



Half-year Financial Report

FIRST HALF OF FISCAL 2021

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Introduction

Siemens AG's Half-year Financial Report complies with the applicable legal requirements of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) and comprises condensed Half-year Consolidated Financial Statements, an Interim Group Management Report and a Responsibility statement in accordance with section 115 WpHG.

The Half-year Consolidated Financial Statements are in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU.

This Half-year Financial Report should be read in conjunction with our Annual Report for fiscal 2020, which includes a detailed analysis of our operations and activities as well as explanations of financial measures used.

A. Interim Group Management Report

In the first half of fiscal 2021, Siemens sold 100% of its shares in Flender GmbH including Siemens' Wind Energy Generation business (Flender). The results of Flender are reported within discontinued operations. Prior-period amounts are presented on a comparable basis. For more detailed information, please refer to Note 2 in B.6 Notes to Half-year Consolidated Financial Statements.

A.1 Results of operations

- Continuing complex macroeconomic environment influenced by the coronavirus pandemic (COVID-19)
- Pent-up demand and growth opportunities varied by business and geographic region

A.1.1 Orders and revenue by regions

Location of customer (in millions of €)	First half		Orders		First half		Revenue	
	FY 2021	FY 2020	Actual	% Change Comp.	FY 2021	FY 2020	Actual	% Change Comp.
Europe, C.I.S., Africa, Middle East	16,908	14,443	17%	17%	14,553	13,675	6%	7%
<i>therein: Germany</i>	6,193	4,965	25%	21%	5,157	4,643	11%	8%
Americas	7,319	7,948	(8)%	2%	7,275	7,637	(5)%	5%
<i>therein: U.S.</i>	6,046	6,518	(7)%	2%	6,035	6,371	(5)%	4%
Asia, Australia	7,593	6,634	14%	18%	6,907	6,148	12%	15%
<i>therein: China</i>	4,274	3,453	24%	26%	3,827	2,962	29%	31%
Siemens (continuing operations)	31,819	29,024	10%	13%	28,736	27,459	5%	8%
<i>therein: emerging markets</i>	8,921	7,738	15%	22%	8,173	7,473	9%	16%

Orders

- On a **worldwide** basis, order intake up clearly year-over-year on increases in all four industrial businesses, led by substantial growth in Mobility, due primarily to a higher volume from large orders, and by a significant increase in Siemens Healthineers
- Substantial negative currency translation effects took five percentage points from order growth year-over-year, while portfolio transactions added one percentage point
- Strong book-to-bill ratio of 1.11; order backlog at €72 billion, up from €69 billion as of September 30, 2020
- **Europe, C.I.S. Africa, Middle East:** Order intake up in all four industrial businesses, led by sharp growth in Siemens Healthineers and a significant increase in Mobility which recorded a sharply higher volume from large orders year-over-year; order growth was even stronger in **Germany**, which largely followed the pattern for the region
- **Americas:** Decline both in the **region** and in the **U.S.** on a nominal basis due to substantial negative currency translation effects; on a comparable basis, excluding currency translation and portfolio effects, order growth in Mobility and Smart Infrastructure more than offset declines in Siemens Healthineers and Digital Industries
- **Asia, Australia:** Growth in all four industrial businesses, led by Digital Industries and Siemens Healthineers; order growth was even stronger in **China** where all four industrial businesses recorded double-digit growth

Revenue

- On a **worldwide** basis, revenue up in all four industrial businesses, led by clear growth in Siemens Healthineers and Digital Industries
- Substantial negative currency translation effects took five percentage points from revenue growth year-over-year, while portfolio transactions added one percentage point
- **Europe, C.I.S. Africa, Middle East:** Revenue grew across all four industrial businesses, led by a substantial increase in Siemens Healthineers; even stronger growth in **Germany** included a sharp revenue increase in Siemens Healthineers
- **Americas:** As with orders, revenue decreased on a nominal basis due to substantial negative currency translation effects; on a comparable basis, double-digit increases in Mobility and Digital Industries; revenue development in the **U.S.** largely followed the pattern for the region
- **Asia, Australia:** Significant growth in the region, led by a strong performance of Digital Industries in **China**; double-digit increases in Siemens Healthineers and Smart Infrastructure

A.1.2 Income

(in millions of €, earnings per share in €)	Profit (IB, POC: Adj. EBITA; SFS: EBT)			Profit margin (Adj. EBITA margin; SFS: ROE)	
	First half		% Change	First half	
	FY 2021	FY 2020		FY 2021	FY 2020
Digital Industries	1,659	1,126	47%	21.3%	15.1%
Smart Infrastructure	781	466	68%	11.1%	6.6%
Mobility	427	428	0%	9.6%	9.6%
Siemens Healthineers	1,349	1,104	22%	17.2%	15.2%
Industrial Businesses (IB)	4,216	3,124	35%	15.5%	11.9%
Siemens Financial Services (SFS)	272	305	(11)%	17.0%	20.2%
Portfolio Companies (POC)	(71)	(54)	(33)%	(5.2)%	(3.2)%
Reconciliation to Consolidated Financial Statements	(469)	(632)	26%		
Income from continuing operations before income taxes	3,948	2,744	44%		
Income tax expenses	(957)	(564)	(70)%		
Income from continuing operations	2,991	2,179	37%		
Income (loss) from discontinued operations, net of income taxes	897	(394)	n/a		
Net income	3,888	1,786	118%		
Basic earnings per share	4.55	2.13	113%		
ROCE	17.1%	6.4%			

Industrial Businesses

- Digital Industries: Adjusted EBITA higher in all businesses, with the strongest increases in the electronic design automation (EDA) software and short-cycle businesses; key factors included higher revenue, expense reductions due to COVID-19 restrictions, such as lower travel and marketing expenses, cost savings from prior cost structure improvements, and substantially lower severance charges year-over-year
- Smart Infrastructure: Adjusted EBITA and profitability rose in all businesses, due largely to sharply lower severance charges, higher capacity utilization, cost savings resulting from prior execution of the competitiveness program, and expense reductions related to COVID-19 restrictions
- Mobility: Adjusted EBITA and profitability on the strong prior-year level despite ongoing impacts due to COVID-19-related measures to safeguard employee health in manufacturing facilities
- Siemens Healthineers: Margin expansion and increase in Adjusted EBITA in the diagnostics business mainly driven by high demand for rapid coronavirus antigen tests; continuing strong performance of the imaging business
- Severance charges for Industrial Businesses were €166 million (H1 FY 2020: €330 million)

Income from continuing operations before income taxes

- SFS: Results in the equity business came in below the level of H1 FY 2020 in part due to sales of investments in previous periods; strong earnings contribution from the debt business driven by sharply lower expenses for credit risk provisions compared to H1 FY 2020, when results were significantly influenced by the initial worldwide spread of COVID-19
- Portfolio Companies: Adjusted EBITA included sharply higher severance charges related to cost structure improvements mainly at Large Drives Applications, which more than offset a decreased burden recorded for equity investments
- Reconciliation to Financial Statements in both periods included gains in connection with the transfer of assets to Siemens Pension-Trust e.V., totaling €0.4 billion in H1 FY 2021, compared to €0.2 billion in the same period a year earlier
- Severance charges for continuing operations were €267 million (H1 FY 2020: €378 million)

Income from continuing operations

- Tax rate of 24.2% benefited from largely tax-free gains resulting from the transfers of assets to Siemens Pension-Trust e.V. mentioned above

Income (loss) from discontinued operations, net of income taxes

- Discontinued operations turned positive due primarily to a pre-tax gain of €0.9 billion from the sale of Flender; in the prior-year period, loss in Siemens' former energy business

Net income, Basic earnings per share, ROCE

- Basic earnings per share more than doubled year-over-year due to sharply higher income attributable to shareholders of Siemens AG
- ROCE higher and within the target range on a combination of sharply higher net income and a substantial decrease in average capital employed following the spin-off of Siemens Energy AG; increase benefited from the above-mentioned gain from the sale of Flender

A.2 Net assets and financial position

Asset and capital structure

(in millions of €)	Mar 31, 2021	Sep 30, 2020	% Change
Current assets	63,793	52,968	20%
<i>therein: Cash and cash equivalents</i>	23,639	14,041	68%
Non-current assets	67,865	70,928	(4)%
<i>therein: Other financial assets</i>	20,175	22,771	(11)%
Total assets	131,658	123,897	6%
Debt	52,098	44,567	17%
Provisions for pensions and similar obligations	3,288	6,360	(48)%
Other liabilities	31,676	33,147	(4)%
Equity	44,595	39,823	12%
Total liabilities and equity	131,658	123,897	6%

Cash flows

(in millions of €)	First half FY 2021		
	Continuing operations	Discontinued operations	Continuing and discontinued operations
Cash flows from:			
Operating activities	2,924	(19)	2,905
Investing activities	(899)	1,522	623
<i>therein: Additions to intangible assets and property, plant and equipment</i>	(692)	(26)	(719)
Free cash flow	2,232	(45)	2,187
Financing activities	5,954	-	5,955

- Three of our four industrial businesses posted cash inflows from operating activities within continuing operations, with the strongest conversion of Adjusted EBITA into cash by Siemens Healthineers; Mobility reported an aggregate cash outflow driven by a build-up of operating net working capital; this was also the largest factor for overall cash outflows from the change in net working capital, which totaled €0.9 billion
- Cash inflows from investing activities from discontinued operations were driven by the sale of Flender, which resulted in cash inflows (net of cash disposed) of €1.6 billion in the current period, with €0.2 billion in proceeds to follow mainly at the beginning of the second half of fiscal 2021; for information on the derecognition of assets and liabilities relating to the sale please refer to Note 2 in B.6 Notes to Half-year Consolidated Financial Statements
- The decrease of other financial assets was due mainly to the repayment and reclassification of loans receivable to other current financial assets, and to extraordinary fundings to Siemens Pension-Trust e.V. in Germany. The latter was also the main factor for the decrease of provisions for pensions and similar obligations, together with a positive return on plan assets; weighted-average discount rate as of March 31, 2021: 1.2% (September 30, 2020: 1.1%); for further information please refer to Note 6 in B.6 Notes to Half-year Consolidated Financial Statements
- Debt increased primarily from the issuance of bonds and new bank loans. This increase was partly offset by repayment of debt including a reduction of commercial paper. Further cash inflows from financing activities related to Siemens Healthineers AG's issuance of 53 million new shares. This issuance resulted also in a corresponding increase of equity. For further information please refer to Notes 2 and 3 in B.6 Notes to Half-year Consolidated Financial Statements
- At the beginning of the second half of fiscal 2021, Siemens paid the purchase price of €13.9 billion for Varian Medical Systems, Inc., U.S. in cash; for further information on this acquisition please refer to Note 2 in B.6 Notes to Half-year Consolidated Financial Statements

A.3 Outlook

Although we continue to anticipate a complex macroeconomic environment influenced by COVID-19, we expect our businesses to continue to deliver a strong performance in the second half of fiscal 2021. Furthermore, we realized substantial gains from portfolio transactions in the first half of the fiscal year. Therefore, we raise our outlook for the fiscal year.

We continue to anticipate that negative currency effects will strongly burden both nominal growth rates in volume and Adjusted EBITA for our industrial businesses in fiscal 2021.

We now raise our expectation for comparable revenue, net of currency translation and portfolio effects, to growth of 9% to 11%. We continue to expect a book-to-bill ratio above 1.

In line with the results already achieved during the first half of fiscal 2021 and the expectations described above, we raise our outlook for net income to the range from €5.7 to €6.2 billion.

As previously, this outlook excludes burdens from legal and regulatory issues and effects in connection with Siemens Healthineers' acquisition of Varian Medical Systems, Inc.

A.4 Risks and opportunities

During the reporting period, we identified no further significant risks and opportunities besides those presented in our Annual Report for fiscal 2020 and in this Half-year Financial Report. Additional risks and opportunities not known to us or that we currently consider immaterial could also affect our business operations. At present, no risks have been identified that either individually or in combination with other risks could endanger our ability to continue as a going concern.

B. Half-year Consolidated Financial Statements

B.1 Consolidated Statements of Income

(in millions of €, per share amounts in €)	Note	First half	
		FY 2021	FY 2020
Revenue		28,736	27,459
Cost of sales		(18,177)	(17,459)
Gross profit		10,558	10,000
Research and development expenses		(2,192)	(2,283)
Selling and general administrative expenses		(5,021)	(5,489)
Other operating income		149	329
Other operating expenses		(282)	(163)
Income (loss) from investments accounted for using the equity method, net		(70)	42
Interest income		707	831
Interest expenses		(330)	(454)
Other financial income (expenses), net		429	(69)
Income from continuing operations before income taxes		3,948	2,744
Income tax expenses		(957)	(564)
Income from continuing operations		2,991	2,179
Income (loss) from discontinued operations, net of income taxes	2	897	(394)
Net income		3,888	1,786
Attributable to:			
Non-controlling interests		246	52
Shareholders of Siemens AG		3,642	1,734
Basic earnings per share			
Income from continuing operations		3.43	2.52
Income (loss) from discontinued operations		1.12	(0.39)
Net income		4.55	2.13
Diluted earnings per share			
Income from continuing operations		3.39	2.49
Income (loss) from discontinued operations		1.11	(0.38)
Net income		4.49	2.11

B.2 Consolidated Statements of Comprehensive Income

(in millions of €)	First half	
	FY 2021	FY 2020
Net income	3,888	1,786
Remeasurements of defined benefit plans	1,224	363
<i>therein: Income tax effects</i>	(56)	(416)
Remeasurements of equity instruments	16	17
<i>therein: Income tax effects</i>	-	(3)
Income (loss) from investments accounted for using the equity method, net	44	(4)
Items that will not be reclassified to profit or loss	1,285	376
Currency translation differences	612	(1,100)
Derivative financial instruments	(170)	(18)
<i>therein: Income tax effects</i>	53	-
Income (loss) from investments accounted for using the equity method, net	19	(33)
Items that may be reclassified subsequently to profit or loss	462	(1,152)
Other comprehensive income, net of income taxes	1,746	(776)
Total comprehensive income	5,633	1,010
Attributable to:		
Non-controlling interests	197	10
Shareholders of Siemens AG	5,437	1,000

B.3 Consolidated Statements of Financial Position

(in millions of €)	Note	Mar 31, 2021	Sep 30, 2020
Assets			
Cash and cash equivalents		23,639	14,041
Trade and other receivables		13,951	14,074
Other current financial assets		9,144	8,382
Contract assets		5,963	5,545
Inventories		7,956	7,795
Current income tax assets		1,601	1,523
Other current assets		1,299	1,271
Assets classified as held for disposal	2	241	338
Total current assets		63,793	52,968
Goodwill		20,605	20,449
Other intangible assets		4,664	4,838
Property, plant and equipment		10,089	10,250
Investments accounted for using the equity method		7,847	7,862
Other financial assets		20,175	22,771
Deferred tax assets		2,828	2,988
Other assets		1,657	1,769
Total non-current assets		67,865	70,928
Total assets		131,658	123,897
Liabilities and equity			
Short-term debt and current maturities of long-term debt	3	8,528	6,562
Trade payables		7,274	7,873
Other current financial liabilities		1,757	1,958
Contract liabilities		7,882	7,524
Current provisions		1,611	1,674
Current income tax liabilities		1,628	2,281
Other current liabilities		5,937	6,209
Liabilities associated with assets classified as held for disposal	2	11	35
Total current liabilities		34,629	34,117
Long-term debt	3	43,570	38,005
Provisions for pensions and similar obligations		3,288	6,360
Deferred tax liabilities		677	664
Provisions		2,329	2,352
Other financial liabilities		738	769
Other liabilities		1,831	1,808
Total non-current liabilities		52,434	49,957
Total liabilities		87,063	84,074
Equity	2, 4		
Issued capital		2,550	2,550
Capital reserve		6,846	6,840
Retained earnings		36,291	33,078
Other components of equity		(939)	(1,449)
Treasury shares, at cost		(4,622)	(4,629)
Total equity attributable to shareholders of Siemens AG		40,126	36,390
Non-controlling interests		4,469	3,433
Total equity		44,595	39,823
Total liabilities and equity		131,658	123,897

B.4 Consolidated Statements of Cash Flows

(in millions of €)	First half	
	FY 2021	FY 2020
Cash flows from operating activities		
Net income	3,888	1,786
Adjustments to reconcile net income to cash flows from operating activities - continuing operations		
(Income) loss from discontinued operations, net of income taxes	(897)	394
Amortization, depreciation and impairments	1,406	1,466
Income tax expenses	957	564
Interest (income) expenses, net	(377)	(377)
(Income) loss related to investing activities	(328)	(317)
Other non-cash (income) expenses	192	528
Change in operating net working capital from		
Contract assets	(384)	(248)
Inventories	(472)	(902)
Trade and other receivables	(417)	229
Trade payables	(3)	(579)
Contract liabilities	353	413
Additions to assets leased to others in operating leases	(210)	(257)
Change in other assets and liabilities	(18)	(1,029)
Income taxes paid	(1,525)	(1,147)
Dividends received	107	120
Interest received	654	720
Cash flows from operating activities - continuing operations	2,924	1,363
Cash flows from operating activities - discontinued operations	(19)	(162)
Cash flows from operating activities - continuing and discontinued operations	2,905	1,201
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment	(692)	(680)
Acquisitions of businesses, net of cash acquired	(225)	(1,657)
Purchase of investments and financial assets for investment purposes	(709)	(566)
Change in receivables from financing activities	345	(988)
Disposal of intangibles and property, plant and equipment	50	40
Disposal of businesses, net of cash disposed	2	(2)
Disposal of investments and financial assets for investment purposes	331	678
Cash flows from investing activities - continuing operations	(899)	(3,175)
Cash flows from investing activities - discontinued operations	1,522	(429)
Cash flows from investing activities - continuing and discontinued operations	623	(3,604)
Cash flows from financing activities		
Purchase of treasury shares	(23)	(995)
Re-issuance of treasury shares and other transactions with owners	2,154	(96)
Issuance of long-term debt	8,316	6,265
Repayment of long-term debt (including current maturities of long-term debt)	(1,609)	(3,053)
Change in short-term debt and other financing activities	483	2,636
Interest paid	(327)	(456)
Dividends paid to shareholders of Siemens AG	(2,804)	(3,174)
Dividends attributable to non-controlling interests	(235)	(167)
Cash flows from financing activities - continuing operations	5,954	960
Cash flows from financing activities - discontinued operations	-	(928)
Cash flows from financing activities - continuing and discontinued operations	5,955	32
Effect of changes in exchange rates on cash and cash equivalents	102	(150)
Change in cash and cash equivalents	9,585	(2,521)
Cash and cash equivalents at beginning of period	14,054	12,391
Cash and cash equivalents at end of period	23,639	9,870
Less: Cash and cash equivalents of assets classified as held for disposal and discontinued operations at end of period	-	2,038
Cash and cash equivalents at end of period (Consolidated Statements of Financial Position)	23,639	7,832

B.5 Consolidated Statements of Changes in Equity

	Issued capital	Capital reserve	Retained earnings	Currency translation differences	Equity instruments	Derivative financial instruments	Treasury shares at cost	Total equity attributable to shareholders of Siemens AG	Non controlling interests	Total equity
(in millions of €)										
Balance as of October 1, 2019	2,550	6,839	41,790	1,409	(49)	(226)	(3,663)	48,650	2,858	51,508
Net income	-	-	1,734	-	-	-	-	1,734	52	1,786
Other comprehensive income, net of income taxes	-	-	355	(1,081)	17	(25)	-	(734)	(42)	(776)
Dividends	-	-	(3,174)	-	-	-	-	(3,174)	(200)	(3,374)
Share-based payment	-	(12)	(95)	-	-	-	-	(106)	5	(101)
Purchase of treasury shares	-	-	-	-	-	-	(1,047)	(1,047)	-	(1,047)
Re-issuance of treasury shares	-	5	-	-	-	-	449	454	-	454
Disposal of equity instruments	-	-	(2)	-	-	-	-	(2)	-	(2)
Transactions with non-controlling interests	-	1	(1,136)	-	-	-	-	(1,135)	(88)	(1,223)
Other changes in equity	-	-	(11)	-	-	-	-	(11)	1	(11)
Balance as of March 31, 2020	2,550	6,834	39,460	328	(32)	(251)	(4,261)	44,627	2,587	47,214
Balance as of October 1, 2020	2,550	6,840	33,078	(1,292)	(42)	(115)	(4,629)	36,390	3,433	39,823
Net income	-	-	3,642	-	-	-	-	3,642	246	3,888
Other comprehensive income, net of income taxes	-	-	1,284	608	17	(115)	-	1,795	(49)	1,746
Dividends	-	-	(2,804)	-	-	-	-	(2,804)	(233)	(3,037)
Share-based payment	-	(27)	(60)	-	-	-	-	(87)	-	(87)
Purchase of treasury shares	-	-	-	-	-	-	(300)	(300)	-	(300)
Re-issuance of treasury shares	-	33	-	-	-	-	307	340	-	340
Changes in equity resulting from major portfolio transactions	-	-	1,229	-	-	-	-	1,229	1,095	2,325
Other transactions with non-controlling interests	-	-	(80)	-	-	-	-	(79)	(24)	(104)
Other changes in equity	-	-	1	-	-	-	-	1	1	2
Balance as of March 31, 2021	2,550	6,846	36,291	(683)	(25)	(231)	(4,622)	40,126	4,469	44,595

B.6 Notes to Half-year Consolidated Financial Statements

NOTE 1 Basis of presentation

The accompanying condensed Half-year Consolidated Financial Statements as of March 31, 2021 present the operations of Siemens AG and its subsidiaries (the Company or Siemens). These Half-year Consolidated Financial Statements are in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU and should be read in conjunction with the Siemens Consolidated Financial Statements as of September 30, 2020. The Half-year Consolidated Financial Statements apply the same accounting principles and practices as those used in the 2020 annual financial statements. Results for the interim reporting period are not necessarily indicative of future results. In interim periods, tax expense is based on the current estimated annual effective tax rate of Siemens. The presentation of certain prior year information is reclassified to conform to the current year presentation. The Half-year Consolidated Financial Statements are unaudited and were authorized for issue by the Managing Board on May 5, 2021. For further information on changes in estimates (including income taxes and pensions), disaggregation of revenue and on segment information (including Covid-19 impacts), see disclosures in the Interim Group Management Report. Due to rounding, numbers disclosed may not add up precisely to totals provided.

NOTE 2 Acquisitions, dispositions and discontinued operations

Subsequent event: Acquisition of Varian Medical Systems, Inc.

In April 2021, Siemens Healthineers acquired Varian Medical Systems, Inc., U.S. (Varian), which is a world leader in the field of cancer care, with innovative solutions especially in radiation oncology and related digital solutions and applications. Varian thus offers an ideal fit to Siemens Healthineers' leading businesses in medical imaging, laboratory diagnostics and interventional procedures. The purchase price paid in cash is €13.9 billion as of the acquisition date. Due to the proximity of the closing of the acquisition to the date this report was authorized for issue, the preparation of the purchase price allocation (including goodwill allocation to cash-generating units or groups of cash-generating units) is at a very early stage. It is expected that a major part of the purchase price will be allocated to Other intangible assets and Goodwill. Resulting Other intangible assets will mainly relate to technologies for Varian's oncology solutions. Goodwill will comprise intangible assets that are not separable such as employee know-how and expected synergy effects. Synergies from the acquisition are mainly expected from broader regional coverage of the sales network, cross-selling opportunities into existing customer base and from expanded integrated service offerings (e.g. Oncology-as-a-Service program), value partnerships, as well as joint product innovation. Besides, cost synergies, resulting from the merger of the two businesses, are expected in the administrative field and in procurement activities.

Dilution of the stake in Siemens Healthineers

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

Discontinued operations: Sale of Flender GmbH

In October 2020, Siemens signed an agreement to sell 100% of its shares in Flender GmbH including Siemens' Wind Energy Generation business (Flender) to The Carlyle Group, U.S. Both businesses were previously reported under Portfolio Companies. In the first quarter of fiscal 2021, the businesses of Flender (the disposal group) met the criteria for classification as held for disposal as well as for discontinued operation, and, accordingly, Siemens ceased depreciation and amortization of assets within the disposal group.

Upon closing of the transaction on March 10, 2021, Siemens no longer controls Flender. The consideration was €1.875 billion. Derecognised net assets amounted to €954 million. Overall, in the six months ended March 31, 2021, Siemens recorded a disposal gain of €884 million.

The results of Flender are reported as discontinued operations in the Consolidated Statements of Income and Cash Flows for all periods presented:

(in millions of €)	First half	
	FY 2021	FY 2020
Revenue	928	877
Expenses	(817)	(809)
Disposal gain	884	–
Income (loss) from discontinued operations before income taxes	995	68
Income taxes on ordinary activities	(23)	(15)
Other income taxes	(39)	–
Income (loss) from discontinued operations, net of income taxes	932	53
thereof attributable to Siemens AG shareholders	932	53

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

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

NOTE 3 Debt

(in millions of €)	Current debt		Non-current debt	
	Mar 31, 2021	Sep 30, 2020	Mar 31, 2021	Sep 30, 2020
Notes and bonds	5,131	3,537	40,334	34,728
Loans from banks	1,235	321	1,045	1,076
Other financial indebtedness	1,478	2,021	59	55
Lease liabilities	685	683	2,132	2,146
Total debt	8,528	6,562	43,570	38,005

Credit facilities: In the six months ended March 31, 2021, the unused €7.0 billion syndicated credit facility maturing in 2025 was extended to mature in 2026 with no extension option remaining. The €3.0 billion unused syndicated credit facility matured in December 2020. The €12.5 billion unused syndicated bridge facility was cancelled by Siemens in March 2021.

Debt Issuance Program: In the six months ended March 31, 2021, Siemens' Debt Issuance Program was increased to €30.0 billion, thereof unused €7.9 billion as of March 31, 2021. The 1.75% €1.25 billion fixed-rate instrument was redeemed as due.

US\$ Bonds: In March 2021, Siemens issued instruments totaling US\$10.0 billion (€8.5 billion at March 31, 2021) in seven tranches: 0.4% US\$1.25 billion fixed-rate instrument due March 2023; Compounded SOFR+0.43% US\$1.0 billion floating-rate instrument due March 2024; 0.65% US\$1.5 billion fixed-rate instrument due March 2024; 1.2% US\$1.75 billion fixed-rate instrument due March 2026; 1.7% US\$1.25 billion fixed-rate instrument due March 2028; 2.15% US\$1.75 billion fixed-rate instrument due March 2031 and 2.875% US\$1.5 billion fixed-rate instrument due March 2041.

Assignable and term loans: In the six months ended March 31, 2021, three bilateral term loan facilities were newly signed: one bilateral €500 million term loan facility maturing in fiscal 2022 with a one one-year extension option; one bilateral US\$150 million term loan facility (€128 million) maturing in fiscal 2022 with a one one-year extension option and one bilateral US\$350 million term loan facility (€299 million) maturing in fiscal 2022 with a one one-year extension option.

Commercial Paper Program: As of March 31, 2021, and September 30, 2020, US\$1.6 billion (€1.4 billion) and US\$2.3 billion (€2.0 billion) in commercial paper were outstanding, respectively.

NOTE 4 Shareholders' equity

In the six months ended March 31, 2021 and 2020, Siemens repurchased 198 thousand and 13,520 thousand treasury shares, respectively. Siemens transferred 3,361 thousand and 4,556 thousand shares of treasury stock, respectively, in the six months ended March 31, 2021 and 2020. In the second quarter of fiscal 2021, a dividend of €3.50 per share was paid.

NOTE 5 Commitments and contingencies

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

(in millions of €)	Mar 31, 2021	Sep 30, 2020
Credit guarantees	537	604
Performance guarantees	21,711	27,917
	22,248	28,521

As of March 31, 2021 and September 30, 2020, in addition to guarantees disclosed in the table above, there are contingent liabilities of €505 million and €405 million which mainly result from other guarantees, from joint and several liabilities of consortia, in particular from the construction of a power plant in Finland, as well as from indemnifications in connection with dispositions of businesses.

As of March 31, 2021 and September 30, 2020, Credit guarantees include €173 million and €271 million, performance guarantees

include €21,130 million and €27,425 million and other guarantees include €231 million and €261 million relating to the Siemens Energy business which were not transferred; however, for which Siemens holds reimbursement rights towards Siemens Energy.

NOTE 6 Financial instruments and hedging activities

Financial instruments measured at cost or amortized cost for which the carrying amount does not approximate fair value:

(in millions of €)	Mar 31, 2021		Sep 30, 2020	
	Fair value	Carrying amount	Fair value	Carrying amount
Notes and bonds	47,235	45,464	40,868	38,264
Loans from banks and other financial indebtedness	3,813	3,817	3,483	3,473

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

(in millions of €)	Mar 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value, thereof:	457	2,376	665	3,498
<i>Equity instruments measured at fair value through profit and loss</i>	120	359	207	686
<i>Equity instruments measured at fair value through Other comprehensive income</i>	121	1	444	566
<i>Debt instruments measured at fair value through profit and loss</i>	216	–	15	231
<i>Derivative financial instruments</i>	–	2,015	–	2,015
Financial liabilities measured at fair value – Derivative financial instruments	–	909	–	909

In the six months ended March 31, 2021, Siemens Advanta acquired a 7.7% equity stake in a US software consultancy firm for €271 million in cash. The Level 2 financial asset is mandatorily measured at fair value through profit and loss (FVTPL). The fair value is determined based on observable market inputs that have not materially changed since the acquisition.

In the six months ended March 31, 2021, a Level 3 equity investment mandatorily measured at FVTPL was merged with a public holding company in exchange for shares in the new entity. The transaction resulted in a gain of €220 million derived from now available Level 1 quoted prices. The gain is disclosed in Other financial income (expenses), net and in Next47 of Corporate items. Subsequently, the investment was transferred to the Siemens Pension-Trust e.V. at fair value of €270 million.

Siemens transferred a zero-coupon receiver swap at fair value of €262 million to the Siemens Pension-Trust e.V. in the six months ended March 31, 2021. In November 2020, to fund its pension plan, Siemens transferred its stake in Bentley Systems, Inc., measured at FVTPL, to the Siemens Pension-Trust e.V. The contribution amounts to €1,146 million; Corporate items includes income of €192 million from the investment's fair value measurement before its transfer.

In the six months ended March 31, 2021, Siemens entered into foreign currency forward contracts to hedge foreign currency risks relating to the US\$10 billion (€8.5 billion) bonds achieving a synthetic Euro financing structure which factually, also turns interest into € with volume weighted average interest rates of currently about 0.3%. Foreign currency swaps of nominal US\$7.7 billion were designated to hedge foreign currency risks of the highly probable purchase price payment for Varian.

NOTE 7 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	
	First half		First half		First half		First half		First half		Mar 31,	Sep 30,	First half		First half		First half	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	2021	2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Digital Industries	8,440	8,399	7,626	7,076	170	370	7,796	7,446	1,659	1,126	9,891	10,756	1,579	1,045	85	81	317	353
Smart Infrastructure	7,807	7,552	6,890	6,785	149	261	7,039	7,046	781	466	4,808	4,340	685	299	69	86	158	166
Mobility	4,869	4,049	4,449	4,425	16	18	4,465	4,443	427	428	3,185	3,424	(107)	(80)	76	69	92	138
Siemens Healthineers	8,878	7,941	7,807	7,225	27	47	7,833	7,272	1,349	1,104	15,272	15,338	1,454	626	285	242	407	391
Industrial Businesses	29,994	27,941	26,771	25,511	362	695	27,133	26,207	4,216	3,124	33,157	33,859	3,612	1,891	514	478	974	1,049
Siemens Financial Services	341	378	326	356	15	22	341	378	272	305	29,053	28,946	440	338	8	14	103	118
Portfolio Companies	1,624	1,637	1,288	1,405	84	292	1,372	1,697	(71)	(54)	711	767	102	43	9	12	26	30
Reconciliation to Consolidated Financial Statements	(140)	(932)	350	187	(461)	(1,010)	(111)	(823)	(469)	(632)	68,737	60,325	(1,923)	(1,589)	162	175	302	269
Siemens (continuing operations)	31,819	29,024	28,736	27,459	-	-	28,736	27,459	3,948	2,744	131,658	123,897	2,232	683	692	680	1,406	1,466

Segment information is disclosed for continuing operations; prior year Assets are reclassified to conform to the current year presentation. Segment measurement principles are the same as those described in the September 30, 2020 Annual Report. Revenue includes revenue from contracts with customers and revenue from leasing activities. In the six months ended March 31, 2021 and 2020, lease revenue is €506 million and €465 million, respectively.

Reconciliation to Consolidated Financial Statements

Profit

(in millions of €)	First half	
	FY 2021	FY 2020
Siemens Energy Investment	(63)	–
Siemens Real Estate	70	271
Corporate items	(59)	(313)
Centrally carried pension expense	(95)	(111)
Amortization of intangible assets acquired in business combinations	(303)	(359)
Eliminations, Corporate Treasury and other reconciling items	(20)	(119)
Reconciliation to Consolidated Financial Statements	(469)	(632)

Assets

(in millions of €)	Mar 31,	Sep 30,
	2021	2020
Siemens Energy Investment	6,765	6,748
Assets Siemens Real Estate	4,453	3,898
Assets Corporate items and pensions	(204)	(608)
Asset-based adjustments:		
Intragroup financing receivables	62,544	51,431
Tax-related assets	4,319	4,335
Liability-based adjustments	27,992	27,568
Eliminations, Corporate Treasury, other items	(37,132)	(33,049)
Reconciliation to Consolidated Financial Statements	68,737	60,325

NOTE 8 Related party transactions

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:

(in millions of €)	Sales of goods and services and other income		Purchases of goods and services and other expenses		Receivables		Liabilities	
	First half		First half		Mar 31,	Sep 30,	Mar 31,	Sep 30,
	FY 2021	FY 2020	FY 2021	FY 2020	2021	2020	2021	2020
Joint ventures	77	76	4	21	86	76	25	49
Associates	537	39	278	45	1,115	1,105	924	1,358
	613	115	283	66	1,202	1,181	949	1,407

In the first six months ended March 31, 2021 and 2020, sales of goods and services and other income resulting from transactions between discontinued operations and joint ventures and associates amounted to €97 million and €240 million, respectively. Purchases of goods and services and other expenses resulting from transactions between discontinued operations and joint ventures and associates amounted to €1 million and €84 million, respectively.

As of March 31, 2021 and September 30, 2020, guarantees to joint ventures and associates amounted to €20,854 million and €27,505 million, respectively, therein €20,613 million and €27,253 million, respectively, to associates. They included mainly Siemens' obligations from performance and credit guarantees in connection with the Siemens Energy business. For these guarantees, Siemens has reimbursement rights for the full amount.

As of March 31, 2021 and September 30, 2020, loans given to joint ventures and associates amounted to €997 million and €900 million, respectively, therein €979 million and €881 million related to joint ventures, respectively. The related book values amounted to €31 million and €26 million, therein €25 million and €20 million related to joint ventures, respectively. Valuation adjustments recognized in the first six months ended March 31, 2021 and March 31, 2020 reduced book values of loans related to joint ventures by €98 million and €153 million, respectively.

As of March 31, 2021 and September 30, 2020, the Company had commitments to make capital contributions of €75 million and €62 million to its joint ventures and associates, therein €65 million and €51 million related to joint ventures, respectively. As of March 31, 2021 and September 30, 2020, there were loan commitments to joint ventures amounting to €342 million and €299 million, respectively.

C. Additional information

C.1 Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the Half-year Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Group Management Report 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 for the remaining months of the financial year.

Munich, May 5, 2021

Siemens Aktiengesellschaft

The Managing Board

Dr. Roland Busch

Cedrik Neike

Prof. Dr. Ralf P. Thomas

Matthias Rebellius

Judith Wiese

C.2 Review Report

To Siemens Aktiengesellschaft, Berlin and Munich

We have reviewed the half-year consolidated financial statements comprising the consolidated statements of income, comprehensive income, financial position, cash flows and changes in equity, and notes to half-year consolidated financial statements, and the interim group management report, of Siemens Aktiengesellschaft, Berlin and Munich for the period from October 1, 2020 to March 31, 2021 which are part of the half-year financial report pursuant to Sec. 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The Company's management is responsible for the preparation of the half-year consolidated financial statements in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the half-year consolidated financial statements and the interim group management report based on our review.

We conducted our review of the half-year consolidated financial statements and the interim group management report in compliance with German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW - Institute of Public Auditors in Germany) and in supplementary compliance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the half-year consolidated financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of the Company's employees and analytical assessments and therefore does not provide the assurance obtainable from an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor's report.

Based on our review nothing has come to our attention that causes us to believe that the half-year consolidated financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Munich, May 5, 2021

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Breitsameter

Wirtschaftsprüferin

[German Public Auditor]

Dr. Gaenslen

Wirtschaftsprüfer

[German Public Auditor]

C.3 Notes and forward-looking statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in prospectuses, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens’ management, of which many are beyond Siemens’ control. These are subject to a number of risks, uncertainties and factors, including, but not limited to, those described in disclosures, in particular in the chapter Report on expected developments and associated material opportunities and risks of the Annual Report, and in the Half-year Financial Report, which should be read in conjunction with the Annual Report. Should one or more of these risks or uncertainties materialize, events of force majeure, such as pandemics, occur or should underlying expectations including future events occur at a later date or not at all or assumptions prove incorrect, actual results, performance or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes – in the applicable financial reporting framework not clearly defined – supplemental financial measures that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens’ net assets and financial positions or results of operations as presented in accordance with the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative and universally valid version.

For technical reasons, there may be differences between the accounting records appearing in this document and those published pursuant to legal requirements.

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