Report 4 You

for fiscal 2024

SIEMENS

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Combined Management Report

for fiscal 2024

SIEMENS

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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, 2024, Siemens had around 327,000 employees on a continuing and discontinued basis.

As of September 30, 2024, 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.

Our reportable segments 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 related to such non-financial matters, and additional explanations thereto, are included in Notes to Consolidated Financial Statements for fiscal 2024, Notes 17, 18, 22, 26 and 27, and in the Notes to the Annual Financial Statements for fiscal 2024, 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 2024" 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 2024: to distribute a dividend of €5.20 on each share of no par value entitled to the dividend for fiscal 2024 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 13, 2025. The prior-year dividend was €4.70 per share.

2.5 Calculations of EPS pre PPA and ROCE

Calculation of EPS pre PPA

(in millions of €, shares in thousands, earnings per share in €)	Fiscal year 2024	2023
Net income attributable to shareholders of Siemens AG	**8,301**	7,949
Plus: Amortization of intangible assets acquired in business combinations – attributable to shareholders of Siemens AG	**659**	773
Less: Related income taxes	**(165)**	(193)
(I) Adjusted Net income attributable to shareholders of Siemens AG	**8,795**	8,529
(II) Weighted average shares outstanding	**789**	792
(I) / (II) EPS pre PPA	**11.15**	10.77

Calculation of ROCE

(in millions of €)	Fiscal year 2024	2023
Net income	**8,992**	8,529
Less: Other interest expenses/income, net[1]	**(1,020)**	(1,073)
Plus: SFS Other interest expenses/income	**1,004**	957
Plus: Net interest expenses related to provisions for pensions and similar obligations	**76**	95
Less: Interest adjustments (discontinued operations)	**–**	–
Less: Taxes on interest adjustments (tax rate (flat) 30%)	**(18)**	6
Plus: Defined Varian-related acquisition effects (after tax)[2]	**247**	251
(I) Income before interest after tax	**9,281**	8,765
(II) Average capital employed	**48,547**	47,001
(I) / (II) ROCE	**19.1%**	18.6%

[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 tradable interest-bearing debt instruments
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

The global economy in calendar 2024 continued to face headwinds, especially from trade shifts and geopolitical uncertainties, in the midst of a weak ongoing post-COVID-19 recovery. Global trade tensions included new tariffs and trade barriers announced by the U.S., E.U. and China. Weak goods demand held back global trade and production. Similar to the previous year, the service sector stabilized the economy and supported growth in gross domestic product (GDP). Inflation, although gradually coming down, remained elevated, prompting central banks to maintain tight monetary policies with only some monetary easing starting in the middle of the year. Energy markets stabilized after volatile periods in prior years, while green energy and electrification investments accelerated.

The manufacturing sector was still dominated by destocking effects as firms reversed previous over-ordering and reduced their high level of inventories which they built up as precautionary measure during the previous years of supply chain bottlenecks. In addition, investments in new production facilities were weak due to sizeable overcapacities. These overcapacities also had a deflationary impact on producer prices, which were falling in many countries.

The U.S. saw again high growth in calendar 2024, bolstered by strong labor markets, robust consumer spending and continued services sector recovery. GDP is expected to expand by 2.7%. Despite high interest rates aimed at curbing inflation, overall investment spending was strong. The technology and services sectors continued to perform well but manufacturing faced challenges due to weak global demand and overcapacities. Inflation, while declining from peak levels, remained a concern, influencing monetary policy throughout the year.

Europe's economic performance in calendar 2024 was sluggish, with core economies such as Germany showing the second consecutive year of recession due to a combination of structural problems, especially in energy-intensive industries and key sectors such as automotive, and also due to cyclical weakness including low global goods demand which weighed on important industries for the economy such as machine-building. Germany’s real GDP was barely above pre-COVID-19 levels while industrial production was 12% lower than the level in 2018, meaning the industrial sector has been shrinking for more than half a decade. Southern Europe, especially Spain and Greece, fared much better, benefitting from strong tourism, service sector recovery and recent structural reforms. Increased consumer prices continued to weigh on consumer spending. The European Central Bank started to ease its tight monetary policy in June, with the first rate cut coming only after inflation rates significantly decreased. GDP in calendar 2024 is expected to grow 0.9% in the E.U. and to decline 0.1% in Germany.

China’s economy faced significant challenges in calendar 2024, with slowing growth attributed to reduced export demand and an ongoing property market recession. The government responded with targeted fiscal stimulus aimed at stabilizing key sectors, particularly the property sector. The timing and size of the stimulus, however, limited its ability to significantly impact economic activity in calendar 2024. Exports remained under pressure while the country continued to focus on self-reliance in technology and innovation in light of increasing trade tension with the U.S. Chinese consumer demand remained very weak, as declining household wealth from falling house and stock prices, high youth unemployment and the central government’s policy priorities weighed on spending. China’s GDP is expected to grow by 4.9% in calendar 2024.

The partly estimated figures presented here for GDP are based on an S&P Global report dated October 15, 2024.

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. 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 Innomotics, which during the fiscal year was classified as held for disposal and discontinued operations. Fiscal 2023 amounts for Digital Industries are presented on a comparable basis. At the beginning of fiscal 2025, Digital Industries signed an agreement to acquire Altair Engineering Inc., U.S., a provider of computational science and artificial intelligence software. Closing of the transaction is subject to customary conditions and is expected within the second half of calendar 2025.

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. Large contracts in the software business, particularly for EDA, may also result in strong fluctuations in quarterly volume and profitability. In fiscal 2024, 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. 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 developing solutions that make industry more sustainable, resilient and intelligent and that enable customers to accelerate their digital transformation. Digital Industries' innovations incorporate generative artificial intelligence (AI), immersive technologies, software-defined automation, edge computing, and cloud services, among other advanced technologies. In fiscal 2024, Digital Industries unveiled several innovative solutions as part of 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 that facilitates interactions and transactions between customers, partners and developers. Among other things, Digital Industries announced NX Immersive Designer, an integrated solution that combines Digital Industries' immersive computer-aided design software and Sony Corporation's spatial content creation system; this new solution brings immersive design and collaborative capabilities to Digital Industries' product engineering solutions. Also in fiscal 2024, Digital Industries presented the first generative AI product for engineering in an industrial environment. The AI-powered assistant, called Siemens Industrial Copilot, is connected to the Totally Integrated Automation (TIA) Portal; it enables engineering teams to generate complex automation code for programmable logic controllers (PLC) and to find the right help topic faster. A breakthrough in software-defined automation was achieved with the market introduction of the new SIMATIC Workstation, which allows manufacturers to replace a PLC, a conventional human-machine interface and an edge device with a single, software-based workstation. In addition, Digital Industries moved to the next level of its Industrial Edge solution by introducing new cloud services, low-code integration and more hardware and software for the Industrial Edge ecosystem. Finally, Digital Industries launched a new software-as-a-service to automatically identify vulnerable production assets. The cloud-based software SINEC Security Guard improves cybersecurity on the shop floor and provides a connection to Microsoft Sentinel. Major **investments** of Digital Industries in fiscal 2024 relate to its own factory automation, motion control and process automation businesses, to further automate and digitalize facilities particularly in Germany and China.

	Fiscal year		% Change	
(in millions of €)	2024	2023	Actual	Comp.
Orders	**17,023**	19,387	(12)%	(10)%
Revenue	**18,536**	20,636	(10)%	(8)%
therein: software business	***6,286***	*5,067*	*24%*	*26%*
Profit	**3,498**	4,833	(28)%	
therein: severance	***(63)***	*(104)*		
Profit margin	**18.9%**	23.4%		

Orders for Digital Industries came in lower year-over-year due to substantially lower order intake in the automation business, most notably in the factory automation business, as customers and distributors were reducing elevated stock levels throughout fiscal 2024 due to weak global demand for manufactured goods. This decline was only partly offset by a clear increase in orders in the software business, where the PLM and the EDA businesses both won numerous larger contracts on growing demand for Digital Industries' software offerings. **Revenue** development showed a similar pattern. Revenue in the automation business was down substantially, with the strongest decline coming from the higher-margin factory automation business, while software revenue rose on double-digit increases in both the PLM and the EDA businesses. On a geographic basis, orders and revenue came in lower in the region Europe, C.I.S., Africa, Middle East, particularly including Germany, and in Asia, Australia; orders and revenue increased in the Americas region. **Profit** and profitability for Digital Industries declined due to sharp decreases in the automation business on lower capacity utilization and a less favorable revenue mix. These respective declines were only partly offset by increases in the software business. At the end of fiscal 2024, Digital Industries' order backlog amounted to €9 billion, of which €6 billion are expected to be converted into revenue in fiscal 2025.

The **market** environment for Digital Industries in fiscal 2024 was challenging and mixed. Overall volume declined due to lower demand in the Europe, C.I.S., Africa, Middle East region and in the Asia, Australia region, whereas markets served by Digital Industries in the Americas region continued to grow. In all the most important customer segments, market development led to declines in demand for automation solutions, while demand for software solutions increased in all market segments compared to the previous year. The software markets served by Digital Industries grew due to long-term trends such as digitalization, strong demand for semiconductor design and AI. In contrast, the business environment for automation production deteriorated sharply in fiscal 2024, leading to double-digit declines in market volume, after these markets experienced unusually strong growth in previous years, which was fueled by supply chain constraints and strong price increases. With normalization of the supply situation in fiscal 2023 and processing of the order backlog in the automation industry, high inventory levels were built up along the industrial value chain. Destocking of these inventories led to a strong decline in demand for automation products in fiscal 2024, particularly in discrete automation. A weaker macroeconomic environment, particularly in China and Europe, also contributed to the downward trend in fiscal 2024. Within the most important customer markets, market volume in the automotive and machine-building industries declined significantly. Within the pharmaceutical and chemical industries, the chemicals industry grew only modestly while the pharmaceuticals market declined. Market volume in the food and beverage industry remained close to the prior-year level, as a steady expansion in China was offset by lower demand in Europe and the U.S. The semiconductor industry recovered during fiscal 2024 and returned to its long-term trend growth during the second half of the fiscal year, with growth in EDA software benefiting from increasing semiconductor design complexity and demand for AI. For fiscal 2025, markets served by Digital Industries are expected to return to growth, with all reporting regions expected to contribute, led by the Americas region. The software markets are expected to grow clearly throughout the fiscal year. Automation markets are expected to be impacted by further destocking of inventories and subdued macroeconomic development during the first half of fiscal 2025 but are expected to recover gradually during the second half of fiscal 2025, resulting in slight market growth for the full fiscal year.

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 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. Across multiple domains in the built environment, cloud-native software suite covers the entire life cycle of asset management and operations, for maintenance, capital planning and sustainability. 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. In fiscal 2024, Smart Infrastructure signed an agreement to sell its Wiring Accessories business in China. Closing of the transaction is expected in fiscal 2025.

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, mining, 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 worldwide sales forces. Furthermore, Smart Infrastructure provides e-commerce platforms or marketplaces where customers can 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 the Siemens Xcelerator marketplace. 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, with Siemens Xcelerator being an integral part.

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, electricity grid operators, industrial customers and data centers. Smart Infrastructure 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 eMobility and grid integration of green hydrogen production. By switching electrical currents purely electronically, Smart Infrastructure is expanding a disruptive technology to include more and more data-based functionalities and services. R&D activities in building automation address the global need for easy-to-install controls aimed at driving energy efficiency improvements in buildings beyond the commercial sector. Smart Infrastructure is expanding the use of IoT technologies that feed data from the real world into digital twins that mirror their physical counterparts to simulate and to optimize their activities. In support of this digital twin model, Smart Infrastructure develops software that creates new digital offerings for its platforms Building X, Electrification X and Gridscale X, which form parts of the Siemens Xcelerator platform. These and other offerings are enhanced using AI and large language models. Smart Infrastructure puts an increasing focus of R&D on the sustainability of its products along the lifecycle, such as with environmentally friendly designs, the use of recycled materials and certified declarations of sustainable features. To a large extent, its **investments** relate to the products businesses. Main capital expenditures areas include the replacement of fixed assets and expansion and optimization of factories and technical equipment, with a strong focus on innovation.

	Fiscal year		% Change	
(in millions of €)	2024	2023	Actual	Comp.
Orders	**24,023**	22,333	8%	9%
Revenue	**21,368**	19,946	7%	9%
therein: service business	***4,556***	*4,243*	*7%*	*8%*
Profit	**3,707**	3,074	21%	
therein: severance	***(50)***	*(50)*		
Profit margin	**17.3%**	15.4%		

Smart Infrastructure surpassed its very strong prior-year performance, with higher orders, revenue, profit and profitability in all its businesses. **Orders** rose clearly with the strongest growth contributions coming from the electrification and the electrical products businesses. Smart Infrastructure won numerous larger orders during the fiscal year, most notably from data center and energy customers. On a geographic basis, order growth was driven by the Americas due mainly to the U.S. and by Europe, C.I.S., Africa, Middle East. In contrast, order development in the Asia, Australia region was held back by lower demand from China. **Revenue** also increased clearly. Growth was highest in the electrification business, which executed strongly on its large order backlog. On a geographic basis, revenue was up in all reporting regions, led by the Americas. **Profit** rose substantially. The improvement in profit and profitability was due mainly to higher revenue, increased capacity utilization and ongoing productivity improvements. The strongest profit increases came from the buildings and the electrification businesses. Profit in fiscal 2024 included a positive €0.1 billion effect from partial reversal of a liability related to past portfolio activities. At the end of fiscal 2024, Smart Infrastructure's order backlog was €18 billion, of which €13 billion are expected to be converted into revenue in fiscal 2025.

Overall, **markets** served by Smart Infrastructure grew clearly in fiscal 2024. Market dynamics were influenced by strong customer investments in data centers; a further stabilization in industry supply chains, which led to destocking of inventories in some industries; weakness in the Chinese market, such as in the building sector; and by geopolitical conflicts. Globally elevated interest rates compared to the recent past held back activities in the building construction industry. On a geographic basis, all reporting regions contributed to market growth. Growth was strongest in the Americas, where the U.S. market benefited from strong demand for digitalization, particularly in the field of AI, and from government programs for reindustrialization, among other factors. In Europe, the gradual recovery was slowed by higher interest rates, tighter fiscal policy, and geopolitical conflicts, while growth in Asia was held back by the aforementioned weakness in the Chinese real estate sector, among other things. Among customer segments, growth was led by the grid market. The increase was driven by demand for integration of energy from renewable resources. Smart Infrastructure's industrial markets grew on strong demand in the battery, semiconductor and aerospace industries. Growth in the infrastructure and building markets was driven by strong demand for data centers, partly held back by a weak development in the residential and commercial building market. In fiscal 2025, markets served by Smart Infrastructure are expected to continue to grow clearly. 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. On a geographic basis, markets in Europe are expected to recover from the fiscal 2024 growth weakness. In the Americas, it is likely to be challenging to maintain the pace of growth of the prior fiscal year. Growth in the Asia, Australia region is expected to remain subdued in fiscal 2025.

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, solutions for automated transportation and leasing solutions. Offerings in its rail infrastructure business include products and solutions for rail automation, such as automatic train control systems, interlockings, 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 products and solutions 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 works on demanding, long-term projects. Difficulties such as technical problems, time delays or procurement problems during project execution can result in significant costs for non-compliance. Mobility's principal competitors are multinational companies. Consolidation among Mobility's competitors is continuing.

The main **trends** driving Mobility's markets are urbanization and decarbonization. Increasing populations in urban centers need mobility that is simpler, faster, and more flexible, reliable and affordable. At the same time, national economies and cities 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, availability, connectivity, and sustainability of rail infrastructures increasingly require digital solutions. The trend of digitalization is profoundly transforming the rail industry and generates growth opportunities for providers of digital solutions.

Mobility's **R&D strategy** is focused on reducing life-cycle costs of rail infrastructures and rolling stock, enhancing system availability, increasing network capacity of rail infrastructures, optimizing the processes of rail operators and improving passenger experience. With Siemens Xcelerator, Mobility enables its customers to accelerate their digital transformation. The aim is to better connect trains, infrastructures, operators and passengers by modularizing the software portfolio, introducing application programming interfaces (APIs) and gradually moving software to the cloud. APIs enable the secure transmission of standardized information from anywhere in the rail ecosystem to be used in systems, applications or software modules. Mobility's major R&D areas include the further development of efficient vehicle platforms with optimized lifecycle cost; eco-friendly, alternative power supplies for trains; the Railigent X application suite for maintenance of rail assets; the Distributed Smart Safe System (DS3) and Signaling X, which allow for hardware-independent and cloud-compatible signaling; intelligent, interconnected products; automatic train operation for European Train Control System (ETCS); safe artificial intelligence for driverless trains; air-free braking systems; fully automated visual inspections; 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 2024	Fiscal year 2023	% Change Actual	% Change Comp.
Orders	**15,795**	20,629	(23)%	(23)%
Revenue	**11,420**	10,549	8%	9%
therein: service business	***1,991***	*1,710*	*16%*	*17%*
Profit	**1,013**	882	15%	
therein: severance	***(25)***	*(25)*		
Profit margin	**8.9%**	8.4%		

Mobility won a number of large **orders** in fiscal 2024, but overall order intake decreased compared to the record-high level of the previous fiscal year, which included an even higher volume from large orders. Important orders in fiscal 2024 included two orders in Austria, totaling €1.3 billion, from existing framework agreements for delivery of trains; and maintenance contracts for locomotives and intercity trains totaling €0.8 billion and a contract of €0.4 billion for light rail, both in the U.S. **Revenue** rose on increases in all businesses, including a strong growth contribution from the customer service business. On a geographic basis, revenue was up in all reporting regions and included substantial growth in the Asia, Australia region. With a combination of higher revenue and strong project execution, all businesses increased their **profit** and profitability. Profit in fiscal 2023 included a positive €0.2 billion in trailing effects related to the winding down of business activities in Russia. Mobility's order backlog rose to €48 billion at the end of the fiscal year, of which €11 billion are expected to be converted into revenue in fiscal 2025.

Markets served by Mobility grew moderately in fiscal 2024, supported by long-term trends such as urbanization and decarbonization, which continue to drive investments in rail transportation. Market growth is backed by public funding, including government investments in national, large-scale rail projects (such as in Egypt and India), stimulus programs (such as in the U.S. and the E.U.) and investments for modernization and digitalization (such as in Germany). The strongest growth contributions came from Europe, the Middle East and from the Asia, Australia region. The market for rolling stock included large contract awards for commuter trains, passenger coaches and metro, for example in Europe and in the U.S. Growth in the rail infrastructure market was driven mainly by strong investments in mass transit, with several Communication-Based Train Control (CBTC) projects in Europe (such as in Germany) and further demand for mainline signaling especially in Europe (such as in Germany), the Middle East, Africa and the Asia, Australia region. In fiscal 2025, markets served by Siemens Mobility are expected to show clear growth. The rolling stock and the service markets are projected to remain strong with multiple large projects upcoming in fiscal 2025. The ongoing demand spreads across all market segments, especially for high-speed (such as in the U.S. and Egypt) and commuter rail (such as in Western Europe), and also for metro (such as in the U.S.). In rail infrastructure, digitalization, especially cloud technology, and modernization investments are driving market growth as the deployment of ETCS and CBTC technology and further investments in track electrification continue. On a geographic basis, rail operators in Europe, particularly in Germany and in the U.K., are expected to continue making significant investments in rolling stock and advanced rail infrastructure solutions. It is expected that customers in the Middle East and in Africa will tender large turnkey projects, especially in North Africa and the Middle East such as 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 high-speed and light-rail transport; within the infrastructure market, demand is expected to continue for mass transit, including CBTC technology, and from a developing market for rail freight solutions. In Asia, the markets in India are expected to remain strong in the coming years due to several very large planned procurement programs for electric multiple units and locomotives, which are financed by ongoing public funds and seen as crucial to achieving the ambitious goals of India's national railway strategies, such as increasing the railways' share of passenger and freight traffic.

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 general laboratory, specialty laboratory, and point-of-care diagnostics. The Varian business offers a broad portfolio of cancer care technologies and services that support oncology departments in hospitals and clinics throughout the world. The portfolio of the advanced therapies business consists of highly integrated products, services, and solutions 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, regional and specialized providers that compete with each other across market segments. 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 who can meet the growing demand for cost-efficient healthcare solutions. The second trend is economic development in emerging countries, which opens up improved access to healthcare for many people. To improve the healthcare systems of these countries, significant investments are being made, 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 at an early stage. The fourth global trend, the transformation of healthcare providers such as hospitals and laboratories, results from a combination of societal changes and market forces and forces these institutions to reimagine and redesign the way they deliver their services. This development is driven by a host of factors, including burdens from chronic diseases, growing numbers of medical interventions, the shortage of skilled professionals, the rapid pace of scientific progress, society's increasing resistance to growing healthcare costs and the growing professionalization of health insurance and governmental healthcare systems. 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, the trend on customer side of consolidation of healthcare providers into networks continues. 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, add innovative applications, and lengthen the service life of the equipment. **Investments** at Siemens Healthineers were mainly for spending for factories to expand manufacturing and technical capabilities, for measures related to improving operational efficiency and for additions to intangible assets, including capitalized development expenses for products within the Atellica and Clinitek product line.

	Fiscal year		% Change	
(in millions of €)	2024	2023	Actual	Comp.
Orders	**24,774**	24,499	1%	3%
Revenue	**22,362**	21,681	3%	5%
Profit	**3,172**	2,527	26%	
therein: severance	***(104)***	*(167)*		
Profit margin	**14.2%**	11.7%		

In fiscal 2024, Siemens Healthineers recorded an increase of **orders** and **revenue**. The imaging and Varian businesses accounted for most of this growth. The diagnostics business declined compared to FY 2023 which included revenue from rapid coronavirus antigen tests. On a geographic basis, orders and revenue increased in the regions Americas and Europe, C.I.S. Africa, Middle East; whereas both declined in the Asia, Australia region, mainly due to currently delayed order placements by customers in China. **Profit** was substantially higher year-over-year on increases in most businesses and cost reductions related to the transformation program at the diagnostics business. In contrast, profit declined slightly in the imaging business due to a less favorable business mix. The order backlog for Siemens Healthineers was €35 billion at the end of the fiscal year, of which €11 billion are expected to be converted into revenue in fiscal 2025.

In general, the addressable global **markets** of Siemens Healthineers grew moderately in fiscal 2024. From a regional perspective, market growth in the Asia, Australia region was held back by China's campaign against corruption in its healthcare sector. The region Europe, C.I.S., Africa, Middle East, saw market growth in all businesses. However, the high levels of debt in many European countries led to short-term investment cuts, which damped market growth. Furthermore, geopolitical tensions made for an unsettled market environment. In the Americas region market growth was recorded in all businesses. Globally, higher volume in the market for the imaging business was driven mainly by the demand for product-related services. This demand was generated with the typical time lag that follows equipment sales, which were high in the prior year due to factors such as fulfilled pent-up demand and market normalization. The imaging market is expected to grow moderately overall in fiscal 2025, thanks to new, innovative products for clinical applications, which are expected to stimulate customer demand, among other factors. The market for the diagnostics business experienced moderate growth overall in fiscal 2024, thanks to a broad-based normalization of demand for routine tests. On the other hand, market growth was adversely affected by factors such as reduced cost reimbursement rates in certain larger markets (e.g., U.S., China, Japan), increased inflation pressure on healthcare providers, and rising procurement requirements. The market for the diagnostics business is expected to achieve slight growth in fiscal 2025. In the market for Varian, market growth, especially in the U.S. and Western Europe, was supported by the introduction of new products and innovations, the replacement of aging equipment, and growing demand for services. The market for Varian is expected to grow clearly in fiscal 2025, supported, among other factors, by rising customer demand for new products as well as the introduction of progressive therapies and solutions for the treatment of cancer. For advanced therapies business, worldwide replacement purchases were a significant factor contributing to market growth. The expectation for the advanced therapies business is that the market will continue to grow moderately in fiscal 2025.

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' 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 2024	2023
Earnings before taxes (EBT)	**637**	563
therein: equity business	***243***	*201*
therein: severance	***(3)***	*(5)*
ROE (after taxes)	**17.6%**	16.3%

(in millions of €)	Sep 30, 2024	Sep 30, 2023
Total assets	**32,841**	32,915

SFS recorded higher **earnings before taxes** in the debt business due mainly to lower expenses for credit risk provisions. The equity business delivered strong results driven by sharply higher gains from sales due mainly to a gain of €0.1 billion from the sale of a stake in an equity investment in India; the share of income from investments accounted for using the equity method came in lower year-over-year, due in part to the sales mentioned above and impairments on equity investments.

Net cash from operations (defined as the sum of cash flows from operating and investing activities) amounted to €(22) million compared to €(733) million in fiscal 2023. In fiscal 2024 and fiscal 2023, net cash from operations comprised Free cash flow of €785 million and €852 million, respectively, while remaining cash flows from investing activities, including from changes in receivables from financing activities, comprised €(806) million and €(1,585) million, respectively.

SFS' 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, including ongoing participation in the economic development of selected Asian markets.

3.7 Reconciliation to Consolidated Financial Statements

Profit

(in millions of €)	Fiscal year 2024	2023
Siemens Energy Investment	**479**	668
Siemens Real Estate	**76**	67
Innovation	**(187)**	(195)
Governance	**(308)**	(451)
Centrally carried pension expense	**(63)**	(102)
Amortization of intangible assets acquired in business combinations	**(747)**	(865)
Financing, eliminations and other items	**(48)**	125
Reconciliation to Consolidated Financial Statements	**(800)**	(753)

Siemens Energy Investment: Siemens transferred a 8.0% stake in Siemens Energy AG to Siemens Pension-Trust e.V. and no longer has significant influence over Siemens Energy AG. As a result, Siemens has ceased accounting for Siemens Energy under the equity method. The remaining 17.1% stake is reported as a financial asset measured at fair value through other comprehensive income, net of income taxes. The share transfer and termination of equity method accounting resulted in a gain of €0.5 billion for Siemens Energy Investment. The positive result in fiscal 2023 was mainly driven by a partial reversal of an impairment on Siemens' stake in Siemens Energy AG.

The lower net expenses for **Governance** were due mainly to higher income related to brand fees.

Financing, eliminations and other items included a loss of €0.2 billion from recycling other components of equity from entities in Russia. For comparison, the prior-year period included a revaluation loss of €0.2 billion on the stake in Thoughtworks Holding Inc., partly offset by a gain of €0.1 billion from the sale of the Commercial Vehicles business.

During fiscal 2024, Siemens ceased to report financial results for Portfolio Companies. Innomotics, which was previously reported in Portfolio Companies, was classified as held for disposal and discontinued operations following an agreement to sell that business to KPS Capital Partners, LP. The remaining businesses of Portfolio Companies are included in the item Financing, elimination and other items. These include Siemens Logistics and certain regional business activities, mainly Siemens Energy Assets India and the Innomotics low voltage business in India, which have so far remained with Siemens due to country-specific regulatory restrictions. Prior-period amounts are presented on a comparable basis.

Beginning with fiscal 2025, the items Siemens Energy Investment, Siemens Real Estate and Centrally carried pension expense will be transferred to the item Financing, eliminations and other items. In addition, there will be reclassifications, including Next47, between the item Innovation and the item Financing, eliminations and other items. If this new reporting structure had already existed in fiscal 2024, the item Innovation and the item Financing, eliminations and other items would have recorded €(134) million and €389 million in profit, respectively.

4. Results of operations

4.1 Orders and revenue by region

Currency translation effects took two percentage points each from order and revenue development year-over-year, respectively. Portfolio effects had a minimal impact. The ratio of orders to revenue (book-to-bill) for Siemens in fiscal 2024 was 1.11. The order backlog as of September 30, 2024 was €113 billion.

Orders (location of customer)

	Fiscal year		% Change	
(in millions of €)	2024	2023	Actual	Comp.
Europe, C.I.S., Africa, Middle East	**39,175**	41,362	(5)%	(5)%
therein: Germany	***11,289***	*14,676*	*(23)%*	*(23)%*
Americas	**27,837**	25,843	8%	10%
therein: U.S.	***23,527***	*21,719*	*8%*	*10%*
Asia, Australia	**17,044**	22,165	(23)%	(20)%
therein: China	***7,233***	*8,176*	*(12)%*	*(8)%*
Siemens (continuing operations)	**84,056**	89,371	(6)%	(4)%

On a **worldwide basis**, Mobility reported a substantial order decline from a high basis of comparison a year earlier, and Digital Industries saw a decline in its automation business. In contrast, orders grew clearly at Smart Infrastructure and slightly at Siemens Healthineers.

In the **Europe, C.I.S., Africa, Middle East** region, Smart Infrastructure and Siemens Healthineers reported order growth, largely offsetting double-digit declines at Digital Industries and Mobility. In **Germany**, the substantial decline in order intake primarily stems from sharply lower volume from large orders at Mobility.

Order intake rose in both the **Americas** region and the **U.S.** across all industrial businesses. Mobility and Smart Infrastructure recorded double-digit increases, both with larger contract wins.

In the **Asia, Australia** region, order intake was lower compared to the prior year across all industrial businesses. The largest decline was in Mobility, from a high basis of comparison in fiscal 2023. In **China**, order declines were not as high as in the region, coming mainly from decreases at Digital Industries and Siemens Healthineers. Overall, order development in both the region and in China was burdened by negative currency translation effects.

Revenue (location of customer)

	Fiscal year		% Change	
(in millions of €)	2024	2023	Actual	Comp.
Europe, C.I.S., Africa, Middle East	**35,254**	35,428	0%	0%
therein: Germany	***11,298***	*12,194*	*(7)%*	*(7)%*
Americas	**23,755**	21,899	8%	11%
therein: U.S.	***20,024***	*18,177*	*10%*	*12%*
Asia, Australia	**16,921**	17,555	(4)%	1%
therein: China	***8,082***	*8,743*	*(8)%*	*(4)%*
Siemens (continuing operations)	**75,930**	74,882	1%	3%

Worldwide, revenue rose slightly. Clear revenue increases at Mobility and Smart Infrastructure, along with a moderate increase at Siemens Healthineers, offset a decline in Digital Industries due to the automation business.

Revenue in **Europe, C.I.S., Africa, Middle East** was flat, as growth at Siemens Healthineers, Mobility and Smart Infrastructure was offset by a revenue decrease at Digital Industries. The clear revenue decrease in **Germany** stems from significant declines at Digital Industries and Mobility. In contrast, Siemens Healthineers and Smart Infrastructure reported higher revenues.

In the **Americas** region, revenue was up in all four industrial businesses, led by Smart Infrastructure with double-digit growth. The **U.S.** largely showed the same pattern as the region, with significant growth at Smart Infrastructure and Mobility.

In the **Asia, Australia** region, substantial revenue growth at Mobility and a moderate increase at Smart Infrastructure were more than offset by clear declines at Digital Industries and Siemens Healthineers. In **China**, revenues declined clearly in nearly all industrial businesses, with only Mobility reporting a slight increase. As with orders, revenue development both in the region and in China was held back by negative currency translation effects.

4.2 Income

(in millions of €, earnings per share in €)	Fiscal year 2024	2023	% Change
Digital Industries	**3,498**	4,833	(28)%
Smart Infrastructure	**3,707**	3,074	21%
Mobility	**1,013**	882	15%
Siemens Healthineers	**3,172**	2,527	26%
Industrial Business	**11,390**	11,316	1%
Profit margin Industrial Business	***15.5%***	*15.5%*	
Siemens Financial Services	**637**	563	13%
Reconciliation to Consolidated Financial Statements	**(800)**	(753)	(6)%
Income from continuing operations before income taxes	**11,227**	11,126	1%
Income tax expenses	**(2,320)**	(2,600)	11%
Income from continuing operations	**8,907**	8,525	4%
Income from discontinued operations, net of income taxes	**85**	3	>200%
Net income	**8,992**	8,529	5%
Basic EPS	**10.53**	10.04	5%
EPS pre PPA	**11.15**	10.77	3%
ROCE	**19.1%**	18.6%	

As a result of the developments described in chapter 3, **Income from continuing operations before income taxes** increased by 1%. Severance charges for continuing operations were €312 million, of which €243 million were in Industrial Business. In fiscal 2023, severance charges for continuing operations were €416 million, of which €346 million were in Industrial Business.

The tax rate in fiscal 2024 was 21% (fiscal 2023: 23%), benefiting from a reversal of income tax provisions and from tax-free gains in relation to the transfer of an 8% stake in Siemens Energy AG to Siemens Pension-Trust e.V. and the associated termination of equity method accounting. As a result, the increase in **Income from continuing operations** was 4%.

Income from discontinued operations, net of income taxes in fiscal 2024 benefited from a reversal of income tax provisions; this effect was partially offset by a loss at Innomotics due to tax expenses and transaction costs related to its carve-out.

The increase in **Basic EPS** and in **EPS pre PPA** reflects the increase of Net income attributable to Shareholders of Siemens AG, which was €8,301 million in fiscal 2024 compared to €7,949 million in fiscal 2023, combined with a lower number of weighted average shares outstanding. Our investment in Siemens Energy AG contributed €0.61 to EPS pre PPA (fiscal 2023: €0.84).

At 19.1%, **ROCE** is near the upper end of the range established in our Siemens Financial Framework. The increase year-over-year was due primarily to higher net income.

4.3 Research and development

In fiscal 2024, we reported R&D expenses of €6.3 billion, compared to €6.1 billion in fiscal 2023. The resulting R&D intensity, defined as the ratio of R&D expenses to revenue, was 8.3% (fiscal 2023: 8.2%). Additions to capitalized development expenses amounted to €0.2 billion in fiscal 2024, compared to €0.3 billion in fiscal 2023. As of September 30, 2024, Siemens worldwide held approximately 41,700 granted patents in its continuing operations. On average, we had 51,600 R&D employees in fiscal 2024.

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: 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, 2024	2023	% Change
Cash and cash equivalents	**9,156**	10,084	(9)%
Trade and other receivables	**16,963**	17,405	(3)%
Other current financial assets	**10,492**	10,605	(1)%
Contract assets	**7,985**	7,581	5%
Inventories	**10,923**	11,548	(5)%
Current income tax assets	**1,767**	1,363	30%
Other current assets	**1,632**	1,955	(17)%
Assets classified as held for disposal	**2,433**	99	>200%
Total current assets	**61,353**	60,639	1%
Goodwill	**31,384**	32,224	(3)%
Other intangible assets	**9,593**	10,641	(10)%
Property, plant and equipment	**12,242**	11,938	3%
Investments accounted for using the equity method	**980**	3,014	(67)%
Other financial assets	**27,388**	22,855	20%
Deferred tax assets	**2,677**	2,235	20%
Other assets	**2,196**	1,523	44%
Total non-current assets	**86,459**	84,432	2%
Total assets	**147,812**	145,071	2%

Our total assets at the end of fiscal 2024 were influenced by negative currency translation effects of €3.9 billion (particularly affecting goodwill, trade and other receivables, other financial assets and other intangible assets), primarily involving the U.S. dollar.

Following the classification of Innomotics as held for disposal and discontinued operations, the assets of Innomotics were reclassified to **assets classified as held for disposal**, which thereby increased by €2.3 billion. For further information, please refer to Note 3 in Notes to Consolidated Financial Statements for fiscal 2024.

The change in accounting for our remaining stake in Siemens Energy AG from equity method accounting to measurement at fair value through other comprehensive income, net of income taxes, was the main factor for the decrease of **investments accounted for using the equity method** and the increase of **other financial assets**. For further information see Notes 4 and 23 in Notes to Consolidated Financial Statements for fiscal 2024.

The increase in **other assets** resulted mainly from higher net defined benefit assets related to defined benefit plans, mainly in Germany.

Intangible Resources

Siemens has substantial intangible resources beyond assets recorded on the balance sheet. These include the high qualifications and motivation of our employees, which form a significant basis of Siemens' innovation strength and are reflected in our numerous intellectual property rights. Together with our financial strength, global presence, and international supplier network, we offer innovative products, services, and industry solutions to our global customer base. These resources are among the value drivers of the Siemens brand.

6. Financial position

6.1 Capital structure

(in millions of €)	Sep 30, 2024	2023	% Change
Short-term debt and current maturities of long-term debt	**6,598**	7,483	(12)%
Trade payables	**8,843**	10,130	(13)%
Other current financial liabilities	**2,006**	1,613	24%
Contract liabilities	**12,855**	12,571	2%
Current provisions	**2,730**	2,320	18%
Current income tax liabilities	**1,805**	2,566	(30)%
Other current liabilities	**7,833**	8,182	(4)%
Liabilities associated with assets classified as held for disposal	**1,245**	50	>200%
Total current liabilities	**43,913**	44,913	(2)%
Long-term debt	**41,321**	39,113	6%
Provisions for pensions and similar obligations	**912**	1,426	(36)%
Deferred tax liabilities	**1,483**	1,655	(10)%
Provisions	**1,120**	1,463	(23)%
Other financial liabilities	**864**	1,516	(43)%
Other liabilities	**1,968**	1,933	2%
Total non-current liabilities	**47,667**	47,106	1%
Total liabilities	**91,581**	92,019	0%
Debt ratio	***62%***	*63%*	
Total equity attributable to shareholders of Siemens AG	**51,264**	47,782	7%
Equity ratio	***38%***	*37%*	
Non-controlling interests	**4,967**	5,270	(6)%
Total liabilities and equity	**147,812**	145,071	2%

Due to the classification of Innomotics as held for disposal and discontinued operations the Innomotics liabilities were reclassified to **liabilities associated with assets classified as held for disposal**, which thereby increased by €1.2 billion. For further information, please refer to Note 3 in Notes to Consolidated Financial Statements for fiscal 2024.

The decrease of **short-term debt and current maturities of long-term debt** was due mainly to the repayment of euro and U.S. dollar instruments totaling €5.5 billion. This was largely offset by the reclassifications of long-term instruments.

Trade payables decreased in most businesses, particularly at Digital Industries, and from the classification of Innomotics as held for disposal and discontinued operations.

The increase in **other current financial liabilities** was driven mainly by a put option for up to an additional 5% of the shares in Siemens Limited, India granted to the Siemens Energy group (Siemens Energy). For further information, please refer to Note 3 in Notes to Consolidated Financial Statements for fiscal 2024. This increase was partly offset by decreased accrued interest expenses and an improvement in the negative fair values of derivative financial instruments. The latter factor is also the main driver for the decrease of **other financial liabilities**.

The decrease of **current income tax liabilities** was due mainly to a reversal of income tax provisions.

Long-term debt increased due primarily to the issuance of euro bonds totaling €5.8 billion. Set against this were various debt-reducing factors, mainly the above-mentioned reclassifications and favorable currency translation effects of €0.8 billion on bonds issued in the U.S. dollar.

Provisions for pensions and similar obligations decreased mainly driven by the transfer of an 8% stake in Siemens Energy AG to Siemens Pension-Trust e.V. and a reassignment of assets to a newly established contractual trust arrangement (CTA). Actuarial losses due to a lower discount rate were more than offset by a positive return on plan assets.

The main factors for the increase in **total equity attributable to shareholders of Siemens AG** were €8.3 billion in net income attributable to shareholders of Siemens AG and a positive other comprehensive income, net of income taxes, of €2.0 billion. The latter resulted mainly from our stake in Siemens Energy AG (measured at fair value), partly offset by negative currency translation effects. Set against this increase were dividend payments of €3.7 billion (for fiscal 2023); €1.7 billion for the acquisition of 18% of the shares in Siemens Limited, India from Siemens Energy; and €0.7 billion related to the grant of a put option for up to an additional 5% of the shares in Siemens Limited, India to Siemens Energy; for further information on these transactions, please refer to Note 3 in Notes to Consolidated Financial Statements for fiscal 2024. Another offsetting factor was the repurchase of treasury shares totaling €1.6 billion.

Capital structure ratio

Our capital structure ratio as of September 30, 2024 increased to 0.7 from 0.6 a year earlier. The change was due to an increase in Industrial net debt, driven mainly by the above-mentioned increase in long-term debt, and to lower EBITDA.

Debt and credit facilities

As of September 30, 2024, we recorded, in total, €41.5 billion in notes and bonds, €2.9 billion in loans from banks, €0.4 billion in other financial indebtedness and €3.1 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, 2024.

For further information about our debt see Note 16 in Notes to Consolidated Financial Statements for fiscal 2024. For further information about the functions and objectives of our financial risk management, see Note 25 in Notes to Consolidated Financial Statements for fiscal 2024.

Off-balance-sheet commitments

As of September 30, 2024, the undiscounted amount of maximum potential future payments related primarily to credit and performance guarantees amounting to €4.1 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 €4.0 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 2024.

Share buyback

The share buyback that started on November 15, 2021 with a volume of up to €3 billion was completed prematurely on January 25, 2024 with a volume of €3 billion. The share buyback program announced on November 16, 2023 with a volume of up to €6 billion ending January 31, 2029 at the latest, began on February 12, 2024. In fiscal 2024, Siemens repurchased 10,015,957 shares under these share buyback programs.

6.2 Cash flows

(in millions of €)	Fiscal year 2024
Cash flows from operating activities	
Net income	**8,992**
Change in operating net working capital	**(798)**
Other reconciling items to cash flows from operating activities – continuing operations	**3,620**
Cash flows from operating activities – continuing operations	**11,814**
Cash flows from operating activities – discontinued operations	**(149)**
Cash flows from operating activities – continuing and discontinued operations	**11,665**
Cash flows from investing activities	
Additions to intangible assets and property, plant and equipment	**(2,088)**
Acquisitions of businesses, net of cash acquired	**(413)**
Change in investments and financial assets for investment purposes	**216**
Change in receivables from financing activities of SFS	**(1,150)**
Other disposals of assets	**297**
Cash flows from investing activities – continuing operations	**(3,138)**
Cash flows from investing activities – discontinued operations	**(144)**
Cash flows from investing activities – continuing and discontinued operations	**(3,282)**
Cash flows from financing activities	
Purchase of treasury shares	**(1,625)**
Re-issuance of treasury shares and other transactions with owners	**(2,140)**
Issuance of long-term debt	**6,688**
Repayment of long-term debt (including current maturities of long-term debt)	**(6,045)**
Change in short-term debt and other financing activities	**(179)**
Interest paid	**(1,462)**
Dividends paid to shareholders of Siemens AG	**(3,709)**
Dividends attributable to non-controlling interests	**(389)**
Cash flows from financing activities – continuing operations	**(8,860)**
Cash flows from financing activities – discontinued operations	**(20)**
Cash flows from financing activities – continuing and discontinued operations	**(8,880)**

Industrial Business recorded **cash inflows from operating activities** that exceeded its profit, with the highest contribution from Smart Infrastructure. Cash outflows from changes in operating net working capital were due primarily to Digital Industries, Siemens Healthineers and Smart Infrastructure while Mobility recorded cash inflows from changes in net operating working capital mainly resulting from a change in contract liabilities.

Cash inflows for **change in investments and financial assets for investment purposes** included proceeds from the sale of equity investments at SFS.

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

Cash inflows from **other disposals of assets** resulted mainly from property sales by Siemens Real Estate.

Cash outflows from the **re-issuance of treasury shares and other transactions with owners** were driven by the acquisition of shares in Siemens Limited, India, from the Siemens Energy Group.

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 of €11.7 billion from continuing and discontinued operations in fiscal 2024, our total liquidity (defined as cash and cash equivalents plus current tradable interest-bearing debt securities) of €10.2 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 2024			Fiscal year 2023		
(in millions of €)	Continuing operations	Discontinued operations	Continuing and discontinued operations	Continuing operations	Discontinued operations	Continuing and discontinued operations
Cash flows from operating activities	**11,814**	**(149)**	**11,665**	12,293	(54)	12,239
Additions to intangible assets and property, plant and equipment	**(2,088)**	**(84)**	**(2,172)**	(2,146)	(72)	(2,218)
(I) Free cash flow	**9,726**	**(233)**	**9,494**	10,146	(126)	10,021
(II) Net income			**8,992**			8,529
(I) / (II) Cash conversion rate			**1.06**			1.17

We achieved again a cash conversion rate that clearly exceeded the average required to reach our target of 1 minus annual comparable revenue growth rate over a cycle of three to five years.

Investing activities

Additions to intangible assets and property, plant and equipment from continuing operations totaled €2.1 billion in fiscal 2024. 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 €1.5 billion in fiscal 2024. The remaining portion related mainly to Siemens Real Estate, including significant amounts for projects such as new office buildings in Germany. Siemens Real Estate is responsible for uniform and comprehensive management of Company real estate worldwide (except for Siemens Healthineers) and supports the industrial businesses and corporate activities with customer-specific real estate solutions.

With regard to capital expenditures, we expect a significant increase in fiscal 2025. 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 in the context of the €2 billion investment strategy presented in fiscal 2023 to strengthen growth, innovation and resilience. 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 the new urban quarter Siemensstadt Square in Berlin. Further investments are planned in relation to new office buildings in Spain and Germany, including Siemens Campus Erlangen, and the Siemens Technology Center in Garching, Germany. Furthermore, we continue to invest in attractive innovation fields through Next47, our global venture capital unit.

7. Overall assessment of the economic position

In fiscal 2024, Siemens again delivered an outstanding performance and achieved its highest net income ever. Our industrial businesses successfully address important long-term trends such as electrification, digitalization, decarbonization and growing and aging populations. In divergent market dynamics, our Industrial Business overall achieved strong results. Smart Infrastructure and Mobility increased revenue, profit and profitability in all their businesses. Markets at Smart Infrastructure were characterized by strong demand for data centers and power distribution, while urbanization and the requirement to reduce CO_2 emissions continue to drive investments in Mobility's markets for rail transportation. Revenue, profit and profitability also rose at Siemens Healthineers in moderately growing healthcare markets. Within Digital Industries, the software business likewise increased revenue, profit and profitability, benefiting from the need for digitalization and strong demand for semiconductor design and AI. While long-term trends such as the digitalization of manufacturing continue unchanged, Digital Industries' automation business faced challenging market conditions in fiscal 2024. Customers and distributors continued to reduce elevated stock levels throughout fiscal 2024, but at a slower pace than expected at the beginning of fiscal 2024 due to weak global demand for manufactured goods. This was particularly evident in discrete automation and in Digital Industries' most important regional markets such as Europe and China. As a result of these adverse conditions, revenue, profit and profitability at Digital Industries overall came in lower year-over-year.

During fiscal 2024 and at the beginning of fiscal 2025, we continued to make significant progress in focusing and strengthening our business activities. We further reduced our stake in Siemens Energy AG in fiscal 2024 to 17.1% by transferring an 8.0% share in the company to Siemens Pension-Trust e.V. At the beginning of fiscal 2025, we successfully completed the sale of our motors and large drives company, Innomotics, and signed an agreement to sell our airport logistics business, Siemens Logistics. Also at the beginning of fiscal 2025, we signed an agreement to acquire Altair Engineering Inc., U.S., a provider of computational science and artificial intelligence software. The Altair and Siemens Logistics transactions are expected to close in the course of calendar 2025.

In fiscal 2024, orders for Siemens came in 6% lower year-over-year at €84.1 billion; the book-to-bill ratio was strong at 1.11, thus fulfilling our expectation of a ratio above 1. Order development included double-digit decreases at Mobility, due mainly to substantially lower volume from large orders year-over-year, and at Digital Industries due to substantially lower order intake in its automation business. In contrast, Smart Infrastructure reported a clear order increase, with the strongest growth contributions coming from the electrification and the electrical products businesses. Orders were slightly higher at Siemens Healthineers.

Siemens' revenue rose to €75.9 billion, up 1% compared to fiscal 2023. Smart Infrastructure and Mobility increased revenue clearly year-over-year, and revenue at Siemens Healthineers was up moderately. Revenue growth at Smart Infrastructure was led by the electrification business, which executed strongly on its large order backlog, while growth at Mobility included a strong contribution from the customer service business. Higher revenue at Siemens Healthineers was driven by the imaging and Varian businesses. These increases were partly offset by lower revenue at Digital Industries due to declines in its automation business. On a comparable basis, excluding currency translation and portfolio effects, revenue for Siemens rose 3%. We thus came in below the forecast provided in our Combined Management Report for fiscal 2023, which was to achieve comparable revenue growth in the range of 4% to 8%.

Profit Industrial Business was €11.4 billion, slightly exceeding the very strong prior-year level. The strongest increases came from Siemens Healthineers on growth in most businesses and from Smart Infrastructure due mainly to higher revenue, increased capacity utilization and productivity improvements. Profit at Mobility rose on a combination of higher revenue and strong project execution, while profit at Digital Industries came in lower due to a sharp decrease in the automation business on lower capacity utilization and a less favorable revenue mix.

The profit margin of our Industrial Business was 15.5%, matching the very high prior-year level. Siemens Healthineeres and Smart Infrastructure achieved the strongest increases, improving their profit margins to 14.2% and 17.3%, respectively. Mobility increased its profit margin clearly to 8.9%. While Digital Industries continued to contribute the highest profit margin of our industrial businesses, the profit margin declined significantly year-over-year to 18.9%.

Earnings before taxes at SFS increased significantly driven by increases in both its equity and debt businesses. Return on equity after tax for SFS rose to 17.6%.

Within Reconciliation to Consolidated Financial Statements, the above-mentioned transfer of an 8.0% stake in Siemens Energy AG to Siemens Pension-Trust e.V. and the termination of equity method accounting for our share in the company resulted in a gain of €0.5 billion in fiscal 2024.

Net income reached another historic high of €9.0 billion, and corresponding basic EPS increased to €10.53. EPS pre PPA rose to €11.15. Excluding a positive €0.61 per share related to Siemens Energy Investment, EPS pre PPA was €10.54. We thus achieved the forecast provided in our Combined Management Report for fiscal 2023, which was to achieve EPS pre PPA, excluding Siemens Energy Investment in a range of €10.40 to €11.00.

ROCE for fiscal 2024 rose to 19.1%. This increase was due to higher Net income year-over-year. We thus achieved the forecast for ROCE provided in our Combined Management Report 2023, which was to be within our target range of 15% to 20%.

We evaluate our capital structure using the ratio of Industrial net debt to EBITDA. In fiscal 2024, this ratio was 0.7. We thus achieved the forecast provided in our Combined Management Report 2023, which was to achieve a ratio of up to 1.5.

Free cash flow from continuing and discontinued operations for fiscal 2024 was an excellent €9.5 billion, only moderately below the record high of €10.0 billion in fiscal 2023. The cash conversion rate for Siemens, defined as the ratio of Free cash flow from continuing and discontinued operations to Net income, was 1.06. 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 of Siemens 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 Siemens Supervisory Board, proposes to increase the dividend to €5.20 per share, up from €4.70 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 is projected to grow by 2.8% in calendar 2025, maintaining a trajectory similar to the estimated growth in calendar 2024. This outlook is based on moderate improvement for the global economy overall, but key dynamics such as sectoral performance, inflation trends, and geopolitical risks will play crucial roles in shaping economic developments.

The services sector is expected to be the primary engine of growth in calendar 2025, continuing its robust performance as industrial growth remains more subdued. Although there will be some acceleration in industrial activity, manufacturing development is anticipated to lag behind due to existing overcapacity and slow demand for manufacturing output. Nevertheless, declining interest rates as a result of easing inflationary pressures should offer some support for industrial expansion, particularly toward the latter half of the year.

As inflation begins to stabilize, central banks in major economies, such as the U.S. and the Eurozone, are expected to reduce policy rates by 1 to 1.5 percentage points by the end of calendar 2025. This monetary easing will have a lagged but positive effect on residential and non-residential investment, equipment purchases, and consumer credit, fueling further growth. However, core inflation remains a concern, and any delays in additional rate cuts could temper these positive effects.

In the U.S., economic growth is expected to slow from 2.7% in calendar 2024 to 2.1% in calendar 2025. While the country is unlikely to face a recession, the softness in industrial production remains a concern. However, there are potential growth opportunities in equipment investments, particularly as the effects of recent factory construction begin to materialize. The U.S. economy will benefit from declining interest rates and easing inflation, which are expected to support consumer spending and investment in the second half of the year.

The E.U.'s economic recovery is expected to be modest, with GDP projected to increase by 1.4% in calendar 2025, up from 0.9% in calendar 2024. The region will benefit from rising real incomes, declining unemployment, and lower financing costs, all of which should help bolster domestic demand. However, Germany remains a weak spot in the broader E.U. economy, with only 0.6% growth expected in calendar 2025 following two consecutive years of mild recession with a GDP decline of 0.1% in both years. While other E.U. countries show more promise, Germany's slow recovery will weigh on overall regional growth.

China's economic growth is expected to decelerate again, with GDP projected to grow by 4.6% in calendar 2025, down from 4.9% in calendar 2024. This slowdown reflects ongoing challenges in the Chinese economy, including sluggish consumer demand and structural issues within its industrial base. However, recently announced stimulus measures could provide some upside potential. China's deflationary environment, particularly in producer prices, is also expected to ease in calendar 2025, offering some additional support for industrial recovery and investment.

Substantial risks remain, nevertheless. First, a slower-than-expected industrial recovery and prolonged industry destocking could weigh on factory investments. Additionally, if core inflation stays elevated, further rate cuts may be postponed, which could slow the recovery in investment and consumer spending. Furthermore, geopolitical tensions remain a significant concern, particularly the potential for an escalation in Ukraine, or in the Middle East, which could lead to or disruptions in the supply of energy or to the blockade of important shipping routes. Additionally, any further or escalating geopolitical conflicts or increasing protectionism could have severe consequences for global trade and economic stability.

In summary, a mixed picture emerges for the economy and Siemens' markets in 2025. While global growth will likely continue at a moderate pace, supported by the services sector and easing inflation, industrial development is expected to remain sluggish.

The forecasts for calendars 2025 and 2024 presented here for GDP and fixed investments are based on a report from S&P Global dated October 15, 2024.

8.1.2 Siemens Group

We are basing our outlook for fiscal 2025 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. In particular, we anticipate moderate macroeconomic growth in fiscal 2025, due in part to continuing geopolitical uncertainty including trade conflicts, and also to ongoing challenges for the manufacturing sector due to overcapacity and weak consumer demand. At the same time, infrastructure markets, particularly in electrification and mobility, are expected to remain strong. Furthermore, we assume that geopolitical tensions do not further increase.

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 2025, 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 2025. In this outlook, we assume that currency translation effects in fiscal 2025 do not significantly influence nominal volume growth rates for our businesses.

This outlook excludes burdens from legal and regulatory matters.

Segments

Digital Industries expects for fiscal 2025 a change in comparable revenue, net of currency translation and portfolio effects, in a range of (6)% to 1% and a profit margin of 15% to 19%.

Smart Infrastructure expects for fiscal 2025 comparable revenue growth of 6% to 9% and a profit margin of 17% to 18%.

Mobility expects for fiscal 2025 comparable revenue growth of 8% to 10% and a profit margin of 8% to 10%.

Siemens Healthineers expects to achieve comparable revenue growth of 5% to 6% in fiscal 2025, and to contribute solidly to the profit and profit margin of our Industrial Business.

SFS anticipates earnings before taxes in fiscal 2025 on the level of fiscal 2024. Return on equity (ROE) (after tax) is expected to be in the target range of 15% to 20%.

Revenue growth

For the Siemens Group we expect comparable revenue growth in the range of 3% to 7%. Furthermore, we anticipate that orders in fiscal 2025 will exceed revenue for a book-to-bill ratio above 1.

As of September 30, 2024, our order backlog totaled €113 billion, and we expect conversion from the backlog to support revenue growth in fiscal 2025 with approximately €42 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

For results outside our reportable segments, we simplified the reporting structure as of the beginning of fiscal 2025 as described above in chapter 3.7 Reconciliation to Consolidated Financial Statements.

In fiscal 2025, the negative results related to Governance are expected to be on the fiscal 2024 level which was a negative €0.3 billion.

We also started our ONE Tech Company program which aims at achieving even stronger customer focus, faster innovation and higher profitable growth, as well as exploiting opportunities arising from market shifts and changes in technology such as intensified use of AI and software even better. This program includes scaling of foundational technologies, which are used across the company to avoid internal redundancies and provide seamless functionality for Siemens' customers. As a result, we plan for sharply higher expenses in Innovation, which is expected to be in a range of a negative €0.5 billion to a negative €0.7 billion in fiscal 2025, compared to a negative €0.1 billion in fiscal 2024.

Amortization of intangible assets acquired in business combinations is expected to be approximately €0.7 billion in fiscal 2025 based on our current business portfolio.

Financing, eliminations and other items, which was a positive €0.4 billion in fiscal 2024, is expected on a similar level in fiscal 2025, depending on portfolio-related topics.

We anticipate our tax rate for fiscal 2025 to be in the range of 23% to 27%. This assumption does not take into consideration possible effects that might arise from major tax reforms.

In fiscal 2025, we expect income from discontinued operations, net of income taxes to include a preliminary gain of €2.0 billion from the sale of Innomotics. This gain however is excluded from our forecast for net income and basic EPS from net income before purchase price allocation accounting (EPS pre PPA) for fiscal 2025.

Our forecast for net income takes into account a number of additional factors. We assume that solid project execution continues in fiscal 2025. We plan to keep the ratio of R&D expenses to revenue, which was 8% in fiscal 2024, at least at this level in fiscal 2025. We expect the ratio of selling and general administrative expenses to revenue, which was 18% in fiscal 2024, to remain approximately on this level in fiscal 2025. Severance charges, which were €0.3 billion in fiscal 2024, are expected at a higher level in fiscal 2025.

Given the above-mentioned assumptions, we expect EPS pre PPA for fiscal 2025 in a range of €10.40 to €11.00, excluding the gain from the sale of Innomotics.

Capital efficiency

For fiscal 2025, we expect to achieve ROCE 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 2025.

Cash conversion rate

We expect to achieve another strong Free cash flow in fiscal 2025. However, our cash conversion rate, defined as the ratio of Free cash flow (continuing and discontinued operations) to net income, is expected to be impacted in fiscal 2025 as cash inflows from the above-mentioned sale of Innomotics are not included in Free cash flow, while net income comprises the gain from this transaction. Given our strong cash conversion rates in prior fiscal years, we expect a cash conversion rate in fiscal 2025 sufficient to contribute 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

We anticipate moderate macroeconomic growth in fiscal 2025, due in part to continuing geopolitical uncertainty including trade conflicts, and also to ongoing challenges for the manufacturing sector due to overcapacity and weak consumer demand. At the same time, infrastructure markets, particularly in electrification and mobility, remain strong.

For the Siemens Group we expect comparable revenue growth in the range of 3% to 7% and a book-to-bill ratio above 1.

We expect EPS pre PPA for fiscal 2025 in a range of €10.40 to €11.00, excluding the gain from the sale of Innomotics; the preliminary gain of €2.0 billion after tax will be recorded in the first quarter of fiscal 2025. For comparison, EPS pre PPA in fiscal 2024 was €10.54 excluding a positive €0.61 per share from Siemens Energy Investment.

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 the 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 geopolitical challenges to remain the biggest risk and source of uncertainty for the global economy. In addition, trade and economic policy uncertainties still weigh on the global economic outlook. The tensions in the Middle East have tended to escalate and might cause a larger regional conflict involving Iran and other parties. Sharply rising oil prices, disruptions of oil and natural gas supply, blockades of important shipping routes, or a broad military escalation could seriously hurt the global economy. Ongoing risks emanate from the Russian war on Ukraine. Both the Middle East conflict and the war in Ukraine may have negative impacts on sales growth, 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. A further risk could come from rapidly rising inflation. Central banks might respond by tightening monetary policy, possibly contributing to a global recession. Banking sector problems or other financial crises could follow and exacerbate the recession. Similarly, higher interest rates could cause problems for highly indebted countries. Or even the U.S. might encounter difficulties in financing its government debt, which has risen to levels of more than 120% of GDP. If creditor nations would become more hesitant to finance the U.S. government, significant impacts for the global financial system could follow. Strong movements in foreign exchange markets could also pose significant stress for the financial systems, especially for emerging economies. Further risks are coming from other geopolitical tensions (particularly associated with the Baltics, Eastern Europe, the Western Balkans, China, Taiwan and North Korea). We continue to face economic risks associated with a significant further slow-down of the Chinese economy. Key risks in this regard arise from potential financial imbalances, particularly due to ongoing recession in the property sector, but also from the growing debt held by local governments, with growing negative implications for Siemens' business in China and for 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 growth markets. We are dependent on the economic development of certain industries; a continuation or even intensification of cyclical and structural headwinds in core customer industries, would have adverse impact on our business prospects. 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, extreme weather events and their consequences in the context of climate change or hybrid warfare.

If we are not successful in adapting our production and cost structure to 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.

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 our 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 may offer their 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.

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 and raw material 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.

Digital transformation: 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 or enjoy more favorable digital regulations in their markets such that they can introduce their disruptive products and solutions faster than Siemens. While digital regulations may aim to reduce adverse side effects of such technologies, there is a risk that regulations hinder competition and innovation. 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.

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, along with other investments. Any factors negatively influencing the financial condition and results of operations of our at-equity investments or our other investments could have an adverse effect on our share of income 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.

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) is leading to an increasingly distributed supply chain, making efficient controls difficult. The fact of a large number of suppliers requires a significant effort to initially and then regularly verifying their effective implementation of our cybersecurity requirements. Siemens business entities might lose market access if their products, solutions and services do not comply with increasing 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 business 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 corporate IT market is relatively concentrated among a small number of hardware and software vendors, which could lead to dependence on a single provider as well as to increased price pressure. 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 cybersecurity 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.

Internal programs and initiatives: We are in a continuous process of operational optimization and constantly engage in cost-reduction 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. There is also a risk that our internal setup or internal IT projects could result in cost increases or have other negative impacts on our business. 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 with clear targets and responsibilities and milestone tracking.

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 or external supply shocks may lead to production bottlenecks, delivery delays, quality issues, and price increases. 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, services and software solutions. 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, operational issues or blockades on global trade routes, 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.

Shortage of skilled personnel: The competition for skilled professionals, particularly in technical fields, remains fierce in the industries and regions where we operate. Our success depends in part on attracting top talent – engineers, tech specialists, and other qualified individuals – while fostering diversity, equity, inclusion, and belonging within our workforce, as well as strengthen their resilience and well-being. To meet these challenges, we are strengthening our talent acquisition capabilities through proactive, technology-enhanced strategies for identifying and recruiting diverse candidates more effectively. We also prioritize enabling our first-line leaders to elevate team effectiveness and shape the daily experience of our people, so that new hires can thrive. Additionally, we invest in the ongoing development of our organizations to maximize business impact, and in the structured development of our people, helping them build skills for life as they grow and adapt to evolving industry needs.

Project-related risks: A number of our segments conduct activities under long-term contracts that are awarded on a competitive bidding basis. 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 including delays and difficulties caused by more frequent extreme weather events and their consequences. 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 with complex tax rules, which may be interpreted in different ways. Future interpretations regarding, or developments in, 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 typically 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 2024.

8.3.4 Compliance risks

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

In its global business, Siemens does part of its business with state-owned enterprises and governments. We also participate in 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.

Changes of laws, regulations 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 our 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 laws, regulations 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 product 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 volatile 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 laws, regulations and policies could adversely affect our business activities and processes as well as our financial condition and results of operations.

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 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-risking 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. Additionally, Siemens aligns with the objectives of the "Chemicals Strategy for Sustainability" to improve the protection of human health and the environment against risks from chemicals. We also recognize potential risks from environmental, health or safety incidents, and from 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, loss of customers and internal or external investigations. Furthermore, we see the risks associated with per- and polyfluoroalkyl substances (PFAS). We take the necessary steps to identify the presence of PFAS in our supply chain to ensure compliance with all existing and upcoming legal requirements.

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 2024.

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 2024 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 industrial policies, 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), as well as global outbound investment programs can present opportunities to businesses. By enabling our customers to reduce their greenhouse gas (GHG) emissions using our portfolio and by reducing CO_2 emission in our own operations, Siemens strives to support the transition towards a low-carbon economy. Siemens also welcomes and supports legislative and governmental measures to accelerate the mitigation of climate change, such as through the Green Deal Industrial Plan or sustainable finance initiatives in Europe, as long as these measures do not create market distortion and unfair competition or cause companies contributing to sustainability to exit specific markets.

Optimization of organization and processes: We see opportunities for internal productivity and efficiency gains that can lead to improvements in internal processes and cost structures, optimization of product development, and expansion of market position through generative AI, process optimization and collaboration. We also leverage ideas to drive further improvements in our processes and cost structure, such as common computing architecture for image processing. Additionally, we see an opportunity of further penetrating markets by quality initiative program and avoiding or reducing non-conformance cost.

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. Data strategy is an essential element of our digital transformation aiming for maximizing data-driven value creation for our customers by enhancing our digital business. 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.

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 2024 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.

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 these 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 the 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 upon request during the year. Siemens Healthineers has its own internal audit function and annual audit plan. Topics from the annual audit plan of Siemens Healthineers that are relevant also 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, 2024.

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 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.

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, and 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, and also encompass the Siemens ethical principles, which go beyond laws and regulations. In addition, there are extensive internal compliance regulations regarding the compliance organization and the CMS, 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.

Compliance risk management and compliance reviews as part of the CMS aim to identify compliance risks at an early stage and thus enable us 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 and from 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 ICS and ERM and is responsible for adhering to those principles.

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 2024, 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 €5.20 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, 2024 amounting to €4.2 billion. The proposed dividend represents a total payout of €4.1 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 2025, we expect that net income of Siemens AG will be sufficient to fund the distribution of a commensurate dividend.

As of September 30, 2024, the number of employees was around 47,700.

9.1 Results of operations

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

	Fiscal year		% Change
(in millions of €)	2024	2023	
Revenue	**16,428**	19,660	(16)%
Cost of sales	**(11,567)**	(13,671)	15%
Gross profit	**4,861**	5,989	(19)%
as percentage of revenue	***30%***	*30%*	
Research and development expenses	**(2,020)**	(2,084)	3%
Selling and general administrative expenses	**(3,476)**	(3,701)	6%
Other operating income (expenses), net	**530**	(53)	n/a
Income (loss) from investments, net	**6,821**	4,734	44%
Interest and other financial income (expenses), net	**(1,165)**	(128)	>(200)%
Income from business activity	**5,552**	4,758	17%
Income taxes	**(34)**	(298)	88%
Earnings after taxes / net income	**5,518**	4,460	24%
Profit carried forward	**51**	250	(79)%
Allocation to other retained earnings	**(1,409)**	(950)	(48)%
Unappropriated net income	**4,160**	3,760	11%

On a geographical basis, 74% of revenue was generated in the Europe, C.I.S., Africa, Middle East region, 16% in the Asia, Australia region and 10% in the Americas region. Exports from Germany accounted for 56% of overall revenue. In fiscal 2024, orders for Siemens AG amounted to €14.0 billion.

The decreases in **revenue** and **cost of sales** were due mainly to Digital Industries.

The R&D intensity (R&D costs as a percentage of revenue) increased to 12.3%, from 10.6 % in fiscal 2023. 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 average, Siemens AG employed 7,100 people in R&D in fiscal 2024.

Lower **selling and general administrative expenses** included lower expenses for pensions.

Other operating income (expenses), net, included mainly income from the release of provisions of €0.3 billion and income from an intragroup agreement of €0.3 billion. Fiscal 2023 included mainly a loss of €0.2 billion from a disposal in connection with carve-out of business activities, partly offset by €0.1 billion in income from the intragroup agreement as mentioned before.

The increase in **income (loss) from investments, net** related mainly to Siemens AG's stake in Siemens Energy AG: Siemens AG recorded a gain of €1.1 billion (in fiscal 2023: €0.2 billion) from the sale of a part of its stake in Siemens Energy AG and a gain of €1.0 billion (fiscal 2023: €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 6.2% as of September 30, 2024 (September 30, 2023: 21.0%).

The negative change in **interest and other financial income (expenses), net** was mainly due to higher interest expenses to affiliated companies driven by the effect of higher interest rates on intragroup financing activities and a negative change in the results from foreign currency, interest rate and other derivative financial instruments, which in fiscal 2023 included income of €0.5 billion from the termination of hedging contracts in connection with intragroup financing.

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 €)	2024	2023	
Assets			
Non-current assets			
Intangible and tangible assets	**1,336**	1,307	2%
Financial assets	**70,182**	71,303	(2)%
	71,518	72,610	(2)%
Current assets			
Inventories, receivables and other assets	**23,415**	26,190	(11)%
Cash and cash equivalents, other securities	**1,892**	2,534	(25)%
	25,307	28,724	(12)%
Prepaid expenses	**218**	223	(2)%
Deferred tax assets	**2,081**	2,294	(9)%
Active difference resulting from offsetting	**64**	33	97%
Total assets	**99,188**	103,884	(5)%
Liabilities and equity			
Equity	**22,409**	21,422	5%
Special reserve with an equity portion	**539**	540	0%
Provisions			
Provisions for pensions and similar commitments	**13,248**	13,604	(3)%
Provisions for taxes and other provisions	**3,956**	4,666	(15)%
	17,204	18,270	(6)%
Liabilities			
Liabilities to banks	**240**	339	(29)%
Trade payables, liabilities to affiliated companies and other liabilities	**58,572**	63,079	(7)%
	58,811	63,417	(7)%
Deferred income	**225**	235	(4)%
Total liabilities and equity	**99,188**	103,884	(5)%

The decline in **financial assets** was due mainly to withdrawal of capital at Siemens Beteiligungsverwaltung GmbH & Co. OHG in the amount of €7.0 billion and the sale of a part of Siemens AG's stake in Siemens Energy AG in the amount of €1.5 billion. These decreases were partly offset by a capital increase of Innomotics GmbH in the amount of €2.4 billion, the purchase of 18% of the shares in Siemens Limited, India, from Siemens Energy in the amount of €2.1 billion, and the reversal of an impairment on the remaining stake in Siemens Energy AG as mentioned above.

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 €2.9 billion in receivables from affiliated companies, which resulted in lower **inventories, receivables and other assets,** and a decrease of €4.0 billion in liabilities to affiliated companies, which was the main reason for the decrease of **trade payables, liabilities to affiliated companies and other liabilities.**

Lower **provisions** included a decrease of €0.4 billion in provisions for contingent losses from derivative instruments.

The increase in **equity** was due to net income for the year of €5.5 billion and the transfer of €0.8 billion in treasury shares to employees in connection with our share-based payment programs. These factors were partly offset by dividends paid in fiscal 2024 (for fiscal 2023) of €3.7 billion and share buybacks during the year amounting to €1.6 billion. The equity ratio as of September 30, 2024 increased to 23%, from 21% 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 2024.

9.3 Corporate Governance statement

The Corporate Governance statement pursuant to Sections 289f and 315d of the German Commercial Code will be made publicly available on the company's website at siemens.com/corporate-governance simultaneously with the Combined Management Report.

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

10.1 Composition of common stock

As of September 30, 2024, the Company's capital stock amounts to €2.400 billion, divided into 800 million registered shares of no par value of the Company (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 9,486,388 Siemens shares (as of September 30, 2024) 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 February 7, 2029 by up to €480 million through the issuance of up to 160 million Siemens shares against contributions in cash and/or in kind (Authorized Capital 2024).

As of September 30, 2024, the total unissued authorized capital of Siemens AG therefore consisted of €570 million nominal that may be used, in installments with varying terms, by issuing up to 190 million Siemens shares.

By resolutions of the Shareholders' Meetings on February 5, 2020 and February 8, 2024, 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 60 million and up to 70 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 February 4, 2025 and February 7, 2029, 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 2020 and 2024, by up to 60 million and up to 70 million Siemens shares, respectively (Conditional Capitals 2020 and 2024), i.e. in total by up to €390 million nominal through the issuance of up to 130 million Siemens shares.

The new shares under Authorized Capital 2024 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 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 (especially the limit to increase the capital stock by a total of not more than 10%). The details of those restrictions are described in the respective authorizations and in a voluntary commitment of the Managing Board that ends on 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 by mutatis mutandis application of Section 186 para. 3 sentence 4 German Stock Corporation Act, limited to 10% of the capital stock; consideration of exclusions of subscription rights as further described in the authorization); 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 November 16, 2023, the Company announced a new share buyback program until January 31, 2029 at the latest. This buyback is limited to a maximum value of €6 billion (excluding incidental transaction charges) on purchases of no more than 80 million Siemens shares. This buyback began on February 12, 2024, after a buyback of up to €3 billion launched on November 15, 2021, ended prematurely on January 25, 2024 with a volume of €3 billion. Using the authorization given by the Annual Shareholders' Meeting on February 5, 2020, Siemens repurchased 6,329,638 shares by September 30, 2024 under this share buyback. This buyback and the treasury shares acquired thereunder serve the sole purposes of retirement, use for employee share programs, including the issuance to board members of any of Siemens' affiliated companies and to members of the Managing Board of Siemens AG as well as servicing/securing the obligations or rights to acquire Siemens shares arising particularly from or in connection with convertible bonds or warrant bonds.

As of September 30, 2024, the Company held 15,130,836 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, 2024, Siemens AG maintained lines of credit in the amount of € 7.45 billion.

In December 2023 and in February 2024 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 EUR 500 million.

In January 2023, Siemens AG entered into a bilateral loan agreement in the amount of US$ 250 million; the loan agreement has 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). If this right of termination was exercised, the Managing Board member was entitled to a severance payment.

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. In the meantime, this has been taken into account in the contracts of all current members of the Managing Board.

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

The EU Taxonomy results 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. In order to enhance the usefulness and comparability of this information, Siemens assesses Taxonomy-alignment for all relevant environmental objectives one year ahead of the regulatory requirement. The expansion of the reporting scope regarding environmental objectives and the associated increase of economic activities, including amended economic activities for the climate objectives, resulted in sharply increased Taxonomy-eligibility and underlines the relevance of the Siemens product portfolio and solutions for a sustainable transformation.

EU Taxonomy results for the reporting year (Siemens Group)

	Taxonomy-eligible Fiscal year		Taxonomy-aligned Fiscal year	
	2024	2023	2024	2023
EU Taxonomy Revenue	68.1%	20.3%	25.4%	16.5%
EU Taxonomy Capital Expenditures (CapEx)	72.2%	34.5%	18.2%	12.2%
EU Taxonomy Operating Expenditures (OpEx)	74.0%	12.4%	32.3%	8.2%

The **revenue figure** 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. Revenue comes primarily from contracts with customers, to a minor extent also from leasing activities (for further details see Note 29 to the Consolidated Financial Statements). The Innomotics business, reported under Discontinuing Operations, was consequently not part of the revenue baseline and associated Taxonomy assessments.

Based on a comprehensive assessment of the Siemens business portfolio, Taxonomy-eligible revenue accounted for 68.1% of total revenue and Taxonomy-aligned revenue for 25.4%. This translated into €51.7 billion in Taxonomy-eligible revenue and thereof €19.3 billion in -aligned revenue. Taxonomy-eligible means, that 68.1% of Siemens' business potentially qualifies as environmentally sustainable as defined by the EU Taxonomy regulation. The Taxonomy-eligible business is primarily associated with the EU's environmental objectives Climate Change Mitigation (CCM) and Transition to a Circular Economy (CE). Siemens business activities outside of the scope of EU Taxonomy are mainly within Siemens Healthineers, partly because currently the Healthcare sector is only partially covered by the EU Taxonomy. Taxonomy-aligned implies, that 25.4% of our business activities are already environmentally sustainable and contribute substantially to Climate Change Mitigation or Transition to a Circular Economy.

Taxonomy-aligned economic activities were primarily driven by the activities (i) Manufacture of low-carbon technologies for transport (CCM 3.3), (ii) rail transportation infrastructure (CCM 6.14), both associated with the business portfolio of Mobility, and (iii) Provision of IT/OT data-driven solutions (CE 4.1) related to Digital Industries. Furthermore, (iv) Services for energy-efficient building technologies (CCM 7.5) as part of our Smart Infrastructure business contributed to alignment in revenue in the reporting year.

A major share of eligible, non-aligned revenue was tied to the new economic activities (i) Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation (CCM 3.20) and (ii) Manufacture of electrical and electronic equipment (CE 1.2).

The difference between alignment and eligibility was mainly due to criteria related to substances of concern, which go beyond existing national and EU regulations. On the one hand, the criteria for substantial contribution for the activity Manufacture of electrical and electronic equipment (CE 1.2) require proactive substitution for many of these substances, which largely depends on the availability of (economic) alternatives as well as lead times in product life cycles to be feasible. On the other hand, the Do No Significant Harm (DNSH) criteria related to the use and presence of substances, part of Appendix C pollution prevention and control, require transparency regarding the use of substances of concern especially in non-European countries, which is not completely available yet, as well as additional documentation related to the proactive substitution of substances or justifications for their ongoing use.

The **CapEx figure** 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, as well as additions of assets for Innomotics. In the reporting year, 72.2% (€2.8 billion) of Siemens' CapEx was Taxonomy-eligible, and 18.2% (€0.7 billion) was Taxonomy-aligned. Within the Taxonomy-aligned CapEx, the majority is related to additions to property, plant and equipment (€0.4 billion), while the remainder pertains to capitalized right-of-use assets (€0.2 billion) and internally generated intangible assets (€0.1 billion).

The contributors for alignment in CapEx were primarily the following activities: (i) Acquisition and ownership of buildings (CCM 7.7) related to Siemens' real estate portfolio, (ii) Provision of IT/OT data-driven solutions (CE 4.1), and (iii) Manufacture of low-carbon technologies for transport (CCM 3.3). The Taxonomy-aligned CapEx included €176 million related to a CapEx plan for building projects to be finalized by fiscal 2028, summing up to a planned total volume of €1.5 billion (capitalizable and non-capitalizable costs). The buildings are designed to minimize energy use and carbon emissions (CCM 7.7). The total volume of this CapEx plan increased by €0.1 billion compared to the prior fiscal year due to addition of new building projects. When finalizing or starting building projects that are part of the CapEx plan, the planned total volume reported in the respective period is adjusted accordingly.

Acquisition and ownership of buildings (CCM 7.7) represented the largest portion in overall CapEx eligibility. The difference between Taxonomy-eligible CapEx and Taxonomy-aligned CapEx for this economic activity was 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.

Furthermore, eligibility in CapEx benefited from the new economic activities (i) Manufacture of electrical and electronic equipment (CE 1.2) and (ii) Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation (CCM 3.20). As outlined above under the revenue figure, alignment here was still negligible due to criteria related to substances of concern.

The **OpEx figure** 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 as defined in Annex I of the Commission Delegated Regulation (EU) 2021/2178. Within Siemens' OpEx, 74.0% (€5.5 billion) were Taxonomy-eligible and 32.3% (€2.4 billion) were Taxonomy-aligned in the reporting year. The Taxonomy-aligned OpEx is mainly composed of research and development expenditures (€2.3 billion); the remainder relates to maintenance and repair costs (€80 million), building renovation measures (€29 million), and short-term leases (€18 million).

Taxonomy-aligned expenditures related primarily to processes and assets associated with economic activities also being main alignment contributors for the revenue figure, with the major share resulting from the activity Provision of IT/OT data-driven solutions supporting circular economy (CE 4.1). Taxonomy-aligned OpEx included €10 million related to the CapEx plan mentioned above.

Eligible, non-aligned OpEx consisted mainly of (i) Manufacture of electrical and electronic equipment (CE 1.2), and (ii) Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation (CCM 3.20).

As for revenue, the difference between Taxonomy-eligible OpEx and Taxonomy-aligned OpEx was mainly due to criteria related to substances of concern, mentioned above under "revenue figure".

Key economic activities in the context of the Industrial Business

Whereas reported EU-Taxonomy figures are based on Siemens Group, this section provides contextual information specifically for Siemens' Industrial Businesses.

Digital Industries: For fiscal 2024, the share of Taxonomy-eligible revenue, CapEx and OpEx associated with Digital Industries' automation and software offerings, respectively, increased due to new economic activities. This is driven by the newly added environmental objective Transition to a circular economy and its related economic activities concerning Manufacturing of electrical and electronic equipment (CE 1.2) and Provision of data-driven solutions contributing to a circular economy (CE 4.1) as well as the new activity Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution resulting in or enabling a substantial contribution to climate change mitigation (CCM 3.20).

Smart Infrastructure: A substantial portion of the Smart Infrastructure portfolio was already eligible for climate-objective related EU Taxonomy reporting last year; including energy efficient equipment for buildings and services for energy performance of buildings (CCM 7.5). The coverage for Smart Infrastructure increased further in fiscal 2024, especially through the addition of the new activity Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution resulting in or enabling a substantial contribution to climate change mitigation (CCM 3.20).

Mobility: By providing products, solutions and services in the area of rail passenger and freight transportation, the Siemens Mobility portfolio was fully eligible, contributing to climate change mitigation through Manufacturing of low carbon technologies for transportation (CCM 3.3), and providing Infrastructure for rail transportation and infrastructure enabling public transport (CCM 6.14, CCM 6.15).

Siemens Healthineers: Siemens Healthineers reported an increase in Taxonomy-eligibility in 2024 due to the expansion of the EU Taxonomy regulation. With Siemens Healthineers being a global provider of healthcare equipment, a portion of the business can be assigned to the environmental objective Transition to a circular economy and the related activity Manufacture of electrical and electronic equipment (CE 1.2).

Determination of Taxonomy-eligible and -aligned figures

For calculating the Taxonomy-eligible and -aligned key figures, Siemens' business activities and associated revenue, CapEx and OpEx were mapped to applicable economic activities listed in the respective Taxonomy Climate and Environmental Delegated Acts. Where necessary, allocation keys were used for the calculation of CapEx and OpEx based on the revenue share of the Taxonomy-eligible and -aligned activities. To avoid double counting in the calculation of the Taxonomy figures, it was ensured that revenue, CapEx and OpEx were allocated only to the environmental objective they substantially contribute to, even if there is a contribution to multiple objectives.

For evaluation of EU Taxonomy alignment, the Substantial Contribution criteria for all Taxonomy-eligible business activities were assessed and documented by experts from the respective businesses and organizational units supported by our internal software solution. Depending on the type of economic activity, the assessment level was based on internal reporting hierarchy levels, such as business-segment, product-family or project level. The assessment of activities substantially contributing to climate change mitigation included for example the comparison of our rail rolling stock portfolio (including bi-mode vehicles) to the criteria of zero direct CO_2 emissions. For the activity Provision of data-driven solutions contributing to a circular economy (CE 4.1) as another example, assessments were carried out at a product group level, considering the various categories under CE 4.1, including (a) remote monitoring and predictive maintenance systems, (b) tracking and tracing software and IT/OT systems, (d) design and engineering software, and (f) lifecycle performance management software. We compared and evaluated the respective product group against the specific Substantial Contribution criteria, e.g. (d) whether our design and engineering software includes features allowing to make informed decisions on the circularity and environmental performance of products already during the product design phase.

Accordingly, based on the specific regulatory requirements and together with technical and/or local experts, the DNSH criteria were assessed on the product, site, project and/or supplier level. This included for example an analysis of risks arising from climate change using climate risk and vulnerability assessments across various levels of the organization. An additional requirement for EU Taxonomy alignment is compliance with minimum safeguards (MS) as outlined in Article 18 of the EU Taxonomy Regulation. The MS requirements were met. To assess and comply with the MS requirements covering the areas of human rights, anti-corruption and bribery, taxation and fair competition, Siemens has introduced a standardized, group-wide assessment of due diligence processes. Arisen issues are addressed, using established grievance mechanisms and remediation measures. For companies and units that become part of the Siemens Group, this assessment process is also rolled out as part of the integration process.

EU Taxonomy – Revenue		Fiscal year 2024		Substantial contribution criteria						DNSH criteria								
	Code	Absolute Revenue[2]	Proportion of Revenue, Fiscal year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) Revenue, Fiscal year 2023	Category (E = enabling; T = transitional)
Economic activities		(in millions of €)	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T
A. Taxonomy-eligible activities[1]																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
Manufacture of low carbon technologies for transport	CCM 3.3	5,469	7.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	6.4%	E
Manufacture of energy efficiency equipments for buildings	CCM 3.5	1	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%	E
Manufacture of other low carbon technologies	CCM 3.6	98	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.2%	E
Manufacture of rail rolling stock constituents	CCM 3.19	80	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%	E
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	253	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%	E
Infrastructure for rail transport	CCM 6.14	2,999	4.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	3.9%	E
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	1,226	1.6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	1.5%	E
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.6%	E
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	2,806	3.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	3.3%	E
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	63	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.2%	E
Acquisition and ownership of buildings	CCM 7.7	3	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%	
Manufacture of electrical and electronic equipment	CE 1.2	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Provision of IT/OT data-driven solutions	CE 4.1	6,244	8.2%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y		Y	Y	Y		E
Repair, refurbishment and remanufacturing	CE 5.1	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Sale of spare parts	CE 5.2	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Manufacture of medicinal products	PPC 1.2	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		19,295	25.4%	67.6%	0.0%	0.0%	32.4%	0.0%	0.0%								16.5%	
of which enabling		19,292	25.4%	67.6%	0.0%	0.0%	32.4%	0.0%	0.0%								16.5%	E
of which transitional		–	0.0%	0.0%													0.0%	T

EU Taxonomy – Revenue		Fiscal year 2024		Taxonomy eligibility						DNSH criteria								
	Code	Absolute Revenue[2]	Proportion of Revenue, Fiscal year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) Revenue, Fiscal year 2023	Category (E = enabling; T = transitional)
Economic activities		(in millions of €)	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	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	CCM 3.3	1,317	1.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.7%	
Manufacture of energy efficiency equipments for buildings	CCM 3.5	828	1.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.3%	
Manufacture of other low carbon technologies	CCM 3.6	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%	
Manufacture of rail rolling stock constituents	CCM 3.19	11	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	13,143	17.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Infrastructure for rail transport	CCM 6.14	297	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	48	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	430	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	62	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Acquisition and ownership of buildings	CCM 7.7	95	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%	
Manufacture of electrical and electronic equipment	CE 1.2	13,956	18.4%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									
Provision of IT/OT data-driven solutions	CE 4.1	17	0.0%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									
Repair, refurbishment and remanufacturing	CE 5.1	504	0.7%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									
Sale of spare parts	CE 5.2	1,001	1.3%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	256	0.3%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									
Manufacture of medicinal products	PPC 1.2	410	0.5%	N/EL	N/EL	N/EL	N/EL	EL	N/EL									
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		32,446	42.7%	50.2%	0.0%	0.0%	48.6%	1.3%	0.0%								3.8%	
A. Revenue of Taxonomy-eligible activities (A1+A2)[1]		51,742	68.1%	56.7%	0.0%	0.0%	42.5%	0.8%	0.0%								20.3%	
B. Taxonomy-non-eligible activities																		
Revenue of Taxonomy-non-eligible activities (B)		24,188	31.9%															
Total A + B		75,930	100%															

EU Taxonomy – CapEx Economic activities	Code	Fiscal year 2024 Absolute CapEx[2] (in millions of €)	Proportion of CapEx, Fiscal year 2024 %	Substantial contribution criteria Climate change mitigation Y; N; N/EL	Climate change adaptation Y; N; N/EL	Water and marine resources Y; N; N/EL	Circular economy Y; N; N/EL	Pollution Y; N; N/EL	Biodiversity Y; N; N/EL	DNSH criteria Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity Y/N	Minimum safeguards Y/N	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, Fiscal year 2023 %	Category (E = enabling; T = transitional) E/T
A. Taxonomy-eligible activities[1]																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
Manufacture of low carbon technologies for transport	CCM 3.3	110	2.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	3.0%	E
Manufacture of energy efficiency equipments for buildings	CCM 3.5	0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%	E
Manufacture of other low carbon technologies	CCM 3.6	2	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%	E
Manufacture of rail rolling stock constituents	CCM 3.19	19	0.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%	E
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	8	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%	E
Urban and suburban transport, road passenger transport	CCM 6.3	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	T
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	49	1.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.3%	T
Freight transport services by road	CCM 6.6	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	T
Infrastructure for rail transport	CCM 6.14	84	2.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	1.7%	E
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	13	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.5%	E
Renovation of existing buildings	CCM 7.2/ (CE 3.2)	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%	E
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	24	0.6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.6%	E
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	8	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.2%	E
Acquisition and ownership of buildings	CCM 7.7	241	6.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	5.4%	
Manufacture of electrical and electronic equipment	CE 1.2	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Renovation of existing buildings	(CCM 7.2)/ CE 3.2	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Provision of IT/OT data-driven solutions	CE 4.1	148	3.8%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y		Y	Y	Y		E
Repair, refurbishment and remanufacturing	CE 5.1	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		710	18.2%	79.1%	0.0%	0.0%	20.9%	0.0%	0.0%								12.2%	
of which enabling		416	10.7%	64.7%	0.0%	0.0%	35.3%	0.0%	0.0%								6.5%	E
of which transitional		49	1.2%	100%													0.3%	T

EU Taxonomy – CapEx		Fiscal year 2024		Taxonomy eligibility						DNSH criteria								
	Code	Absolute CapEx²	Proportion of CapEx, Fiscal year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, Fiscal year 2023	Category (E = enabling; T = transitional)
Economic activities		(in millions of €)	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	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	CCM 3.3	27	0.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.7%	
Manufacture of energy efficiency equipments for buildings	CCM 3.5	30	0.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.8%	
Manufacture of other low carbon technologies	CCM 3.6	5	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%	
Manufacture of rail rolling stock constituents	CCM 3.19	3	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	302	7.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Urban and suburban transport, road passenger transport	CCM 6.3	6	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	51	1.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.8%	
Freight transport services by road	CCM 6.6	10	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Infrastructure for rail transport	CCM 6.14	2	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	5	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Renovation of existing buildings	CCM 7.2/ (CE 3.2)	6	0.2%	EL	N/EL	N/EL	EL	N/EL	N/EL								1.4%	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	6	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	7	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%	
Acquisition and ownership of buildings	CCM 7.7	921	23.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								17.1%	
Manufacture of electrical and electronic equipment	CE 1.2	404	10.3%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									
Renovation of existing buildings	(CCM 7.2)/ CE 3.2	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Provision of IT/OT data-driven solutions	CE 4.1	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Repair, refurbishment and remanufacturing	CE 5.1	6	0.2%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	315	8.1%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,110	54.0%	65.6%	0.0%	0.0%	34.4%	0.0%	0.0%								22.3%	
A. CapEx of Taxonomy-eligible activities (A1+A2)¹		2,820	72.2%	69.0%	0.0%	0.0%	31.0%	0.0%	0.0%								34.5%	
B. Taxonomy-non-eligible activities																		
CapEx of Taxonomy-non-eligible activities (B)		1,084	27.8%															
Total A + B		3,905	100%															

EU Taxonomy – OpEx		Fiscal year 2024		Substantial contribution criteria						DNSH criteria								
	Code	Absolute OpEx[2]	Proportion of OpEx, Fiscal year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, Fiscal year 2023	Category (E = enabling; T = transitional)
Economic activities		(in millions of €)	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T
A. Taxonomy-eligible activities[1]																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
Manufacture of low carbon technologies for transport	CCM 3.3	157	2.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	3.1%	E
Manufacture of energy efficiency equipments for buildings	CCM 3.5	0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%	E
Manufacture of other low carbon technologies	CCM 3.6	6	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%	E
Manufacture of rail rolling stock constituents	CCM 3.19	39	0.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%	E
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	53	0.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.0%	E
Infrastructure for rail transport	CCM 6.14	200	2.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	2.7%	E
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	46	0.6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.9%	E
Renovation of existing buildings	CCM 7.2/ (CE 3.2)	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%	E
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	26	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.4%	E
Acquisition and ownership of buildings	CCM 7.7	15	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.1%	
Manufacture of electrical and electronic equipment	CE 1.2	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Renovation of existing buildings	(CCM 7.2)/ CE 3.2	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Provision of IT/OT data-driven solutions	CE 4.1	1,863	24.9%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y		Y	Y	Y		E
Repair, refurbishment and remanufacturing	CE 5.1	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Sale of spare parts	CE 5.2	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2,418	32.3%	23.0%	0.0%	0.0%	77.0%	0.0%	0.0%								8.2%	
of which enabling		2,389	31.9%	22.5%	0.0%	0.0%	0.0%	0.0%	0.0%								8.1%	E
of which transitional		–	0.0%	0.0%													0.0%	T

EU Taxonomy – OpEx		Fiscal year 2024		Taxonomy eligibility						DNSH criteria								
	Code	Absolute OpEx[2]	Proportion of OpEx, Fiscal year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, Fiscal year 2023	Category (E = enabling; T = transitional)
Economic activities		(in millions of €)	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	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	CCM 3.3	38	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4%	
Manufacture of energy efficiency equipments for buildings	CCM 3.5	170	2.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.6%	
Manufacture of other low carbon technologies	CCM 3.6	27	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%	
Manufacture of rail rolling stock constituents	CCM 3.19	4	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	568	7.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Infrastructure for rail transport	CCM 6.14	18	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	13	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Renovation of existing buildings	CCM 7.2/ (CE 3.2)	10	0.1%	EL	N/EL	N/EL	EL	N/EL	N/EL								0.2%	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	23	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%	
Acquisition and ownership of buildings	CCM 7.7	29	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%	
Manufacture of electrical and electronic equipment	CE 1.2	2,122	28.3%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									
Renovation of existing buildings	(CCM 7.2)/ CE 3.2	–	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Provision of IT/OT data-driven solutions	CE 4.1	18	0.2%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									
Repair, refurbishment and remanufacturing	CE 5.1	54	0.7%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									
Sale of spare parts	CE 5.2	20	0.3%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3,125	41.7%	29.0%	0.0%	0.0%	70.8%	0.2%	0.0%								4.2%	
A. OpEx of Taxonomy-eligible activities (A1+A2)[1]		5,543	74.0%	26.4%	0.0%	0.0%	73.5%	0.1%	0.0%								12.4%	
B. Taxonomy-non-eligible activities																		
OpEx of Taxonomy-non-eligible activities (B)		1,952	26.0%															
Total A + B		7,495	100%															

Tables according to footnote (c) of Environmental Delegated Act Annex V[3]

Proportion of Revenue/Total Revenue		
	aligned per objective	eligible per objective
Climate change mitigation (CCM)	17.2%	38.6%
Climate change adaptation (CCA)	0.0%	0.0%
Water and marine resources (WTR)	0.0%	0.0%
Circular economy (CE)	8.2%	29.0%
Pollution (PPC)	0.0%	0.5%
Biodiversity and ecosystems (BIO)	0.0%	0.0%

Proportion of CapEx/Total CapEX		
	aligned per objective	eligible per objective
Climate change mitigation (CCM)	14.4%	49.8%
Climate change adaptation (CCA)	0.0%	0.0%
Water and marine resources (WTR)	0.0%	0.0%
Circular economy (CE)	3.8%	22.4%
Pollution (PPC)	0.0%	0.0%
Biodiversity and ecosystems (BIO)	0.0%	0.0%

Proportion of OpEx/Total OpEx		
	aligned per objective	eligible per objective
Climate change mitigation (CCM)	7.4%	19.5%
Climate change adaptation (CCA)	0.0%	0.0%
Water and marine resources (WTR)	0.0%	0.0%
Circular economy (CE)	24.9%	54.4%
Pollution (PPC)	0.0%	0.1%
Biodiversity and ecosystems (BIO)	0.0%	0.0%

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

[1] Economic activities with minor relevance and a share of up to 0.1% Taxonomy-eligibility in the reporting year are not displayed in the table
[2] Value may be below €0.5 million, therefore rounded to zero
[3] May sum up to >100% as all relevant environmental objectives are to be considered in this table

Codes in columns of substantial contribution criteria:
Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective

Codes in columns of taxonomy eligibility:
EL – Taxonomy-eligible activity for the relevant objective
N/EL – Taxonomy non-eligible activity for the relevant objective

Notes and forward-looking statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in prospectuses, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens’ management, of which many are beyond Siemens’ control. These are subject to a number of risks, uncertainties and factors, including, but not limited to, those described in disclosures, in particular in the chapter Report on expected developments and associated material opportunities and risks in the 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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