

# Report of the Managing Board

on Agenda Item 9 of the Annual Shareholders' Meeting  
of Siemens AG on February 8, 2024



**SIEMENS**

# Siemens Aktiengesellschaft

BERLIN AND MUNICH  
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Adequate capital resources and financing are essential prerequisites for the development of the Company. By issuing convertible bonds and/or warrant bonds, the Company is able to use attractive financing opportunities depending on the market situation and its financing necessities, for example in order to raise debt capital at favorable interest rates or to optimize its capital structure. Furthermore, the issue of convertible bonds and/or warrant bonds, potentially in addition to other instruments such as a capital increase, may serve to broaden the investor base, including what are known as anchor investors.

The authorization to issue convertible bonds and/or warrant bonds resolved on by the Annual Shareholders' Meeting on January 30, 2019, under Agenda Item 7 has not been used and will expire on January 29, 2024. Therefore, the Managing Board shall again be authorized to issue, also against considerations in kind, convertible bonds and/or warrant bonds, the Conditional Capital 2019 shall be deleted and a new Conditional Capital 2024 shall be resolved. Together with the existing authorization to issue convertible bonds and/or warrant bonds resolved on by the Annual Shareholders' Meeting on February 5, 2020, under Agenda Item 9, the Company would thus again have a sufficiently large authorized volume overall.

The authorization being sought under Agenda Item 9 is designed for issuing bonds in a principal amount of up to €15,000,000,000 with conversion or option rights or obligations entitling or obliging the holders/creditors to subscribe to stock of Siemens AG. For this purpose, up to 70,000,000 new Siemens shares from the new Conditional Capital 2024 shall be provided for, representing a pro rata amount of up to €210,000,000 of the capital stock. Full utilization of the proposed authorization would enable the issue of bonds granting subscription rights or exchange rights for up to approximately 8.75% of the Company's current capital stock at the time they are established. The authorization shall expire on February 7, 2029.

The Company, possibly also through its consolidated subsidiaries, shall be entitled to raise funds through the issue of bonds in euros as well as in other legal currencies of OECD countries. The bonds may also stipulate the possibility of an obligation to exercise conversion and/or option rights or exchange rights by the issuer or Siemens AG, in particular rights to replace the considerations originally owed under them by Siemens shares (including in the form of a tender right, substitution right or redemption option). Furthermore, the terms and conditions may also – apart from servicing from conditional capital or from authorized capital – provide for the option of fulfilling the rights under the bonds by using treasury shares, by paying the compensation for the value in cash or by transferring other securities that can be traded.

Apart from convertible bonds and/or warrant bonds with subscription rights only for creditors or holders, mandatory convertible bonds (with an exchange right of the issuer or Siemens AG) are also to be provided for. In addition, bonds shall also be enabled for which the issuer or Siemens AG can exercise an exchange right after the bond has been issued, through a declaration to the creditors, as a result of which Siemens shares must be delivered in whole or part instead of the debt originally determined in the bond. The last-mentioned option enables

the Company to respond to changes in general conditions between the issuance of such bonds and the end of their term flexibly and with little detriment to liquidity.

The conversion and/or option price must not be lower in each case than a minimum issue price per share that is computed in accordance with the procedures described in detail above. The basis for the computation is in each case the market price of Siemens shares prevailing at the time of placement of the bonds; alternatively, in case of conversion or option obligations or an exchange right, the market price of Siemens shares prevailing at the time when the conversion or option price is calculated as defined in more detail by the terms and conditions of the bonds. Without prejudice to Section 9 (1) and Section 199 (2) of the German Stock Corporation Act (AktG), the conversion or option price may be adjusted by virtue of a dilution protection or adjustment clause as defined in more detail by the terms and conditions of the bonds if the Company, for example, changes its capital structure during the term of the bonds or warrants (e.g. through a capital increase, a capital decrease or a stock split). Furthermore, dilution protection or other adjustments may be provided for in connection with dividend payouts, the issue of additional convertible and/or warrant bonds, transformation measures, and in the case of other events affecting the value of the option and/or conversion rights that may occur during the term of the bonds or warrants (e.g. control gained by third parties). Dilution protection or other adjustments may be provided particularly by granting subscription rights, by changing the conversion or option price, and by amending or introducing cash components.

As a matter of principle, shareholders shall have statutory subscription rights with regard to this type of bond issue. In order to facilitate ease of handling, however, it is intended to provide for the option to make use of the possibility of issuing the bonds to credit institutions or issuing houses within the meaning of Section 186 (5) sentence 1 of the German Stock Corporation Act (AktG) with the obligation that they must be offered to shareholders for subscription (indirect subscription right). In the cases referred to in the authorization, the Managing Board shall also be authorized to exclude shareholders' subscription rights to the bonds with the approval of the Supervisory Board.

Pursuant to Section 221 (4) sentence 2 of the German Stock Corporation Act (AktG), the provision of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) applies *mutatis mutandis* to the exclusion of subscription rights when convertible bonds or warrant bonds are issued. On the basis of the explicit restriction in this connection that forms part of the authorization, the limit for the exclusion of subscription rights of up to 10% of the respective capital stock is not exceeded. The part of the capital stock mathematically attributable to the shares to be issued or granted on the basis of bonds issued under this authorization must not exceed 10% of the capital stock at the time this authorization takes effect or, if this amount is lower, at the time at which this authorization is used. This limit shall include shares issued or disposed of by direct or *mutatis mutandis* application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) during the term of this authorization up to the time of it being exercised. It also includes shares that have been issued or granted or are to be issued or granted on the basis of a convertible bond or warrant bond issued during the term of this authorization based on the use of another authorization, with shareholders' subscription rights excluded in accordance with this provision.

Placements that exclude shareholders' subscription rights provide a platform for the Company to take advantage of favorable situations on the capital market at short notice and may thus achieve a significantly higher inflow of funds than in the case of issues retaining subscription rights. Moreover, the terms and conditions that can be achieved (in particular the conversion/option price per share and the option premium obtained or to be paid and, in the case of foreign currencies, the exchange rate) can be estimated far more reliably over a very short term and thus attractive terms and conditions can also be achieved more reliably. If issues provide for the retention of subscription rights, uncertainty about the utilization of such rights would put a successful placement at risk or at least burden it with additional expenses and far longer lead times, during which market conditions may change. Terms and conditions that are favorable for the Company and that reflect market conditions as far as possible can be achieved only if the Company is not bound by these terms and conditions for an excessively long offering period. Otherwise a substantial discount would be required in order to ensure the attractiveness of the terms and conditions and thus the success of the issue over the entire offering period. Moreover, if foreign currencies are included, the effects of exchange rate fluctuations can be mitigated if the subscription rights are excluded and the offering period is appropriately reduced. Finally, especially bonds in foreign currency or with more than one embedded derivative may be instruments that are suitable or interesting only for specialized groups of investors.

To ensure that the interests of shareholders are safeguarded, bonds are issued at a price that is not significantly lower than the theoretical market price computed in accordance with generally accepted actuarial methods in the case of subscription rights or subscription obligations that were already established when the bonds were issued. In determining the price and taking into account the then current capital market situation, the Managing Board will keep the discount on that market price as small as possible, thus reducing the financial value of a subscription right in respect of the bonds to near zero. As a result, existing shareholders will not suffer a material economic disadvantage following the exclusion of their subscription rights. In addition, to protect themselves against any negative dilutive effects, they have the opportunity to increase their percentage equity ownership interests in the Company's capital stock by purchasing the necessary shares on the stock exchange as close as possible to the time of determination of the terms of issue of the bonds.

Furthermore, the shareholders' subscription rights can also be excluded if the bonds are issued against considerations in kind. Among other things, this is intended to enable the Managing Board to use the bonds also as an "acquisition currency" to acquire such considerations in kind against transfer of such financing instruments, in each case on an opportunistic basis in connection with business combinations or the direct or indirect acquisition of companies, businesses, parts of companies, participations or other assets or rights to acquire assets, including receivables against the Company or its consolidated subsidiaries. Business expansions realized by way of acquisition of companies or participations in companies normally require quick decisions. The proposed authorization enables the Managing Board to react in a quick and flexible manner to advantageous offers or other opportunities arising on national or international markets and to seize business expansion opportunities by acquiring companies or participations in companies against the issuance of bonds in the interest of the Company and its shareholders. The Managing Board will carefully review in each case whether it should use the authorization to issue bonds under exclusion of shareholders' subscription rights where actual opportunities for the acquisition of assets, in particular companies or participations in companies, arise. The Managing Board will not exclude the shareholders' subscription rights unless this would be in best interests of the Company and its shareholders.

The remaining proposed instances of exclusion of shareholders' subscription rights are designed to facilitate the process of bond issue. The exclusion in the case of fractional amounts is a reasonable and market-conforming means for achieving a practical subscription ratio. Due to the restriction to fractional amounts, the potential dilutive effect is also usually very low. The exclusion of shareholders' subscription rights for the benefit of holders/creditors of outstanding bonds is in line with common market practice and may be advantageous if the conversion or option price of the already outstanding bonds, which are commonly equipped with an anti-dilution mechanism, does not have to be reduced. Therefore, the proposed exclusions of shareholders' subscription rights are in the interests of the Company and its shareholders.

The part of the capital stock attributable to the shares that (i) have been issued from conditional capital, or (ii) are to be issued or granted, to service bonds that are issued during the term of this authorization based on this or another authorization to issue convertible bonds and/or warrant bonds with shareholders' subscription rights excluded must not exceed in total an amount of 10% of the capital stock at the time this authorization takes effect. This limit shall include shares that are issued from Authorized Capital 2024 with shareholders' subscription rights excluded during the term of this authorization. As a result of these provisions on a capital limit, the authorization to exclude subscription rights when an authorization to issue convertible bonds and/or warrant bonds is utilized is further restricted in addition to the provisions on the facilitated exclusion of subscription rights in accordance with Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) and in this respect the shareholders are once again afforded particular protection against dilution of their shareholding.

The Conditional Capital 2024 is required in order to be able to fulfill conversion and/or option rights or conversion or option obligations or tender rights with respect to Siemens shares attached to bonds, unless other forms of fulfillment are used to ensure delivery.

The Managing Board will carefully consider on a case-by-case basis whether utilization of the authorization and in particular an exclusion of subscription rights would be in the interests of the Company and its shareholders. It shall take such action only if, in the appraisal of the Managing Board and the Supervisory Board, that is in the interests of the Company and therefore of its shareholders. The Managing Board will inform the Annual Shareholders' Meeting of the use of the authorization.

Munich, December 4, 2023

[signed]  
(Dr. Busch)

[signed]  
(Neike)

[signed]  
(Rebellius)

[signed]  
(Prof. Dr. Thomas)

[signed]  
(Wiese)

***This version of the Report of the Managing Board on Agenda Item 9 of the Annual Shareholders' Meeting on February 8, 2024 prepared for the convenience of English-speaking readers is a translation of the German original. For purposes of interpretation, the German text shall be authoritative and final.***

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