilities	7	**1,655**	2,381
Provisions	18	**1,794**	1,857
Other financial liabilities		**1,453**	1,867
Other liabilities		**1,666**	1,654
Total non-current liabilities		**47,106**	54,011
Total liabilities		**92,007**	96,697
Equity	4, 19		
Issued capital		**2,400**	2,550
Capital reserve		**7,411**	7,174
Retained earnings		**36,874**	38,959
Other components of equity		**2,282**	6,159
Treasury shares, at cost		**(1,177)**	(5,948)
Total equity attributable to shareholders of Siemens AG		**47,791**	48,895
Non-controlling interests		**5,270**	5,910
Total equity		**53,060**	54,805
Total liabilities and equity		**145,067**	151,502

4. Consolidated Statements of Cash Flows

(in millions of €)	Fiscal year 2023	2022
Cash flows from operating activities		
Net income	**8,529**	4,392
Adjustments to reconcile net income to cash flows from operating activities – continuing operations		
(Income) loss from discontinued operations, net of income taxes	**(15)**	21
Amortization, depreciation and impairments	**3,608**	3,561
Income tax expenses	**2,687**	2,741
Interest (income) expenses, net	**(1,033)**	(942)
(Income) loss related to investing activities	**(979)**	432
Other non-cash (income) expenses	**(652)**	2,903
Change in operating net working capital from		
Contract assets	**(425)**	(432)
Inventories	**(1,345)**	(1,456)
Trade and other receivables	**(1,655)**	(972)
Trade payables	**190**	1,352
Contract liabilities	**1,069**	2,046
Additions to assets leased to others in operating leases	**(444)**	(394)
Change in other assets and liabilities	**3,184**	(2,584)
Income taxes paid	**(2,902)**	(2,173)
Dividends received	**258**	348
Interest received	**2,205**	1,481
Cash flows from operating activities – continuing operations	**12,281**	10,322
Cash flows from operating activities – discontinued operations	**(41)**	(81)
Cash flows from operating activities – continuing and discontinued operations	**12,239**	10,241
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment	**(2,218)**	(2,084)
Acquisitions of businesses, net of cash acquired	**(407)**	(2,207)
Purchase of investments and financial assets for investment purposes	**(723)**	(1,404)
Change in receivables from financing activities	**(1,461)**	(1,100)
Disposal of intangibles and property, plant and equipment	**237**	276
Disposal of businesses, net of cash disposed	**368**	2,078
Disposal of investments and financial assets for investment purposes	**746**	1,973
Cash flows from investing activities – continuing operations	**(3,458)**	(2,467)
Cash flows from investing activities – discontinued operations	**281**	(23)
Cash flows from investing activities – continuing and discontinued operations	**(3,176)**	(2,490)
Cash flows from financing activities		
Purchase of treasury shares	**(884)**	(1,565)
Re-issuance of treasury shares and other transactions with owners	**(404)**	(305)
Issuance of long-term debt	**2,470**	4,969
Repayment of long-term debt (including current maturities of long-term debt)	**(5,252)**	(6,663)
Change in short-term debt and other financing activities	**300**	455
Interest paid	**(1,208)**	(824)
Dividends paid to shareholders of Siemens AG	**(3,362)**	(3,215)
Dividends attributable to non-controlling interests	**(389)**	(354)
Cash flows from financing activities – continuing operations	**(8,730)**	(7,502)
Cash flows from financing activities – discontinued operations	**(1)**	(1)
Cash flows from financing activities – continuing and discontinued operations	**(8,731)**	(7,502)
Effect of changes in exchange rates on cash and cash equivalents	**(721)**	679
Change in cash and cash equivalents	**(388)**	927
Cash and cash equivalents at beginning of period	**10,472**	9,545
Cash and cash equivalents at end of period	**10,084**	10,472
Less: Cash and cash equivalents of assets classified as held for disposal and discontinued operations at end of period	**–**	7
Cash and cash equivalents at end of period (Consolidated Statements of Financial Position)	**10,084**	10,465

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, 2021	2,550	7,040	39,607	(40)	(13)	(179)	(4,804)	44,160	4,831	48,991
Net income	–	–	3,723	–	–	–	–	3,723	669	4,392
Other comprehensive income, net of income taxes	–	–	(562)	6,346	1	45	–	5,830	781	6,611
Dividends	–	–	(3,215)	–	–	–	–	(3,215)	(354)	(3,569)
Share-based payment	–	83	(69)	–	–	–	–	14	–	14
Purchase of treasury shares	–	–	–	–	–	–	(1,588)	(1,588)	–	(1,588)
Re-issuance of treasury shares	–	45	–	–	–	–	444	490	–	490
Disposal of equity instruments	–	–	(41)	–	–	–	–	(41)	–	(41)
Transactions with non-controlling interests	–	6	(153)	–	–	–	–	(146)	(19)	(166)
Other changes in equity	–	–	(331)	–	–	–	–	(331)	3	(328)
Balance as of September 30, 2022	2,550	7,174	38,959	6,306	(12)	(134)	(5,948)	48,895	5,910	54,805
Balance as of October 1, 2022	**2,550**	**7,174**	**38,959**	**6,306**	**(12)**	**(134)**	**(5,948)**	**48,895**	**5,910**	**54,805**
Net income	**–**	**–**	**7,949**	**–**	**–**	**–**	**–**	**7,949**	**579**	**8,529**
Other comprehensive income, net of income taxes	**–**	**–**	**(100)**	**(3,881)**	**(41)**	**45**	**–**	**(3,977)**	**(589)**	**(4,566)**
Dividends	**–**	**–**	**(3,362)**	**–**	**–**	**–**	**–**	**(3,362)**	**(400)**	**(3,762)**
Share-based payment	**–**	**176**	**(46)**	**–**	**–**	**–**	**–**	**130**	**–**	**130**
Purchase of treasury shares	**–**	**–**	**–**	**–**	**–**	**–**	**(884)**	**(884)**	**–**	**(884)**
Re-issuance of treasury shares	**–**	**57**	**–**	**–**	**–**	**–**	**445**	**502**	**–**	**502**
Cancellation of treasury shares	**(150)**	**–**	**(5,061)**	**–**	**–**	**–**	**5,211**	**–**	**–**	**–**
Disposal of equity instruments	**–**	**–**	**14**	**–**	**–**	**–**	**–**	**14**	**–**	**14**
Changes in equity resulting from major portfolio transactions	**–**	**–**	**(1,553)**	**–**	**–**	**–**	**–**	**(1,553)**	**–**	**(1,553)**
Other transactions with non-controlling interests	**–**	**3**	**71**	**–**	**–**	**–**	**–**	**75**	**(267)**	**(193)**
Other changes in equity	**–**	**–**	**3**	**–**	**–**	**–**	**–**	**3**	**37**	**41**
Balance as of September 30, 2023	**2,400**	**7,411**	**36,874**	**2,425**	**(53)**	**(89)**	**(1,177)**	**47,791**	**5,270**	**53,060**

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 Consolidated 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 December 4, 2023. 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 the following 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.

Siemens operates in an increasingly complex and uncertain macroeconomic and geopolitical environment, particularly due to the war in Ukraine and the conflict in Israel-Gaza/Middle East. Notably, we face continuing inflation, increased interest rates, volatile foreign currencies and share prices along with a rising apprehension of a slow-down of economic growth in significant markets compared to prior years. Uncertainties increase in prognosis and forecasts, in applying critical accounting estimates and in using management judgements. Those trends could impact fair values and carrying amounts of assets and liabilities, amount and timing of results of operations and cash flows of Siemens. Severity and duration of those trends are decisive on the magnitude of its impact on Siemens' Consolidated Financial Statements. Siemens based its estimates and assumptions on existing knowledge and best information available.

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. In addition, Siemens similarly assesses whether there are indications that an impairment loss recorded in prior periods may no longer exist or may have decreased. If this is the case, any reversal of an impairment loss is recognized to the extent that the recoverable amount subsequently increases, not exceeding the carrying amount, had no impairment loss been recognized in previous periods. Impairments and reversal of impairments include the use of judgements.

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.

Revenues 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 maintenance and service contracts: 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.

Revenues from product sales: 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.

Revenues from software contracts: Software contracts usually comprise the sale of subscription licenses and perpetual licenses, which are both on-premise, as well as technical support services including updates and unspecified upgrades and the sale of software-as-a-service. Subscription contracts generally contain two separate performance obligations: time-based software license and technical support service. Revenues for perpetual and time-based licenses granting the customer a right to use Siemens' intellectual property are recognized at a point in time, i.e. when control of the license passes to the customer. Revenues for technical support services including updates and unspecified upgrades are recognized over time on a straight-line basis as the customer simultaneously receives and consumes the benefits provided by Siemens' services. Software-as-a-service contracts including related cloud services represent one performance obligation for which revenues are recognized over time on a straight-line basis. Payment terms for all transactions are usually 30 days from the date of invoice issued according to the contractual terms.

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 25 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 (group of) cash-generating unit(s) that is expected to benefit from the synergies of the business combination. If the carrying amount of the (group of) cash-generating unit(s), 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 (group of) cash-generating unit(s)' 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 (group of) cash-generating unit(s) 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 consider 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 two to 30 years for customer relationships and trademarks and for technology from five to 22 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 expense 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. Depreciation and amortization cease for assets classified as held for disposal. In the Consolidated Statements of Income and of Cash Flows, discontinued operations are reported separately from continuing operations; prior periods are presented on a comparable basis. The disclosures in the Notes to the Consolidated Financial Statements outside of Note 3 relate to continuing operations or assets and liabilities not held for disposal. The non-current asset held for disposal or the disposal group is measured at the lower of its carrying amount and fair value less costs to sell. 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.

Expected tax effects, arising from prospectively applying the global minimum taxation rules (Pillar Two), are not considered in calculating deferred tax assets and liabilities. Currently, it is expected to apply Pillar Two to the entire Siemens Group commencing with fiscal 2025.

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 salary and pension increases 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 from 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 (1) it is probable that the Company has a present legal or constructive obligation as a result of a past event and (2) it is probable that an outflow of economic benefits will be required to settle the obligation and (3) 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 as far as 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 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.

Insurance contracts – In June 2020, the IASB issued IFRS 17 Insurance contracts (IFRS 17), effective for reporting periods beginning on or after January 1, 2023. Siemens will adopt the standard commencing with fiscal 2024. IFRS 17 introduces and applies uniform accounting policies for insurance contracts and supersedes IFRS 4 Insurance contracts. The adoption of IFRS 17 is not expected to have a significant impact on Siemens' Consolidated Financial Statements.

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

NOTE 3 Acquisitions and dispositions

Acquisitions

In fiscal 2023, Siemens completed several individually minor acquisitions for a total purchase price of €373 million, mainly paid in cash. In fiscal 2022 acquisitions totaled €2.0 billion. In fiscal 2023 and 2022, the (preliminary) purchase price allocations resulted in Other intangible assets of €180 million and €1.1 billion, respectively, and in Goodwill of €203 million and €1.5 billion, respectively. Goodwill 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.

Disposals

In November 2022, Siemens sold its Commercial Vehicles business for a consideration of €184 million in cash and recognized a pre-tax gain on the disposal of €148 million, which is presented in Other operating income. The business was previously reported at Portfolio Companies.

NOTE 4 Interests in other entities

Investments accounted for using the equity method

(in millions of €)	Sep 30, 2023	2022
Share of profit (loss), net	**(1,298)**	(97)
Gains (losses) on disposals, net	**618**	609
Impairments and reversals of impairment	**1,586**	(2,597)
Income (loss) from investments accounted for using the equity method, net	**906**	(2,085)

Siemens Energy AG, an associate accounted for using the equity method, is globally active in the transmission and generation of electrical power and is publicly listed. The fair value of our investment in Siemens Energy AG is €2.5 billion and €2.9 billion, respectively, as of September 30, 2023 and 2022, determined based on Siemens Energy's market capitalization (level 1 of the fair value hierarchy). In fiscal 2023 and 2022, Siemens Energy AG added a loss to Share of profit (loss), net of €(1,478) million and €(207) million, respectively. The loss includes Siemens' share of Siemens Energy AG's net losses of €(1,405) million and €(142) million as well as effects from fair value adjustments at initial recognition of €(73) million and €(65) million, respectively. In fiscal 2023, Siemens Energy AG acquired and redeemed shares of Siemens Gamesa Renewable Energy, S.A. from the minority shareholders. The acquisition and redemption of shares of Siemens Gamesa Renewable Energy, S.A. reduced equity within Siemens Energy AG's consolidated financial statements. Recognizing Siemens' share in this equity transaction decreased the carrying amount of our investment in Siemens Energy AG by €1,553 million, which is recognized in Equity directly. In March 2023, Siemens Energy AG completed a capital increase, in which Siemens did not participate. The transaction decreased Siemens' stake in Siemens Energy AG from 35.1% to 31.9%, which resulted in a gain of €235 million, disclosed in Income (loss) from investments accounted for using the equity method and in Reconciling items of Segment information. As of March 31, 2023, the recoverable amount of our investment in Siemens Energy AG of €5.2 billion, determined based on its market capitalization (level 1 of the fair value hierarchy), increased significantly compared to the level when the impairment was recorded in fiscal 2022. This triggered a partial reversal of the previous impairment of €1,594 million, which is included in Income (loss) from investments accounted for using the equity method and in Reconciling items of Segment information. In June 2023, Siemens contributed a 6.8% stake in Siemens Energy AG (54 million shares) to the Siemens Pension-Trust e.V. at fair value (share price of €15.67; Level 1 of the fair value hierarchy). Siemens' stake in Siemens Energy AG declined from 31.9% to 25.1%. The contribution resulted in a gain of €318 million disclosed at Income (loss) from investments accounted for using the equity method and at Reconciling items of Segment information.

Below summarized consolidated 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.

	Siemens Energy AG registered in Munich, Germany	
(in millions of €)	Sep 30, 2023	Sep 30, 2022
Ownership interest	**25.1%**	35.1%
Current assets	**26,567**	28,665
Non-current assets excluding goodwill	**16,321**	17,279
Current liabilities	**31,599**	27,941
Non-current liabilities	**8,487**	7,134
Net Assets	**2,802**	10,870
attributable to shareholders of Siemens Energy AG	***2,207***	*10,528*
Siemens interest in the net assets of Siemens Energy AG at fiscal year-end	**554**	3,695
Consolidation adjustments including goodwill	**2,098**	2,670
Accumulated (impairment) and reversal of impairment (balance at fiscal year-end)	**(873)**	(2,703)
Carrying amount of Siemens Energy AG at fiscal year-end	**1,779**	3,662

	Fiscal year 2023	2022
Revenue	**31,119**	28,997
Income (loss) from continuing operations, net of income taxes	**(4,813)**	(833)
Other comprehensive income, net of income taxes	**(244)**	622
Total comprehensive income (loss), net of income taxes	**(5,057)**	(211)
attributable to shareholders of Siemens Energy AG	***(5,075)***	*(2)*
attributable to Siemens	***(1,605)***	*(1)*

As of September 30, 2023, and 2022, the carrying amount of all individually not material associates amounts to €901 million and €943 million, respectively. As of September 30, 2023, and 2022, the carrying amount of all individually not material joint ventures amounts to €334 million and €350 million, respectively. The aggregate amount of the Siemens' share in the following line items of these associates and joint ventures is presented below:

	Associates		Joint ventures	
(in millions of €)	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Income (loss) from continuing operations	**95**	20	**86**	99
Other comprehensive income	**(21)**	132	**(14)**	193
Total comprehensive income	**73**	152	**72**	292

Subsidiary with material non-controlling interests

Summarized consolidated financial information, in accordance with IFRS and before intercompany eliminations, is presented below.

	Siemens Healthineers AG registered in Munich, Germany	
(in millions of €)	Sep 30, 2023	Sep 30, 2022
Ownership interests held by non-controlling interests	**24%**	25%
Accumulated non-controlling interests	**4,341**	4,887
Current assets	**14,136**	13,379
Non-current assets	**32,548**	35,677
Current liabilities	**13,440**	12,024
Non-current liabilities	**15,110**	17,180

	Fiscal year 2023	2022
Net income attributable to non-controlling interests	**372**	514
Dividends paid to non-controlling interests	**273**	251
Revenue	**21,680**	21,714
Income (loss) from continuing operations, net of income taxes	**1,525**	2,054
Other comprehensive income, net of income taxes	**1,989**	2,881
Total comprehensive income, net of income taxes	**(464)**	4,935
Total cash flows	**361**	(8)

NOTE 5 Other operating income

Other operating income in fiscal 2023 and 2022, mainly includes gains from disposals of businesses of €232 million and €1,884 million, respectively, (thereof in fiscal 2022: mail and parcel-handling business of Siemens Logistics GmbH €1,084 million and Yunex Traffic €738 million) gains from sales of property, plant and equipment of €174 million and €125 million, respectively, as well as insurance related income in both years.

NOTE 6 Other operating expenses

Other operating expenses in fiscal 2023, and 2022, include losses on the sale of property, plant and equipment as well as effects from insurance, personnel, legal and regulatory matters.

NOTE 7 Income taxes

Income tax expenses (benefits) consist of the following:

(in millions of €)	Fiscal year 2023	2022
Current taxes	**3,250**	3,163
Deferred taxes	**(563)**	(422)
Income tax expenses	**2,687**	2,741

Current income tax expenses in fiscal 2023 and 2022 include adjustments recognized for current taxes of prior years in the amount of €73 million and €220 million, respectively. In fiscal 2023 and 2022, deferred taxes include tax effects from the origination and reversal of temporary differences of €(670) million and €(430) million, respectively. Deferred taxes include tax expenses of €125 million from the write-down of previously recognized deferred tax assets on tax loss carryforwards and temporary differences (in fiscal 2022, €(202) million tax from the recognition of previously unrecognized deferred taxes on tax loss carryforwards and temporary differences).

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.

Global minimum taxation rules (Pillar Two) were enacted in some jurisdictions, in which Siemens currently operates. We expect to apply Pillar Two worldwide commencing with fiscal 2025 and anticipate an increase in current taxes in a low double-digit million euro range.

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

(in millions of €)	Fiscal year 2023	2022
Expected income tax expenses	**3,472**	2,218
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses	**831**	1,947
Tax-free income	**(1,142)**	(769)
Taxes for prior years	**(8)**	215
Change in realizability of deferred tax assets and tax credits	**36**	(198)
Change in tax rates	**(6)**	12
Foreign tax rate differential	**(752)**	(591)
Tax effect of investments accounted for using the equity method	**410**	14
Other, net (primarily German trade tax differentials)	**(154)**	(106)
Actual income tax expenses	**2,687**	2,741

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

(in millions of €)	Sep 30, 2023	2022
Deferred taxes due to temporary differences		
Intangible assets	**(2,208)**	(2,957)
Pensions and similar obligations	**1,709**	1,943
Current assets and liabilities	**640**	459
Non-current assets and liabilities	**(318)**	(355)
Tax loss carryforwards and tax credits	**753**	989
Total deferred taxes, net	**576**	78

Minus amounts represent deferred tax liabilities.

Deferred tax balances developed as follows:

(in millions of €)	Fiscal year 2023	2022
Balance at beginning of fiscal year of deferred tax (assets) liabilities	**(78)**	(527)
Income taxes presented in the Consolidated Statements of Income	**(563)**	(422)
Changes in items of the Consolidated Statements of Comprehensive Income	**99**	515
Additions from acquisitions not impacting net income	**18**	172
Other (includes mainly currency translation differences)	**(52)**	184
Balance at end of fiscal year of deferred tax (assets) liabilities	**(576)**	(78)

Minus amounts represent deferred tax assets.

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

(in millions of €)	Sep 30, 2023	2022
Deductible temporary differences	**550**	443
Tax loss carryforwards	**1,314**	1,164
	1,864	1,607

Of the tax loss carryforward, an amount of €189 million and €245 million for fiscal 2023 and 2022, respectively can be carried forward for a limited period. A material portion thereof will expire until 2031 and 2030, respectively.

Siemens has not recognized deferred tax liabilities for income taxes or foreign withholding taxes on the cumulative earnings of subsidiaries of €29,720 million and €29,687 million, respectively in fiscal 2023 and 2022, 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:

(in millions of €)	Fiscal year 2023	2022
Continuing operations	**2,687**	2,741
Discontinued operations	**9**	3
Income and expenses recognized directly in equity	**(4)**	538
	2,692	3,282

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

(in millions of €)	Sep 30, 2023	2022
Trade receivables from the sale of goods and services	**15,454**	14,666
Receivables from finance leases	**1,952**	2,036
	17,405	16,701

In fiscal 2023 and 2022, the long-term portion of receivables from finance leases is reported in Other financial assets amounting to €4,606 million and €4,277 million, respectively.

Future minimum lease payments to be received are as follows:

(in millions of €)	Sep 30, 2023	2022
Within one year	**2,384**	2,299
After one year but not more than two years	**1,721**	1,653
After two years but not more than three years	**1,243**	1,171
After three years but not more than four years	**829**	758
After four years but not more than five years	**489**	456
More than five years	**808**	769
	7,475	7,106

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

	Sep 30,	
(in millions of €)	2023	2022
Future minimum lease payments	**7,475**	7,106
Less: Unearned finance income relating to future minimum lease payments	**(922)**	(756)
Present value of future minimum lease payments	**6,552**	6,350
Plus present value of unguaranteed residual value	**144**	136
Net investment in the lease	**6,696**	6,486

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

In fiscal 2023 and 2022, finance income on the net investment in the lease is €372 million and €453 million.

NOTE 9 Other current financial assets

	Sep 30,	
(in millions of €)	2023	2022
Loans receivable	**7,588**	6,216
Interest-bearing debt securities	**1,047**	1,239
Derivative financial instruments	**573**	957
Other	**1,397**	1,285
	10,605	9,696

NOTE 10 Contract assets and liabilities

As of September 30, 2023, and 2022, amounts expected to be settled after twelve months are €1,487 million and €1,321 million for contract assets and €1,812 million and €1,628 million for contract liabilities, respectively. In fiscal 2023, and 2022, revenue includes €7,799 million and €6,158 million, respectively, which was included in contract liabilities at the beginning of the fiscal year.

NOTE 11 Inventories and Other current assets

Inventories

	Sep 30,	
(in millions of €)	2023	2022
Raw materials and supplies	**3,516**	3,197
Work in progress	**4,029**	3,631
Finished goods and products held for resale	**3,715**	3,419
Advances to suppliers	**287**	379
	11,548	10,626

Cost of sales includes inventories recognized as expense amounting to €47,350 million and €45,159 million, respectively, in fiscal 2023 and 2022. Compared to prior year, write-downs increased by €131 million in fiscal 2023. In fiscal 2022, write-downs increased by €94 million compared to fiscal 2021.

Other current assets

In fiscal 2023, and 2022, Other current assets include other tax receivables of €784 million and €810 million, prepaid expenses of €543 million and €509 million, respectively, and €283 million and €261 million, respectively, in reimbursement claims relating to activities in Russia.

NOTE 12 Goodwill

(in millions of €)	Fiscal year 2023	2022
Cost		
Balance at begin of fiscal year	**35,721**	31,360
Translation differences and other	**(1,899)**	3,014
Acquisitions and purchase accounting adjustments	**198**	1,505
Dispositions and reclassifications to assets classified as held for disposal	**(110)**	(159)
Balance at fiscal year-end	**33,910**	35,721
Accumulated impairment losses and other changes		
Balance at begin of fiscal year	**1,859**	1,688
Translation differences and other	**(118)**	217
Impairment losses recognized during the period	**8**	13
Dispositions and reclassifications to assets classified as held for disposal	**(63)**	(59)
Balance at fiscal year-end	**1,686**	1,859
Carrying amount		
Balance at begin of fiscal year	**33,861**	29,672
Balance at fiscal year-end	**32,224**	33,861

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 (group of) cash-generating unit(s) being part of the segments include terminal value growth rates up to 1.9% in fiscal 2023 and 2022, and after-tax discount rates of 7.5% to 9.5% in fiscal 2023 and 6.5% to 9.0% in fiscal 2022.

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:

(in millions of €)	Sep 30, 2023 Goodwill	Terminal value growth rate	After-tax discount rate
Varian of Siemens Healthineers	**7,874**	**1,9%**	**8,5%**
Digital Industries	**7,828**	**1,9%**	**9,5%**
Imaging of Siemens Healthineers	**6,782**	**1,9%**	**8,0%**

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 8.4% (8.3% and 10.3% in fiscal 2022).

(in millions of €)	Sep 30, 2022 Goodwill	Terminal value growth rate	After-tax discount rate
Digital Industries	8,226	1.9%	9.0%
Varian of Siemens Healthineers	8,134	1.9%	8.0%
Imaging of Siemens Healthineers	7,260	1.9%	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 10/01/2022	Translation differences	Additions through business combi-nations	Additions	Reclassi-fications	Retire-ments[1]	Gross carrying amount 09/30/2023	Accumu-lated depre-ciation/am-ortization and impair-ment	Carrying amount 09/30/2023	Deprecia-tion/amorti-zation and impairment in fiscal 2023
Internally generated technology	4,215	(150)	–	301	–	(202)	4,165	(2,170)	**1,995**	(168)
Acquired technology including patents, licenses and similar rights	8,383	(490)	43	48	–	(102)	7,882	(4,465)	**3,417**	(702)
Customer relationships and trademarks	9,484	(438)	160	–	–	(1,007)	8,200	(2,971)	**5,229**	(451)
Other intangible assets	22,082	(1,077)	203	349	–	(1,310)	20,247	(9,605)	**10,641**	(1,321)
Land and buildings	10,610	(425)	1	831	424	(548)	10,894	(5,073)	**5,821**	(753)
Technical machinery and equipment	5,190	(177)	–	289	215	(185)	5,333	(3,691)	**1,642**	(307)
Office and other equipment	5,742	(223)	15	748	103	(485)	5,900	(4,482)	**1,418**	(674)
Equipment leased to others	4,025	(149)	–	643	12	(675)	3,857	(2,088)	**1,769**	(543)
Advances to suppliers and construction in progress	1,359	(41)	–	742	(755)	(8)	1,296	(8)	**1,288**	(2)
Property, plant and equipment	26,926	(1,015)	17	3,252	–	(1,901)	27,280	(15,342)	**11,938**	(2,279)

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

(in millions of €)	Gross carrying amount 10/01/2021	Translation differences	Additions through business combi-nations	Additions	Reclassi-fications	Retire-ments[1]	Gross carrying amount 09/30/2022	Accumu-lated depre-ciation/am-ortization and impair-ment	Carrying amount 09/30/2022	Deprecia-tion/amorti-zation and impairment in fiscal 2022
Internally generated technology	3,704	335	–	295	–	(119)	4,215	(2,164)	**2,051**	(199)
Acquired technology including patents, licenses and similar rights	7,179	983	259	50	–	(89)	8,383	(4,052)	**4,331**	(579)
Customer relationships and trademarks	7,966	698	911	–	–	(91)	9,484	(3,669)	**5,815**	(478)
Other intangible assets	18,849	2,017	1,169	345	–	(298)	22,082	(9,886)	**12,196**	(1,256)
Land and buildings	9,454	656	22	888	337	(746)	10,610	(4,902)	**5,708**	(802)
Technical machinery and equipment	4,826	256	–	201	149	(242)	5,190	(3,671)	**1,519**	(309)
Office and other equipment	5,406	320	–	627	80	(692)	5,742	(4,420)	**1,321**	(631)
Equipment leased to others	3,860	213	4	553	2	(608)	4,025	(2,188)	**1,838**	(543)
Advances to suppliers and construction in progress	1,055	58	–	834	(568)	(19)	1,359	(12)	**1,347**	(7)
Property, plant and equipment	24,601	1,503	26	3,104	–	(2,307)	26,926	(15,193)	**11,733**	(2,292)

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

The carrying amount of Advances to suppliers and construction in progress includes €1,125 million and €1,218 million, respectively, of property, plant and equipment under construction in fiscal 2023 and 2022. As of September 30, 2023, and 2022, contractual commitments for purchases of property, plant and equipment are €694 million and €627 million, respectively.

In fiscal 2023, Siemens Healthineers incurred impairment losses in the endovascular robotics solution business of €262 million, mainly on other intangible assets, due to a decision to refocus certain activities within this business. The impairment loss is primarily reported at Cost of sales. The recoverable amount of the cash generating unit of €(69) million is fair value less costs to sell, determined by applying a discounted cash flow model (Level 3 of the fair value hierarchy) using a 10% after tax discount rate and a term corresponding to the expected useful life of the respective asset.

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 €2,546 million and €2,608 million as of September 30, 2023, and 2022, respectively; additions are €924 million and €918 million and depreciation expense is €770 million and €760 million in fiscal 2023 and 2022. Right-of-use assets mainly relate to leases of land and buildings with a carrying amount of €2,176 million and €2,309 million as of September 30, 2023, and 2022, additions of €604 million and €650 million and depreciation expense of €554 million and €558 million in fiscal 2023, and 2022. 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 €1,248 million and €298 million, respectively, as of September 30, 2023 and €1,323 million and €337 million, respectively, as of September 30, 2022.

In fiscal 2023 and 2022, expenses recognized for short-term leases are €64 million and €56 million, respectively; expenses for low-value leases not accounted for under the right-of-use model are €27 million and €22 million, respectively. Sale and Leaseback transactions resulted in gains of €2 million and €94 million, respectively, in fiscal 2023 and 2022.

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

(in millions of €)	Sep 30, 2023	Sep 30, 2022
Within one year	**372**	392
After one year but not more than two years	**284**	298
After two years but not more than three years	**215**	228
After three years but not more than four years	**161**	163
After four years but not more than five years	**101**	111
More than five years	**139**	130
	1,272	1,323

In fiscal 2023 and 2022, income from operating leases is €610 million and €687 million, respectively, thereof from variable lease payments €137 million and €144 million, respectively.

NOTE 14 Other financial assets

(in millions of €)	Sep 30, 2023	Sep 30, 2022
Loans receivable	**14,917**	16,551
Receivables from finance leases	**4,606**	4,277
Derivative financial instruments	**1,213**	2,868
Equity instruments	**1,360**	1,470
Other	**760**	737
	22,855	25,903

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

NOTE 15 Other current liabilities

(in millions of €)	Sep 30, 2023	Sep 30, 2022
Liabilities to personnel	**5,522**	5,126
Deferred Income	**105**	79
Accruals for pending invoices	**569**	550
Other	**1,985**	1,692
	8,182	7,448

In fiscal 2023 and 2022, Other includes miscellaneous tax liabilities of €899 million and €743 million, respectively, as well as various accruals of €368 million and €419 million, respectively.

NOTE 16 Debt

	Current debt		Non-current debt	
(in millions of €)	Sep 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
Notes and bonds	**5,545**	4,797	**35,383**	39,964
Loans from banks	**733**	1,071	**1,461**	1,673
Other financial indebtedness	**511**	87	**38**	42
Lease liabilities	**693**	703	**2,230**	2,299
Total debt	**7,483**	6,658	**39,113**	43,978

In fiscal 2023 and 2022, Siemens recognized interest expenses on lease liabilities of €71 million and €48 million and expenses relating to variable lease payments not included in the measurement of lease liabilities of €100 million and €93 million, respectively. In fiscal 2023 and 2022, 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 €3.1 billion, respectively, and, in addition, to variable lease payments mainly relating to incidental and operating costs for buildings leased by Siemens.

Changes in liabilities arising from financing activities

(in millions of €)	10/01/2022	Cash flows	Non-cash changes				09/30/2023
			(Acquisi-tions)/Dis-positions	Foreign currency translation	Fair value hedge adjustments	Reclassifi-cations and other changes	
Non-current notes and bonds	39,964	2,470	–	(1,911)	153	(5,291)	**35,383**
Current notes and bonds	4,797	(4,574)	–	114	(59)	5,267	**5,545**
Loans from banks (current and non-current)	2,745	(404)	39	(144)	–	(41)	**2,194**
Other financial indebtedness (current and non-current)	128	546	–	(123)	–	(3)	**549**
Lease liabilities (current and non-current)	3,002	(771)	(3)	(97)	–	793	**2,924**
Total debt	50,636	(2,733)	35	(2,162)	94	725	**46,596**

In addition, other financing activities resulted in €251 million cash flows in fiscal 2023.

(in millions of €)	10/01/2021	Cash flows	Non-cash changes				09/30/2022
			(Acquisi-tions)/Dis-positions	Foreign currency translation	Fair value hedge adjustments	Reclassifi-cations and other changes	
Non-current notes and bonds	37,505	4,969	–	3,224	(1,255)	(4,480)	39,964
Current notes and bonds	5,867	(6,060)	–	553	(19)	4,456	4,797
Loans from banks (current and non-current)	2,282	320	361	159	–	(377)	2,745
Other financial indebtedness (current and non-current)	116	(453)	–	463	–	3	128
Lease liabilities (current and non-current)	2,929	(604)	(72)	127	–	622	3,002
Total debt	48,700	(1,829)	289	4,526	(1,274)	224	50,636

In addition, other financing activities resulted in €590 million cash flows in fiscal 2022.

Credit facilities

As of September 30, 2023, and 2022, Siemens has €7.45 billion lines of credit, which are unused. The €7.0 billion syndicated loan facility matures in February 2026. In September 2023, the unused €450 million revolving bilateral credit facility was extended to September 2024. The facilities are for general corporate purposes.

Notes and bonds

	Sep 30, 2023			Sep 30, 2022		
(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**	**377**	£	350	355
3.75%/2012/September 2042/GBP fixed-rate instruments	**£**	**650**	**741**	£	650	725
2.875%/2013/March 2028/EUR fixed-rate instruments	**€**	**1,000**	**1,001**	€	1,000	998
3.5%/2013/March 2028/US$ fixed-rate instruments	**US$**	**100**	**93**	US$	100	101
0.375%/2018/September 2023/EUR fixed-rate instruments	**–**	**–**	**–**	€	1,000	999
1.0%/2018/September 2027/EUR fixed-rate instruments	**€**	**750**	**677**	€	750	676
1.375%/2018/September 2030/EUR fixed-rate instruments	**€**	**1,000**	**996**	€	1,000	995
0.3%/2019/February 2024/EUR fixed-rate instruments	**€**	**750**	**737**	€	750	724
0.9%/2019/February 2028/EUR fixed-rate instruments	**€**	**650**	**572**	€	650	569
1.25%/2019/February 2031/EUR fixed-rate instruments	**€**	**800**	**664**	€	800	665
1.75%/2019/February 2039/EUR fixed-rate instruments	**€**	**800**	**576**	€	800	601
0.0%/2019/September 2024/EUR fixed-rate instruments	**€**	**500**	**484**	€	500	479
0.125%/2019/September 2029/EUR fixed-rate instruments	**€**	**1,000**	**995**	€	1,000	995
0.5%/2019/September 2034/EUR fixed-rate instruments	**€**	**1,000**	**993**	€	1,000	992
0.0%/2020/February 2023/EUR fixed-rate instruments	**–**	**–**	**–**	€	1,250	1,251
0.0%/2020/February 2026/EUR fixed-rate instruments	**€**	**1,000**	**953**	€	1,000	950
0.25%/2020/February 2029/EUR fixed-rate instruments	**€**	**1,000**	**998**	€	1,000	997
0.5%/2020/February 2032/EUR fixed-rate instruments	**€**	**750**	**748**	€	750	748
1.0%/2020/February 2025/GBP fixed-rate instruments	**£**	**850**	**932**	£	850	878
0.25%/2020/June 2024/EUR fixed-rate instruments	**€**	**1,000**	**976**	€	1,000	962
0.375%/2020/June 2026/EUR fixed-rate instruments	**€**	**1,000**	**924**	€	1,000	921
0.875%/2020/June 2023/GBP fixed-rate instruments	**–**	**–**	**–**	£	450	497
0.625%/2022/February 2027/EUR fixed-rate instruments	**€**	**500**	**455**	€	500	454
1.0%/2022/February 2030/EUR fixed-rate instruments	**€**	**750**	**746**	€	750	746
1.25%/2022/February 2035/EUR fixed-rate instruments	**€**	**750**	**739**	€	750	738
2.25%/2022/March 2025/EUR fixed-rate instruments	**€**	**1,000**	**998**	€	1,000	997
2.5%/2022/September 2027/EUR fixed-rate instruments	**€**	**500**	**499**	€	500	499
2.75%/2022/September 2030/EUR fixed-rate instruments	**€**	**500**	**497**	€	500	497
3.0%/2022/September 2033/EUR fixed-rate instruments	**€**	**1,000**	**997**	€	1,000	997
3.375%/2023/August 2031/EUR fixed-rate instruments	**€**	**1,250**	**1,244**	–	–	–
3.5%/2023/February 2036/EUR fixed-rate instruments	**€**	**500**	**492**	–	–	–
3.625%/2023/February 2043/EUR fixed-rate instruments	**€**	**750**	**735**	–	–	–
Total Debt Issuance Program			**21,842**			22,006
6.125%/2006/August 2026/US$ fixed-rate instruments	**US$**	**1,750**	**1,758**	US$	1,750	1,968
3.25%/2015/May 2025/US$ fixed-rate-instruments	**US$**	**1,500**	**1,350**	US$	1,500	1,458
4.4%/2015/May 2045/US$ fixed-rate-instruments	**US$**	**1,750**	**1,635**	US$	1,750	1,776
2.0%/2016/September 2023/US$-fixed-rate-instruments	**–**	**–**	**–**	US$	750	768
2.35%/2016/October 2026/US$-fixed-rate-instruments	**US$**	**1,700**	**1,602**	US$	1,700	1,740
3.3%/2016/September 2046/US$-fixed-rate-instruments	**US$**	**1,000**	**937**	US$	1,000	1,018
3.125%/2017/March 2024/US$ fixed-rate-instruments	**US$**	**1,000**	**929**	US$	1,000	992
3.4%/2017/March 2027/US$ fixed-rate-instruments	**US$**	**1,250**	**1,178**	US$	1,250	1,280
4.2%/2017/March 2047/US fixed-rate-instruments	**US$**	**1,500**	**1,404**	US$	1,500	1,526
0.4%/2021/March 2023/US$ fixed-rate-instruments	**–**	**–**	**–**	US$	1,250	1,282
Compounded SOFR+0.43%/2021/March 2024/US$ floating-rate instruments	**US$**	**1,000**	**944**	US$	1,000	1,025
0.65%/2021/March 2024/US$ fixed-rate-instruments	**US$**	**1,500**	**1,416**	US$	1,500	1,538
1.2%/2021/March 2026/US$ fixed-rate-instruments	**US$**	**1,750**	**1,649**	US$	1,750	1,790
1.7%/2021/March 2028/US$ fixed-rate-instruments	**US$**	**1,250**	**1,176**	US$	1,250	1,277
2.15%/2021/March 2031/US$ fixed-rate-instruments	**US$**	**1,750**	**1,645**	US$	1,750	1,788
2.875%/2021/March 2041/US$ fixed-rate-instruments	**US$**	**1,500**	**1,405**	US$	1,500	1,527
2023/February 2024/EUR fixed-rate instruments	**€**	**60**	**60**	–	–	–
Total Stand Alone Bonds			**19,087**			22,755
Total			**40,929**			44,761

[1] Includes adjustments for fair value hedge accounting.

Debt Issuance Program – The Company has a program in place to issue debt instruments under which, as of September 30, 2023 and 2022, up to €30.0 billion of instruments can be issued. As of September 30, 2023, €22.7 billion in notional amounts were issued and are outstanding (€23.0 billion as of September 30, 2022).

In February 2023, the 0.0% €1.25 billion fixed-rate instruments, in June 2023, the 0.875% £450 million fixed-rate instruments and in September 2023, the 0.375% €1.0 billion fixed-rate instruments were redeemed at face value. In February 2023, Siemens issued fixed-rate instruments totaling €2.5 billion in three tranches: 3.375% €1.25 billion due August 2031; 3.5% €500 million due February 2036 and 3.625% €750 million due February 2043.

Stand Alone Bonds – In March 2023, the 0.4% US$1.25 billion fixed-rate instruments and in September 2023, the 2.0% US$750 million fixed-rate instruments were redeemed at face value.

Assignable and term loans

As of September 30, 2023, and 2022, five bilateral term loan facilities are outstanding (in aggregate €1.8 billion and €2.1 billion, respectively).

In fiscal 2023, two bilateral term loan facilities were newly signed: one bilateral PLN 500 million (€108 million) term loan facility maturing in fiscal 2026 with one one-year extension option and one bilateral US$250 million (€236 million) term loan facility maturing in fiscal 2025 with one one-year extension option, which was extended in October 2023 to mature in fiscal 2026 with no remaining extension option.

The previous bilateral €250 million term loan facility and the bilateral €350 million term loan facility, both maturing in fiscal 2023, were redeemed as due.

Of the two persisting bilateral term loan facilities of US$500 million (€472 million) each, one matures in fiscal 2024, and the second in fiscal 2025. The existing bilateral €500 million term loan facility matures in fiscal 2025.

Commercial paper program

As of September 30, 2023, and 2022, Siemens has a US$9.0 billion (€8.5 billion and €9.2 billion, respectively, as of September 30, 2023 and 2022) commercial paper program in place including US$ extendible notes capabilities. As of September 30, 2023, US$49 million (€46 million) were outstanding; as of September 30, 2022, none were outstanding. Siemens' commercial papers have a maturity of generally less than 90 days. Interest rates ranged from 3.06% to 5.29% in fiscal 2023 and from 0.08% to 3.06% in fiscal 2022.

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 country specific differences into account. 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 183,000 actives, 82,000 deferreds with vested benefits and 177,000 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 based predominantly 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, inflation 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 U.S., the Pension Plans are sponsored by Siemens, 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 Trusts and the trustees of the Trusts are responsible for the administration of the assets of the Trusts, 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

	Defined benefit obligation (DBO)[1] (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 €)	2023	2022	2023	2022	2023	2022	2023	2022
Balance at begin of fiscal year	**27,853**	35,542	**26,523**	33,543	**620**	16	**1,949**	2,015
Current service cost	**386**	482	**–**	–	**–**	–	**386**	482
Interest expenses	**1,056**	366	**–**	–	**14**	1	**1,070**	367
Interest income	**–**	–	**990**	327	**–**	–	**(990)**	(327)
Other[2]	**(2)**	(15)	**(10)**	(10)	**–**	–	**8**	(6)
Components of defined benefit costs recognized in the Consolidated Statements of income	**1,440**	832	**980**	317	**14**	1	**474**	516
Return on plan assets excluding amounts included in net interest income and net interest expenses	**–**	–	**(788)**	(7,018)	**–**	–	**788**	7,018
Actuarial (gains) losses	**(696)**	(7,581)	**–**	–	**–**	–	**(696)**	(7,581)
Effects of asset ceiling	**–**	–	**–**	–	**(50)**	602	**(50)**	602
Remeasurements recognized in the Consolidated Statements of Comprehensive Income	**(696)**	(7,581)	**(788)**	(7,018)	**(50)**	602	**42**	39
Employer contributions	**–**	–	**1,104**	513	**–**	–	**(1,104)**	(513)
Plan participants' contributions	**126**	128	**126**	128	**–**	–	**–**	–
Benefits paid	**(1,811)**	(1,788)	**(1,687)**	(1,660)	**–**	–	**(124)**	(128)
Settlement payments	**(15)**	–	**(11)**	–	**–**	–	**(5)**	–
Business combinations, disposals and other	**(5)**	(155)	**12**	(154)	**–**	(7)	**(17)**	(8)
Foreign currency translation effects	**(281)**	874	**(204)**	854	**(6)**	8	**(83)**	28
Other reconciling items	**(1,987)**	(941)	**(660)**	(319)	**(6)**	1	**(1,333)**	(620)
Balance at fiscal year-end	**26,610**	27,853	**26,055**	26,523	**578**	620	**1,132**	1,949
Germany	***16,023***	*16,676*	***15,760***	*15,475*	**–**	–	***262***	*1,201*
U.S.	***2,240***	*2,568*	***2,057***	*2,314*	**–**	–	***183***	*254*
U.K.	***3,654***	*3,933*	***3,591***	*4,105*	***12***	*13*	***76***	*(159)*
CH	***3,175***	*3,075*	***3,783***	*3,731*	***561***	*604*	***(47)***	*(52)*
Other countries	***1,518***	*1,599*	***864***	*899*	***4***	*3*	***658***	*704*
Total	**26,610**	27,853	**26,055**	26,523	**578**	620	**1,132**	1,949
thereof provisions for pensions and similar obligations							***1,426***	*2,278*
thereof net defined benefit assets (presented in Other assets)							***293***	*328*

[1] Total Defined benefit obligation (DBO) includes other post-employment benefits of €284 million and €299 million in fiscal 2023 and 2022 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.

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

Net interest expenses relating to provisions for pensions and similar obligations amount to €97 million and €51 million, respectively, in fiscal 2023 and 2022. The DBO is attributable to actives 29% and 29%, to deferreds with vested benefits 12% and 13% and to retirees and surviving dependents 60% and 58%, respectively, in fiscal 2023 and 2022.

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

	Fiscal year	
(in millions of €)	2023	2022
Changes in demographic assumptions	**(82)**	(49)
Changes in financial assumptions	**(1,246)**	(7,986)
Experience (gains) losses	**631**	454
Total	**(696)**	(7,581)

DBO remeasurements in fiscal 2023 include losses of €813 million arising from inflation-related adjustments of pension benefits in Germany.

Actuarial assumptions

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

	Sep 30, 2023	2022
Discount rate	**4.6%**	3.9%
EUR	**4.5%**	3.7%
USD	**5.9%**	5.5%
GBP	**5.5%**	4.8%
CHF	**2.1%**	2.2%

Discount rates are derived from high-quality corporate bonds in the respective currency zones. As of September 30, 2023, discount rates are provided by external actuaries, which increased our weighted average discount rate by 0.21 percentage points.

Applied mortality tables are:

Germany	Siemens specific tables (Siemens Bio 2017/2023)
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)
CH	BVG 2020 G with generational projection according to CMI model with a long-term trend rate of 1.25%

The mortality tables used in Germany (Siemens Bio 2017/2023) 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 weighted-average assumptions for pension increase for countries with significant effects are shown in the following table. Inflation effects, if applicable, are included in the assumptions below.

	Sep 30, 2023	2022
Pension increase		
Germany	**2.3%**	2.0%
U.K.	**3.0%**	3.2%

Sensitivity analysis

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

(in millions of €)	Effect on DBO due to a one-half percentage-point increase, Sep 30, 2023	decrease, 2023	increase, 2022	decrease, 2022
Discount rate	**(1,123)**	**1,208**	(1,328)	1,450
Rate of pension increase	**788**	**(642)**	973	(813)

The DBO effect of a 10% reduction in mortality rates for all beneficiaries would be an increase of €714 million and €800 million, respectively, as of September 30, 2023 and 2022.

As in prior years, sensitivity determinations apply the same methodology as those applied in determining post-employment benefit obligations. 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 €)	2023	2022
Equity securities	**3,360**	3,185
Fixed income securities	**10,504**	10,635
Government bonds	***2,639***	*2,517*
Corporate bonds	***7,865***	*8,118*
Alternative investments	**5,207**	5,491
Multi strategy funds	**3,329**	3,501
Derivatives	**499**	602
Cash and cash equivalents	**818**	699
Insurance contracts	**2,039**	2,090
Other assets	**299**	321
Total	**26,055**	26,523

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 €608 million and €734 million, respectively, as of September 30, 2023 and 2022. 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 2024 are €230 million. Over the next ten fiscal years, average annual benefit payments of €1,945 million and €1,869 million, respectively, are expected as of September 30, 2023 and 2022. The weighted average duration of the DBO for Siemens defined benefit plans was 9 and 10 years, respectively, as of September 30, 2023 and 2022.

Defined contribution plans and state plans

Amounts recognized as expenses for defined contribution plans are €611 million and €611 million in fiscal 2023 and 2022, respectively. Contributions to state plans amount to €1,723 million and €1,630 million, respectively, in fiscal 2023 and 2022.

NOTE 18 Provisions

(in millions of €)	Warranties	Order related losses and risks	Asset retirement obligations	Other	Total
Balance as of October 1, 2022	1,497	481	564	1,471	4,013
thereof: non-current	*551*	*235*	*185*	*886*	*1,857*
Additions	769	284	5	371	1,428
Usage	(388)	(156)	(11)	(198)	(753)
Reversals	(212)	(101)	(2)	(189)	(504)
Translation differences	(46)	(37)	(5)	(30)	(118)
Accretion expense and effect of changes in discount rates	3	–	(3)	4	5
Other changes including reclassifications to held for disposal and disposition of those entities	(57)	(1)	7	92	42
Balance as of September 30, 2023	**1,566**	**470**	**556**	**1,521**	**4,113**
thereof: non-current	***585***	***207***	***179***	***823***	***1,794***

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 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 contract under public-law, 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, regarding 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, 2023, and 2022, the provisions total €480 million and €487 million, respectively.

Other includes provisions for life and industrial business reinsurance contracts (liability, property, construction) in connection with the Siemens Energy business of €267 million and €339 million as of September 30, 2023 and 2022; thereof life €145 million and €159 million and industrial business €122 million and €180 million, respectively, as of September 30, 2023 and 2022. 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 19 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 €227 million and €236 million as of September 30, 2023 and 2022, respectively. As of September 30, 2023, and 2022, €260 million and €181 million are included for claims and charges resulting from the construction business. Furthermore, Other includes provision for indemnifications in connection with dispositions of businesses of €82 million and €92 million as of September 30, 2023 and 2022. Such indemnifications may protect the buyer from potential tax, legal and other risks in conjunction with the purchased business.

NOTE 19 Equity

As of September 30, 2023, and 2022, Siemens' issued capital is divided into 800 million and 850 million registered shares, respectively, with no par value and a notional value of €3.00 per share. 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 2023, Siemens cancelled 50 million treasury shares, thereby reducing issued capital by €150 million to €2.4 billion.

In fiscal 2023 and 2022, Siemens repurchased 6,853,091 shares and 14,185,791 shares, respectively. In fiscal 2023 and 2022, Siemens transferred 4,227,344 and 4,376,201 treasury shares, respectively. As of September 30, 2023, and 2022, the Company has treasury shares of 10,079,918 and 57,454,171 respectively.

Share based payment expenses increased Capital reserve by €444 million and €376 million (including non-controlling interests), respectively, in fiscal 2023 and 2022. In connection with the settlement of share based payment awards, Siemens treasury shares (at cost) were transferred to employees amounting to €265 million and €257 million, respectively, in fiscal 2023 and 2022, which decreased Capital reserve and Retained earnings by €221 million and €44 million, respectively in 2023 and by €191 million and €66 million in fiscal 2022.

As of September 30, 2023, and 2022, 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, 2023 and 2022; which, primarily, 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 €4.25 and €4.00, respectively, in fiscal 2023 and 2022. The Managing Board and the Supervisory Board propose to distribute a dividend of €4.70 per share to holders entitled to dividends, in total representing approximately €3.7 billion in expected payments. Payment of the proposed dividend is contingent upon approval at the Shareholders' Meeting on February 8, 2024.

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 our target, Siemens intends to maintain an Industrial net debt divided by EBITDA (continuing operations) ratio of up to 1.5 in accordance with our Financial Framework. 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.

	Sep 30,	
(in millions of €)	2023	2022
Short-term debt and current maturities of long-term debt	**7,483**	6,658
Plus: Long-term debt	**39,113**	43,978
Less: Cash and cash equivalents	**(10,084)**	(10,465)
Less: Current interest-bearing debt securities	**(1,047)**	(1,239)
Less: Fair value of foreign currency and interest hedges relating to short- and long-term debt[1]	**(621)**	(1,720)
Net debt	**34,843**	37,212
Less: Siemens Financial Services debt[2]	**(28,756)**	(29,107)
Plus: Provisions for pensions and similar obligations	**1,426**	2,275
Plus: Credit guarantees	**411**	515
Industrial net debt	**7,924**	10,896
Income from continuing operations before income taxes	**11,201**	7,154
Plus/Less: Interest income, interest expenses and other financial income (expenses), net	**(646)**	45
Plus: Amortization, depreciation and impairments	**3,608**	3,561
EBITDA	**14,163**	10,759
Industrial net debt/EBITDA	**0.6**	1.0

[1] Debt is generally reported at a value approximately representing 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. 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, 2023	Sep 30, 2022
Allocated equity	**3,133**	3,087
Siemens Financial Services debt	**28,756**	29,107
Debt to equity ratio	**9.18**	9.43

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, 2023		Sep 30, 2022	
	Moody's Investors Service	S&P Global Ratings	Moody's Investors Service	S&P Global Ratings
Long-term debt	**Aa3**	**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, 2023	Sep 30, 2022
Credit guarantees	**411**	515
Performance guarantees	**5,746**	9,309
	6,156	9,824

Credit guarantees cover 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 three years (in fiscal 2022 four years). The Company held collateral mainly through inventories and trade receivables. As of September 30, 2023, and 2022, Credit guarantees include €95 million and €123 million for which Siemens holds reimbursement rights towards Siemens Energy. Siemens accrued €18 million and €2 million relating to credit guarantees as of September 30, 2023 and 2022, 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, 2023, and 2022, Performance guarantees include €5,341 million and €8,562 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, 2023, and 2022, the Company accrued €58 million and €54 million, respectively, relating to performance guarantees.

As of September 30, 2023, and 2022, in addition to guarantees disclosed in the table above, there are contingent liabilities of €402 million and €421 million which mainly result from other guarantees and legal proceedings. Other guarantees include €71 million and €99 million for which Siemens holds reimbursement rights towards Siemens Energy.

NOTE 22 Legal proceedings

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.

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 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 €471 million as of September 2023) 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 €92 million as of September 2023) 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 €173 million as of September 2023) 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 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.

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, 2023	Sep 30, 2022
Loans, receivables and other debt instruments measured at amortized cost[1]	**47,021**	46,386
Cash and cash equivalents	**10,084**	10,465
Derivatives designated in a hedge accounting relationship	**1,466**	2,701
Financial assets mandatorily measured at FVTPL[2]	**1,578**	2,368
Financial assets designated as measured at FVTPL[3]	**136**	154
Equity instruments measured at FVOCI[1]	**665**	692
Financial assets	**60,950**	62,766
Financial liabilities measured at amortized cost[4]	**58,202**	62,536
Derivatives not designated in a hedge accounting relationship[5]	**296**	651
Derivatives designated in a hedge accounting relationship [5]	**1,282**	1,249
Financial liabilities	**59,779**	64,436

[1] Reported in the following line items of the Statements of Financial Position as of September 30, 2023 and 2022, respectively: Trade and other receivables, Other current financial assets and Other financial assets, except for separately disclosed €1,691 million and €1,767 million equity instruments in Other financial assets (thereof €665 million and €692 million at FVOCI), €136 million and €154 million financial assets designated as measured at FVTPL and €1,786 million and €3,825 million derivative financial instruments (thereof in Other financial assets €1,213 million and €2,868 million) as well as €232 million and €169 million debt instruments measured at FVTPL in Other financial assets. Includes €15,454 million and €14,666 million trade receivables from the sale of goods and services, thereof €640 million and €766 million with a term of more than twelve months as of September 30, 2023 and 2022.
[2] Reported in line items Other current financial assets and Other financial assets.
[3] Reported in Other financial assets.
[4] Includes fair value hedge adjustments. 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 €1,578 million and €1,900 million as of September 30, 2023 and 2022, respectively.
[5] Reported in line items Other current financial liabilities and Other financial liabilities.

Cash and cash equivalents include €89 million and €164 million as of September 30, 2023 and 2022, respectively, which are not available for use by Siemens mainly due to minimum reserve requirements with banks. As of September 30, 2023, and 2022, the carrying amount of financial assets Siemens pledged as collateral is €164 million and €166 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, 2023		Sep 30, 2022	
(in millions of €)	Fair value	Carrying amount	Fair value	Carrying amount
Notes and bonds	**37,059**	**40,929**	40,622	44,764
Loans from banks and other financial indebtedness	**2,681**	**2,744**	2,821	2,870

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, 2023
(in millions of €)	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**349**	**2,193**	**1,302**	**3,844**
Equity instruments measured at FVTPL	**213**	**334**	**479**	**1,026**
Equity instruments measured at FVOCI	**–**	**2**	**663**	**665**
Debt instruments measured at FVTPL	**136**	**71**	**161**	**367**
Derivative financial instruments	**–**	**1,786**	**–**	**1,786**
Not designated in a hedge accounting relationship (including embedded derivatives)	**–**	***320***	**–**	***320***
In connection with fair value hedges	**–**	***34***	**–**	***34***
In connection with cash flow hedges	**–**	***1,432***	**–**	***1,432***
Financial liabilities measured at fair value – Derivative financial instruments	**–**	**1,578**	**–**	**1,578**
Not designated in a hedge accounting relationship (including embedded derivatives)	**–**	***296***	**–**	***296***
In connection with fair value hedges	**–**	***954***	**–**	***954***
In connection with cash flow hedges	**–**	***328***	**–**	***328***

				Sep 30, 2022
(in millions of €)	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	521	4,164	1,230	5,916
Equity instruments measured at FVTPL	367	336	372	1,075
Equity instruments measured at FVOCI	–	2	691	692
Debt instruments measured at FVTPL	154	1	168	323
Derivative financial instruments	–	3,825	–	3,825
Not designated in a hedge accounting relationship (including embedded derivatives)	–	*1,124*	–	*1,124*
In connection with fair value hedges	–	*3*	–	*3*
In connection with cash flow hedges	–	*2,699*	–	*2,699*
Financial liabilities measured at fair value – Derivative financial instruments	–	1,900	–	1,900
Not designated in a hedge accounting relationship (including embedded derivatives)	–	*651*	–	*651*
In connection with fair value hedges	–	*925*	–	*925*
In connection with cash flow hedges	–	*325*	–	*325*

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 considered via a credit valuation adjustment.

As of September 30, 2023, and 2022, Level 3 financial assets include venture capital investments of €578 million and €607 million (Next47 investments). In fiscal 2023 and 2022, new level 3 investments and purchases amounted to €156 million and €221 million, respectively. Sales of Level 3 financial assets amounted to €40 million and €100 million, respectively, in fiscal 2023 and 2022.

Net gains (losses) resulting from financial instruments are:

	Fiscal year	
(in millions of €)	2023	2022
Cash and cash equivalents	**(38)**	87
Loans, receivables and other debt instruments measured at amortized cost	**(306)**	(568)
Financial liabilities measured at amortized cost	**(25)**	(56)
Financial assets and financial liabilities at FVTPL	**(1,283)**	2,126

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:

	Fiscal year	
(in millions of €)	2023	2022
Total interest income on financial assets	**2,380**	1,626
Total interest expenses on financial liabilities	**(1,476)**	(841)

Valuation allowances for expected credit losses

	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		
(in millions of €)	Stage 1	Stage 2	Stage 3			
Valuation allowance as of October 1, 2022	**106**	**22**	**227**	**567**	**140**	**172**
Change in valuation allowances recorded in the Consolidated Statements of Income in the current period	**106**	**3**	**74**	**41**	**(1)**	**5**
Write-offs charged against the allowance	**n/a**	**n/a**	**(135)**	**(69)**	**–**	**(36)**
Recoveries of amounts previously written off	**n/a**	**n/a**	**4**	**9**	**–**	**4**
Foreign exchange translation differences and other changes	**(112)**	**(6)**	**104**	**(48)**	**(4)**	**(8)**
Reclassifications to line item Assets held for disposal and dispositions of entities	**–**	**–**	**–**	**(2)**	**–**	**–**
Valuation allowance as of September 30, 2023	**100**	**18**	**274**	**498**	**134**	**137**

	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		
(in millions of €)	Stage 1	Stage 2	Stage 3			
Valuation allowance as of October 1, 2021	**86**	**15**	**98**	**535**	**53**	**212**
Change in valuation allowances recorded in the Consolidated Statements of Income in the current period	**132**	**4**	**13**	**116**	**82**	**620**
Write-offs charged against the allowance	**n/a**	**n/a**	**(15)**	**(133)**	**–**	**(28)**
Recoveries of amounts previously written off	**n/a**	**n/a**	**1**	**16**	**–**	**6**
Foreign exchange translation differences and other changes	**(113)**	**3**	**131**	**52**	**6**	**93**
Reclassifications to line item Assets held for disposal and dispositions of entities	**–**	**–**	**–**	**(19)**	**–**	**(732)**
Valuation allowance as of September 30, 2022	**106**	**22**	**227**	**567**	**140**	**172**

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 (gains) in fiscal 2023 are €247 million and in fiscal 2022 €966 million (thereof €566 million due to credit impaired lease receivables in connection with the sale of our leasing business in Russia). In fiscal 2023 and 2022, impairment losses net of (gains) from reversal of impairments at SFS total €181 million and €259 million, respectively. Impairment losses and (gains) from reversal of impairments at SFS are 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:

	Financial assets		Financial liabilities	
	Sep 30,		Sep 30,	
(in millions of €)	2023	2022	2023	2022
Gross amounts	**1,705**	3,711	**1,559**	1,864
Amounts offset in the Statement of Financial Position	**–**	–	**–**	–
Net amounts in the Statement of Financial Position	**1,705**	3,711	**1,558**	1,863
Related amounts not offset in the Statement of Financial Position	**863**	1,444	**865**	1,449
Net amounts	**842**	2,266	**694**	414

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, 2023		Sep 30, 2022	
(in millions of €)	Up to 12 months	More than 12 months	Up to 12 months	More than 12 months
Foreign currency exchange contracts	**8,325**	**11,538**	5,872	16,751
Interest rate swaps	**3,090**	**10,597**	763	11,210
therein: included in cash flow hedges	**–**	**–**	*205*	–
therein: included in fair value hedges	***3,090***	***10,597***	*558*	*11,210*

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, 2023		Sep 30, 2022	
(in millions of €)	Asset	Liability	Asset	Liability
Foreign currency exchange contracts	**1,637**	**603**	3,086	722
therein: included in cash flow hedges	***1,431***	***328***	*2,648*	*319*
Interest rate swaps and combined interest and currency swaps	**73**	**955**	644	1,088
therein: included in cash flow hedges	**–**	**–**	*49*	–
therein: included in fair value hedges	***34***	***954***	*3*	*925*
Other (embedded derivatives, options, commodity swaps)	**76**	**20**	95	89
	1,786	**1,578**	3,825	1,900

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, 2022	53	(170)	(213)
Hedging gains (losses) presented in OCI	(1)	75	241
Reclassification to net income	(28)	(59)	(135)
Balance as of September 30, 2023	**24**	**(153)**	**(107)**
thereof: discontinued hedge accounting	**–**	***(26)***	**–**

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.

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 2023 and 2022, the risk is hedged against the euro at an average rate of 1.2780 €/US$ and 1.2293 €/US$ (forward purchases of US$), respectively, and 1.1027 €/US$ and 1.0258 €/US$ (forward sales of US$), respectively. As of September 30, 2023, and 2022, the hedging transactions have an average remaining maturity until 2028 and 2027 (forward purchases of US$) as well as 2024 and 2023 (forward sales of US$), respectively.

Included are Siemens' foreign currency forward contracts, entered into in fiscal 2021, to hedge foreign currency risks relating to US$10 billion (€10 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 0.7% and 0.3%, respectively, in fiscal 2023 and 2022.

Interest rate risk management

Derivative financial instruments not designated in a hedging relationship

Interest rate risk management uses derivative financial instruments under a portfolio-based approach to manage interest risk actively. The approach does not qualify for hedge accounting. Gains and losses in connection with interest rate swap agreements are recorded in Other financial income (expenses), net. The interest rate risk management includes SFS business, for which the interest rate risk was formerly managed separately.

Cash flow hedges of floating-rate commercial papers

In September 2023, Siemens ended cash flow hedge accounting. Previously, Siemens applied cash flow hedge accounting to a revolving portfolio of floating-rate commercial papers of nominal US$200 million.

Fair value hedges of fixed-rate debt obligations

Under interest rate swap agreements outstanding in fiscal 2023 and 2022, 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, 2023, and 2022, the carrying amounts of €13,164 million and €10,718 million, respectively, of fixed-rate debt obligations are designated in fair value hedges, including €(876) million and €(973) million cumulative fair value hedge adjustments. Unamortized fair value hedge adjustments of €112 million and €169 million as of September 30, 2023 and 2022, 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 €(95) million and €1,273 million, respectively, in fiscal 2023 and 2022 are included in Other financial income (expenses), net; the related swap agreements resulted in gains (losses) of €74 million and €(1,236) million, respectively, in fiscal 2023 and 2022. 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 3.00% and (0.86% as of September 30, 2023 and 2022, respectively and received fixed rates of interest (average rate of 1.81% and 1.07%, as of September 30, 2023 and 2022, respectively). The notional amount of indebtedness hedged as of September 30, 2023 and 2022 was €13,687 million and €11,719 million, respectively. This changed 33% and 26% of the Company's underlying notes and bonds from fixed interest rates into variable interest rates as of September 30, 2023 and 2022, 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, 2023 and 2022 was €(844) million and €(959) 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.

Foreign currency exchange rate risk is quantified based on a sensitivity analysis. In order to quantify remaining 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. Foreign currency transaction exposure of Siemens units from contracted business and cash balances in foreign currency is generally hedged approximately by 100% with Corporate Treasury. Foreign currency transaction exposure of Siemens units from planned business above defined thresholds has to be hedged with Corporate Treasury within a band of 75% to 100% for a hedging period of at least three months.

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.

The following table demonstrates the sensitivity of net income and equity to a reasonably possible change in the euro versus the most important currency exchange rates compared to the respective year-end exchange rates. The analysis does not include effects of foreign currency translation. The effect on net income is due to changes in the fair values of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The effect on equity is due to changes in the fair values of forward exchange contracts designated as cash flow hedges. In fiscal 2023, the sensitivity of net income with regard to the U.S. dollar decreased compared to the prior year mainly due to a decrease of monetary assets and liabilities and a higher hedge ratio. The sensitivity of equity with regard to the U.S. dollar decreased due to a decline in the nominal amount of U.S. dollar forward exchange contracts designated as cash flow hedges.

		Sep 30, 2023			Sep 30, 2022		
(in Mio. €)	Change in € versus	USD	GBP	CNY	USD	GBP	CNY
Net income	+5%	**27**	**15**	**(3)**	122	22	(3)
	(5)%	**(27)**	**(15)**	**3**	(122)	(22)	3
Equity	+5%	**(3)**	**62**	**19**	71	72	12
	(5)%	**3**	**(62)**	**(19)**	(71)	(72)	(12)

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 is mitigated by managing interest rate risk within an integrated Asset Liability Management approach and results primarily from funding in the U.S. dollar, British pound and euro. This includes SFS business, for which the interest rate risk was formerly managed separately.

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, 2023 and 2022, the VaR relating to the interest rate was €683 million and €864 million. The decrease was driven mainly by a decrease in interest rate sensitivity for the U.S. dollar and a lower interest rate volatility for the euro.

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, 2023.

				Fiscal year
(in millions of €)	2024	2025	2026 to 2028	2029 and thereafter
Non-derivative financial liabilities				
Notes and bonds	6,598	4,642	14,599	24,763
Loans from banks	820	1,308	159	21
Other financial indebtedness	519	2	36	–
Lease liabilities	753	609	982	918
Trade payables	10,107	21	3	–
Other financial liabilities	1,134	186	170	8
Derivative financial liabilities	760	307	355	262
Credit guarantees[1]	411	–	–	–
Irrevocable loan commitments[2]	3,370	325	156	6

[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, 2023 and 2022, collateral of €863 million and €1,444 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, 2023 and 2022, collateral held for credit-impaired receivables from finance leases amounted to €66 million and €53 million, respectively. As of September 30, 2023 and 2022, collateral held for financial assets measured at amortized cost amounted to €3,918 million and €3,817 million, respectively, including €135 million and €108 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, 2023 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	6,074	4	n/a	840	n/a	n/a	2,512
Non-Investment Grade Ratings	16,017	548	918	2,857	67	118	3,593

Trade receivables of operating units are generally rated internally; as of September 30, 2023 and 2022, approximately 45% and 45%, respectively, have an investment grade rating and 55% and 55%, 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, 2023 and 2022, the market value of Siemens' portfolio was €182 million and €339 million, respectively. As of September 30, 2023 and 2022, the VaR relating to the equity price was €26 million and €74 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 2023 and 2022, expense from equity-settled awards on a continuing basis are €444 million and €377 million; cash-settled awards on a continuing basis resulted in expenses of €18 million and gains of €12 million in fiscal 2023 and 2022. Included is expense of €113 million and €110 million in fiscal 2023 and 2022, respectively, relating to Siemens Healthineers plans. Siemens Healthineers plans are largely similar to Siemens' plans, except for granting Siemens Healthineers AG shares.

Stock awards

Stock awards granted by Siemens are distinguished between a) subject to performance conditions and b) no performance conditions. Stock awards entitle the beneficiaries to Siemens shares without payment of consideration at the end of the respective vesting period.

Stock awards subject to performance conditions

The Company grants stock awards subject to performance conditions to members of the Managing Board, members of the senior management and other eligible employees. The vesting period for awards granted to members of the senior management and other eligible employees is three years respectively four years for awards granted prior to fiscal 2022. Awards granted to members of the Managing Board are subject to a four year vesting period.

For stock awards subject to performance conditions, 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); 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. The target attainment for each individual performance criteria ranges between 0% and 200%. Settlement of the awards is in shares corresponding to the actual target attainment.

Commitments to members of the Managing Board

Fair values of TSR-related stock awards granted are €7 million and €6 million, respectively, in fiscal 2023 and 2022, calculated by applying a valuation model. In fiscal 2023 and 2022, inputs to that model include an expected weighted volatility of Siemens shares of 26.71% and 24.41%, respectively, and a Siemens share price of €130.68 and €153.34. Expected volatility was determined by reference to historic volatilities. The model applies a risk-free interest rate of up to 2.76% and (0.15)% in fiscal 2023 and 2022, respectively, and an expected dividend yield of 3.25% in fiscal 2023 and 2.61% in fiscal 2022. 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 €112.39 and €135.25 per share in fiscal 2023 and 2022, respectively, was determined as Siemens' share price, less the present value of expected dividends during the vesting period.

Commitments to members of the senior management and other eligible employees

In fiscal 2023 and 2022, 1,784,892 and 1,459,182 equity-settled stock awards were granted relating to the TSR-Target with a fair value of €114 million and €106 million, respectively. In fiscal 2023 and 2022, 446,237 and 365,610 equity-settled stock awards were granted relating to the ESG-Target with a fair value of €54 million and €51 million, respectively.

The fair value of stock awards granted in fiscal 2023 and 2022 (TSR-related) was calculated by applying a valuation model. In fiscal 2023 and 2022, inputs to that model include an expected weighted volatility of Siemens shares of 26.70% and 24.41%, respectively, and a

Siemens' share price of €133.66 and €153.58. Expected volatility was determined by reference to historic volatilities. The model applies a risk-free interest rate of up to 2.68% and (0.23)% in fiscal 2023 and 2022, respectively, and an expected dividend yield of 3.18% in fiscal 2023 and 2.61% in fiscal 2022. 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 €120.28 and €140.52 per share in fiscal 2023 and 2022, respectively, was determined as Siemens' share price, less the present value of expected dividends during the vesting period.

Stock awards not subject to performance conditions

Each quarter, the Company grants stock awards not subject to performance conditions to selected employees. The awards are subject to a ratable vesting period of one to four years, i.e. 25% of the number of awards granted are transferred each year.

The weighted average fair value of stock awards granted in fiscal 2023 and 2022 of €125.42 and €125.29 per share, respectively, was determined as Siemens' share price, less the present value of expected dividends during the respective vesting period.

Changes in stock awards:

	Subject to performance conditions		Not subject to performance conditions	
	Fiscal year		Fiscal year	
	2023	2022	2023	2022
Non-vested, beginning of period	**8,956,287**	8,670,111	**1,131,311**	624,775
Granted	**2,401,240**	1,951,223	**897,484**	778,012
Vested and fulfilled	**(1,192,351)**	(1,099,508)	**(365,913)**	(198,524)
Adjustments due to vesting conditions other than market conditions	**(91,905)**	(125,993)	**n/a**	n/a
Forfeited	**(1,667,914)**	(362,176)	**(66,128)**	(71,512)
Settled	**(16,447)**	(77,370)	**(3,484)**	(1,440)
Non-vested at period-end	8,388,910	8,956,287	1,593,270	1,131,311

Share Matching Program and its underlying plans

In fiscal 2023, 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 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 2022 and 2021 are transferred to the Share Matching Plan as of February 2023 and February 2022, 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. Siemens' contributions to the Base Share Program recognized as expense were €23 and €24 in fiscal 2023 and 2022, respectively

Resulting Matching Shares:

	Fiscal year	
	2023	2022
Outstanding, beginning of period	**1,255,825**	1,389,016
Granted	**655,177**	557,839
Vested and fulfilled	**(573,468)**	(573,440)
Forfeited	**(68,404)**	(64,030)
Settled	**(23,663)**	(53,561)
Outstanding, end of period	1,245,467	1,255,825

The weighted average fair value of matching shares granted in fiscal 2023 and 2022 of €107.60 and €121.35 per share, respectively, was determined as Siemens' share price, 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 3.14 million and 3.11 million entitlements to jubilee shares outstanding as of September 30, 2023 and 2022, respectively.

NOTE 27 Personnel costs

	Continuing operations		Continuing and discontinued operations	
	Fiscal year		Fiscal year	
(in millions of €)	2023	2022	2023	2022
Wages and salaries	**24,683**	**22,659**	**24,689**	**22,669**
Statutory social welfare contributions and expenses for optional support	**3,774**	**3,442**	**3,774**	**3,442**
Expenses relating to post-employment benefits	**1,031**	**1,099**	**1,031**	**1,099**
	29,488	**27,201**	**29,494**	**27,211**

In fiscal 2023 and 2022, severance charges for continuing operations amount to €430 million and €272 million, thereof at Siemens Healthineers €167 million and €71 million, respectively, and at Digital Industries €109 million and €64 million, respectively.

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

	Continuing operations		Continuing and discontinued operations	
	Fiscal year		Fiscal year	
(in thousands)	2023	2022	2023	2022
Manufacturing and services	**183**	179	**183**	179
Sales and marketing	**57**	56	**57**	56
Research and development	**50**	47	**50**	47
Administration and general services	**26**	26	**27**	26
	316	308	**316**	308

NOTE 28 Earnings per share

	Fiscal year	
(shares in thousands; earnings per share in €)	2023	2022
Income from continuing operations	**8,514**	4,413
Less: Portion attributable to non-controlling interest	**579**	669
Income from continuing operations attributable to shareholders of Siemens AG	**7,935**	3,744
Less: Dilutive effect from share based payment resulting from Siemens Healthineers	**(4)**	(7)
Income from continuing operations attributable to shareholders of Siemens AG to determine dilutive earnings per share	**7,930**	3,737
Weighted average shares outstanding - basic	**791,538**	801,338
Effect of dilutive share-based payment	**9,803**	8,342
Weighted average shares outstanding - diluted	**801,342**	809,680
Basic earnings per share (from continuing operations)	10.02	4.67
Diluted earnings per share (from continuing operations)	9.90	4.62

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Digital Industries	**20,620**	25,283	**21,478**	19,098	**442**	419	**21,919**	19,517	**4,947**	3,892	**10,946**	10,861	**4,201**	4,090	**440**	316	**612**	693
Smart Infrastructure	**22,333**	20,798	**19,564**	16,987	**381**	366	**19,946**	17,353	**3,074**	2,222	**6,386**	6,501	**2,908**	2,203	**284**	205	**393**	343
Mobility	**20,629**	13,200	**10,537**	9,683	**12**	10	**10,549**	9,692	**882**	794	**2,244**	2,547	**1,046**	771	**190**	188	**238**	248
Siemens Healthineers	**24,499**	25,556	**21,574**	21,630	**108**	85	**21,681**	21,715	**2,527**	3,369	**34,415**	36,948	**2,221**	2,625	**817**	838	**1,555**	1,343
Industrial Business	**88,082**	84,837	**73,152**	67,397	**943**	880	**74,095**	68,277	**11,430**	10,277	**53,991**	56,857	**10,376**	9,689	**1,730**	1,548	**2,798**	2,626
Siemens Financial Services	**468**	662	**442**	632	**25**	29	**468**	661	**563**	498	**32,915**	33,263	**852**	985	**32**	31	**175**	209
Portfolio Companies	**4,016**	3,995	**3,112**	3,056	**201**	178	**3,313**	3,234	**343**	1,520	**482**	659	**197**	97	**38**	36	**51**	39
Reconciliation to Consolidated Financial Statements	**(261)**	(483)	**1,062**	892	**(1,170)**	(1,087)	**(108)**	(195)	**(1,135)**	(5,141)	**57,680**	60,724	**(1,363)**	(2,533)	**418**	469	**584**	687
Siemens (continuing operations)	**92,305**	89,010	**77,769**	71,977	**–**	–	**77,769**	71,977	**11,201**	7,154	**145,067**	151,502	**10,062**	8,238	**2,218**	2,084	**3,608**	3,561

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 from fossil to renewable energy sources, as well as a transition to smarter, more sustainable buildings and communities,

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

Siemens Healthineers provides healthcare solutions and services. It 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, working capital and structured financing solutions, equipment and project financing and financial advisory services.

Portfolio Companies (POC)

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.

Reconciliation to Consolidated Financial Statements

Siemens Energy Investment – includes our investment in Siemens Energy accounted for using the equity method, and previously, a smaller investment in connection with Siemens Energy sold in fiscal 2022.

Siemens Real Estate (SRE) – 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.

Innovation – mainly includes results from our units Technology and Next47.

Governance – primarily includes Siemens brand fees and governance costs, group managing costs, IT and corporate services.

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

Financing, eliminations and other items – comprise activities of Advanta and Global Business Services, results from corporate projects, equity interests and activities generally intended for closure as well as activities remaining from divestments, 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. 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 2023 and 2022, lease revenue is €1,004 million and €1,104 million, respectively. In fiscal 2023 and 2022, Digital industries recognized €5,067 million and €4,691 million revenue, respectively, from its software business, Smart Infrastructure recognized €4,243 million and €3,856 million in its service 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 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.

Interest income (expenses) are excluded from Profit. 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 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, 2023, and 2022, order backlog totaled €111 billion and €102 billion (continuing operations); thereof Digital Industries €11 billion and €14 billion, Smart Infrastructure €16 billion and €15 billion, Mobility €45 billion and €36 billion and Siemens Healthineers €34 billion and €34 billion. In fiscal 2024, Siemens expects to convert approximately €43 billion of the September 30, 2023 order backlog into revenue; thereof at Digital Industries approximately €8 billion, Smart Infrastructure approximately €10 billion, Mobility approximately €11 billion and Siemens Healthineers approximately €11 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.

Additional segment information

The orderly wind down of business activities in Russia resulted in losses in Profit of Mobility of €0.6 billion in fiscal 2022. In fiscal 2023, subsequent to the wind down, Profit of Mobility carried related gains of €153 million, which mainly stem from the reversal of provisions and obligations as well as from the reversal of write downs and the sale of inventories.

Reconciliation to Consolidated Financial Statements

Profit

	Fiscal year	
(in millions of €)	2023	2022
Siemens Energy Investment	**668**	(2,911)
Siemens Real Estate	**67**	118
Innovation	**(195)**	(190)
Governance	**(451)**	(582)
Centrally carried pension expense	**(104)**	(113)
Amortization of intangible assets acquired in business combinations	**(865)**	(990)
Financing, eliminations and other items	**(256)**	(474)
Reconciliation to Consolidated Financial Statements	**(1,135)**	(5,141)

In fiscal 2023 and 2022, Financing, eliminations and other items includes a loss of €167 million and €308 million, respectively, mainly due to measuring our investment in Thoughtworks Holding, Inc. at fair value through profit and loss at fiscal year-end.

In fiscal 2023, and 2022, Profit of SFS includes interest income of €1,942 million and €1,399 million, respectively and interest expenses of €985 million and €428 million, respectively.

Assets

(in millions of €)	Sep 30, 2023	Sep 30, 2022
Siemens Energy Investment	**1,801**	3,669
Assets Siemens Real Estate	**5,126**	5,215
Assets Innovation, Governance and Pensions	**1,211**	1,129
Asset-based adjustments:		
Intragroup financing receivables	**57,137**	62,765
Tax-related assets	**3,499**	3,769
Liability-based adjustments	**38,509**	37,518
Financing, eliminations and other items	**(49,602)**	(53,342)
Reconciliation to Consolidated Financial Statements	**57,680**	60,724

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 €)	2023	2022	2023	2022	2023	2022
Europe, C.I.S., Africa, Middle East	**36,664**	33,481	**37,886**	34,470	**23,492**	23,033
Americas	**22,615**	20,680	**22,669**	20,757	**24,844**	27,653
Asia, Australia	**18,489**	17,816	**17,214**	16,749	**6,468**	7,105
Siemens	**77,769**	71,977	**77,769**	71,977	**54,804**	57,791
thereof Germany	***12,718***	*11,961*	***14,778***	*13,537*	*7,535*	*6,999*
thereof countries outside of Germany	***65,051***	*60,016*	***62,991***	*58,440*	*47,269*	*50,792*
therein U.S	***18,561***	*17,241*	***19,072***	*17,727*	*23,644*	*26,543*

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 €)	2023	2022	2023	2022	2023	2022	2023	2022
Joint ventures	**116**	107	**30**	17	**42**	80	**55**	78
Associates	**1,527**	1,384	**487**	563	**1,436**	**1,204**	**777**	608
	1,643	1,491	**517**	580	**1,478**	1,284	**832**	686

As of September 30, 2023 and 2022, 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, 2023 and 2022 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, 2023 and 2022, guarantees to joint ventures and associates amounted to €5,098 million and €8,165 million, respectively, thereof €5,081 million and €8,147 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, 2023 and 2022, loans given to joint ventures and associates amounted to €160 million and €166 million, therein €126 million and €149 million related to joint ventures, respectively. The related book values amounted to €133 million and €143 million, therein €112 million and €139 million related to joint ventures, respectively. Valuation adjustments recognized in fiscal 2023 and 2022 reduced book values of loans related to joint ventures by €5 million and €2 million, respectively.

As of September 30, 2023 and 2022, the Company had commitments to make capital contributions to joint ventures and associates of €108 million and €106 million, therein €86 million and €95 million related to joint ventures, respectively.

As of September 30, 2023 and 2022, there were loan commitments to joint ventures amounting to €2 million and €4 million, respectively.

Pension entities

As of September 30, 2023 and 2022, lease liabilities resulting from sale and leaseback transactions with pension entities amounted to €264 million and €280 million, respectively.

For information regarding the funding of our post-employment benefit plans see Notes 4 and 17.

Related individuals

In fiscal 2023 and 2022, members of the Managing Board received cash compensation of €18.8 million and €16.0 million. The fair value of share-based compensation amounted to €10.5 million and €10.3 million for 170,111 and 134,006 stock awards, respectively, granted in fiscal 2023 and 2022. In fiscal 2023 and 2022, the Company granted contributions under the BSAV to members of the Managing Board totaling €2.2 million and €2.2 million, respectively.

Therefore, in fiscal 2023 and 2022, compensation and benefits, attributable to members of the Managing Board amounted to €31.6 million and €28.5 million in total, respectively.

In fiscal 2023 and 2022, expense related to share-based compensation amounted to €8.3 million and €4.7 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 €24.6 million and €23.6 million in fiscal 2023 and 2022, 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, 2023 and 2022 amounted to €140.3 million and €175.3 million, respectively.

Compensation attributable to members of the Supervisory Board comprised in fiscal 2023 and 2022 base compensation and additional compensation for committee work and amounted to €5.3 million and €5.1 million (including meeting fees), respectively.

In fiscal 2023 and 2022, 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 2023 and 2022 are:

	Fiscal year	
(in millions of €)	2023	2022
Audit services	**41.2**	38.2
Other attestation services	**3.3**	5.0
Tax services	–	–
	44.5	43.3

In fiscal 2023 and 2022, 39% and 40%, 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, 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 relating to sustainability reporting, compensation reporting and disclosures in accordance with EU taxonomy, 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 declaration required under Section 161 of the German Stock Corporation Act (AktG) on October 1, 2023 and September 30, 2023, respectively. 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 November 2023, agreements were entered into with the intent to acquire 18% of the shares in Siemens Limited, India from the Siemens Energy Group for a purchase price of €2.1 billion in cash. Closing of the transaction is expected in December 2023. Upon closing, the acquisition will be accounted for as equity transaction not impacting net income and Siemens' share in Siemens Limited, India will increase to 69%. Additionally, the Siemens Energy Group will receive a put option for up to an additional 5% of the shares in Siemens Limited, India. If specific guarantee events occur, Siemens Energy can exercise the option for a fixed price totaling €750 million for the entire 5% stake to be paid by Siemens. The transaction will be recognized in equity not impacting net income and a purchase liability measured at the respective present value of the option price will be recorded.

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

September 30, 2023	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**
Innomotics Beteiligungs-GmbH, Munich	**100**[7]
Innomotics GmbH, Munich	**100**
Innomotics Real Estate GmbH & Co. KG, Nuremberg	**100**[9]
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 68 GmbH, Munich	**100**[7]
Kyros 70 GmbH, Munich	**100**[7]
Kyros 71 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]
Next47 GmbH, Munich	**100**[10]
Next47 Services GmbH, Munich	**100**[10]
OPTIO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Tübingen KG, Grünwald	**100**[9]
REMECH Systemtechnik GmbH, Unterwellenborn	**100**[10]
RISICOM Rückversicherung AG, Grünwald	**100**
Siemens Advanta Solutions GmbH, Munich	**100**
Siemens Bank GmbH, Munich	**100**
Siemens Beteiligungen Europa GmbH, Munich	**100**[10]
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 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 Business Builder GmbH, Munich	100
Siemens Digital Logistics GmbH, Frankenthal	100
Siemens Electronic Design Automation GmbH, Munich	100
Siemens Finance & Leasing GmbH, Munich	100
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 III GmbH, Munich	100
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 Management GmbH, Grünwald	100[7]
Siemens Industriepark Karlsruhe GmbH & Co. KG, Grünwald	100[9]
Siemens Industry Software GmbH, Cologne	100[10]
Siemens Liquidity One, Munich	100
Siemens Logistics GmbH, Nuremberg	100[10]
Siemens Middle East Services GmbH & Co. KG, Munich	100[9, 13]
Siemens Middle East Services LP GmbH, Munich	100
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 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 GmbH & Co. KG, Grünwald	100[9]
Siemensstadt C1 Verwaltungs GmbH, Grünwald	100[7]
Siemensstadt CX GmbH & Co. KG, 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 GmbH & Co. KG, Grünwald	100[9]
Siemensstadt SPE Verwaltungs GmbH, Grünwald	100[7]
Siemensstadt SWHH GmbH & Co. KG, Grünwald	100[9]
Siemensstadt SWHH Verwaltungs GmbH, Grünwald	100[7]
Siemensstadt VG GmbH & Co. KG, Grünwald	100[9]
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]
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
VVK Versicherungsvermittlungs- und Verkehrskontor GmbH, Munich	100[10]
Weiss Spindeltechnologie GmbH, Maroldsweisach	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) (297 companies)	
ESTEL Rail Automation SPA, Algiers / Algeria	51
Siemens Healthineers Algeria E.U.R.L., Hydra / Algeria	100
Siemens Healthineers Oncology Services Algeria E.U.R.L., Hydra / Algeria	100
Siemens Spa, Algiers / Algeria	100
Siemens Industry Software Closed Joint-Stock Company, Yerevan / Armenia	100
Acuson Österreich GmbH, Vienna / Austria	100[7]
ETM professional control GmbH, Eisenstadt / Austria	100
Innomotics GmbH, Vienna / Austria	100
ITH icoserve technology for healthcare GmbH, Innsbruck / Austria	69
Siemens Advanta Solutions GmbH, Vienna / Austria	100
Siemens Aktiengesellschaft Österreich, 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
Siemens W.L.L., Manama / Bahrain	51
Innomotics N.V., Beersel / Belgium	100
Siemens Healthcare NV, Groot-Bijgaarden / 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, Groot-Bijgaarden / 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 Healthcare, s.r.o., Prague / Czech Republic	**100**
Siemens Industry Software, s.r.o., Prague / Czech Republic	**100**
Siemens Large Drives, s.r.o., Drasov / Czech Republic	**100**
Siemens Mobility, s.r.o., Prague / Czech Republic	**100**
Siemens, s.r.o., Prague / Czech Republic	**100**
Innomotics A/S, 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**
Siemens Healthcare Logistics LLC, Cairo / Egypt	**100**
Siemens Healthcare S.A.E., Cairo / Egypt	**100**
Siemens Industrial LLC, New Cairo / Egypt	**100**
Siemens Industry Software (A Limited Liability Company - Private Free Zone), 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, Courbevoie / France	**100**[7]
BLOCK IMAGING SAS, Paris / France	**100**
Innomotics SAS, Saint-Priest / France	**100**
Padam Mobility SAS, Paris / France	**100**
PETNET Solutions SAS, Lisses / France	**100**
Siemens Electronic Design Automation SARL, Meudon La Forêt / France	**100**
Siemens Financial Services SAS, Courbevoie / France	**100**
Siemens France Holding SAS, Courbevoie / France	**100**
Siemens Healthcare SAS, Courbevoie / France	**100**
Siemens Industry Software SAS, Châtillon / France	**100**
Siemens Lease Services SAS, Courbevoie / France	**100**
Siemens Logistics SAS, Saint-Denis / France	**100**
Siemens Mobility SAS, Châtillon / France	**100**
Siemens SAS, Courbevoie / France	**100**
Sqills IT Services SAS, Paris / France	**100**
Supplyframe Europe SAS, Grenoble / France	**100**
Varian Medical Systems France SARL, Le Plessis-Robinson / France	**100**
Wattsense SAS, Dardilly / France	**100**
Siemens A.E., Electrotechnical Projects and Products, Athens / Greece	**100**
SIEMENS HEALTHCARE INDUSTRIAL AND COMMERCIAL SINGLE MEMBER SOCIETE ANONYME, Marousi / Greece	**100**
SIEMENS MOBILITY RAIL AND ROAD TRANSPORTATION SOLUTIONS 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**
Mentor Graphics (Holdings) Unlimited Company, Shannon, County Clare / Ireland	**100**[13]
Mentor Graphics Development Services Limited, Shannon, County Clare / Ireland	**100**
Siemens Electronic Design Automation Limited, Shannon, County Clare / Ireland	**100**[7]
Siemens Healthcare Diagnostics Manufacturing Limited, Swords, County Dublin / Ireland	**100**
Siemens Healthcare Medical Solutions Limited, Swords, County Dublin / Ireland	**100**
Siemens Industry Software Limited, Shannon, County Clare / Ireland	**100**
Siemens Limited, Dublin / Ireland	**100**

Mckit Systems Ltd., Giv'at Shmuel / Israel	100
Siemens Concentrated Solar Power Ltd., Rosh Ha'ayin / Israel	100
Siemens Electronic Design Automation Ltd, Herzilya Pituah / Israel	100
Siemens HealthCare Ltd., Rosh Ha'ayin / Israel	100
Siemens Industry Operations Ltd., Rosh Ha'ayin / Israel	100[7]
Siemens Industry Software Ltd., Airport City / Israel	100
Siemens Ltd., Rosh Ha'ayin / Israel	100
Siemens Mobility Ltd., Rosh Ha'ayin / Israel	100
Siemens Mobility Operations Ltd., Rosh Ha'ayin / Israel	100[7]
UGS Israeli Holdings (Israel) Ltd., Airport City / Israel	100
Acuson Italy S.r.l., Milan / Italy	100[7]
Innomotics S.r.l., Milan / Italy	100
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
Varian Medical Systems Italia S.p.A., Segrate / Italy	100
Innomotics Limited Liability Partnership, Almaty / Kazakhstan	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]
Siemens Large Drives Company for Repairing & Maintenance of Light & Heavy Equipment, W.L.L, Ahmadi / 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
Chronos B.V., Enschede / Netherlands	100
Mendix Technology B.V., Rotterdam / Netherlands	100
Pollux III B.V., The Hague / Netherlands	100
Siemens Electronic Design Automation B.V., Eindhoven / 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 Holding V 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 Mobility B.V., Zoetermeer / Netherlands	100
Siemens Mobility Holding B.V., The Hague / Netherlands	100
Siemens Nederland N.V., The Hague / Netherlands	100
Sqills Products B.V., Enschede / Netherlands	100
TASS International B.V., Helmond / Netherlands	100
Varian Medical Systems Nederland B.V., Houten / Netherlands	100
Innomotics AS, Oslo / Norway	100
Siemens AS, Oslo / Norway	100
Siemens Healthcare AS, Oslo / Norway	100

Siemens Mobility AS, Oslo / Norway	100
Siemens Industrial LLC, Muscat / Oman	51
Siemens Healthcare (Private) Limited, Lahore / Pakistan	100
SIEMENS INDUSTRY SOFTWARE (PRIVATE) LIMITED, Lahore / Pakistan	100
Siemens Pakistan Engineering Co. Ltd., Karachi / Pakistan	75
Innomotics Sp. z o.o., Katowice / Poland	100[7]
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
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
Siemens Large Drives W.L.L., Doha / Qatar	55
Siemens W.L.L., Doha / Qatar	55
INNOMOTICS S.R.L., Sibiu / 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
OOO Siemens, Moscow / Russian Federation	100
Siemens Healthcare Limited Liability Company, Moscow / Russian Federation	100
Siemens Mobility LLC, Moscow / Russian Federation	100
Smart Industry Software, OOO, Moscow / Russian Federation	100
Upsilon 1 LLC, St. Petersburg / Russian Federation	100
Varian Medical Systems (RUS) Limited Liability Company, Moscow / Russian Federation	100
Arabia Electric Ltd. (Equipment), Jeddah / Saudi Arabia	51
Siemens Healthcare Limited, Riyadh / Saudi Arabia	51
Siemens Large Drives Ltd., Khobar / Saudi Arabia	51
Siemens Ltd., Riyadh / Saudi Arabia	51
Siemens Mobility Saudi Ltd, Khobar / Saudi Arabia	51
Siemens Regional Headquarters Ltd., Jeddah / Saudi Arabia	100
Varian Medical Systems Arabia Commercial Limited, Riyadh / Saudi Arabia	75
Innomotics d.o.o. Beograd, Belgrade / Serbia	100
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 doo Beograd-Stari grad, Belgrade / Serbia	100
Acuson Slovakia s. r. o., Bratislava / Slovakia	100[7]
Innomotics, s.r.o., Bratislava / Slovakia	100
OEZ Slovakia, spol. s r.o., Bratislava / Slovakia	100
Rolling Stock Services Bratislava s.r.o., Bratislava / Slovakia	60
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
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**
Innomotics (Pty) Ltd., Midrand / South Africa	**100**
KACO NEW ENERGY AFRICA (PTY) LTD, Midrand / South Africa	**100**
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, Pretoria / South Africa	**100**
Siemens Large Drives Employee Ownership Trust, Johannesburg / South Africa	**–**[3]
Siemens Mobility (Pty) Ltd, Randburg / South Africa	**75**
Siemens Proprietary Limited, Midrand / South Africa	**85**
S´Mobility Employee Stock Ownership Trust, Johannesburg / South Africa	**–**[3]
Fábrica Electrotécnica Josa, S.A.U., Tres Cantos / Spain	**100**
Innomotics, S.L., Madrid / Spain	**100**
Innovation Strategies, S.L., Palma / Spain	**100**
Siemens Campus Madrid, S.L., Madrid / Spain	**100**
Siemens Financial Services S.A.U, Madrid / Spain	**100**
SIEMENS HEALTHCARE, S.L.U., 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 S.A., Madrid / Spain	**100**
Telecomunicación, Electrónica y Conmutación S.A., Madrid / Spain	**100**
Varian Medical Systems Iberica SL, Madrid / Spain	**100**
Innomotics AB, Solna / Sweden	**100**
Siemens AB, Solna / Sweden	**100**
Siemens Electronic Design Automation 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**
Siemens Healthineers International AG, Steinhausen / Switzerland	**100**
Siemens Industry Software GmbH, 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**
Siemens Tanzania Ltd. i.L., Dar es Salaam / Tanzania	**100**
Mentor Graphics Tunisia SARL, Tunis / Tunisia	**100**
Siemens Mobility S.A.R.L., Tunis / Tunisia	**100**
Siemens S.A., Tunis / Tunisia	**100**
Innomotics Motorlar Ve Yüksek Güclü Sürücüler Anonim Sirketi, Istanbul / Türkiye	**100**
Siemens AG - Siemens Sanayi Ve Ticaret AS Velaro Joint Venture, Kartal - Istanbul / Türkiye	**100**[12]
Siemens Finansal Kiralama A.S., Istanbul / Türkiye	**100**
Siemens Healthcare Saglik Anonim Sirketi, Istanbul / Türkiye	**100**
Siemens Industry Software Yazilim Hizmetleri Anonim Sirketi, Istanbul / Türkiye	**100**
Siemens Mobility Ulasim Sistemleri Anonim Sirketi, Istanbul / Türkiye	**100**
Siemens Sanayi ve Ticaret Anonim Sirketi, Istanbul / Türkiye	**100**
Sqills Turkey Bilgi Teknolojileri Ticaret Limited Sirketi, Istanbul / Türkiye	**100**
V.O.S.S. Varinak Onkoloji Sistemleri Satis Ve Servis Anonim Sirketi, Istanbul / Türkiye	**100**
100% foreign owned subsidiary "Siemens Ukraine", Kiev / Ukraine	**100**
SIEMENS HEALTHCARE LIMITED LIABILITY COMPANY, Kiev / Ukraine	**100**
Acuson Middle East FZ LLC, Dubai / United Arab Emirates	**100**[7]
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 Large Drives LLC, Abu Dhabi / 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., Camberley, Surrey / United Kingdom	**100**[7]
Assetic UK Limited, Farnborough, Hampshire / United Kingdom	**100**
Brightly Software Limited, Farnborough, Hampshire / United Kingdom	**100**
ByteToken, Ltd, Edinburgh / United Kingdom	**100**
Data Sheet Archive Limited, Farnborough, Hampshire / United Kingdom	**100**
Electrium Sales Limited, Farnborough, Hampshire / United Kingdom	**100**
Flomerics Group Limited, Farnborough, Hampshire / United Kingdom	**100**
Henley Bidco Limited, Swindon, Wiltshire / United Kingdom	**100**
Henley Topco Limited, Swindon, Wiltshire / United Kingdom	**100**
Innomotics Motors and Large Drives Limited, Farnborough, Hampshire / United Kingdom	**100**
Project Ventures Rail Investments I Limited, Farnborough, Hampshire / United Kingdom	**100**
SBS Pension Funding (Scotland) Limited Partnership, Edinburgh / United Kingdom	**57**[3]
Senseye Limited, Farnborough, Hampshire / United Kingdom	**100**
Siemens Electronic Design Automation Ltd, Farnborough, Hampshire / United Kingdom	**100**
Siemens Financial Services Ltd., Stoke Poges, Buckinghamshire / United Kingdom	**100**
Siemens Healthcare Diagnostics Ltd, Camberley, Surrey / United Kingdom	**100**
Siemens Healthcare Diagnostics Manufacturing Ltd, Camberley, Surrey / United Kingdom	**100**
Siemens Healthcare Diagnostics Products Ltd, Camberley, Surrey / United Kingdom	**100**
Siemens Healthcare Limited, Camberley, Surrey / United Kingdom	**100**
Siemens Holdings plc, Farnborough, Hampshire / United Kingdom	**100**
Siemens Industry Software Computational Dynamics Limited, Farnborough, Hampshire / United Kingdom	**100**
Siemens Industry Software Limited, Farnborough, Hampshire / United Kingdom	**100**
Siemens Mobility Limited, London / United Kingdom	**100**
Siemens Pension Funding (General) Limited, Farnborough, Hampshire / United Kingdom	**100**
Siemens Pension Funding Limited, Farnborough, Hampshire / United Kingdom	**100**
Siemens plc, Farnborough, Hampshire / United Kingdom	**100**
Siemens Process Systems Engineering Limited, Farnborough, Hampshire / United Kingdom	**100**
Siemens Rail Automation Limited, London / 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**
Vendigital Holdings Ltd, Swindon, Wiltshire / United Kingdom	**100**
Vendigital Limited, London / United Kingdom	**100**
Americas (130 companies)	
Siemens Healthcare S.A., Buenos Aires / Argentina	**100**
Siemens IT Services S.A., Buenos Aires / Argentina	**100**
Siemens Mobility S.A., Olivos / Argentina	**100**
Siemens S.A., Buenos Aires / Argentina	**100**
Acuson Brasil Ltda., Joinville / Brazil	**100**[7]
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 Large Drives Máquinas e Soluções Ltda, Jundiaí / Brazil	**100**
Siemens Mobility Soluções de Mobilidade Ltda., São Paulo / Brazil	**100**
Siemens Participações Ltda., São Paulo / Brazil	**100**
Varian Medical Systems Brasil Ltda., Jundiaí / Brazil	**100**
Dade Behring Hong Kong Holdings Corporation, Tortola / British Virgin Islands	**100**
Brightly Software Canada, Inc., Oakville / Canada	**100**
Bytemark Canada Inc., Oakville / Canada	**100**
EPOCAL INC., Toronto / Canada	**100**

Innomotics Inc., Oakville / Canada	100
Siemens Canada Limited, Oakville / Canada	100
Siemens Electronic Design Automation ULC, Vancouver / Canada	100[13]
Siemens Financial Ltd., Oakville / Canada	100
Siemens Healthcare Limited, Oakville / Canada	100
Siemens Industry Software ULC, Vancouver / Canada	100[13]
SIEMENS MOBILITY LIMITED, Oakville / Canada	100
Varian Medical Systems Canada, Inc., Ottawa / Canada	100
Siemens Healthcare Equipos Médicos Sociedad por Acciones, Santiago de Chile / Chile	100
Siemens Large Drives S.A., Santiago de Chile / Chile	100
Siemens Mobility SpA, Santiago de Chile / Chile	100
Siemens S.A., Santiago de Chile / Chile	100
Innomotics S.A.S., Tenjo / Colombia	100
J. Restrepo Equiphos S.A.S, Bogotá / Colombia	100
Siemens Healthcare S.A.S., Tenjo / Colombia	100
Siemens S.A.S., Tenjo / Colombia	100
Siemens Healthcare Diagnostics 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
Acuson México, S. de R.L. de C.V., Mexico City / Mexico	100[7]
Grupo Siemens S.A. de C.V., Mexico City / Mexico	100
Indústria de Trabajos Eléctricos S.A. de C.V., Ciudad Juárez / Mexico	100
Innomotics Motors, S. de R.L. de C.V., Mexico City / 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
Innomotics S.A., Panama City / Panama	100
Innomotics S.A.C., Surquillo / Peru	100
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 Holding LLC, Wilmington, DE / United States	100[7]
Acuson, LLC, Wilmington, DE / United States	100[7]
Associates in Medical Physics, LLC, Greenbelt, MD / United States	100
Block Imaging International, LLC, Wilmington, DE / United States	100
Block Imaging Parts & Service, LLC, Holt, MI / United States	100
Block Imaging Technical Excellence, LLC, Holt, MI / United States	100
Brightly Software, Inc., Wilmington, DE / United States	100
Building Robotics Inc., Wilmington, DE / United States	100
Corindus, Inc., Wilmington, DE / United States	100
D3 Oncology Inc., Wilmington, DE / United States	100
ECG Acquisition, Inc., Wilmington, DE / United States	100
ECG TopCo Holdings, LLC, Wilmington, DE / United States	75
eMeter Corporation, Wilmington, DE / United States	100
Executive Consulting Group, LLC, Wilmington, DE / United States	100
Gas Chromatography Systems MAXUM LLC, Wilmington, DE / United States	100[7]
Healthcare Technology Management, LLC, Wilmington, DE / United States	78

Innomotics LLC, Wilmington, DE / United States	100
J2 Innovations, Inc., Los Angeles, CA / United States	100
Keystone Physics Limited, Millersville, PA / United States	100
Mannesmann Corporation, New York, NY / United States	100
Mansfield Insurance Company, Jeffersonville, VT / United States	100
Medical Physics Holdings, LLC, Dover, DE / United States	100
Next47 Fund 2018, L.P., Palo Alto, CA / United States	100
Next47 Fund 2019, L.P., Palo Alto, CA / United States	100
Next47 Fund 2020, L.P., Palo Alto, CA / United States	100
Next47 Fund 2021, L.P., Palo Alto, CA / United States	100
Next47 Fund 2022, L.P., Palo Alto, CA / United States	100
Next47 Fund 2023, L.P., Palo Alto, CA / United States	100
Next47 Fund 2024, L.P., Palo Alto, CA / 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 Mid-Tier GP 2023, L.P., Wilmington, DE / United States	100
Next47 Mid-Tier GP 2024, L.P., Wilmington, DE / United States	100
Next47 TTGP, L.L.C., 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., Dallas, TX / United States	100
Radiation Management Associates, LLC, Greenbelt, MD / United States	100
Rail-Term LLC, Plymouth, MI / United States	100
Siemens Advanta Solutions Corp., Wilmington, DE / United States	100
Siemens Capital Company LLC, Wilmington, DE / United States	100
Siemens Corporation, 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 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., Glendale, CA / 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 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 Pacific, Inc., Wilmington, DE / United States	100
Varian Medical Systems, Inc., Wilmington, DE / United States	100
Vendigital, Inc., Wilmington, DE / United States	100

Siemens S.A., Montevideo / Uruguay	100
Siemens Rail Automation, C.A., Caracas / Venezuela	100
Asia, Australia (157 companies)	
Australia Hospital Holding Pty Limited, Bayswater / Australia	100
Brightly Software Australia Pty Ltd, Sydney / Australia	100
Brightly Software Holdings Pty. Ltd., Sydney / 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
Innomotics Pty Ltd, Bayswater / Australia	100
Project Ventures Rail Investments (SMWSA) Pty Ltd, Bayswater / Australia	100
Siemens Healthcare Pty. Ltd., Hawthorn East / Australia	100
Siemens Industry Software Pty Ltd, Bayswater / Australia	100
Siemens Ltd., Bayswater / Australia	100
Siemens Mobility Pty Ltd, Melbourne / Australia	100
SIEMENS RAIL AUTOMATION PTY. LTD., Bayswater / Australia	100
Varian Medical Systems Australasia Pty Ltd., Belrose / 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
Innomotics Large Drives (Shanghai) Co., Ltd., Shanghai Pilot Free Trade Zone / China	100
Innomotics Mechanical Drives (Tianjin) Co., Ltd., Tianjin / China	100[7]
Scion Medical Technologies (Shanghai) Ltd., Shanghai / China	100
Siemens Building Technologies (Tianjin) Ltd., Tianjin / China	70
Siemens Circuit Protection Systems Ltd., Shanghai, Shanghai / China	75
Siemens Commercial Factoring Ltd., Shanghai / China	100
Siemens Digital Technology (Shenzhen) Co., Ltd., Shenzhen / 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 Electronic Design Automation (Shanghai) Co., Ltd., Shanghai Pilot Free Trade Zone / China	100
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, Foshan / China	60
Siemens International Trading Ltd., Shanghai, Shanghai / China	100
Siemens Large Drives Equipment (Tianjin) Ltd., Tianjin / China	85
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 Mechatronics Technology JiangSu Ltd., Yizheng / China	100
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 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
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
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
Brightly Software India Private Limited, Bangalore / 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
PETNET Radiopharmaceutical Solutions Pvt. Ltd., Mumbai / India	100
SIEMENS EDA (INDIA) PRIVATE LIMITED, New Delhi / India	100
SIEMENS EDA (SALES & SERVICES) PRIVATE LIMITED, New Delhi / 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 LARGE DRIVES INDIA PRIVATE LIMITED, Mumbai / 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, Pune / India	100
P.T. Siemens Indonesia, Jakarta / Indonesia	100
PT Innomotics Motors and Solutions, Jakarta / Indonesia	100
PT Siemens Healthineers Indonesia, Jakarta / Indonesia	100
PT Siemens Mobility Indonesia, Jakarta / Indonesia	100
Acrorad Co., Ltd., Okinawa / Japan	96
Acuson Japan K.K., Tokyo / Japan	100[7]
Innomotics G.K., Tokyo / Japan	100
Nihon Block Imaging KK, Tokyo / 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**
Varian Medical Systems K.K., Tokyo / Japan	**100**
Acuson Korea Ltd., Seongnam-si / Korea	**100**[7]
Siemens Electronic Design Automation (Korea) LLC, Seoul / Korea	**100**
Siemens Healthineers Ltd., Seoul / Korea	**100**
Siemens Industry Software Ltd., Seoul / Korea	**100**
Siemens Large Drives Limited, Seoul / Korea	**100**
Siemens Ltd. Seoul, Seoul / Korea	**100**
Siemens Mobility Ltd., Seoul / Korea	**100**
Varian Medical Systems Korea, Inc., Seoul / Korea	**100**
Innomotics Sdn. Bhd., Shah Alam / Malaysia	**100**
Radica Software Sdn. Bhd., George Town / 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]
Innomotics Pte. Ltd., Singapore / Singapore	**100**
Siemens Electronic Design Automation 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**
Fang Zhi Health Management Co., Ltd., Taipei / Taiwan	**100**
Hong Tai Health Management Co. Ltd., Taipei / Taiwan	**100**
New Century Technology Co. Ltd., Taipei / Taiwan	**100**
Siemens Healthcare Limited, Taipei / Taiwan	**100**
Siemens Industry Software (TW) Co., Ltd., Taipei / Taiwan	**100**
Siemens Limited, Taipei / Taiwan	**100**
Varian Medical Systems Taiwan Co., Ltd., Taipei / Taiwan	**100**
YaRa Information Inc., Taipei / Taiwan	**100**
Innomotics Limited, Bangkok / Thailand	**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**
INNOMOTICS LIMITED COMPANY, Ho Chi Minh City / Viet Nam	**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 (19 companies)	
Alchemist Accelerator Europe Fund I GmbH & Co. KG, Grünwald	**41**[8]
ATS Projekt Grevenbroich GmbH, Schüttorf	**25**[8]
BentoNet GmbH, Baden-Baden	**50**
Caterva GmbH, Pullach i. Isartal	**50**

DKS Dienstleistungsgesellschaft f. Kommunikationsanlagen des Stadt- und Regionalverkehrs mbH, Cologne	**49**
GuD Herne GmbH, Essen	**50**
IFTEC GmbH & Co. KG, Leipzig	**50**
inpro Innovationsgesellschaft für fortgeschrittene Produktionssysteme in der Fahrzeugindustrie mbH, Berlin	**50**[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	**25**
Siemens EuroCash, Munich	**3**[6]
Sternico GmbH, Wendeburg	**49**[8]
WUN H2 GmbH, Wunsiedel	**45**[8]
Europe, Commonwealth of Independent States (C.I.S.), Africa, Middle East (without Germany) (37 companies)	
VARIAN MEDICAL SYSTEMS ALGERIA SPA, Hydra / Algeria	**49**[8]
Armpower CJSC, Yerevan / Armenia	**40**
Aspern Smart City Research GmbH, Vienna / Austria	**44**[8]
Aspern Smart City Research GmbH & Co KG, Vienna / Austria	**44**
Siemens Aarsleff Konsortium I/S, Ballerup / Denmark	**67**[4, 8, 12, 13]
Siemens Mobility Aarsleff Konsortium I/S, Ballerup / Denmark	**50**[8, 13]
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	**23**
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, Nur-Sultan-City / Kazakhstan	**49**
Prime Green Energy Infrastructure Fund II, S.A. SICAV-RAIF, Luxembourg / Luxembourg	**24**[8]
EGM Holding Limited, Birkirkara / 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**
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**
Certas AG, Zurich / Switzerland	**50**
Interessengemeinschaft TUS, Volketswil / Switzerland	**50**[13]
CAPTON ENERGY DMCC, Dubai / United Arab Emirates	**49**
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., Farnborough, Hampshire / United Kingdom	**50**[8]
Americas (18 companies)	
Brasol Participaçoes e Empreendimentos S.A., Brazil, São Paulo / Brazil	**98**[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**
Tractian Limited, Grand Cayman / Cayman Islands	**22**
Akuo Energy Dominicana, S.R.L, Santo Domingo / Dominican Republic	**33**
DELARO, S.A.P.I. DE C.V., Mexico City / Mexico	**29**
Tenedora de Activos Medicos S.A.P.I. de C.V, Mexico City / Mexico	**49**
CEF-L Holding, LLC, Wilmington, DE / United States	**27**
DeepHow Corp., Princeton, NJ / United States	**23**[8]
Fluence Energy, Inc., Wilmington, DE / United States	**22**
Hickory Run Holdings, LLC, Wilmington, DE / United States	**20**[6]
MSS Energy Holdings, LLC, New York, NY / United States	**20**
PhSiTh LLC, New Castle, DE / United States	**33**
Rether networks, Inc., Berkeley, CA / United States	**30**[8]
Software.co Technologies, Inc., Wilmington, DE / United States	**23**
Wi-Tronix Group Inc., Dover, DE / United States	**30**
Asia, Australia (24 companies)	
Exemplar Health (NBH) Partnership, Melbourne / Australia	**50**
Parklife Metro Holdings Pty Ltd, Melbourne / Australia	**20**
Parklife Metro Holdings Unit Trust, Melbourne / Australia	**20**
PHM Technology Pty Ltd, Melbourne / Australia	**37**[8]
Chengdu Wayin Zhiyun Medical Technology Co., Ltd., Chengdu / China	**49**[8]
DBEST (Beijing) Facility Technology Management Co., Ltd., Beijing / China	**25**
Guangzhou Suikai Smart Energy Co., Ltd., Guangzhou / China	**35**
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	**17**[6]
Greenko Sironj Wind Power Private Limited, New Delhi / India	**46**
Happzee Technologies Private Limited, Hyderabad / India	**7**[6]
Pune IT City Metro Rail Limited, Pune / India	**26**
SUNSOLE RENEWABLES PRIVATE LIMITED, Mumbai / India	**26**[8]
P.T. Jawa Power, Jakarta / Indonesia	**50**
BE C&I Solutions Holding Pte. Ltd., Singapore / Singapore	**25**
Power Automation Pte. Ltd., Singapore / Singapore	**49**
SINGAPORE AQUACULTURE TECHNOLOGIES (SAT) PTE LTD, Singapore / Singapore	**24**
Asiri A O I Cancer Centre (Private) Limited, Colombo / Sri Lanka	**50**[8]

	Equity interest in %	Net income in millions of €	Equity in millions of €
Other investments[11]			
Germany (4 companies)			
Erlapolis 20 GmbH, Munich	**100**[4, 5]	**3**	**15**
Erlapolis 22 GmbH, Munich	**100**[4, 5]	**–**	**67**
Munipolis GmbH, Munich	**100**[4, 5]	**1**	**273**
SPT Beteiligungen GmbH & Co. KG, Grünwald	**100**[4, 5]	**(1,795)**	**5,693**
Europe, Commonwealth of Independent States (C.I.S.), Africa, Middle East (without Germany) (2 companies)			
Medical Systems S.p.A., Genoa / Italy	**45**[5]	**2**	**132**
KIC InnoEnergy S.E., Eindhoven / Netherlands	**6**	**113**	**314**
Americas (2 companies)			
Electrify America, LLC, Wilmington, DE / United States	**9**	**(64)**	**782**
Thoughtworks Holding Inc., Wilmington, DE / United States	**8**	**(99)**	**730**

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.

Responsibility Statement

to the Consolidated Financial Statements and the
Group Management Report for fiscal 2023

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, December 4, 2023

Siemens Aktiengesellschaft

The Managing Board

Dr. Roland Busch

Cedrik Neike	Matthias Rebellius
Prof. Dr. Ralf P. Thomas	Judith Wiese

Independent Auditor's Reports

to the Consolidated Financial Statements and the Group Management Report for fiscal 2023

SIEMENS

Independent auditor's report

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, 2022 to September 30, 2023, the consolidated statements of financial position as of September 30, 2023, the consolidated statements of cash flows and changes in equity for the fiscal year from October 1, 2022 to September 30, 2023, 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, 2022 to September 30, 2023. In accordance with the German legal requirements, we have not audited chapter 11 "EU Taxonomy disclosure" of the group management report, the sections "8.5.1 Internal Control System (ICS) and ERM" and "8.5.2 Compliance Management System (CMS)" in chapter 8.5 of the combined management report as well as 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, 2023 and of its financial performance for the fiscal year from October 1, 2022 to September 30, 2023, 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 chapter 11 "EU Taxonomy disclosure" of the group management report, the sections "8.5.1 Internal Control System (ICS) and ERM" and "8.5.2 Compliance Management System (CMS)" in chapter 8.5 of the group management report and the content of the Corporate Governance Statement.

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). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). 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, 2022 to September 30, 2023. 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:

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, legal and supply chain 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 current geopolitical and macroeconomic developments on the project business, such as delays in project execution, price increases or disruptions in supply chains and their accounting treatment were taken into account during 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, the timely and complete recognition of such changes in the project calculation as well as their accounting treatment.

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 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.

For this we also assessed the accounting for contractually agreed options, contract amendments or contract terminations (including related pending legal proceedings) also in relation to previous construction-type contracts with Russian customers. We also assessed the recognition requirements of reimbursement claims.

We further performed inquiries of project management (both commercial and technical project managers) with respect to the development of the projects, 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) and inspected the status of projects at plant sites. 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.

Valuation of the investment in Siemens Energy AG

Reasons why the matter was determined to be a key audit matter: Since the spin-off of Siemens Energy AG in September 2020, Siemens AG has held a 35.1% stake in the listed Siemens Energy AG which was reduced to 25.1% due to capital measures at Siemens Energy AG and the contribution of shares in Siemens Energy AG to the Siemens Pension-Trust e.V. in fiscal year 2023. The investment is accounted for as an associate, applying the equity method in accordance with IAS 28, Investments in Associates and Joint Ventures. As of June 30, 2022, an impairment was recognized on the investment. During the first six months of the financial year 2023, the market capitalization of the investment was mostly higher than the value at the time of the impairment. As of March 31, 2023, the latter was significantly exceeded. As a result, an impairment reversal was made in accordance with IAS 36, Impairment of Assets, in the amount of the increase in the stock market price since the date of the impairment until March 31, 2023. In addition, Siemens Energy AG acquired additional shares in Siemens Gamesa Renewable Energy, S.A. in fiscal year 2023. This led to a reduction in equity in the consolidated financial statements of Siemens Energy AG. The recognition of Siemens' share in this equity transaction resulted in a reduction of the carrying amount of the investment in Siemens Energy AG, which was recognized directly in Siemens' equity. As of September 30, 2023, the pro rata market value of the investment was above the book value.

Due to the judgments and estimates by management in the analyses and assessments with regards to possible impairments or reversals of impairments as well as the overall material implications for the assets, liabilities and financial position of the Group and the related significant risk of material misstatement, the assessment of the investment in Siemens Energy AG is one of the key audit matters.

Auditor's response: As part of our audit procedures in relation to management's assessment regarding the valuation of the investment in Siemens Energy AG, we examined the methods and processes defined internally for the identification of indicators for a reversal of an impairment and thus the timing of a possible reversal of an impairment as well as the measurement of a reversal of an impairment of the investment in Siemens Energy AG.

With regards to the assessment of whether there are indications for a reversal of an impairment, in particular regarding the interpretation of a possible significant increase of the fair value, we evaluated management's assessment made on a quarterly and year-end basis as well as management's judgements and estimates contained therein and also considered external evidence on credit ratings, stock market prices, analysts' assessments and observable valuation indicatorsin this regard. In addition, we evaluated the calculation of the reversal of the impairment as of March 31, 2023.

In order to assess the valuation of the investment in fiscal year 2023, we also considered the effects for Siemens AG from the acquisition of the shares in Siemens Gamesa Renewable Energy S.A. by Siemens Energy AG, the capital increase of Siemens Energy AG and the contribution of shares in Siemens Energy AG to the Siemens Pension-Trust e.V. by Siemens AG.

Furthermore, we evaluated the disclosures in the notes to the consolidated financial statements regarding the investment in Siemens Energy AG, and the reversal of the impairment, the effects of the other transactions described above as well as the events affecting Siemens Energy AG after the balance sheet date.

Our audit procedures did not lead to any reservations regarding the valuation of the investment in Siemens Energy AG as of September 30, 2023.

Reference to related disclosures: With regard to the recognition and measurement policies applied in accounting for investments in associates, refer to Note 2 Material accounting policies and critical accounting estimates in the notes to the consolidated financial statements. Details on the reversal of the impairment of the investment in Siemens Energy AG and the other described transactions are presented in Note 4 Interests in other entities. Regarding the subsequent events relating to the investment in Siemens Energy AG refer to Note 34 Subsequent events.

Provisions for proceedings out of or in connection with alleged compliance violations

Reasons why the matter was determined to be a key audit matter: We consider the accounting for provisions for proceedings out of or in connection with alleged compliance violations, including allegations of corruption and antitrust violations 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.

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 (including sanctions) and internal company policies 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.

Furthermore, we evaluated the disclosures on proceedings out of or in connection with alleged compliance violations 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.

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.

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 and the measurement and completeness of deferred tax liabilities.

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 2023, 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 cross border matters, such as the determination of transfer prices, the results of tax field audits, the acquisition or disposal of company shares and corporate (intragroup) restructuring activities. 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 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 2022 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 chapter 11 “EU Taxonomy disclosure” of the group management report, the sections “8.5.1 Internal Control System (ICS) and ERM” and “8.5.2 Compliance Management System (CMS)” in chapter 8.5 of the combined management report as well as the content of the Corporate Governance Statement. 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 as well as not our auditor’s report on a limited assurance engagement on the EU Taxonomy disclosure.

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 (i.e., fraudulent financial reporting and misappropriation of assets) 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 the risk of not detecting a material misstatement 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_2023.zip 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, 2022 to September 30, 2023 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) (06.2022) 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 9, 2023. We were engaged by the Supervisory Board on February 9, 2023. 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 Unternehmensregister [German Company Register] – 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 Siegfried Keller.

Munich, December 4, 2023
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Keller	Dr. Gaenslen
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Independent auditor's report on a limited assurance engagement on the EU Taxonomy disclosure

To Siemens Aktiengesellschaft, Berlin and Munich

We have performed a limited assurance engagement on the "EU Taxonomy disclosure" in chapter 11 of the group management report of Siemens Aktiengesellschaft, Berlin and Munich (hereinafter the "Company"), which is combined with the management report of Siemens Aktiengesellschaft, for the period from October 1, 2022 to September 30, 2023 (hereinafter the "EU Taxonomy disclosure").

Responsibilities of management

Management of the Company is responsible for the preparation of the EU Taxonomy disclosure in accordance with Art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder as well as in accordance with their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder that is presented in the EU Taxonomy disclosure.

These responsibilities of the Company's management include the selection and application of appropriate EU Taxonomy reporting methods and making assumptions and estimates about individual disclosures that are reasonable in the circumstances. Furthermore, management is responsible for such internal control as management considers necessary to enable the preparation of the EU Taxonomy disclosure that is free from material misstatement, whether due to fraud (manipulation of the EU Taxonomy disclosure) or error.

The EU Taxonomy Regulation and the Delegated Acts adopted thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, management has disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in the EU Taxonomy disclosure. They are responsible for the defensibility of this interpretation. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and quality assurance of the audit firm

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements, in particular the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors]) in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QS 1), and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the auditor

Our responsibility is to express a conclusion with limited assurance on the EU Taxonomy disclosure based on our assurance engagement.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's EU Taxonomy disclosure is not prepared, in all material respects, in accordance with the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by management disclosed in the EU Taxonomy disclosure. In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Inquiries of relevant employees for the assessment of the process to identify the Taxonomy-eligible and Taxonomy-aligned economic activities,
- Inquiries of the employees responsible for data capture and consolidation as well as the preparation of the EU Taxonomy disclosure about the reporting processes, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance of the EU Taxonomy disclosure,
- Identification of likely risks of material misstatement in the EU Taxonomy disclosure,
- Analytical evaluation of data at the level of the Group and businesses as well as service and governance units,
- Inquiries and inspection of documents relating to the collection and reporting of data,
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report,
- Evaluation of the presentation of the EU Taxonomy disclosure.

In determining the disclosures in accordance with Art. 8 of the EU Taxonomy Regulation, management is required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the EU Taxonomy disclosure of Siemens Aktiengesellschaft for the period from October 1, 2022 to September 30, 2023 is not prepared, in all material respects, in accordance with the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by management as disclosed in the EU Taxonomy disclosure.

Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

General engagement terms and liability

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated January 1, 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the report to reflect events or circumstances arising after it was issued, unless required to do so by law. It is the sole responsibility of anyone taking note of the summarized result of our work contained in this report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, December 4, 2023

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Keller	Johne
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Annual Financial Statements*

for fiscal 2023

* This document is an English language translation of the authoritative 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 Company Register and published in the German Company Register.

SIEMENS

1. Income Statement

		Fiscal year	
(in millions of €)	Note	2023	2022
Revenue	1	**19,660**	17,390
Cost of sales		**(13,671)**	(12,502)
Gross profit		**5,989**	4,888
Research and development expenses		**(2,084)**	(1,785)
Selling expenses		**(2,492)**	(2,228)
General administrative expenses		**(1,209)**	(1,055)
Other operating income	2	**338**	159
Other operating expenses	2	**(391)**	(464)
Income (loss) from operations		**151**	(485)
Income (loss) from investments, net	3	**4,734**	4,204
Interest income	4	**1,014**	387
thereof negative interest from financial investment		***(1)***	*(18)*
Interest expenses	4	**(1,586)**	51
thereof positive interest from borrowing		***3***	*341*
Other financial income (expenses), net	5	**445**	(1,044)
Income from business activity		**4,758**	3,115
Income taxes	6	**(298)**	498
Net income		**4,460**	3,612

Appropriation of net income	27		
Net income		**4,460**	3,612
Profit carried forward		**250**	185
Allocation to other retained earnings		**(950)**	(185)
Unappropriated net income		**3,760**	3,613

2. Balance Sheet

		Sep. 30,	
(in millions of €)	Note	**2023**	2022
Assets			
Non-current assets	10		
Intangible assets		**285**	153
Property, plant and equipment		**1,022**	928
Financial assets		**71,303**	71,576
		72,610	72,657
Current assets			
Inventories	11	**2,487**	2,377
Advance payments received		**(916)**	(1,043)
		1,571	1,334
Receivables and other assets	12		
Trade receivables		**1,762**	1,657
Receivables from affiliated companies		**21,630**	26,093
Other receivables and other assets		**1,227**	1,340
		24,619	29,090
Other Securities		**164**	170
Cash and cash equivalents		**2,370**	1,454
		28,724	32,047
Prepaid expenses		**223**	220
Deferred tax assets	13	**2,294**	2,065
Active difference resulting from offsetting	14	**33**	16
Total assets		**103,884**	107,005
Shareholders´ equity and liabilities			
Shareholders´ equity	15		
Subscribed capital[1]		**2,400**	2,550
Treasury shares		**(30)**	(172)
Issued capital		***2,370***	*2,378*
Capital reserve		**8,737**	8,445
Other retained earnings		**6,555**	6,188
Unappropriated net income		**3,760**	3,613
		21,422	20,623
Special reserve with an equity portion		**540**	540
Provisions			
Provisions for pensions and similar commitments	16	**13,604**	13,380
Provisions for taxes		**680**	602
Other provisions	17	**3,987**	3,711
		18,270	17,693
Liabilities	18		
Liabilities to banks		**339**	639
Trade payables		**2,374**	2,249
Liabilities to affiliated companies		**59,483**	63,946
Other liabilities		**1,222**	1,080
		63,417	67,914
Deferred income		**235**	235
Total shareholders´ equity and liabilities		**103,884**	107,005

[1] Conditional Capital as of September 30, 2023 and 2022 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.

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.

3.3 Notes to the Income Statement

NOTE 1 Revenue

Revenue by lines of business

(in millions of €)	Fiscal year 2023
Digital Industries	**11,220**
Smart Infrastructure	**6,127**
Other revenue	**2,313**
Revenue	**19,660**

Revenue by region

(in millions of €)	Fiscal year 2023
Europe, C.I.S., Africa, Middle East	**14,708**
Americas	**1,606**
Asia, Australia	**3,346**
Revenue	**19,660**

NOTE 2 Other operating income and expenses

Other operating income included income from an intragroup service contract in the amount of €148 million. Income from the release of the special reserve with an equity portion was €1 million (2022: €1 million).

Other operating expenses included a loss of €196 million on the disposal relating to the carve-out of business activities into Innomotics GmbH, Germany (a supplier of engines and large drives).

NOTE 3 Income (loss) from investments, net

	Fiscal year	
(in millions of €)	2023	2022
Income from investments	**2,907**	4,789
thereof from affiliated companies	***2,905***	*4,768*
Income from profit transfer agreements with affiliated companies	**1,562**	3,474
Expenses from loss transfers from affiliated companies	**–**	(61)
Impairments on investments	**(179)**	(3,997)
Reversals of impairments on investments	**224**	61
Gains from the disposal of investments	**240**	61
Losses from the disposal of investments	**(19)**	(124)
Income (loss) from investments, net	**4,734**	4,204

Income from investments included in particular profit distributions from Siemens Ltd., China, amounting to €1,987 million, and from Siemens Healthineers AG, Germany, amounting to €634 million.

Income from profit transfer agreements with affiliated companies included profit transfers from Siemens Beteiligungen Inland GmbH, Germany, amounting to €1,323 million, and from Siemens Financial Services GmbH, Germany, amounting to €188 million.

Impairments on investments included an impairment of €164 million on a stake in Thoughtworks Holding, Inc., U.S.

In fiscal year 2023, Siemens AG sold 3.5% of the shares in Siemens Energy AG that were held as pension assets at that time. This resulted in a gain of €213 million from the disposal of investments. As of the balance sheet date, Siemens AG directly held a 21.0% stake in Siemens Energy AG. A reversal of impairment in the amount of €166 million was made on these shares based on Xetra closing price on the balance sheet date. As of the reporting date, the carrying amount of the investment in Siemens Energy AG amounted to €2.1 billion.

NOTE 4 Interest income and interest expenses

Both the increase in interest income from €387 million in the prior year to €1,014 million in the current fiscal year and the swing in interest expense from income of €51 million in the prior year to expenses of €1,586 million in the current fiscal year resulted primarily from the effects of higher interest rates in connection with intragroup financing. Interest income included interest income from affiliated companies of €890 million (2022: €347 million). Interest expenses included interest expenses from affiliated companies of €1,548 million (2022: €67 million interest income). Interest income from loans of non-current financial assets amounted to €113 million (2022: €80 million).

NOTE 5 Other financial income (expenses), net

	Fiscal year	
(in millions of €)	2023	2022
Interest component of changes in the pension and personnel-related provisions that are offset against designated plan assets	**(21)**	18
Income from designated plan assets	**44**	19
Expenses from designated plan assets	**(1)**	(89)
Financial income (expenses), (net) from pension and personnel-related provisions that are offset against designated plan assets	**22**	(52)
Interest component of changes in the pension and personnel-related provisions that are not offset against designated plan assets	**(181)**	(487)
Result from realization of monetary balance sheet items denominated in foreign currencies	**(28)**	138
Result from foreign currency, interest rate and other derivative financial instruments	**479**	510
Result from changes in provisions for risks relating to derivative financial instruments	**59**	(361)
Reversal of impairments of loans and securities	**71**	76
Impairments of loans and securities	**–**	(904)
Other financial income	**23**	40
Other financial expenses	**–**	(3)
Other financial income (expenses), net	**445**	(1,044)

Result from foreign currency, interest rate and other derivative financial instruments included income of €536 million from the termination of interest rate hedging contracts and combined interest and currency hedging contracts in connection with intragroup financing.

NOTE 6 Income taxes

	Fiscal year	
(in millions of €)	2023	2022
Income tax expenses	**(527)**	(325)
Deferred taxes	**229**	823
Income taxes	**(298)**	498

Deferred taxes included income from an increase in deferred taxes related to partnerships, pension provisions, and from entities forming part of the Siemens AG tax group.

NOTE 7 Other taxes

Other taxes of €21 million (2022: €11 million) were included in functional costs.

NOTE 8 Income relating to prior periods

The income statement of Siemens AG included income relating to prior periods of €520 million, resulting mainly from the release of provisions.

NOTE 9 Expenses relating to prior periods

The income statement of Siemens AG included expenses relating to prior periods of €34 million.

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, 2022	Additions	Reclassifications	Disposals	Sep 30, 2023	Oct 01, 2022	Depreciation/ amortization	Write-ups	Disposals	Sep 30, 2023	Sep 30, 2023	Sep 30, 2022
Intangible assets												
Concessions and industrial property rights	303	49	–	(41)	**310**	(237)	(20)	–	39	**(217)**	**93**	66
Goodwill	203	129	–	(12)	**319**	(116)	(20)	–	9	**(128)**	**192**	87
	505	178	–	(53)	**630**	(353)	(40)	–	48	**(345)**	**285**	153
Property, plant and equipment												
Land, land rights and buildings, including buildings on third-party land	445	5	1	(9)	**442**	(258)	(8)	–	7	**(259)**	**183**	187
Technical equipment and machinery	1,322	78	42	(269)	**1,173**	(1,013)	(65)	–	247	**(830)**	**343**	309
Other equipment, plant and office equipment	1,180	171	16	(196)	**1,170**	(917)	(141)	–	186	**(872)**	**298**	263
Equipment leased to others	170	6	–	(6)	**170**	(109)	(11)	–	5	**(115)**	**55**	61
Advanced payments made and construction in progress	110	107	(59)	(12)	**145**	(1)	–	–	–	**(1)**	**144**	108
	3,227	366	–	(493)	**3,100**	(2,298)	(225)	–	445	**(2,078)**	**1,022**	928
Financial assets												
Shares in affiliated companies	64,580	269	–	(783)	**64,065**	(2,153)	(12)	58	222	**(1,886)**	**62,180**	62,427
Shares in investments	7,632	2	–	(1,412)	**6,222**	(4,531)	(166)	166	1,040	**(3,492)**	**2,730**	3,102
Loans	4,673	1,598	–	(1,450)	**4,821**	–	–	–	–	**–**	**4,821**	4,673
Securities	1,591	268	–	(133)	**1,727**	(217)	–	63	–	**(154)**	**1,572**	1,374
	78,476	2,136	–	(3,778)	**76,835**	(6,900)	(179)	286	1,261	**(5,532)**	**71,303**	71,576
Non-current assets	82,208	2,680	–	(4,324)	**80,565**	(9,551)	(444)	286	1,754	**(7,955)**	**72,610**	72,657

Loans included loans to affiliated companies in the amount of to €4,383 million (2022: €4,244 million), and other loans in the amount of €438 million (2022: €430 million).

Total impairments of non-current assets were €179 million (2022: €4,268 million).

NOTE 11 Inventories

	Sep 30,	
(in millions of €)	2023	2022
Raw materials and supplies	**812**	762
Work in progress	**278**	298
Finished products and goods	**399**	350
Cost of unbilled contracts	**937**	910
Advance payments made	**60**	57
Inventories	**2,487**	2,377

NOTE 12 Receivables and other assets

(in millions of €)	Sep 30, 2023	thereof maturities more than one year	Sep 30, 2022	thereof maturities more than one year
Trade receivables	**1,762**	**15**	1,657	51
Receivables from affiliated companies	**21,630**	**5,119**	26,093	4,345
Other receivables and other assets	**1,227**	**161**	1,340	193
thereof from long-term investees	***5***	**–**	*9*	–
thereof other assets	***1,222***	***161***	*1,330*	*193*
Receivables and other assets	**24,619**	**5,295**	29,090	4,588

Receivables from affiliated companies resulted primarily from intragroup-financing activities and included trade receivables totaling €15 million (2022: €12 million).

NOTE 13 Deferred tax assets

Deferred tax assets resulted mainly from pension provisions and pension-related assets, from deferred taxes of companies forming part of the Siemens AG tax group, as well as from other provisions and tax loss carryforwards. 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, 2023
Fair value of designated plan assets	**1,011**
Settlement amount for offset pension provisions	**(694)**
Settlement amount for offset personnel-related provisions	**(285)**
Active difference resulting from offsetting	**33**
Acquisition cost of designated plan assets	**939**

NOTE 15 Shareholders’ equity

(in millions of €)	Oct 01, 2022	Retirement of treasury shares	Share buybacks	Issuance of treasury shares under share-based payments and employee share programs	Dividend for 2022	Net income	Sep 30, 2023
Subscribed capital	2,550	(150)	–	–	–	–	**2,400**
Treasury shares	(172)	150	(21)	13	–	–	**(30)**
Issued capital	2,378		(21)	13	–	–	**2,370**
Capital reserve	8,445	150	–	142	–	–	**8,737**
Other retained earnings	6,188	(150)	(864)	431	–	950	**6,555**
Unappropriated net income	3,613		–	–	(3,362)	3,510	**3,760**
Shareholders' equity	20,623	–	(884)	586	(3,362)	4,460	**21,422**

Subscribed capital

The capital stock of Siemens AG is divided into 800,000,000 registered shares (2022: 850,000,000 registered shares) of no-par value with a notional value of €3.00 per share.

Authorized capital

As of September 30, 2023, 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 2023
Treasury shares, beginning of fiscal year	**57,454,171**
Retirement of treasury shares	**(50,000,000)**
Share buyback	**6,853,091**
Issuance under share-based payments and employee share programs	**(4,227,344)**
Treasury shares, end of fiscal year	**10,079,918**

Siemens AG held 10,079,918 treasury shares, equaling a nominal amount of €30 million, representing 1.3% of the capital stock.

On June 24, 2021, Siemens 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 and will run no longer than until September 15, 2026, is executed based on the authorizations granted by the Annual Shareholders’ Meeting on February 5, 2020. In addition to the dividend policy, the share buyback is intended to allow shareholders to continuously participate in the success of the Company. In fiscal 2023, Siemens AG repurchased a total of 6,853,091 treasury shares under this buyback program. This represented a nominal amount of €21 million or 0.9% of capital stock. In the current reporting period, €884 million (excluding incidental transaction charges) were spent for this purpose; this represents a weighted average stock price of €129.04 per share. The purchases were made in the reporting period on 248 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 27,633 shares.

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.

Following the 2023 Annual Shareholders' Meeting, the Management Board resolved to redeem 50,000,000 treasury shares.

In fiscal 2023, Siemens AG re-issued in total 4,227,344 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 €13 million and 0.5% of capital stock. The Company received in total €236 million for 1,843,831 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 1,297,391 shares related to the monthly investment plan at a weighted average share price of €138.69 per share, 227,427 shares related to the share matching plan at a weighted average share price of €145.02 per share, and 319,013 shares related to the base share program at a weighted average share price of €72.51 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 2019 totaling 1,693,126 shares, to 573,467 matching shares under the share matching program for fiscal 2020, and to 116,920 jubilee shares.

Information on amounts subject to dividend payout restrictions

(in millions of €)	Fiscal Year 2023
Amount representing the difference of the recognition of provisions and similar commitments based on average interest rates covering ten and seven years, respectively	**257**
Amounts from the capitalization of deferred taxes	**2,294**
Amounts from the capitalization of assets at fair value	**18**

These amounts subject to dividend payout restrictions face other retained earnings in a sufficiently high amount. The unappropriated net income of €3,760 million is available for distribution.

Disclosures on shareholdings of Siemens AG

As of September 30, 2023, 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, informed us on August 7, 2023, that as of August 2, 2023, its percentage of voting rights (held either directly or indirectly) in Siemens AG amounted to 6.68% of which 6.56% were voting rights from 52,480,190 shares due to their participation and 0.12% were attributable to instruments.

Goldman Sachs Group, Inc., Wilmington, USA, informed us on December 22, 2022, that as of December 16, 2022, its percentage of voting rights (held either directly or indirectly) in Siemens AG amounted to 4.15% of which 0.28% were voting rights from 2,377,304 shares due to their participation and 3.87% were attributable to instruments.

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. 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, inflation risk and longevity risk. 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 assumptions for valuation of the settlement amount as of September 30, 2023 were based, among others, on a discount rate of 1.81% and an average weighted pension increase of 2.40% p.a. The mortality tables used (Siemens Bio 2017/2023) 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 major amounts in other provisions were contributed by provisions related to personnel costs amounting to €1,136 million, provisions for contingent losses from derivative financial instruments amounting to €723 million, provisions for warranties, delay compensations, penalties for delay and breach of contract amounting to €639 million, provisions for decontamination obligations amounting to €489 million, and provisions related to guarantees and expected obligations from consortium agreements amounting to €267 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, 2023	up to 1 year	1 year up to 5 years	thereof maturities more than 5 years	Sep 30, 2022	up to 1 year	1 year up to 5 years	thereof maturities more than 5 years
Liabilities to banks	**339**	**2**	**337**	**–**	639	639	–	–
Trade payables	**2,374**	**2,367**	**7**	**–**	2,249	2,209	40	–
Liabilities to affiliated companies	**59,483**	**54,165**	**3,732**	**1,585**	63,946	56,143	6,119	1,684
Other liabilities	**1,222**	**1,203**	**19**	**–**	1,080	1,019	61	–
thereof to long-term investees	***5***	***5***	**–**	**–**	*6*	*6*	–	–
thereof miscellaneous liabilities	***1,217***	***1,198***	***19***	**–**	*1,074*	*1,013*	*61*	–
therein from taxes	***111***	***111***	**–**	**–**	*93*	*93*	–	–
therein for social security	***91***	***91***	**–**	**–**	*137*	*137*	–	–
Liabilities	**63,417**	**57,737**	**4,095**	**1,585**	67,914	60,010	6,220	1,684

Liabilities to affiliated companies resulted primarily from intragroup-financing activities.

3.5 Other disclosures

NOTE 19 Material expenses

(in millions of €)	Fiscal year 2023	2022
Expenses for raw materials, supplies and purchased merchandise	**(6,047)**	(5,541)
Costs of purchased services	**(4,210)**	(3,576)
Material expenses	**(10,257)**	(9,117)

NOTE 20 Personnel expenses

(in millions of €)	Fiscal year 2023	2022
Wages and salaries	**(4,767)**	(4,186)
Social security contributions and expenses for other employee benefits	**(689)**	(674)
Expenses for pensions	**(1,148)**	(1,213)
Personnel expenses	**(6,603)**	(6,073)

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. Expenses for pensions mainly included effects from pension increases due to the continued high consumer price index as part of the actuarial valuation of the settlement amount of pension obligations.

The breakdown of employees per function is as follows:

	Fiscal year 2023
Production	**27,200**
Sales	**8,300**
Research and development	**7,100**
Administration and general functions	**6,300**
Employees	**49,000**

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, if applicable, considering the estimated target attainment at the balance sheet date.

The following table shows the changes of stock awards subject to performance conditions held by beneficiaries of Siemens AG and, for the first time since fiscal 2023 due to the overall increase in volume, also stock awards not subject to performance conditions:

(in number of shares)	Fiscal year 2023
Non-vested, beginning of fiscal year	**5,111,928**
Granted	**1,364,429**
Vested and fulfilled	**(730,891)**
Forfeited	**(924,465)**
Settled	**(5,005)**
Organizational changes	**(75,860)**
Non-vested, end of fiscal year	**4,740,136**

The pro rata intrinsic value of all stock awards issued to beneficiaries of Siemens AG amounted to €343 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 2023
Outstanding, beginning of fiscal year	**667,125**
Granted	**307,201**
Vested and fulfilled	**(296,040)**
Forfeited	**(31,134)**
Settled	**(15,853)**
Organizational changes	**(29,029)**
Outstanding, end of fiscal year	**602,270**

The pro rata intrinsic value of all matching shares issued to beneficiaries of Siemens AG amounted to €47 million.

NOTE 22 Shares in investment funds

The following shares in investment funds according to investment objects were held:

	Sep 30, 2023		
(in million of €)	Carrying amount	Market value	Deviation from carrying amount
Mixed funds	**1,941**	**2,284**	**343**
Bond-based funds	**321**	**321**	**–**
Share-based funds	**24**	**24**	**–**
Money market funds	**50**	**50**	**–**
Shares in investment assets according to investment objects	**2,336**	**2,679**	**343**

Generally, shares in investment funds are accounted for securities held as non-current financial assets. Exceptions were those shares which represented plan assets and therefore 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, 2023
Obligations from guarantees	**3,395**
Warranty obligations	**101,116**
thereof relating to financing of affiliated companies	***70,041***
thereof relating to performance guarantees on behalf of affiliated companies	***23,040***
thereof Others	***8,036***
Guarantees and other commitments	**104,511**

Warranty obligations relating to financing of affiliated companies included guarantees towards banks for credit lines granted to affiliated companies.

The items Obligations from guarantees and Warranty Obligations - Others included guarantees and other commitments for the benefit of companies of the Siemens Energy Group totaling €0.1 billion and €4.7 billion, respectively, with corresponding full reimbursement rights towards Siemens Energy Global GmbH & Co. KG. In addition, the items 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 €1.0 billion.

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 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 €293 million. Object of these contracts were mainly real estate and other non-current assets.

Payment obligations under lease and rental arrangements amounted to €1,334 million, of which €201 million resulted from transactions with affiliated companies. Payment obligations under lease and rental arrangements due within the next fiscal year amounted to €247 million.

NOTE 25 Other financial obligations

Approximately €1.5 billion were outstanding as of September 30, 2023, from an outsourcing agreement with a maturity of several years.

Obligations for equity contributions to affiliated companies amounted to €491 million.

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 2023, the corresponding expenses amounted to €988 million. For fiscal 2024, 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 AG uses primarily foreign currency forward contracts, interest rate swaps as well as combined interest and foreign currency swaps. 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 shows the notional volume and net fair values of existing derivative financial instruments that were not included in a valuation unit as of the balance sheet date:

	Sep 30, 2023	
(in millions of €)	Notional amount	Fair values
Interest rate hedging contracts	**8,038**	**(722)**
Combined interest and currency hedging contracts	**369**	**26**
Existing derivative financial instruments	**8,407**	**(696)**

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 these derivative financial instruments are calculated by discounting expected future cash flows over the remaining term of the instrument using current market interest rates and yield curves.

The following table shows the carrying amounts, if any, of derivative financial instruments that are not included in valuation units and the balance sheet items in which the carrying amounts are recognized:

			Sep 30, 2023
(in millions of €)	Other assets	Other provisions	Other liabilities
Interest rate hedging contracts	–	**(722)**	–
Combined interest and currency hedging contracts	–	**(1)**	–
Derivative financial instruments requiring recognition	–	**(723)**	–

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. Foreign currency transaction exposure of the Siemens units from contracted business and cash balances in foreign currency is generally hedged approximately by 100% with Corporate Treasury. Foreign currency transaction exposure of the Siemens units from planned business above defined thresholds has to be hedged with Corporate Treasury within a band of 75% to 100% for a hedging period of at least three months.

The remaining foreign currency risk after offsetting cash flows in the same currency is hedged by the Corporate Treasury with external contract partners. The net foreign currency position (before hedging) 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, 2023
Foreign currency risk from balance sheet items	**3,115**
thereof assets	***14,073***
thereof liabilities	***(10,958)***
Foreign currency risk from firm commitments and forecast transactions	**687**
thereof expected cash inflows from firm commitments and forecast transactions	***1,245***
thereof expected cash outflows from firm commitments and forecast transactions	***(558)***
Net foreign currency position (before hedging)	**3,802**
Foreign currency exchange contracts (net notional value)	**(3,968)**
thereof with external contract partners	***2,671***
thereof with affiliated companies	***(6,639)***
Net foreign currency position (after hedging)	**(166)**

Firm commitments and forecast transactions relate to 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.

As of September 30, 2023, the fair value of derivative financial instruments from foreign currency hedging transactions was €(4) million, net. Positive fair values of €1,897 million were offset by negative fair values of €1,901 million. For derivative financial instruments with negative fair values, no provision for anticipated losses was recognized as part of the valuation unit.

Valuation unit used to hedge the interest rate risk

The interest rate hedging contracts used by Siemens AG serve to reduce interest rate risks within the framework of an integrated asset-liability management approach and to optimize the interest results.

Siemens AG has entered into interest rate derivatives with external counterparties to hedge interest rate swaps with its affiliated companies against interest rate risk. As of September 30, 2023, the interest rate swaps with affiliated companies with a maximum maturity term until the year 2028 included in this macro-valuation unit had a notional amount of €2,121 million and fair values of €122 million. At balance sheet date, these underlying transactions were matched by external interest rate derivatives with negative fair values of €59 million, net, and a maximum maturity term until the year 2030.

To hedge interest rate risks arising from payables to affiliated companies, Siemens AG has entered into interest rate derivatives with external counterparties. As of September 30, 2023, the liabilities hedged in this micro-valuation unit had a nominal volume of €2,347 million and a maximum maturity term until the year 2025. As of September 30, 2023, the positive cumulative changes in the market value of these payables of €86 million were offset by external interest rate derivatives with identical maturities whose negative market value was €78 million.

The amount of interest rate risks hedged with the valuation unit, which did not lead to a provision for anticipated losses, totaled €165 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, 2023, amounting to €3,760 million to be appropriated as follows: Distribution of a dividend of €4.70 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 received cash compensation of €18.8 million. The fair value of share-based compensation amounted to €10.5 million for 170,111 stock awards. The Company granted contributions under the BSAV to members of the Managing Board totaling €2.2 million.

Therefore, the compensation and benefits attributable to members of the Managing Board amounted to €31.6 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 €24.6 million according to Section 285 no. 9b of the German Commercial Code.

Siemens recognized pension provisions totaling €129.3 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 €5.3 million (including meeting fees).

NOTE 29 Declaration of Compliance with the German Corporate Governance Code

As of October 1, 2023, 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 siemens.com/gcg-code.

NOTE 30 Subsequent events

In November 2023, agreements were entered into with the intent to acquire 18% of the shares in Siemens Limited, India from the Siemens Energy Group for a purchase price of €2.1 billion in cash. Closing of the transaction is expected in December 2023.

NOTE 31 Members of the Managing Board and Supervisory Board

Members of the Managing Board and positions held by Managing Board members

In fiscal 2023, the Managing Board had the following members:

				Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises	
Name	Date of birth	First appointed	Term expires	External positions (as of September 30, 2023)	Group company positions (as of September 30, 2023)
Roland Busch (Dr. rer. nat.) President and Chief Executive Officer	November 22, 1964	April 1, 2011	March 31, 2025		**German positions:** - Siemens Healthineers AG, Munich[1] - Siemens Mobility GmbH, Munich (Chairman)
Cedrik Neike	March 7, 1973	April 1, 2017	May 31, 2025	**German positions:** - Evonik Industries AG, Essen[1]	**Positions outside Germany:** - Siemens Aktiengesellschaft Österreich, Austria (Chairman) - Siemens France Holding SAS, 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. (Equipment), Saudi Arabia (Deputy Chairman) - 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	December 14, 2026	**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, 2028	**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 2023, 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, 2023)
Jim Hagemann Snabe Chairman	Chairman of the Supervisory Board of Siemens AG	October 27, 1965	October 1, 2013	2025	**Positions outside Germany:** - C3.ai, Inc., USA[3] - Northvolt AB, Sweden (Chairman) - Urban Partners A/S, Denmark (Deputy Chairman)
Birgit Steinborn[2] First Deputy Chairwoman	Chairwoman of the Central Works Council of Siemens AG	March 26, 1960	January 24, 2008	2028	
Werner Brandt (Dr. rer. pol.) Second Deputy Chairman	Chairman of the Supervisory Board of RWE AG	January 3, 1954	January 31, 2018	2027	**German positions:** - RWE AG, Essen (Chairman)[3]
Tobias Bäumler[2]	Deputy Chairman of the Central Works Council and of the Combine Works Council of Siemens AG	October 10, 1979	October 16, 2020	2028	
Michael Diekmann (until February 9, 2023) (as of February 9, 2023)	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]
Regina E. Dugan (PhD) (since February 9, 2023)	President and Chief Executive Officer of Wellcome Leap Inc.	March 19, 1963	February 9, 2023	2027	**Positions outside Germany:** - HPE, Houston, Texas, USA[3]
Andrea Fehrmann[2] (Dr. phil.)	Trade Union Secretary, IG Metall Regional Office for Bavaria	June 21, 1970	January 31, 2018	2028	**German positions:** - Airbus Defence and Space GmbH, Taufkirchen - 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	2028	**German positions:** - Siemens Mobility GmbH, Munich (Deputy Chairwoman)

Oliver Hartmann[2] (since September 14, 2023)	Head of the Regional Office Erlangen / Nuremberg, Germany, Chairman of the Committee of Spokespersons of the Siemens Group and Chairman of the Central Committee of Spokespersons of Siemens AG	April 25, 1968	September 14, 2023	2028	
Keryn Lee James (since February 9, 2023)	Chair of the Board of Directors of OPUS Talent Solutions	December 12, 1968	February 9, 2023	2027	**Positions outside Germany:** - OPUS Talent Solutions, UK (Chair)
Harald Kern[2]	Chairman of the Siemens Europe Committee	March 16, 1960	January 24, 2008	2028	
Jürgen Kerner[2]	Chief Treasurer and Executive Member of the Managing Board of IG Metall	January 22, 1969	January 25, 2012	2028	**German positions:** - Airbus GmbH, Hamburg - MAN Truck & Bus SE, Munich (Deputy Chairman) - Siemens Energy AG, Munich[3] - Siemens Energy Management GmbH, Munich - Thyssenkrupp AG, Essen (Deputy Chairman)[3] - Traton SE, Munich[3]
Martina Merz (since February 9, 2023)	Member of supervisory boards	March 1, 1963	February 9, 2023	2027	**Positions outside Germany:** - AB Volvo, Gothenburg, Sweden[3]
Christian Pfeiffer (Dr.-Ing.)[2] (since February 9, 2023)	Innovation manager at Siemens Mobility GmbH, member of the Combine Works Council of Siemens AG and of the Central Works Council of Siemens Mobility GmbH	June 2, 1969	February 9, 2023	2028	**German positions:** - Siemens Mobility GmbH, Munich
Benoît Potier	Chairman of the Board of Directors of L'Air Liquide S.A.	September 3, 1957	January 31, 2018	2027	**Positions outside Germany:** - L'Air Liquide S.A., France (Chairman)[3]
Hagen Reimer[2]	Trade Union Secretary of the Managing Board of IG Metall	April 26, 1967	January 30, 2019	2028	
Norbert Reithofer (Dr.-Ing. Dr.-Ing. E.h.) (until February 9, 2023) (as of February 9, 2023)	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[3,4] - Henkel Management AG, Düsseldorf
Kasper Rørsted	Member of supervisory boards	February 24, 1962	February 3, 2021	2025	**Positions outside Germany:** - A. P. Møller-Mærsk A/S, Denmark[3]
Baroness Nemat Shafik (DBE, DPhil) (until February 9, 2023) (as of February 9, 2023)	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	2027	**German positions:** - Messer SE & Co. KGaA, Bad Soden am Taunus - Siemens Healthcare GmbH, Munich - Siemens Healthineers AG, Munich[3] - TÜV Süd AG, Munich **Positions outside Germany:** - EssilorLuxottica SA, France[3]
Michael Sigmund[2] (until August 31, 2023) (as of August 31, 2023)	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	2028	
Dorothea Simon[2]	Chairwoman of the Central Works Council of Siemens Healthcare GmbH	August 3, 1969	October 1, 2017	2028	**German positions:** - Siemens Healthcare GmbH, Munich
Grazia Vittadini	Chief Technology Officer and Member of the Executive Team of Rolls-Royce Holdings plc[3] (until October 17, 2023), Special Advisor of Rolls-Royce Holdings plc[3] (since October 17, 2023)	September 23, 1969	February 3, 2021	2025	**German positions:** - The Exploration Company GmbH, Gilching
Matthias Zachert	Chairman of the Board of Management of LANXESS AG[3]	November 8, 1967	January 31, 2018	2027	
Gunnar Zukunft[2] (until February 9, 2023) (as of February 9, 2023)	Member 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] Shareholders' Committee.

NOTE 32 List of subsidiaries and associated companies pursuant to Section 285 no. 11, 11a and 11b of the German Commercial Code

September 30, 2023	Net income in millions of €[1]	Equity in millions of €[1]	Equity interest in %
Germany (49 companies)			
Berliner Vermögensverwaltung GmbH, Berlin	**(63)**	**18**	**100**
Erlangen KHK 5 GmbH & Co. KG, Grünwald	**8**	**39**	**100**[4]
Erlapolis 20 GmbH, Munich	**3**	**15**	**100**[4]
Erlapolis 22 GmbH, Munich	**–**	**67**	**100**[6]
evosoft GmbH, Nuremberg	**1**	**10**	**100**
GuD Herne GmbH, Essen	**19**	**37**	**50**[5]
HaCon Ingenieurgesellschaft mbH, Hanover	**12**	**148**	**100**
Innomotics GmbH, Munich	**(179)**	**(192)**	**100**
KACO new energy GmbH, Neckarsulm	**16**	**71**	**100**
Munipolis GmbH, Munich	**1**	**273**	**100**[4]
Next47 GmbH, Munich	**5**	**(7)**	**100**
Nordlicht Holding GmbH & Co. KG, Frankfurt	**–**	**148**	**33**[5]
OWP Butendiek GmbH & Co. KG, Bremen	**145**	**789**	**23**[5]
Project Ventures Butendiek Holding GmbH, Munich	**–**	**66**	**100**[4]
RISICOM Rückversicherung AG, Grünwald	**13**	**327**	**100**
Siemens Bank GmbH, Munich	**65**	**1,242**	**100**
Siemens Beteiligungen Europa GmbH, Munich	**192**	**5,895**	**100**
Siemens Beteiligungen Inland GmbH, Munich	**(283)**	**26,716**	**100**
Siemens Beteiligungen USA GmbH, Berlin	**–**	**13,776**	**100**
Siemens Beteiligungsverwaltung GmbH & Co. OHG, Kemnath	**2,755**	**24,217**	**100**[2]
Siemens Campus Erlangen Grundstücks-GmbH & Co. KG, Grünwald	**14**	**18**	**100**
Siemens Electronic Design Automation GmbH, Munich	**(6)**	**73**	**100**
Siemens Energy AG, Munich	**(6)**	**13,164**	**32**[4]
Siemens Finance & Leasing GmbH, Munich	**(6)**	**138**	**100**
Siemens Financial Services GmbH, Munich	**9**	**2,038**	**100**
Siemens Fonds Invest GmbH, Munich	**–**	**14**	**100**
Siemens Healthcare Diagnostics Products GmbH, Marburg	**(37)**	**552**	**100**
Siemens Healthcare GmbH, Munich	**205**	**1,125**	**100**
Siemens Healthineers AG, Munich	**1,177**	**24,254**	**75**
Siemens Healthineers Beteiligungen GmbH & Co. KG, Röttenbach	**72**	**24,855**	**100**
Siemens Healthineers Holding I GmbH, Munich	**(48)**	**(4,731)**	**100**
Siemens Healthineers Holding III GmbH, Munich	**–**	**6,408**	**100**
Siemens Healthineers Innovation GmbH & Co. KG, Röttenbach	**556**	**48**	**100**
Siemens Immobilien Besitz GmbH & Co. KG, Grünwald	**(2)**	**141**	**100**
Siemens Industry Software GmbH, Cologne	**2**	**292**	**100**
Siemens Logistics GmbH, Nuremberg	**(18)**	**67**	**100**
Siemens Mobility GmbH, Munich	**226**	**2,723**	**100**
Siemens Mobility Real Estate GmbH & Co. KG, Grünwald	**8**	**119**	**100**
Siemens Nixdorf Informationssysteme GmbH, Grünwald	**1**	**29**	**100**
Siemens Project Ventures GmbH, Erlangen	**44**	**330**	**100**
Siemens Real Estate GmbH & Co. KG, Kemnath	**14**	**144**	**100**
Siemens Trademark GmbH & Co. KG, Kemnath	**941**	**3,502**	**100**
Siemens Treasury GmbH, Munich	**1**	**8**	**100**
SIM 2. Grundstücks-GmbH & Co. KG, Grünwald	**6**	**312**	**10**[4]
SIMAR Ost Grundstücks-GmbH, Grünwald	**1**	**(30)**	**100**
SPT Beteiligungen GmbH & Co. KG, Grünwald	**(1,795)**	**5,693**	**100**[4]
Varian Medical Systems Particle Therapy GmbH & Co. KG, Troisdorf	**(75)**	**96**	**100**
VMS Deutschland Holdings GmbH, Darmstadt	**4**	**428**	**100**
Weiss Spindeltechnologie GmbH, Maroldsweisach	**(1)**	**42**	**100**

Europe, Commonwealth of Independent States (C.I.S.), Africa, Middle East (without Germany) (95 companies)			
ETM professional control GmbH, Eisenstadt / Austria	15	22	100
Siemens Aktiengesellschaft Österreich, Vienna / Austria	113	1,350	100
Siemens Healthcare Diagnostics GmbH, Vienna / Austria	10	110	100
Siemens Konzernbeteiligungen GmbH, Vienna / Austria	179	1,824	100
Siemens Metals Technologies Vermögensverwaltungs GmbH, Vienna / Austria	(1)	(22)	100
Siemens Mobility Austria GmbH, Vienna / Austria	(68)	(87)	100
Siemens Healthcare NV, Groot-Bijgaarden / Belgium	8	108	100
Siemens Industry Software NV, Leuven / Belgium	(64)	285	100
Siemens S.A./N.V., Beersel / Belgium	23	94	100
OEZ s.r.o., Letohrad / Czech Republic	30	65	100
Siemens Large Drives, s.r.o., Drasov / Czech Republic	(6)	(2)	100
Siemens Mobility, s.r.o., Prague / Czech Republic	17	32	100
Siemens, s.r.o., Prague / Czech Republic	46	113	100
Siemens A/S, Ballerup / Denmark	9	43	100
Siemens Aarsleff Konsortium I/S, Ballerup / Denmark	–	–	67[4, 2]
Siemens Osakeyhtiö, Espoo / Finland	15	46	100
Siemens France Holding SAS, Courbevoie / France	71	173	100
Siemens Healthcare SAS, Courbevoie / France	17	219	100
Siemens Industry Software SAS, Châtillon / France	14	58	100
Siemens Mobility SAS, Châtillon / France	(32)	89	100
Siemens SAS, Courbevoie / France	84	238	100
Siemens A.E., Electrotechnical Projects and Products, Athens / Greece	7	86	100
SIEMENS HEALTHCARE INDUSTRIAL AND COMMERCIAL SINGLE MEMBER SOCIETE ANONYME, Marousi / Greece	1	63	100
Mentor Graphics (Holdings) Unlimited Company, Shannon, County Clare / Ireland	131	1,996	100
Siemens Industry Software Limited, Shannon, County Clare / Ireland	252	1,789	100
Siemens Concentrated Solar Power Ltd., Rosh Ha'ayin / Israel	57	3,810	100
Siemens Industry Software Ltd., Airport City / Israel	9	118	100
UGS Israeli Holdings (Israel) Ltd., Airport City / Israel	–	1	100
Medical Systems S.p.A., Genoa / Italy	2	132	45[5]
Siemens Healthcare S.r.l., Milan / Italy	17	253	100
Siemens S.p.A., Milan / Italy	123	290	100
FAST TRACK DIAGNOSTICS LUXEMBOURG S.à r.l., Esch-sur-Alzette / Luxembourg	(3)	65	100
SPT Holding SARL, Luxembourg / Luxembourg	6	193	100[5]
SPT Invest Management, SARL, Luxembourg / Luxembourg	(103)	627	100[5]
EGM Holding Limited, Birkirkara / Malta	66	(47)	33[5]
Varian Medical Systems Mauritius Ltd., Ebene / Mauritius	7	78	100
Buitengaats C.V., Amsterdam / Netherlands	165	219	20[5]
KIC InnoEnergy S.E., Eindhoven / Netherlands	113	314	6[5]
Mendix Technology B.V., Rotterdam / Netherlands	(79)	(19)	100
Siemens Electronic Design Automation B.V., Eindhoven / Netherlands	2	16	100
Siemens Financieringsmaatschappij N.V., The Hague / Netherlands	8	84	100
Siemens Healthineers Holding III B.V., The Hague / Netherlands	665	3,944	100
Siemens Healthineers Holding IV B.V., The Hague / Netherlands	–	13,895	100
Siemens Healthineers Nederland B.V., The Hague / Netherlands	279	1,395	100
Siemens Industry Software Netherlands B.V., Eindhoven / Netherlands	40	542	100
Siemens International Holding B.V., The Hague / Netherlands	1,221	11,351	100
Siemens Mobility Holding B.V., The Hague / Netherlands	112	1,453	100
Siemens Nederland N.V., The Hague / Netherlands	54	171	100
Sqills Products B.V., Enschede / Netherlands	(3)	577	100
Ural Locomotives Holding Besloten Vennootschap, The Hague / Netherlands	11	100	50[3]
Varian Medical Systems Nederland B.V., Houten / Netherlands	14	3,034	100
ZeeEnergie C.V., Amsterdam / Netherlands	165	219	20[5]
Siemens AS, Oslo / Norway	11	22	100
Siemens Sp. z o.o., Warsaw / Poland	20	65	100

SIEMENS HEALTHCARE, UNIPESSOAL, LDA, Amadora / Portugal	5	94	100
Siemens S.A., Amadora / Portugal	16	93	100
Siemens W.L.L., Doha / Qatar	12	54	55
OOO Siemens, Moscow / Russian Federation	(4)	15	100
Upsilon 1 LLC, St. Petersburg / Russian Federation	(4)	15	100
Siemens Mobility d.o.o. Cerovac, Kragujevac / Serbia	(6)	36	100
Siemens Proprietary Limited, Midrand / South Africa	2	37	85
Fábrica Electrotécnica Josa, S.A.U., Tres Cantos / Spain	(1)	44	100
SIEMENS HEALTHCARE, S.L.U., Madrid / Spain	23	300	100
Siemens Logistics S.L. Unipersonal, Madrid / Spain	3	10	100
SIEMENS MOBILITY, S.L.U., Tres Cantos / Spain	5	69	100
Siemens Rail Automation S.A.U., Tres Cantos / Spain	28	671	100
Siemens S.A., Madrid / Spain	40	227	100
Siemens AB, Solna / Sweden	13	95	100
Siemens Financial Services AB, Solna / Sweden	18	231	100
Siemens Healthineers International AG, Steinhausen / Switzerland	54	600	100
Siemens Industry Software GmbH, Zurich / Switzerland	11	191	100
Siemens Mobility AG, Wallisellen / Switzerland	19	82	100
Siemens Schweiz AG, Zurich / Switzerland	14	891	100
Varian Medical Systems Imaging Laboratory G.m.b.H., Dättwil / Switzerland	20	31	100
Siemens AG - Siemens Sanayi Ve Ticaret AS Velaro Joint Venture, Kartal - Istanbul / Türkiye	(1)	–	100[2]
Siemens Healthcare Saglik Anonim Sirketi, Istanbul / Türkiye	(6)	41	100
Siemens Sanayi ve Ticaret Anonim Sirketi, Istanbul / Türkiye	58	137	100
Siemens Industrial LLC, Masdar City / United Arab Emirates	12	(69)	49
Brightly Software Limited, Farnborough, Hampshire / United Kingdom	(1)	174	100
Electrium Sales Limited, Farnborough, Hampshire / United Kingdom	(7)	53	100
Galloper Wind Farm Holding Company Limited, Swindon, Wiltshire / United Kingdom	187	79	25[5]
Project Ventures Rail Investments I Limited, Farnborough, Hampshire / United Kingdom	9	(6)	100
SBS Pension Funding (Scotland) Limited Partnership, Edinburgh / United Kingdom	17	621	57
Siemens Financial Services Ltd., Stoke Poges, Buckinghamshire / United Kingdom	29	333	100
Siemens Healthcare Diagnostics Manufacturing Ltd, Camberley, Surrey / United Kingdom	7	181	100
Siemens Healthcare Diagnostics Products Ltd, Camberley, Surrey / United Kingdom	4	205	100
Siemens Healthcare Limited, Camberley, Surrey / United Kingdom	65	87	100
Siemens Holdings plc, Farnborough, Hampshire / United Kingdom	3	1,169	100
Siemens Industry Software Computational Dynamics Limited, Farnborough, Hampshire / United Kingdom	–	(2)	100
Siemens Industry Software Limited, Farnborough, Hampshire / United Kingdom	26	98	100
Siemens Mobility Limited, London / United Kingdom	156	932	100
Siemens Pension Funding Limited, Farnborough, Hampshire / United Kingdom	(3)	474	100
Siemens plc, Farnborough, Hampshire / United Kingdom	49	577	100
Siemens Process Systems Engineering Limited, Farnborough, Hampshire / United Kingdom	(32)	102	100
Vendigital Holdings Ltd, Swindon, Wiltshire / United Kingdom	–	1	100
Americas (57 companies)			
Siemens S.A., Buenos Aires / Argentina	1	25	100
GNA 1 Geração de Energia S.A., São João da Barra / Brazil	(71)	175	22[5]
Siemens Healthcare Diagnósticos Ltda., São Paulo / Brazil	30	209	100
Siemens Infraestrutura e Indústria Ltda., São Paulo / Brazil	44	62	100
Siemens Participações Ltda., São Paulo / Brazil	(17)	37	100
Dade Behring Hong Kong Holdings Corporation, Tortola / British Virgin Islands	15	311	100
Brightly Software Canada, Inc., Oakville / Canada	(7)	74	100
EPOCAL INC., Toronto / Canada	4	127	100
Innomotics Inc., Oakville / Canada	2	8	100
Siemens Canada Limited, Oakville / Canada	53	272	100
Siemens Financial Ltd., Oakville / Canada	30	527	100
Siemens Healthcare Limited, Oakville / Canada	14	80	100
Siemens S.A., Santiago de Chile / Chile	7	28	100

Siemens S.A.S., Tenjo / Colombia	2	47	100
Grupo Siemens S.A. de C.V., Mexico City / Mexico	71	88	100
Siemens, S.A. de C.V., Mexico City / Mexico	58	130	100
Siemens S.A.C., Surquillo / Peru	2	27	100
Associates in Medical Physics, LLC, Greenbelt, MD / United States	–	93	100[8]
Block Imaging International, LLC, Wilmington, DE / United States	(3)	136	100[7]
Brightly Software, Inc., Wilmington, DE / United States	(70)	(115)	100
Building Robotics Inc., Wilmington, DE / United States	(34)	(67)	100
CEF-L Holding, LLC, Wilmington, DE / United States	(35)	(6)	27[5]
Corindus, Inc., Wilmington, DE / United States	(342)	176	100
ECG Acquisition, Inc., Wilmington, DE / United States	(1)	175	100
ECG TopCo Holdings, LLC, Wilmington, DE / United States	(43)	60	75
Electrify America, LLC, Wilmington, DE / United States	(64)	782	9[5]
eMeter Corporation, Wilmington, DE / United States	–	141	100
Fluence Energy, Inc., Wilmington, DE / United States	(297)	645	33[4]
Healthcare Technology Management, LLC, Wilmington, DE / United States	(2)	138	78
Hickory Run Holdings, LLC, Wilmington, DE / United States	59	441	20[5]
Mannesmann Corporation, New York, NY / United States	2	49	100
Medical Physics Holdings, LLC, Dover, DE / United States	–	96	100[8]
Next47 Fund 2018, L.P., Palo Alto, CA / United States	–	53	100
Next47 Fund 2019, L.P., Palo Alto, CA / United States	–	78	100
Next47 Fund 2020, L.P., Palo Alto, CA / United States	–	115	100
Next47 Fund 2021, L.P., Palo Alto, CA / United States	(1)	142	100
Next47 Fund 2022, L.P., Palo Alto, CA / United States	(2)	145	100
PETNET Solutions, Inc., Knoxville, TN / United States	53	183	100
PolyDyne Software Inc., Dallas, TX / United States	1	123	100
Siemens Capital Company LLC, Wilmington, DE / United States	94	1,747	100
Siemens Corporation, Wilmington, DE / United States	1,090	6,259	100
Siemens Financial Services, Inc., Wilmington, DE / United States	170	2,111	100
Siemens Government Technologies, Inc., Wilmington, DE / United States	22	515	100
Siemens Healthcare Diagnostics Inc., Los Angeles, CA / United States	(121)	7,358	100
Siemens Healthineers Holdings, LLC, Wilmington, DE / United States	–	13,895	100
Siemens Industry Software Inc., Wilmington, DE / United States	3	5,229	100
Siemens Industry, Inc., Wilmington, DE / United States	1,318	5,964	100
Siemens Logistics LLC, Wilmington, DE / United States	18	25	100
Siemens Medical Solutions USA, Inc., Wilmington, DE / United States	793	17,743	100
Siemens Mobility, Inc, Wilmington, DE / United States	47	980	100
Siemens Public, Inc., Iselin, NJ / United States	43	1,674	100
Siemens USA Holdings, Inc., Wilmington, DE / United States	1,212	10,415	100
SMI Holding LLC, Wilmington, DE / United States	2	9	100
Supplyframe, Inc., Glendale, CA / United States	(41)	(77)	100
Thoughtworks Holding Inc., Wilmington, DE / United States	(99)	730	8[5]
Varian Medical Systems International Holdings, Inc., Wilmington, DE / United States	–	6,411	100
Varian Medical Systems, Inc., Wilmington, DE / United States	(85)	7,883	100
Asia, Australia (49 companies)			
Brightly Software Australia Pty Ltd, Sydney / Australia	(4)	81	100
Brightly Software Holdings Pty. Ltd., Sydney / Australia	–	94	100
Innomotics Pty Ltd, Bayswater / Australia	5	7	100
Siemens Ltd., Bayswater / Australia	16	94	100
Siemens Mobility Pty Ltd, Melbourne / Australia	15	161	100
Beijing Siemens Cerberus Electronics Ltd., Beijing / China	25	28	100
Innomotics Large Drives (Shanghai) Co., Ltd., Shanghai Pilot Free Trade Zone / China	1	9	100
Siemens Circuit Protection Systems Ltd., Shanghai, Shanghai / China	22	30	75
Siemens Electrical Apparatus Ltd., Suzhou, Suzhou / China	82	121	100
Siemens Electrical Drives Ltd., Tianjin / China	87	103	85

Siemens Electronic Design Automation (Shanghai) Co., Ltd., Shanghai Pilot Free Trade Zone / China	7	71	100
Siemens Factory Automation Engineering Ltd., Beijing / China	22	29	100
Siemens Finance and Leasing Ltd., Beijing / China	9	124	100
Siemens Financial Services Ltd., Beijing / China	25	229	100
Siemens Healthcare Diagnostics Manufacturing Ltd., Shanghai, Shanghai / China	(28)	25	100
Siemens Healthineers Diagnostics (Shanghai) Co., Ltd., Shanghai / China	23	146	100
Siemens Healthineers Digital Technology (Shanghai) Co., Ltd., Shanghai / China	92	37	100
Siemens Healthineers Ltd., Shanghai / China	219	231	100
Siemens Industrial Automation Products Ltd., Chengdu, Chengdu / China	177	170	100
Siemens Industry Software (Shanghai) Co., Ltd., Shanghai / China	23	78	100
Siemens International Trading Ltd., Shanghai, Shanghai / China	14	42	100
Siemens Ltd., China, Beijing / China	1,247	2,219	100
Siemens Mechatronics Technology JiangSu Ltd., Yizheng / China	–	104	100
Siemens Medium Voltage Switching Technologies (Wuxi) Ltd., Wuxi / China	57	64	85
Siemens Mobility Equipment (China) Co., Ltd, Shanghai Pilot Free Trade Zone / China	8	87	100
Siemens Mobility Technologies (Beijing) Co., Ltd, Beijing / China	21	153	100
Siemens Numerical Control Ltd., Nanjing, Nanjing / China	81	107	80
Siemens Sensors & Communication Ltd., Dalian / China	9	26	100
Siemens Shanghai Medical Equipment Ltd., Shanghai / China	86	196	100
Siemens Shenzhen Magnetic Resonance Ltd., Shenzhen / China	116	205	100
Siemens Standard Motors Ltd., Yizheng / China	63	84	100
Siemens Switchgear Ltd., Shanghai, Shanghai / China	33	48	55
Zhenjiang Siemens Busbar Trunking Systems Co. Ltd., Yangzhong / China	39	53	50[5]
Siemens Limited, Hong Kong / Hong Kong	21	37	100
C&S Electric Limited, New Delhi / India	9	249	99
SIEMENS EDA (INDIA) PRIVATE LIMITED, New Delhi / India	18	103	100
Siemens Financial Services Private Limited, Mumbai / India	17	102	100
Siemens Healthcare Private Limited, Mumbai / India	34	282	100
SIEMENS LARGE DRIVES INDIA PRIVATE LIMITED, Mumbai / India	10	25	100
Siemens Limited, Mumbai / India	225	1,763	51
Siemens Technology and Services Private Limited, Navi Mumbai / India	45	73	100
P.T. Jawa Power, Jakarta / Indonesia	204	960	50[5]
Siemens Healthcare Diagnostics K.K., Tokyo / Japan	20	205	100
Siemens Healthcare K.K., Tokyo / Japan	34	221	100
Siemens K.K., Tokyo / Japan	15	143	100
Varian Medical Systems K.K., Tokyo / Japan	(1)	955	100
Siemens Healthineers Ltd., Seoul / Korea	20	114	100
Siemens Ltd. Seoul, Seoul / Korea	30	167	100
Siemens Limited, Taipei / Taiwan	22	53	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] Values from fiscal year January 01, 2020 - December 31, 2020
[4] Values from fiscal year October 01, 2021 - September 30, 2022
[5] Values from fiscal year January 01, 2022 - December 31, 2022
[6] Values from fiscal year July 22, 2022 - September 30, 2022
[7] Values from fiscal year July 21, 2023 - September 30, 2023
[8] Values from fiscal year August 01, 2023 - September 30, 2023

Responsibility Statement

to the Annual Financial Statements and the Management Report
for fiscal 2023

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, December 4, 2023

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 2023

SIEMENS

Independent auditor´s report

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, 2022 to September 30, 2023, the balance sheet as of September 30, 2023 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, 2022 to September 30, 2023. In accordance with the German legal requirements, we have not audited chapter 11 "EU Taxonomy disclosure" of the combined management report, the sections "8.5.1 Internal Control System (ICS) and ERM" and "8.5.2 Compliance Management System (CMS)" in chapter 8.5 of the combined management report as well as 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, 2023 and of its financial performance for the fiscal year from October 1, 2022 to September 30, 2023 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 chapter 11 "EU Taxonomy disclosure" of the combined management report, the sections "8.5.1 Internal Control System (ICS) and ERM" and "8.5.2 Compliance Management System (CMS)" in chapter 8.5 of the combined management report and the content of the Corporate Governance Statement.

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, 2022 to September 30, 2023. 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:

Valuation of non-current financial assets

Reasons why the matter was determined to be a key audit matter: The impairment test and the assessment regarding the need for a reversal of impairment of non-current financial assets was a key audit matter, as in particular shares in affiliated companies and investments entail a higher risk of material misstatement due to the materiality of these assets as well as the estimation uncertainties and judgments involved in assessing whether there is objective evidence to indicate a lower net realizable value and permanent impairment or a reversal of impairment, and the determination of the fair values.

The determination of the fair values of non-current financial assets also depends to a large extent on the assessment of future cash inflows and the discount rate applied.

In case of the investment in Siemens Energy AG, in which 21,0% are held directly, the market capitalization during fiscal 2023 was on average above the book value sometimes significantly. As of September 30, 2023, a reversal of impairment to the stock market price has been recorded, following an impairment as of September 30, 2022.

Auditor's response: With regards to the net realizable values calculated by management and its assessment as to whether an impairment or reversal of 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, obtained an understanding of management's evaluation and also considered external evidence in this regard, amongst others, on the development of stock market prices.

We assessed the underlying valuation models for the determination of the 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 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. 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.

With regard to the reversal of impairment of the investment in Siemens Energy AG, we have traced the development of the stock market price and assessed the calculation of the reversal of impairment as of September 30, 2023, considering the acquisition costs of the investment.

Furthermore, we evaluated the disclosures in the notes to the annual financial statements regarding the subsequent events relating to the investment in Siemens Energy AG.

Our audit procedures did not lead to any reservations relating to the valuation of non-current financial assets as of September 30, 2023.

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 and with respect to the subsequent events relating to the investment in Siemens Energy AG, refer to chapter 3.5 Other disclosures, Note 30 Subsequent events in the notes to the financial statements.

Other Provisions for legal disputes, regulatory proceedings and governmental investigations

Reasons why the matter was determined to be a key audit matter: We considered the accounting for other provisions for legal disputes, regulatory proceedings and governmental investigations (legal proceedings) out of or in connection with alleged compliance violations 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.

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 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 (including sanctions) and internal company policies 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.

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

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.

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 as well as the recoverability of deferred tax assets.

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 2023, 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 cross border matters, such as the determination of transfer prices, the results of tax field audits, the acquisition or disposal of company shares and corporate (intragroup) restructuring activities. In order to assess measurement and completeness of uncertain tax positions, 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 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 2023 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 chapter 11 "EU Taxonomy disclosure" of the combined management report, the sections "8.5.1 Internal Control System (ICS) and ERM" and "8.5.2 Compliance Management System (CMS)" in chapter 8.5 of the combined management report as well as the content of the Corporate Governance Statement. 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 as well as not our auditor's report on a limited assurance engagement on the EU Taxonomy disclosure.

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 (i.e., fraudulent financial reporting and misappropriation of assets) 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 the risk of detecting a material misstatement 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_2023.zip 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, 2022 to September 30, 2023 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) (06.2022) 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 9, 2023. We were engaged by the Supervisory Board on February 9, 2023. 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 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, the compensation reporting and the disclosures in accordance with EU Taxonomy, comfort letters and other attestation services required under regulatory requirements, contractually agreed or requested on a voluntary basis.

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 Unternehmensregister [German Company Register] – 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 Siegfried Keller.

Munich, December 4, 2023

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Keller	Dr. Gaenslen
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Five-Year Summary

for the five years until fiscal 2023

SIEMENS

(in millions of €, except where otherwise stated)

Revenue and profit	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Revenue	**77,769**	71,977	62,265	55,254	56,797
Gross profit	**29,653**	25,847	22,737	19,888	21,381
Income from continuing operations	**8,514**	4,413	5,636	4,156	5,063
Net income	**8,529**	4,392	6,697	4,200	5,648
Assets, liabilities and equity	Sep 30, 2023	Sep 30, 2022	Sep 30, 2021	Sep 30, 2020	Sep 30, 2019
Current assets	**60,639**	58,829	52,298	52,968	70,370
Current liabilities	**44,901**	42,686	40,000	34,117	50,723
Debt	**46,596**	50,636	48,700	44,567	36,449
Long-term debt	**39,113**	43,978	40,879	38,005	30,414
Net debt	**34,843**	37,212	37,010	28,492	22,726
Provisions for pensions and similar obligations	**1,426**	2,275	2,839	6,360	9,896
Equity (including non-controlling interests)	**53,060**	54,805	48,991	39,823	50,984
as a percentage of total assets	**37%**	36%	35%	32%	34%
Total assets	**145,067**	151,502	139,372	123,897	150,248
Cash flows	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Cash flows from operating activities – continuing operations	**12,281**	10,322	10,109	7,851	6,825
Amortization, depreciation and impairments	**3,608**	3,561	3,075	3,098	2,222
Cash flows from investing activities – continuing operations	**(3,458)**	(2,467)	(17,192)	(4,050)	(4,166)
Additions to intangible assets and property, plant and equipment	**(2,218)**	(2,084)	(1,730)	(1,498)	(1,739)
Cash flows from financing activities – continuing operations	**(8,730)**	(7,502)	785	4,267	(1,214)
Change in cash and cash equivalents	**(388)**	927	(4,509)	1,663	1,325
Free cash flow – continuing and discontinued operations	**10,021**	8,157	8,237	6,404	5,845
Free cash flow – continuing operations	**10,062**	8,238	8,379	6,352	5,086
Employees	Sep 30, 2023	Sep 30, 2022	Sep 30, 2021	Sep 30, 2020	Sep 30, 2019
Continuing operations (in thousands)	320	311	303	285	287
Stock market information	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Basic earnings per share - continuing and discontinued operations	**€10.04**	€4.65	€7.68	€5.00	€6.41
Basic earnings per share - continuing operations	**€10.02**	€4.67	€6.36	€4.77	€5.82
Diluted earnings per share - continuing and discontinued operations	**€9.91**	€4.59	€7.59	€4.93	€6.32
Diluted earnings per share - continuing operations	**€9.90**	€4.62	€6.28	€4.70	€5.74
Dividend per share[1]	**€4.70**	€4.25	€4.00	€3.50	€3.90

[1] For FY 2023 to be proposed to the Annual Shareholders' Meeting.

Notes and forward-looking statements

SIEMENS

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 Combined Management Report of the Siemens Report (siemens.com/siemensreport). Should one or more of these risks or uncertainties materialize, should decisions, assessments or requirements of regulatory authorities deviate from our expectations, should events of force majeure, such as pandemics, unrest or acts of war, 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.

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