Report 4 You

for fiscal 2025

SIEMENS

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Combined Management Report

for fiscal 2025

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Combined Management Report

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 laws of the Federal Republic 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, 2025, Siemens had around 318,000 employees on a continuing and discontinued basis.

As of September 30, 2025, 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.

2. Financial performance system

2.1 Revenue growth

At the beginning of fiscal 2026, we announced an update of the Siemens Financial Framework (excluding Siemens Healthineers). We aim to achieve a mid-term revenue growth range of 6% to 9% per year on a comparable basis. Our primary measure for managing and controlling our revenue growth is comparable growth. 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 have defined mid-term 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	**16 - 20%**
Mobility	**10 - 13%**
Siemens Financial Services (ROE after taxes)	**15 - 20%**

In line with common practice in the financial services business, our financial indicator for measuring capital efficiency at SFS is return on equity after taxes, or ROE (after taxes). ROE is defined as SFS' profit (after taxes), 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 mid-term cycle.

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 mid-term cycle.

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 mid-term cycle, 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 2025: to distribute a dividend of €5.35 on each share of no par value entitled to the dividend for fiscal 2025 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 12, 2026. The prior-year dividend was €5.20 per share.

2.5 Calculations of EPS pre PPA and ROCE

Calculation of EPS pre PPA

	Fiscal year	
(in millions of €, shares in thousands, earnings per share in €)	2025	2024
Net income attributable to shareholders of Siemens AG	**9,620**	8,301
Plus: Amortization of intangible assets acquired in business combinations – attributable to shareholders of Siemens AG	**725**	659
Less: Related income taxes	**(181)**	(165)
(I) Adjusted Net income attributable to shareholders of Siemens AG	**10,163**	8,795
(II) Weighted average shares outstanding	**785**	789
(I) / (II) EPS pre PPA	**12.95**	11.15

Calculation of ROCE

	Fiscal year	
(in millions of €)	2025	2024
Net income	**10,387**	8,992
Less: Other interest expenses/income, net[1]	**(1,106)**	(1,020)
Plus: SFS Other interest expenses/income	**997**	1,004
Plus: Net interest expenses related to provisions for pensions and similar obligations	**37**	76
Less: Interest adjustments (discontinued operations)	**–**	–
Less: Taxes on interest adjustments (tax rate (flat) 30%)	**22**	(18)
Plus: Defined Varian-related acquisition effects (after tax)[2]	**245**	247
(I) Income before interest after tax	**10,581**	9,281
(II) Average capital employed	**59,555**	48,547
(I) / (II) ROCE	**17.8%**	19.1%

[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) consist of amortization of tangible and intangible assets 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 was marked by trade policy turmoil in calendar 2025. The new U.S. administration implemented a protectionist economic policy, which led to significantly higher tariffs on imports from the EU, China, and other countries. After short-term, temporary frontloading effects in the first half of the year, the new trade barriers dampened global demand and production in the second half of calendar 2025. The real global gross domestic product (GDP) is expected to have grown by around 2.7%, following 2.8% in the previous year. Investments related to artificial intelligence (AI) and government investments in particular supported the global economy. In addition, central banks in many regions slightly loosened their monetary policy.

This was possible because the inflation rate continued to decline moderately, although it remained above the target level of many central banks. While the U.S. Federal Reserve maintained its restrictive stance for a long time in view of fears of tariff-related price increases and only began its cycle of interest rate cuts towards the end of the year, the European Central Bank (ECB) gradually lowered its key interest rate further to 2.0%.

The U.S. experienced a noticeable slowdown in growth in calendar 2025. GDP is expected to have risen by around 1.8%, following 2.8% in the previous year. Comparatively high interest rates and uncertainty triggered by trade and economic policy weighed on the economy. Industrial production in particular performed below average. Only investments in new technologies, particularly infrastructure in demand for AI applications such as data centers and power supply, provided significant impetus. The labor markets also experienced a noticeable slowdown. The number of new jobs created declined significantly over the course of the year and was well below historical averages.

In China, the slowdown in growth continued. GDP is expected to have grown by around 4.8% in calendar 2025, following 5% in calendar 2024. In particular, the persistent real estate crisis and continued very subdued domestic demand had a negative impact. However, government support measures and investments in infrastructure largely offset these weaknesses. As a result, the net effects on GDP growth in the Chinese economy were relatively moderate.

The European economy continued to develop modestly. GDP in the eurozone is likely to have risen by 1.3%, driven by rising real incomes, slight monetary easing, and public investment. By contrast, export-oriented industries, particularly mechanical engineering and vehicle manufacturing, remained under pressure. Higher spending on defense and infrastructure programs supported domestic demand, while foreign trade remained weak. Economic development in Europe was primarily hampered by renewed weakness in Germany, where economic output remained close to recessionary levels in calendar 2025 after two years of recession. GDP is likely to have risen by 0.2% in calendar 2025, after minus 0.5% in the previous year. Industry continued to perform modestly and was weighed down by high costs, increasing international competitive pressure, and weak global demand.

Overall, calendar 2025 was marked by a weak global economy weighed down by trade policy uncertainties and measures. While public investment and investment in AI provided support, industry remained subdued.

The figures and forecasts for GDP used here are based on S&P Global and Bloomberg (October 2025) as well as our own analyses.

3.2 Digital Industries

Digital Industries offers a comprehensive product portfolio as well as 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 as well as 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, as well as 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. Digital Industries also provides customers with lifecycle and data-driven services. In the second quarter of fiscal 2025, Digital Industries expanded its industrial software portfolio by acquiring Altair Engineering Inc. (Altair), a U.S.-based provider of software in the industrial simulation and analysis market. In the fourth quarter of fiscal 2025, Digital Industries acquired Insightful Science Holdings, LLC (Dotmatics), a U.S.-based provider of life sciences research and development (R&D) software, to expand its offerings into the life sciences industry.

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 toward 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 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 2025, Digital Industries continued to transition parts of its software business, particularly PLM, from largely upfront revenue recognition toward 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, that their customers need or want in order to take full advantage of their investment goods. Finally, there is a trend from globalization toward regionalization to support local economic development, increase supply chain resilience or better adapt solutions to local needs. Changes in this direction are increasingly accompanied by more differentiated regulatory requirements.

Digital Industries' **R&D** activities focus on driving advances in technologies that combine the real world of operational technology (OT) and automation with information technology (IT) and data. In fiscal 2025, Digital Industries announced the expansion of its industrial AI offerings with advanced AI agents designed to operate seamlessly within its established Industrial Copilot ecosystem. This technology reflects a shift from AI assistants that respond to queries toward autonomous agents capable of proactively executing entire processes without human intervention. Together with a car manufacturer, Digital Industries is advancing manufacturing processes in the automotive industry by integrating virtual and hardware controllers, enhancing safety functions, and streamlining production processes. Also in fiscal 2025, Digital Industries introduced Optimize MyProgramming /3D Scanner, a software solution that combines 3D analysis technologies with computer numerical control programming to improve efficiency, precision, and quality in production. Digital Industries collaborates with Microsoft in the context of Siemens Xcelerator – which is Siemens' open digital business platform – to simplify the integration of IT and OT for enterprise customers. The combination of Siemens Industrial Edge and Microsoft Azure Internet of Things (IoT) Operations provides complementary solutions designed to enable a seamless flow of data from production lines to the edge and onward to the cloud. Furthermore, Digital Industries introduced an AI-enhanced toolset for the EDA design flow. This system provides secure generative and agent-based AI capabilities with customization features and integration across the EDA workflow. Major **investments** by Digital Industries in fiscal 2025 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 €)	2025	2024	Actual	Comp.
Orders	**18,377**	17,023	8%	8%
Revenue	**17,788**	18,536	(4)%	(4)%
therein: software business	***6,174***	*6,286*	*(2)%*	*(5)%*
Profit	**2,643**	3,498	(24)%	
therein: severance	***(356)***	*(63)*		
Profit margin	**14.9%**	18.9%		

Order growth at Digital Industries was driven by the automation business, which in fiscal 2024 had been strongly impacted by customers and distributors reducing their elevated stock levels, a process that was largely completed toward the end of the first half of fiscal 2025. This development was particularly evident in the in the short-cycle factory automation business, where year-over-year order growth in fiscal 2025 accelerated from quarter to quarter and which for the full fiscal year reported a substantial increase in orders. In the software business, both, the PLM and the EDA businesses won numerous larger contracts, resulting in order intake at the strong prior-year level. **Revenue** for Digital Industries came in moderately below the prior-year level. The revenue development in the automation business was also strongly influenced by the destocking effects. As a result, during the first half of fiscal 2025, revenue in the automation business declined year-over-year, but returned to growth in the second half. Nevertheless, for the full fiscal year, revenue in the automation business came in below the prior-year level. Revenue in the software business came in below its strong prior-year basis of comparison on declines in the PLM and the EDA software businesses. On a geographic basis, orders grew in all three reporting regions, including clear growth in the region Europe, C.I.S., Africa, Middle East and in the Americas. A moderate increase in revenue in the Americas was more than offset by declines in the regions Asia, Australia and Europe, C.I.S., Africa, Middle East. The lower revenue in the software and the automation businesses led to a decline in **profit** and profitability in both businesses. In addition, profit in fiscal 2025 was impacted by sharply higher severance charges, mainly related to capacity adjustments in the automation business. Altair and Dotmatics burdened profit by €135 million (including severance). At the end of fiscal 2025, Digital Industries' order backlog amounted to €10 billion, of which €6 billion are expected to be converted into revenue in fiscal 2026.

During fiscal 2025, Digital Industries operated in a heterogeneous **market** environment, with divergent dynamics across the software and automation market segments. The software market grew significantly, benefiting from strong trends toward digitalization, AI, and related semiconductor design activities. The effects from these trends more than offset impacts from the subdued macroeconomic environment, temporary export restrictions, and elevated uncertainty. In contrast, in the first half of the fiscal year destocking of elevated stock levels at distributors impacted the automation market. Toward the end of the first half of fiscal 2025, destocking neared completion, and demand in the automation business began to recover. However, a subdued macroeconomic environment and heightened uncertainty following the introduction of new U.S. tariff policies constrained this recovery. In addition, structural challenges – such as ongoing deindustrialization in Europe – continued to weigh on automation spending. Growth in the U.S. automation market was primarily price-driven, due largely to anticipatory effects of the new U.S. tariffs. In China, price pressure initially eased following the end of destocking but intensified again after the announcement of the U.S. tariffs. Overall, volume in the automation market in fiscal 2025 remained on the prior-year level. Within the most important customer markets, vehicles production in the automotive industry proved resilient during fiscal 2025. Nevertheless, the challenges related to the electric vehicle transition, excess capacity in China and associated price pressure, combined with destocking, resulted in a slight decline in automation demand. On the other hand, software demand remained strong, growing clearly on demand for electric vehicles, digitalization, and autonomous driving. Demand in the battery industry slowed down markedly but showed signs of recovery toward the end of fiscal 2025. The machine building industry experienced a modest cyclical recovery led by China after the end of destocking, though momentum weakened later in the fiscal year amid tariff uncertainty. Global production remained broadly flat year-over-year, while nominal market volume rose slightly on price increases in the U.S. and Europe. Automation demand was moderately lower, reflecting destocking in the first half of the fiscal year, whereas software demand increased at a single-digit rate. Production in the chemicals and pharmaceuticals industry grew slightly, while investments – particularly in China – softened toward the end of the fiscal year. Elevated prior investments and subdued macroeconomic prospects weighed on automation demand, which remained broadly flat. By contrast, R&D and software spending, especially in life sciences, continued to expand at double-digit rates. The automation market for the food and beverage industry remained on the prior-year level, impacted by destocking, while software demand grew significantly. The semiconductor and electronics industry grew strongly in fiscal 2025, with production and revenues rising at double-digit rates across most major producer countries, including China. AI-driven R&D spending led to double-digit expansion in the EDA market, while automation demand grew only slightly, due to destocking effects. For fiscal 2026, markets served by Digital Industries are expected to grow clearly with all reporting regions contributing, led by the reporting region Asia, Australia. The automation market is expected to continue recovering and to grow moderately, while the software market is forecast to expand at a double-digit rate, benefiting from demand for digitalization and AI.

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, the 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; low-voltage switchboards; and charging infrastructure for electric vehicles. 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 2025, Smart Infrastructure exited its wiring accessories business.

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 partners 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 directly online 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. As a result, Smart Infrastructure is continuously strengthening its digital omni-channel marketing and e-commerce platforms, with Siemens Xcelerator being an integral part of those offerings.

Smart Infrastructure's principal competitors consist mainly of large multinational companies and, in emerging countries, smaller manufacturers. Its solutions and services business also competes with local players such as system integrators and facility management firms. Changes in the overall economic environment impact Smart Infrastructure's businesses 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, macroeconomic cycles have only limited influence on demand for service offerings. 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 is benefiting from a number of major **trends**. These include urbanization, demographic change, decarbonization, and digitalization. Urbanization and demographic change are driving a need for smarter and more human-centric buildings. Climate change is increasing the need for decarbonization and digitalization. This results in rising 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 that Smart Infrastructure serves 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 energy systems, ranging from climate-friendly F-gas-free switchgear for medium voltage to semiconductor-switching electronic protection devices and grid integration of green hydrogen production. R&D activities in building automation address the global need for easy-to-install controls aimed at driving energy efficiency improvements in commercial buildings and beyond. 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 design and operation. In support of this digital twin model, Smart Infrastructure develops software that creates new digital offerings for its Building X, Electrification X and Gridscale X platforms, which form parts of the Siemens Xcelerator platform. AI and large language models enhance these and other offerings. Smart Infrastructure puts a strong R&D focus on the sustainability of its products throughout their lifecycles, for instance by using environmentally friendly materials, by designing for recycling and circularity, and by securing certified declarations of sustainable features. To a large extent, Smart Infrastructure's **investments** relate to its products businesses. The main areas for capital expenditures include replacing fixed assets as well as expanding and optimizing factories and technical equipment, with a strong focus on innovation.

(in millions of €)	Fiscal year 2025	Fiscal year 2024	% Change Actual	% Change Comp.
Orders	**24,077**	24,023	0%	1%
Revenue	**22,989**	21,368	8%	9%
therein: service business	***4,835***	*4,556*	*6%*	*7%*
Profit	**4,506**	3,707	22%	
therein: severance	***(73)***	*(50)*		
Profit margin	**19.6%**	17.3%		

Smart Infrastructure delivered another very strong performance, achieving record high profit and revenue. **Orders** slightly exceeded the strong fiscal 2024 level, despite headwinds from currency translation effects, with Smart Infrastructure again winning numerous larger contracts from data center, energy and industry customers. Growth was driven by the electrification business, which recorded clearly higher orders year-over-year. On a geographic basis, order growth came from the region Europe, C.I.S. Africa, Middle East. **Revenue** grew in all businesses with the strongest increases coming from the electrification business, which executed strongly on its large order backlog. On a geographic basis, revenue growth was driven by the regions Americas and Europe, C.I.S., Africa, Middle East. **Profit** rose substantially on increases in all businesses. The improvement in profit and profitability was due mainly to higher revenue, increased capacity utilization and ongoing productivity improvements. The strongest increases came from the electrification and the electrical products businesses. Profit and profitability in fiscal 2025 benefited from a €0.3 billion gain related to exiting the wiring accessories business. Profit a year earlier included a positive €0.1 billion effect from partial reversal of a liability related to past portfolio activities. At the end of fiscal 2025, Smart Infrastructure's order backlog was €19 billion, of which €14 billion are expected to be converted into revenue in fiscal 2026.

Overall, the **markets** that Smart Infrastructure serves grew moderately in fiscal 2025. Market dynamics were influenced by strong customer investments in data centers; by economic uncertainties due to US tariff policy; by weakness in the Chinese market in areas such as its construction sector; and by geopolitical conflicts. Globally elevated interest rates compared to prior years held back activities in the building construction industry in many markets. On a geographic basis, all reporting regions contributed to market growth. Yet, the above-mentioned factors clearly influenced market development: In the U.S., growth momentum declined despite the ongoing strong demand for digitalization and despite the government's reindustrialization program. This slowdown was partly attributable to the evolving trade policy conditions. In Europe, the gradual recovery was impacted by higher interest rates, tighter fiscal policy, and geopolitical conflicts, while growth in Asia was held back by, among other things, weakness in the Chinese real estate sector. Among Smart Infrastructure's customer segments, the grid market led growth. Demand for the integration of energy from renewable resources drove this growth. Smart Infrastructure's industrial markets grew on strong demand in the aerospace and defense industries. Growth in the infrastructure and building markets was driven by strong demand for data centers but was held back by weak development in the residential and commercial building markets. In fiscal 2026, markets served by Smart Infrastructure are expected to continue to grow moderately. While growth is expected to be weak in residential and commercial building markets and in some industrial markets, such as batteries and automotive, continued robust demand is expected for data centers and power distribution. On a geographic basis, markets in Europe are expected to be stable. In the Americas, it is likely that it will be challenging for the market to maintain its fiscal-2025 pace of growth. The Asian market is projected to see subdued growth, with strong growth in India predicted to be offset by weak momentum in China due to ongoing challenges in the real estate sector.

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, commuter trains, as well as trains and passenger coaches for intercity and long-distance services, such as high-speed rail. Rolling stock offerings also 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, as well as yard and depot solutions; they also include 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), 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. Since Mobility's customers are mostly public and state-owned companies in the transportation and logistics sectors, its markets are driven primarily by public spending. Mobility's customers usually have multi-year planning and implementation horizons. As a result, their contract tenders tend to be independent of short-term economic developments. Large contracts in the rolling stock and the rail infrastructure businesses 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.

The main **trends** driving Mobility's markets are urbanization, population growth, decarbonization, and digitalization. Growing 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 the space requirements and costs of transportation. The pressure on transportation service 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 toward digitalization, supported by advances in AI, is profoundly transforming the rail industry and is generating growth opportunities for providers of digital solutions.

Mobility's **R&D** strategy focuses on reducing the life-cycle costs of rail infrastructures and rolling stock, enhancing system availability, increasing the network capacity of rail infrastructures, optimizing the processes of rail operators, and improving passenger experience. With Siemens Xcelerator, Mobility enables its customers to speed up their digital transformations. This acceleration is achieved by better connecting trains, infrastructures, operators, and passengers through modularizing the software portfolio, gradually moving software to the cloud, and introducing application programming interfaces (APIs). These APIs make it possible to securely transmit standardized information from anywhere in the mobility ecosystem so that they can be used in systems, applications or software modules. Mobility's major R&D areas encompass: further development of efficient vehicle platforms with optimized lifecycle costs; eco-friendly, alternative power supplies for trains; the Railigent X application suite for maintenance of rail assets; Signaling X, which opens interfaces and integrates signaling and control systems for mainline and mass transit into one platform and enables signaling that is hardware-independent and cloud-compatible; intelligent, interconnected products; automatic train operation for the European Train Control System (ETCS); air-free braking systems; fully automated visual inspections; the Mobility Software Suite X for operators, and passengers; cyber security; and AI, which is applied in areas such as automated operations, predictive maintenance, enhanced safety systems, and driverless trains. Mobility's **investments** focus mainly on maintaining or enhancing its production facilities, on meeting project demands, and on enhancing its depot services.

	Fiscal year		% Change	
(in millions of €)	2025	2024	Actual	Comp.
Orders	**16,994**	15,795	8%	9%
Revenue	**12,444**	11,420	9%	10%
therein: service business	***2,205***	*1,991*	*11%*	*11%*
Profit	**1,099**	1,013	8%	
therein: severance	***(32)***	*(25)*		
Profit margin	**8.8%**	8.9%		

Orders grew clearly on higher volume from large orders, which Mobility won across its businesses and reporting regions, most notably in the region Americas. Significant contract wins in fiscal 2025 included, among others, a €3.5 billion order from an existing framework agreement for a turnkey rail system in Egypt and a €1.7 billion order for high-speed trains and related services in the U.S. Major contracts also comprised a €0.7 billion order for rail infrastructure and maintenance in the U.K. and orders totaling €0.6 billion in the U.S. for dual-mode and battery-electric locomotives. **Revenue** also increased clearly, with all businesses contributing to growth, led by the rolling stock and the customer service businesses. On a geographic basis, revenue was up in all reporting regions with the strongest growth coming from the Europe, C.I.S., Africa, Middle East region. **Profit** rose on a broad basis, with the customer services and the rail infrastructure business making the largest contributions. Mobility's order backlog rose to €52 billion at the end of the fiscal year, of which €12 billion are expected to be converted into revenue in fiscal 2026.

The **markets** that Mobility serves grew moderately in fiscal 2025. Long-term trends such as urbanization, population growth, decarbonization, and digitalization, which continue to drive investments in rail transportation, supported this expansion. Market growth is backed by public funding, including government investments in national, large-scale rail projects (in countries such as Egypt and India), stimulus programs (such as those in the EU) and investments for modernization and digitalization (in Germany, for instance). The strongest growth contributions came from North America, the Middle East and Africa region and Western Europe. The market for rolling stock included large contract awards for commuter trains, high-speed trains, passenger coaches, and metro, for example in Europe, in the U.S., and in Egypt. Growth in the rail infrastructure market was driven mainly by strong investments in mainline signaling, including several ETCS deployments, further demand for track electrification, and multiple Communication-Based Train Control (CBTC) projects for mass transit, for instance, in Europe, North America, and the Middle East and Africa region. In fiscal 2026, the markets that Mobility serves are expected to grow slightly, despite increased macroeconomic uncertainties. The rolling stock and the service markets are projected to remain strong with multiple large projects upcoming. Ongoing demand is spread across all market segments, especially for high-speed trains (for example in the Middle East and Africa region and Western Europe) and commuter rail (in Western Europe, for example), and for metro (for instance, in North America and Europe). 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, Italy, and the U.K., are expected to continue making significant investments in rolling stock and in advanced rail-infrastructure solutions. Customers in the Middle East and Africa region, for instance in Saudi Arabia and the United Arab Emirates, are expected to tender large turnkey projects. Markets in the U.S. are expected to remain robust, driven by ongoing investments in rolling stock, particularly for light-rail transport and passenger coaches; within the infrastructure market, demand is expected to continue for mainline signaling and mass transit, including CBTC technology, as well as from the developing market for rail freight solutions. In Asia, the markets in India are expected to remain strong in the coming years due to plans for several large procurement programs for electric multiple units and locomotives.

3.5 Siemens Healthineers

As of September 30, 2025, Siemens as majority shareholder held just under 69% 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 technologies and clinical services for cancer care 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 interventions with image-guided minimally invasive clinical procedures for the treatment of diseases in areas such as cardiology, neurology, and oncology. 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 long-term **trends** on a lasting basis. The first is demographic developments, in particular the growing and aging global population. This trend poses major challenges for global healthcare systems. The second trend is the increase in non-communicable diseases as a result of an aging population in combination with environmental and lifestyle-related changes. The resulting increase in patients with multiple morbidities and the incidence of cancer, stroke, and other neurodegenerative and cardiovascular diseases heightens the need for new methods to detect and treat diseases at an early stage. The third trend is economic development in emerging markets, which is improving access to healthcare for many people. To address this, significant investments are being made to improve the healthcare systems of emerging markets in particular, driving overall demand for healthcare products and services, and therefore, market growth. The fourth global trend, the transformation of healthcare providers such as hospitals and laboratories, forces these institutions to reorganize the services they provide. This development is driven by a host of factors, including burdens from chronic diseases, growing number of medical interventions, and the shortage of skilled professionals. The use of technology, digitalization, workflow automation, and artificial intelligence play a crucial role in tackling these challenges and optimizing both treatment outcomes and patient experience. In conjunction with new reimbursement models for healthcare services, such as value-based rather than treatment-based reimbursement, these factors represent a key lever for reducing treatment costs and are therefore a respond to growing cost pressure in healthcare. On the customer side, the trend among healthcare providers to come together in networks continues as a result of these factors. The aim of the resulting larger clinic and laboratory chains, often operating internationally and acting increasingly like large corporations, is to systematically lower costs while improving the quality of medical care. Partnerships with healthcare providers represent an effective lever to address these challenges. They encompass, among others, 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 product line.

	Fiscal year		% Change	
(in millions of €)	2025	2024	Actual	Comp.
Orders	**26,141**	24,774	6%	7%
Revenue	**23,375**	22,362	5%	6%
Profit	**3,519**	3,172	11%	
therein: severance	***(88)***	*(104)*		
Profit margin	**15.1%**	14.2%		

Siemens Healthineers recorded an increase of **orders** and **revenue** with the highest contribution to growth coming from the imaging business. On a geographic basis, orders and revenue were up in all reporting regions, led by the Americas. **Profit** was significantly higher year-over-year on increases in most businesses. The improvement in profit and profitability was due mainly to higher revenue in the imaging business and cost reductions related to the transformation program in the diagnostics business. In contrast, increased tariffs had a negative effect. The order backlog for Siemens Healthineers was €36 billion at the end of the fiscal year, of which €11 billion are expected to be converted into revenue in fiscal 2026.

Beginning with fiscal 2026, Siemens Healthineers will be structured into the imaging, precision therapy, and diagnostics businesses. The previous Varian and advanced therapies businesses, together with Ultrasound (previously part of the imaging business) will be merged into the new precision therapy business.

In general, the addressable global **markets** of Siemens Healthineers grew slightly in fiscal 2025. From a regional perspective, in the Asia, Australia region, the growth of emerging markets could not fully offset the temporary market weakness in China. Although initial signs of market stabilization were noticeable in China, in the diagnostics business the continued and intensified implementation of volume-based procurement and the government's price-control policies had a negative impact on market growth. The region Europe, C.I.S., Africa, Middle East, saw market growth. The underlying business from replacement of existing installations was able to offset the weakened major investment programs of some governments. In the Americas region market growth was recorded in all businesses, supported by the introduction of new product portfolios and the replacement business. Globally, the market for the imaging business grew moderately in fiscal 2025. The introduction of new technologies and the addition of new clinical applications in fields such as neurology and oncology were fundamental market drivers. The imaging market is expected to grow moderately overall in fiscal 2026. The market for the diagnostics business experienced slight growth overall in fiscal 2025, thanks to a broad-based normalization of demand for routine tests. However, the temporary market weakness in China had a dampening effect on global market development. The market for the diagnostics business is expected to achieve slight growth in fiscal 2026. The global market for Varian experienced moderate growth, supported by the introduction of new products and innovations, the replacement of aging equipment, and growing demand for services, especially in the developed countries. The market for the advanced therapies business showed moderate growth overall. Significant factors contributing to market growth included replacement purchases worldwide as well as continued shift of image-guided surgical and cardiological services to outpatient settings. The market for the precision therapy business is expected to grow moderately in fiscal 2026, supported, among other factors, by rising customer demand for new products as well as the introduction of enhanced therapies and solutions for the treatment of cancer and ongoing investments in the areas of surgery and cardiology. Measures aimed at improving insufficient access to equipment for radiotherapy and services in emerging countries will serve as an additional driver of growth.

On November 12, 2025, Siemens announced its intention to deconsolidate Siemens Healthineers by transferring 30% of Siemens Healthineers shares to Siemens AG shareholders by way of a direct spin-off as preferable option. The intended transaction is subject to final regulatory clarifications and approvals by shareholder meetings of both companies, Siemens and Siemens Healthineers. In the medium term it is targeted to reduce the shareholding to a financial asset. As of the announcement date, Siemens held a 67% stake in Siemens Healthineers.

3.6 Siemens Financial Services

Siemens Financial Services provides financing solutions for Siemens' customers as well as for other companies particularly within the Siemens markets 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, for instance 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 supports its customers through targeted financing of sustainable technologies and projects.

	Fiscal year	
(in millions of €)	2025	2024
Earnings before taxes (EBT)	**622**	637
therein: equity business	***241***	*243*
therein: severance	***(14)***	*(3)*
ROE (after taxes)	**17.0%**	17.6%

(in millions of €)	Sep 30, 2025	Sep 30, 2024
Total assets	**33,110**	32,841

SFS recorded a solid earnings contribution nearly on the prior year's level. **Earnings before taxes** were negatively affected by changes in the fair values of equity investments. In contrast, significantly higher divestment gains included a gain of €0.2 billion (in fiscal 2024: €0.1billion) from the sale of a stake in an equity investment in India. Moderate growth in SFS' business resulted in an increase in total assets, which was largely offset by negative currency translation effects.

Net cash from operations (defined as the sum of cash flows from operating and investing activities) amounted to €(696) million compared to €(22) million in fiscal 2024. In fiscal 2025 and fiscal 2024, net cash from operations comprised Free cash flow of €747 million and €785 million, respectively, while remaining cash flows from investing activities, including from changes in receivables from financing activities, comprised €(1,443) million and €(806) million, respectively.

SFS' business scope and capital allocation are 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 developments in the markets that Siemens' industrial businesses serve. Other factors include macroeconomic effects such as changes in interest rates, foreign exchange rates and inflation as well as geopolitical tensions that could impact the credit risk associated with SFS' 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

	Fiscal year	
(in millions of €)	2025	2024
Innovation	**(685)**	(134)
Governance	**(212)**	(308)
Amortization of intangible assets acquired in business combinations	**(819)**	(747)
Financing, eliminations and other items	**158**	389
Reconciliation to Consolidated Financial Statements	**(1,558)**	(800)

Beginning with fiscal 2025, line items within the Profit Reconciliation to Consolidated Financial Statements were realigned for simplicity reasons. The former items Siemens Energy Investment, Siemens Real Estate and Centrally carried pension expense were transferred to the item Financing, eliminations and other items. In addition, there were reclassifications, including N47 (previously Next47), between the item Innovation and the item Financing, eliminations and other items. Prior-period amounts are presented on a comparable basis.

The **Innovation** expenses increased, as planned, in connection with activities related to our ONE Tech Company program.

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

Amortization of intangible assets acquired in business combinations rose due primarily to the acquisitions of Altair and Dotmatics.

Financing, eliminations and other items included a positive effect of €0.2 billion resulting from revised estimates related to provisions for a legacy project as well as a €0.2 billion gain from the closing of the sale of the airport logistics business in Europe, Asia and the Middle East. The closing of the sale of this business in the U.S. is expected in calendar 2026. These positive factors were partly offset by burdens of €0.3 billion due to impairments of trade receivables in connection with central financing activities. For comparison, fiscal 2024 had included a gain in connection with the stake in Siemens Energy AG of €0.5 billion, which was partly offset by a loss of €0.2 billion from recycling other components of equity from entities in Russia.

4. Results of operations

4.1 Orders and revenue by region

Currency translation effects took two percentage points from order and one percentage point from revenue growth year-over-year. Portfolio transactions had a minimal impact. The ratio of orders to revenue (book-to-bill) for Siemens in fiscal 2025 amounted to 1.12. The order backlog as of September 30, 2025 was €117 billion.

Orders (location of customer)

	Fiscal year		% Change	
(in millions of €)	2025	2024	Actual	Comp.
Europe, C.I.S., Africa, Middle East	**40,967**	39,175	5%	4%
therein: Germany	***11,446***	*11,289*	*1%*	*1%*
Americas	**30,351**	27,837	9%	11%
therein: U.S.	***25,713***	*23,527*	*9%*	*11%*
Asia, Australia	**17,048**	17,044	0%	3%
therein: China	***7,144***	*7,233*	*(1)%*	*2%*
Siemens (continuing operations)	**88,366**	84,056	5%	6%

On a **worldwide basis**, order intake rose across all industrial businesses, driven by clear increases at Digital Industries, Mobility, and Siemens Healthineers.

In the **Europe, C.I.S., Africa, Middle East** region, all industrial businesses recorded order growth, led by a double-digit increase at Digital Industries. Order intake at Mobility slightly exceeded the already high prior-year level and included, among others, a €3.5 billion order under an existing framework agreement for a turnkey rail system in Egypt. In **Germany**, growth in most industrial businesses more than offset a significant decline at Mobility, which had recorded a higher volume from large orders in fiscal 2024.

Order intake rose in both the **Americas region** and the **U.S.**, despite negative currency translation effects, on growth in most industrial businesses. Order growth was led by a sharp increase at Mobility driven by large orders, including a €1.7 billion order for high-speed trains and service. Smart Infrastructure came in at the prior-year level.

In the **Asia, Australia** region, order intake remained flat, as growth was held back by negative currency translation effects. Increases at Digital Industries and Siemens Healthineers were offset by a substantial decline at Mobility, due to lower volume from large orders, and a moderate decrease at Smart Infrastructure. In **China**, Siemens Healthineers reported moderate growth, while orders declined at Mobility and Smart Infrastructure, with the latter burdened by negative portfolio effects from the exit of the wiring accessories business in fiscal 2025.

Revenue (location of customer)

	Fiscal year		% Change	
(in millions of €)	2025	2024	Actual	Comp.
Europe, C.I.S., Africa, Middle East	**36,933**	35,254	5%	5%
therein: Germany	***11,646***	*11,298*	*3%*	*3%*
Americas	**25,758**	23,755	8%	10%
therein: U.S.	***22,097***	*20,024*	*10%*	*11%*
Asia, Australia	**16,224**	16,921	(4)%	(1)%
therein: China	***7,143***	*8,082*	*(12)%*	*(9)%*
Siemens (continuing operations)	**78,914**	75,930	4%	5%

Worldwide, revenue rose in most industrial businesses, with clear increases at Mobility and Smart Infrastructure, and moderate growth at Siemens Healthineers. Digital Industries reported a moderate decline.

Revenue in **Europe, C.I.S., Africa, Middle East** increased moderately, driven by a double-digit increase at Mobility and clear growth at Smart Infrastructure. In **Germany**, Smart Infrastructure reported double-digit growth, along with contributions from Siemens Healthineers and Mobility. Revenue at Digital Industries declined both in Germany and the region.

Revenue in the **Americas** region increased across all industrial businesses, led by clear growth at Smart Infrastructure and Siemens Healthineers. The remaining industrial businesses reported moderate growth. The **U.S.** largely reflected the overall regional pattern, with even higher growth rates in most industrial businesses. As with orders, currency translation effects burdened both the region and the U.S.

In the **Asia, Australia** region, revenue growth at Mobility and Siemens Healthineers was more than offset by declines at Digital Industries and Smart Infrastructure. In **China**, revenue declined across all industrial businesses. Revenue development in both the region and China was impacted by negative currency translation effects and, at Smart Infrastructure, negative effects from portfolio transactions, related to exiting the wiring accessories business in fiscal 2025.

4.2 Income

(in millions of €, earnings per share in €)	Fiscal year 2025	2024	% Change
Digital Industries	**2,643**	3,498	(24)%
Smart Infrastructure	**4,506**	3,707	22%
Mobility	**1,099**	1,013	8%
Siemens Healthineers	**3,519**	3,172	11%
Industrial Business	**11,766**	11,390	3%
Profit margin Industrial Business	***15.4%***	*15.5%*	
Siemens Financial Services	**622**	637	(2)%
Reconciliation to Consolidated Financial Statements	**(1,558)**	(800)	(95)%
Income from continuing operations before income taxes	**10,830**	11,227	(4)%
Income tax expenses	**(2,501)**	(2,320)	(8)%
Income from continuing operations	**8,328**	8,907	(6)%
Income from discontinued operations, net of income taxes	**2,059**	85	>200%
Net income	**10,387**	8,992	16%
Basic EPS	**12.25**	10.53	16%
EPS pre PPA	**12.95**	11.15	16%
ROCE	**17.8%**	19.1%	

As a result of the developments described in chapter 3, **income from continuing operations before income taxes** decreased by 4%. Severance charges for continuing operations were €636 million, of which €549 million were in Industrial Business. In fiscal 2024, severance charges for continuing operations were €312 million, of which €243 million were in Industrial Business.

Income from continuing operations decreased by 6%. The tax rate in fiscal 2025 was 23%. The tax rate of 21% in fiscal 2024 had benefited from a reversal of income tax provisions.

Income from discontinued operations, net of income taxes was driven by the gain from the sale of Innomotics amounting to €2.1 billion.

The increase in **Basic EPS** and in **EPS pre PPA** reflects the increase of net income attributable to Shareholders of Siemens AG, which was €9,620 million in fiscal 2025 compared to €8,301 million in fiscal 2024. The gain from the sale of Innomotics, together with offsetting effects related to Altair and Dotmatics, contributed €2.23 to EPS pre PPA.

At 17.8%, **ROCE** is within the range established in our Siemens Financial Framework. The decrease year-over-year was due to a substantially higher average capital employed, mostly related to the acquisitions of Altair and Dotmatics.

4.3 Research and development

In fiscal 2025, we reported R&D expenses of €6.6 billion, compared to €6.3 billion in fiscal 2024. The resulting R&D intensity, defined as the ratio of R&D expenses to revenue, was 8.3%, as in fiscal 2024. Additions to capitalized development expenses amounted to €0.2 billion, as in fiscal 2024. As of September 30, 2025, Siemens worldwide held approximately 41,300 granted patents in its continuing operations. On average, we had 53,200 R&D employees in fiscal 2025.

Our efforts are ultimately geared toward developing innovative, sustainable solutions for our customers – and our businesses – while strengthening our own competitiveness. As a new cross-business technology organization, Foundational Technologies (FT) bundles Siemens' technological capacities and capabilities and accelerates our transformation into ONE Tech Company. FT forms the technological backbone of Siemens Xcelerator, supporting Siemens businesses with underlying research and development technologies, tools, platform services, and expertise – in order to make hardware and software development even faster, easier, and more efficient. It also facilitates the seamless integration of Siemens Xcelerator offerings and provides Siemens development teams with a uniform, future-proof technological foundation.

Our research and development activities focus on next-generation, state-of-the-art software and hardware within our core technology areas, which are 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 also advance technologies through our open innovation concept by working closely with scholars from leading universities, research institutions, and academic startups – not only under bilateral cooperation agreements, but also in publicly funded collective projects. Furthermore, our global venture capital unit, N47, brings knowledge and expertise from the startup ecosystem to Siemens. It ensures that Siemens gains early access to the best emerging technology solutions to help solve our customers' most difficult and fundamental business challenges.

5. Net assets position

(in millions of €)	Sep 30, 2025	2024	% Change
Cash and cash equivalents	**14,495**	9,156	58%
Trade and other receivables	**16,628**	16,963	(2)%
Other current financial assets	**11,523**	10,492	10%
Contract assets	**8,141**	7,985	2%
Inventories	**10,582**	10,923	(3)%
Current income tax assets	**1,536**	1,767	(13)%
Other current assets	**1,768**	1,632	8%
Assets classified as held for disposal	**36**	2,433	(99)%
Total current assets	**64,711**	61,353	5%
Goodwill	**40,670**	31,384	30%
Other intangible assets	**12,199**	9,593	27%
Property, plant and equipment	**13,023**	12,242	6%
Investments accounted for using the equity method	**866**	980	(12)%
Other financial assets	**30,670**	27,388	12%
Deferred tax assets	**1,944**	2,677	(27)%
Other assets	**2,118**	2,196	(4)%
Total non-current assets	**101,490**	86,459	17%
Total assets	**166,202**	147,812	12%

Our total assets at the end of fiscal 2025 were influenced by negative currency translation effects of €5.6 billion (particularly affecting goodwill, cash and cash equivalents, trade and other receivables), primarily involving the U.S. dollar.

The increase in **other current financial assets** was driven mainly by higher loans receivable at SFS, which were mainly due to new business and reclassification of loans receivable from **other financial assets** due to a reassessment of the expected repayment dates. The latter increased overall primarily due to the fair value revaluation of our stake in Siemens Energy AG.

Assets classified as held for disposal decreased following the completion of the sale of Innomotics. For further information, please refer to Note 3 in Notes to Consolidated Financial Statements for fiscal 2025.

The acquisitions of Altair and Dotmatics were the main factor for the increase of **goodwill** and **other intangible assets**, partially offset by the currency translation effects mentioned above. For further information on these acquisitions, please refer to Note 3 in Notes to Consolidated Financial Statements for fiscal 2025.

The decrease of **deferred tax assets** resulted mainly from income tax effects related to the remeasurement of defined benefit plans.

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, 2025	2024	% Change
Short-term debt and current maturities of long-term debt	**11,174**	6,598	69%
Trade payables	**9,183**	8,843	4%
Other current financial liabilities	**1,896**	2,006	(5)%
Contract liabilities	**12,761**	12,855	(1)%
Current provisions	**2,187**	2,730	(20)%
Current income tax liabilities	**2,094**	1,805	16%
Other current liabilities	**7,945**	7,833	1%
Liabilities associated with assets classified as held for disposal	**20**	1,245	(98)%
Total current liabilities	**47,261**	43,913	8%
Long-term debt	**44,841**	41,321	9%
Provisions for pensions and similar obligations	**732**	912	(20)%
Deferred tax liabilities	**1,261**	1,483	(15)%
Provisions	**1,198**	1,120	7%
Other financial liabilities	**482**	864	(44)%
Other liabilities	**2,055**	1,968	4%
Total non-current liabilities	**50,570**	47,667	6%
Total liabilities	**97,830**	91,581	7%
Debt ratio	***59%***	*62%*	
Total equity attributable to shareholders of Siemens AG	**62,244**	51,264	21%
Equity ratio	***41%***	*38%*	
Non-controlling interests	**6,127**	4,967	23%
Total liabilities and equity	**166,202**	147,812	12%

The increase of **short-term debt and current maturities of long-term debt** was due mainly to reclassifications of long-term instruments totaling €5.6 billion and to higher loans from banks totaling €2.6 billion, mainly related to financing arrangements in connection with forward transactions to hedge changes in the price of shares. This was partially offset by the repayment of instruments totaling €4.1 billion.

The unexercised expiration of a put option for shares in Siemens Limited, India granted to the Siemens Energy group (Siemens Energy) in fiscal 2024, was the main driver for the decrease of **other current financial liabilities**. For further information, please refer to Note 3 in Notes to Consolidated Financial Statements for fiscal 2025. This decrease was partially offset by the reclassification of a payment obligation from **current provisions**. For further information on this reclassification, please refer to Note 18 in Notes to Consolidated Financial Statements for fiscal 2025.

Liabilities associated with assets classified as held for disposal decreased following the completion of the sale of Innomotics. For further information, please refer to Note 3 in Notes to Consolidated Financial Statements for fiscal 2025.

Long-term debt increased due primarily to the issuance of bonds totaling €10.2 billion. Set against this were primarily the above-mentioned reclassifications and favorable currency translation effects of €1.0 billion on bonds issued in the U.S. dollar.

Provisions for pensions and similar obligations decreased mainly due to a higher discount rate, partially offset by a correlating negative return on plan assets.

The main factors for the increase in **total equity attributable to shareholders of Siemens AG** were €9.6 billion in net income attributable to shareholders of Siemens AG; a positive other comprehensive income, net of income taxes, of €3.9 billion, mainly resulting from the fair value revaluation of our stake in Siemens Energy AG, partly offset by negative currency translation effects; and €2.4 billion from the sale of a 7% stake in Siemens Healthineers AG, which also increased non-controlling interests by €1.2 billion. For further information on this transaction, please refer to Note 3 in Notes to Consolidated Financial Statements for fiscal 2025. Further contributing factors were the re-issuance of treasury shares totaling €1.0 billion and the above-mentioned unexercised expiration of a put option. The latter led to an increase in retained earnings by €0.6 billion. Set against these increases were dividend payments of €4.1 billion (for fiscal 2024); and the repurchase of treasury shares totaling €2.3 billion.

Capital structure ratio

Our capital structure ratio as of September 30, 2025, increased to 0.9 from 0.7 a year earlier. The change was due primarily to an increase in Industrial net debt, driven mainly by the above-mentioned increases in debt.

Debt and credit facilities

As of September 30, 2025, we recorded, in total, €46.7 billion in notes and bonds, €5.5 billion in loans from banks, €0.5 billion in other financial indebtedness and €3.2 billion in lease liabilities. Notes and bonds were issued mainly in the euro and the U.S. dollar, and to a lesser extent in the British pound.

We have credit facilities totaling €7.5 billion, which were unused as of September 30, 2025.

For further information about our debt see Note 16 in Notes to Consolidated Financial Statements for fiscal 2025. For further information about the functions and objectives of our financial risk management, see Note 25 in Notes to Consolidated Financial Statements for fiscal 2025.

Off-balance-sheet commitments

As of September 30, 2025, the undiscounted amount of maximum potential future payments related primarily to credit and performance guarantees amounting to €2.7 billion. This included primarily Siemens' obligations from credit and performance 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 €0.3 billion which result mainly from legal proceedings.

Irrevocable loan commitments amounted to €4.5 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 2025.

Share buyback

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 2025, Siemens repurchased 10,740,551 shares under this share buyback program.

6.2 Cash flows

(in millions of €)	Fiscal year 2025
Cash flows from operating activities	
Net income	**10,387**
Change in operating net working capital	**402**
Other reconciling items to cash flows from operating activities – continuing operations	**2,659**
Cash flows from operating activities – continuing operations	**13,448**
Cash flows from operating activities – discontinued operations	**(192)**
Cash flows from operating activities – continuing and discontinued operations	**13,257**
Cash flows from investing activities	
Additions to intangible assets and property, plant and equipment	**(2,445)**
Acquisitions of businesses, net of cash acquired	**(14,236)**
Change in investments and financial assets for investment purposes	**2,907**
Change in receivables from financing activities of SFS	**(1,496)**
Other disposals of assets	**739**
Cash flows from investing activities – continuing operations	**(14,530)**
Cash flows from investing activities – discontinued operations	**3,216**
Cash flows from investing activities – continuing and discontinued operations	**(11,314)**
Cash flows from financing activities	
Purchase of treasury shares	**(2,269)**
Re-issuance of treasury shares and other transactions with owners	**3,325**
Issuance of long-term debt	**10,881**
Repayment of long-term debt (including current maturities of long-term debt)	**(5,392)**
Change in short-term debt and other financing activities	**3,305**
Interest paid	**(1,733)**
Dividends paid to shareholders of Siemens AG	**(4,093)**
Dividends attributable to non-controlling interests	**(382)**
Cash flows from financing activities – continuing operations	**3,641**
Cash flows from financing activities – discontinued operations	**–**
Cash flows from financing activities – continuing and discontinued operations	**3,641**

Industrial Business recorded **cash inflows from operating activities** that exceeded its profit, with the highest contribution came from Smart Infrastructure. Cash inflows from changes in operating net working capital were driven by Digital Industries.

Cash outflows for **acquisitions of businesses, net of cash acquired**, mainly resulted from payments related to the acquisitions of Altair amounting to €9.3 billion and of Dotmatics amounting to €4.2 billion.

Cash inflows for **change in investments and financial assets for investment purposes** included proceeds of €2.7 billion from the sale of shares in Siemens Energy AG.

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

Siemens received proceeds totaling €3.8 billion due to disposal of businesses, net of cash disposed, mainly from the sale of Innomotics of €3.2 billion (recorded within **cash flow from investing activities – discontinued operations**) and from the sale of the wiring accessories business in China of €0.3 billion (recorded within **other disposals of assets**).

Cash inflows from the **re-issuance of treasury shares and other transactions with owners** were driven by the sale of Siemens' shares in Siemens Healthineers AG resulting in net proceeds of €3.6 billion partly offset by Siemens Healthineers AG's repurchase of its own shares amounting to €0.3 billion.

Change in short-term debt and other financing activities included cash inflows of €2.9 billion from liabilities to banks related to financing arrangements, which mature in fiscal 2026, in connection with forward transactions to hedge changes in the price of shares.

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

With our ability to generate positive operating cash flows of €13.3 billion from continuing and discontinued operations in fiscal 2025, our total liquidity (defined as cash and cash equivalents plus current tradable interest-bearing debt securities) of €15.5 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 2025			Fiscal year 2024		
(in millions of €)	Continuing operations	Discontinued operations	Continuing and discontinued operations	Continuing operations	Discontinued operations	Continuing and discontinued operations
Cash flows from operating activities	**13,448**	**(192)**	**13,257**	11,814	(149)	11,665
Additions to intangible assets and property, plant and equipment	**(2,445)**	**–**	**(2,445)**	(2,088)	(84)	(2,172)
(I) Free cash flow	**11,004**	**(192)**	**10,812**	9,726	(233)	9,494
(II) Net income			**10,387**			8,992
(I) / (II) Cash conversion rate			**1.04**			1.06

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 mid-term cycle. The Free cash flow as a percentage of revenue (Free cash flow return) increased to 13.7%, up from 12.5% in the prior-year.

Investing activities

Additions to intangible assets and property, plant and equipment from continuing operations totaled €2.4 billion in fiscal 2025. Within the industrial businesses, ongoing investments related mainly to technological innovations; maintaining, extending and digitalizing our capacities for designing, manufacturing and marketing new solutions; improving productivity; and replacements of fixed assets. These investments amounted to €1.7 billion in fiscal 2025. 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 clear increase in fiscal 2026. Significant amounts will be invested in the coming years for the construction, expansion, and relocation of high-tech production facilities in Singapore, the U.S. and China, and for the establishment of a new Technology Campus in Erlangen, Germany, to expand development and manufacturing capacities. Further investments are planned for the new urban quarter Siemensstadt Square in Berlin and for new office buildings in Spain and Germany, including Siemens Campus Erlangen, Germany. Furthermore, we continue to invest in attractive innovation fields through N47, our global venture capital unit.

7. Overall assessment of the economic position

Siemens again delivered outstanding results, achieving record levels of net income and Free cash flow, and meeting all forecasts for its primary measures for fiscal 2025. Despite the weak macroeconomic environment, which was characterized by trade policy uncertainties and protectionist measures, our businesses successfully capitalized on opportunities arising from the market trends toward electrification, automation, digitalization, and sustainability. On strong customer investments in data centers and power distribution, Smart Infrastructure again increased revenue and profit in all its businesses. Revenue also grew across all of Mobility's businesses and profit rose on a broad basis. Siemens Healthineers posted higher revenue and profit in a slightly growing market. Revenue and profit at Digital Industries came in lower year-over-year; however, destocking of elevated inventory levels at customers and distributors approached completion toward the end of the first half of fiscal 2025, and its automation business returned to revenue growth in the second half of the fiscal year.

During fiscal 2025, we worked consistently toward our goal of transforming Siemens into a ONE Tech Company to achieve an even stronger customer focus, faster innovation and higher profitable growth. Major milestones of the ONE Tech Company program included the acquisitions of Altair, a provider of software in the industrial simulation and analysis market and Dotmatics, a provider of life sciences R&D software. We closed both acquisitions successfully ahead of schedule in fiscal 2025. We also made significant progress in focusing our business activities. We successfully completed the sale of our motors and large drives company, Innomotics and closed the sale of a part of the airport logistics business, with the sale of the remaining business expected to close in calendar 2026. Also in fiscal 2025, we exited Smart Infrastructure's wiring accessories business. In addition, by the end of fiscal 2025 we reduced our stake in Siemens Healthineers AG to 69% and our shareholding in Siemens Energy AG to 10%.

In fiscal 2025, orders for Siemens rose 5% year-over-year to €88.4 billion. The book-to-bill ratio was strong at 1.12, thus fulfilling our expectation of a ratio above 1. All four industrial businesses increased orders year-over-year. Growth was led by clear increases at Digital Industries, driven by its automation business, which benefited from a low prior-year basis of comparison, and Mobility, which won, among others, a €3.5 billion order from an existing framework agreement for a turnkey rail system in Egypt and a €1.7 billion order for high-speed trains and related services in the U.S. Orders at Siemens Healthineers increased moderately and included a strong growth contribution from the imaging business. Orders at Smart Infrastructure came in slightly above the strong prior-year level.

Siemens' revenue increased 4% to €78.9 billion. Mobility and Smart Infrastructure recorded clear increases year-over-year, with all businesses contributing to growth. Mobility's revenue improvement was led by the rolling stock and the customer service businesses. At Smart Infrastructure, the largest growth contribution came from the electrification business. Siemens Healthineers' revenue increased moderately, with the strongest support coming from the imaging business. These increases were partly offset by a moderate decline in revenue at Digital Industries, mainly in its automation business. On a comparable basis, excluding currency translation and portfolio effects, revenue for Siemens rose 5%. We thus fulfilled the forecast for fiscal 2025 provided in our Combined Management Report for fiscal 2024, which was to achieve comparable revenue growth in the range of 3% to 7%.

Profit Industrial Business rose 3% to a record-high of €11.8 billion. Smart Infrastructure achieved the strongest increase due mainly to higher revenue, increased capacity utilization and productivity improvements. In addition, profit at Smart Infrastructure included a €0.3 billion gain related to the above-mentioned exiting of its wiring accessories business. Siemens Healthineers posted significantly higher profit on increased revenue in the imaging business and cost reductions from its transformation program in the diagnostics business. Profit at Mobility rose on a broad basis, with the customer service and the rail infrastructure businesses making the largest contributions. Digital Industries' profit declined year-over-year, due mainly to lower revenue and was further impacted by €0.4 billion in severance charges, mainly related to capacity adjustments in the automation business. Altair and Dotmatics burdened profit of Digital Industries' software business by €0.1 billion (including severance).

The profit margin of our Industrial Business was 15.4%, nearly on the very strong prior-year level of 15.5%. Smart Infrastructure achieved the highest margin, at 19.6%, and the strongest increase, up from 17.3% in fiscal 2024. The improvement included a positive 1.3-percentage-point effect related to exiting the wiring accessories business. Siemens Healthineers improved its profit margin to 15.1% compared to 14.2% a year earlier. The profit margin at Mobility came in at 8.8%, close to the prior-year level, while profit margin at Digital Industries declined considerably to 14.9%, down from 18.9% in fiscal 2024.

Earnings before taxes at SFS came in close to the prior-year level and ROE (after taxes) for SFS was 17.0%, down from 17.6% a year earlier.

Within Reconciliation to Consolidated Financial Statements, expenses in Innovation rose sharply as planned. Those expenses were largely related to the scaling of foundational technologies used across the company as part of the ONE Tech Company program.

Income from discontinued operations, net of income taxes included a €2.1 billion gain from the above-mentioned sale of Innomotics.

Net income reached another historic high of €10.4 billion, up 16% year-over-year and corresponding basic EPS increased to €12.25. EPS pre PPA rose to €12.95, including a positive effect of €2.64 per share from the sale of Innomotics. EPS pre PPA also included negative effects totaling €0.41 per share related to Altair and Dotmatics, which we acquired ahead of schedule as mentioned above and were not included in our forecast for fiscal 2025 provided in the Combined Management Report for fiscal 2024. Excluding these effects, which amount to a total of €2.23 per share, EPS pre PPA was €10.71, well within our forecast range of €10.40 to €11.00.

ROCE of 17.8% for fiscal 2025 was well in our target range of 15% to 20%, which we forecast for fiscal 2025 in our Combined Management Report for fiscal 2024. Despite higher net income year-over-year, ROCE came in below the prior-year level of 19.1%, due to substantially higher average capital employed, mainly related to the acquisitions of Altair and Dotmatics.

We evaluate our capital structure using the ratio of Industrial net debt to EBITDA. In fiscal 2025, this ratio was 0.9, compared to 0.7 a year earlier. We thus met the forecast for fiscal 2025 provided in our Combined Management Report for fiscal 2024, which was to achieve a ratio of up to 1.5.

Free cash flow from continuing and discontinued operations for fiscal 2025 was €10.8 billion, reaching a record high. The cash conversion rate for Siemens, defined as the ratio of Free cash flow from continuing and discontinued operations to net income, was 1.04. We thus met our forecast for fiscal 2025 given in the Combined Management Report for fiscal 2024, which was to achieve a cash conversion rate that contributes 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 €5.35 per share, up from €5.20 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 expected to grow by 2.6% in calendar 2026, representing a slight slowdown compared to the expected growth of 2.7% in calendar 2025. This forecast is based on the assumption of moderate stabilization of the global economy, but the economic environment is characterized by considerable uncertainty. Key factors such as the development of trade policy, massive investments in AI and related infrastructure, and ongoing geopolitical tensions will play a decisive role in actual economic developments.

The service sector is expected to remain an important growth driver in calendar 2026, with AI-supported services and digital technologies in particular likely to contribute significantly to global growth. Global investment in AI and its infrastructure is likely to drive not only the technology industry and its supplier industries in the field of software and hardware, but also productivity gains in other sectors. However, due to trade policy uncertainties, growth in industry and global trade is likely to remain subdued.

In the U.S., economic growth is expected to be just under 2% in calendar 2026, roughly on par with the previous year. The U.S. economy is benefiting significantly from very high AI investments by leading technology companies and from the tax law passed in calendar 2025. Nevertheless, tariff and non-tariff trade policy measures remain a significant source of uncertainty. The announced tariff increases on various imported goods could fuel inflation and dampen growth, while retaliatory measures by other countries could weigh on U.S. exports.

The EU economy is expected to continue to grow at a modest pace, with GDP rising by just over 1% in calendar 2026, following 1.4% in calendar 2025. The region is likely to benefit from falling energy prices and declining inflation, as well as a gradual recovery in domestic demand, while exports will dampen growth. After several weak years, the German economy is expected to show initial signs of stabilization, with growth of around 1% forecast. Investment programs in infrastructure and defense are likely to contribute significantly to this. However, trade tensions, in particular potential U.S. tariffs on European automotive and mechanical engineering exports, are expected to weigh on the outlook for Germany's export-oriented industry.

China's economic growth is expected to slow further to 4.3%, down from 4.8% in calendar 2025. The clear correction in the real estate sector, which is also dampening private consumption, is likely to continue to have a negative impact. The deflationary environment is also weighing on the Chinese economy. China is expected to continue investing heavily in AI technologies and green technologies as well as in more traditional infrastructure. At the same time, ongoing trade tensions with the U.S. are likely to lead to an increased focus on alternative trading partners. This increases the risk of additional trade conflicts.

The central banks of the major economies are likely to continue easing their interest rate policies. In view of a cooling labor market, the U.S. Federal Reserve is likely to cut its key interest rates several more times in calendar 2026. However, trade policy measures and the resulting price effects could limit its monetary policy options. For the ECB, the scope for further interest rate cuts is likely to be limited in view of the steps already taken. Further monetary easing measures are expected in China.

Massive investments in AI and digital technologies offer significant growth opportunities. These investments not only drive innovation but also create new markets. The productivity gains achieved through AI applications could contribute to higher growth potential for the global economy in the medium term. This is conditional on the expected productivity gains actually being realized by companies that use AI, either through higher production or lower costs.

The greatest uncertainty continues to stem from escalating trade conflicts, which have the potential to fragment global supply chains and significantly hamper global economic growth. There are also risks from further geopolitical tensions. In addition, risks in the financial markets have increased due to high public and private debt levels and very high valuations of some asset classes. A financial crisis could cause high real economic costs.

In summary, the outlook for the economy and Siemens' markets in 2026 is characterized by contrasts. While AI investments and technological innovation offer significant growth opportunities, trade conflicts and protectionist measures pose the greatest risks to global economic stability.

The figures and forecasts for GDP used here are based on S&P Global and Bloomberg (October 2025) as well as our own analyses.

8.1.2 Siemens Group

We are basing our outlook for fiscal 2026 on the above-mentioned expectations and assumptions regarding the overall economic situation. We are also basing it on the specific market conditions we expect for our respective industrial businesses, as described in chapter 3 Segment information. In particular, we assume for fiscal 2026 that the global economic environment will stabilize and that global GDP growth in will remain near the prior-year level.

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. As a result, a weak euro is principally favorable for our business and a strong euro is principally unfavorable. We mitigate a significant portion of our currency risks through natural hedges resulting from the global distribution of our production facilities. 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 currency-related effects on income in fiscal 2026. Nevertheless, based on US$ forward exchange rates as of November 2025, we anticipate that in fiscal 2026 negative currency effects will strongly burden nominal growth rates for volume as well as profit for our industrial businesses and EPS.

Our outlook excludes burdens from legal and regulatory matters.

Segments

For fiscal 2026, Digital Industries expects comparable revenue growth of 5% to 10% and a profit margin of 15% to 19%.

Smart Infrastructure expects for fiscal 2026 comparable revenue growth of 6% to 9% and a profit margin of 18% to 19%.

Mobility expects for fiscal 2026 comparable revenue growth of 8% to 10% and a profit margin of 8% to 10%.

Siemens Healthineers expects for fiscal 2026 to achieve comparable revenue growth of 5% to 6%, and to contribute solidly to profit and profit margin of our Industrial Business.

SFS anticipates earnings before taxes in fiscal 2026 on the level of fiscal 2025. ROE (after taxes) 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 6% to 8%. Furthermore, we anticipate that orders in fiscal 2026 will exceed revenue for a book-to-bill ratio above 1. Negative currency translation effects are expected to strongly burden nominal growth rates for orders and revenue.

As of September 30, 2025, our order backlog totaled €117 billion. We expect conversion from the backlog to support revenue growth in fiscal 2026, with approximately €43 billion of past orders being converted to current revenue. For the expected conversion of order backlog to revenue for our respective segments, see chapter 3 Segment information.

Profitability

Expenses in Governance are expected to be fully offset by income from Siemens brand fees in fiscal 2026.

Expenses in Innovation, which are largely related to the scaling of foundational technologies used across Siemens as part of the ONE Tech Company program, are projected to remain broadly in line with the fiscal 2025 level of €0.7 billion.

Amortization of intangible assets acquired in business combinations is expected to be in a range of €0.9 billion to €1.0 billion in fiscal 2026, compared to €0.8 billion in fiscal 2025. The increase is primarily attributable to the acquisitions of Altair and Dotmatics.

Financing, eliminations and other items, which was a positive €0.2 billion in fiscal 2025, is expected to be broadly at a similar level in fiscal 2026, depending on portfolio-related topics.

We anticipate that our tax rate for fiscal 2026 will be in the range of 23% to 27%. This assumption does not take into consideration possible effects that might arise from major tax reforms.

Our forecast for net income takes into account a number of additional factors. We expect negative currency effects to strongly burden profit for our industrial businesses and EPS. We assume that solid project execution will continue in fiscal 2026. We intend to keep the ratio of R&D expenses to revenue at the fiscal 2025 level of 8%. We expect the ratio of selling and general administrative expenses to revenue, which was 19% in fiscal 2025, to remain close to this level. Severance charges, which were €0.6 billion in fiscal 2025, are expected to be lower, at approximately €0.4 billion in fiscal 2026.

Given the above-mentioned assumptions, we expect EPS pre PPA in a range of €10.40 to €11.00 in fiscal 2026.

Capital efficiency

Our goal is to achieve a ROCE within a range of 15% to 20% over a mid-term cycle. Due mainly to factors currently influencing average capital employed, particularly the recent acquisitions of Altair and Dotmatics, we expect ROCE in fiscal 2026 to come in clearly below the lower end of this range.

Capital structure

In general, we aim for a capital structure of up to 1.5; we expect to achieve this target in fiscal 2026.

Cash conversion rate

We expect to generate another strong Free cash flow in fiscal 2026 and to achieve a cash conversion rate that contributes to reaching our target of 1 minus the annual comparable revenue growth rate of Siemens over a mid-term cycle.

8.1.3 Overall assessment

For fiscal 2026, we assume that the global economic environment will stabilize and that global GDP growth will remain near the prior-year level.

We also anticipate that in fiscal 2026 negative currency effects will strongly burden nominal growth rates in volume as well as profit for our industrial businesses and EPS.

For the Siemens Group, we expect comparable revenue growth in the range of 6% to 8% and a book-to-bill ratio above 1 for fiscal 2026.

Based on the expected profitable growth of our industrial businesses and substantial burdens from currency effects, we anticipate EPS pre PPA in a range of €10.40 to €11.00 in fiscal 2026.

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 both our financial reporting process and our sustainability 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 and sustainability 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 environmental, social and governance (ESG) developments we can initiate related mitigation actions in a timely manner. 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 threaten 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 quarterly evaluation of the company-wide risk and opportunity situation during the 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: Frequent and far-reaching executive directives or other administrative actions taken by various governments, often issued with limited notice and immediate effect, pose significant risks to the global economy, multi-national players and our own operations. These administrative actions, along with countermeasures initiated by other affected countries, can impact international trade relations, supply chains, market access, and investments. In addition, interest rates, exchange rates and inflation rates can be impacted. Resulting conflicting legal requirements in individual countries may lead to compliance conflicts, administrative penalties, and reputational damage. Currently, we see volatile tariff developments and trade restrictions as one of the biggest risks and source of uncertainty for the global economy. High sectoral tariffs, e.g. in automotive or pharma, could seriously harm important Siemens customers. Export controls on important materials, technologies or other inputs could disrupt our operations as well as the prohibition of business relationships might pose a business risk. The escalation of trade conflicts between the U.S., China, Europe and other countries could have unexpected adverse effects on global supply chains and global economic activity. A more extensive U.S.-China decoupling could have adverse effects on confidence and investment activity and could severely hit Siemens' business. Increasing trade barriers, protectionism, sanctions and in particular technical regulations could negatively impact production costs and productivity along our global value chains, as well as significantly impede or even hinder access to growth markets. Territorial claims and differing views on how to best address ongoing geopolitical conflicts are a major risk factor as well. Beyond continuous monitoring of current developments and their handling within regular business operations, Siemens has initiated various initiatives and task forces to analyze implications and initiate overarching implementation and mitigation measures where appropriate.

The lasting tensions in the Middle East might cause larger regional conflicts, 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 could 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. The bursting of asset price bubbles, banking sector problems or other financial crises could also cause a 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 creditors 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. Beyond the current challenges, additional risks arise from geopolitical tensions across various regions and countries. 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.

We are dependent on the economic development of certain industries; a continuation or even intensification of cyclical and structural headwinds in core customer industries could 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, incentives or offer a better customer solution. Governmental interventions can also negatively affect the competitive environment, for example by the introduction of tariffs and restrictions on technology or access to raw materials. 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 are also aware of the risk that intellectual property or source code is leaked or stolen, resulting in loss of competitive advantage, legal exposure, or reputational damage. 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.

Climate and related transition risks: The risks arising from the global transition towards a sustainable economy and the direct impacts of climate change continue to grow. Governments around the world are increasing their focus on environmental protection and decarbonization, with evolving and new laws and regulations such as new disclosure requirements (e.g. CSRD, Environmental Product Declaration III) and carbon pricing. In addition, increasing expectations from stakeholders, investors, and customers for environmental, social, and governance performance brings reputational risks if our commitments, targets, and activities are perceived as greenwashing or not credible. Achieving ambitious emission reduction targets depends on multiple internal and external factors, some of which are beyond our direct control. Additionally, the physical manifestations of climate change, such as extreme weather events, contribute to these risks, which can directly impact our infrastructure, supply chains, and operational continuity. These risks can lead to financial consequences, including increased operational costs, asset value depreciations, potential litigation losses, or loss of market access. We address these risks through ambitious targets, transparency, updated processes, and automation. Regular management engagement ensures strategic alignment and helps mitigate financial, operational, and reputational impacts. Our overall portfolio is already very well positioned to meet the current and future sustainability-related 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 consistently pursued 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 potential 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 verify 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, also using artificial intelligence technology, 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 information technology market is relatively concentrated among a small number of information technology and software vendors, which could lead to dependence on a single provider and counter to our strategic objectives. 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, miss targeted standardization targets or have other negative impacts on our business. Furthermore, delays in critical R&D projects could lead to negative impacts on 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.

Shortage of skilled people: Having skilled and committed people, particularly in technical fields, is crucial to understanding and serving our customers’ needs and ensuring our continued success. Challenges in sourcing, hiring, and retaining the required specialists, especially given the increasing competition among employers, alongside the growing complexity of developing people and skills at the pace of transformation, could have significant risks for our future growth. To address these risks, we have implemented structured and forward-looking measures based on analysis of our future workforce needs and transformation. Our corporate culture, which emphasizes diverse teams, equitable opportunities, and an inclusive working environment, empowers our people to unlock their full potential. Furthermore, we are focused on continuing development in our organization, promoting skills for life, and providing targeted training for our first-line leaders to build sustainable capability across Siemens.

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, and essential raw materials like rare earths. Capacity constraints and supply shortages resulting from ineffective supply chain management, external supply shocks, or export restrictions 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. In certain areas – such as cloud services – we depend on a limited number of providers. 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, protectionist trade policies 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.

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

Audits by tax authorities and changes in tax laws and regulations: We operate in nearly all countries of the world and therefore are subject to many different tax laws and regulations. Changes in tax laws and regulations in any of these jurisdictions could result in higher tax expenses and increased tax payments. Furthermore, legislative and regulatory 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.

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.

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 and geopolitical tensions (e.g. tariffs).

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 2025.

8.3.4 Compliance risks

Current and future investigations regarding potential violations of law: 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 violations of law could -also 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 audit function.

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, local requirements 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 condition, 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. Specifically, regulatory changes related to substances of concern may require adaptations across our value chain, and those regarding water pollution and land use can lead to higher operational costs.

Siemens supports the objectives of the "Chemicals Strategy for Sustainability" to strengthen the protection of human health and the environment against risks from chemicals. In line with this commitment, we recognize the risks associated with per- and polyfluoroalkyl substances (PFAS) and take targeted measures to identify their presence in our supply chain and ensure compliance with all current and upcoming legal requirements. 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. Such events can have severe consequences, including injuries, business interruptions, penalties, loss of reputation, customer attrition, and internal or external investigations. Despite established compliance processes to meet legal requirements, violations – whether by Siemens or by third parties (including suppliers or service providers whose actions may be attributed to us) – cannot be fully excluded. These may result in liability risks, fines, reputational damage, or the loss of licenses and permits essential to our business operations. We could also face liability for damage or remediation for environmental contamination at the facilities we design or operate. For certain environmental risks, we maintain liability insurance at levels our management believes are appropriate and consistent with industry practice. We may incur losses resulting from incidents that exceed the limits or fall outside the scope of our insurance coverage, and such events may negatively impact our business situation, financial condition, and results of operations.

Beyond direct regulatory compliance, Siemens also recognizes challenges related to customer relationships. Timely implementation of sustainability requirements is critical for meeting evolving customer demands for sustainable products, and delays in its implementation can pose risks to our market position.

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 business situation, financial condition, and results of operations. 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 exceeding the limits, or fall outside the scope 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 2025.

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 2025 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 opportunities described 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.

Value creation through innovation: We drive innovation by investing significantly in R&D 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. Building on this innovation, circular economy solutions can drive revenue growth by supporting customers in reducing supply shortages, raw material dependency, and lifecycle costs. 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 fields such 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.

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 AI, process optimization and collaboration. These gains are further supported by circular material management, aiming to, for instance, optimize operational sustainability; and by enhanced resource efficiency contributing to cost optimization and market competitiveness. 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 programs and avoiding or reducing non-conformance costs.

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 to gain a higher market share and increased profits. Furthermore, we aim to increase our sales via improved account management and new distribution channels.

Sustainability-driven business growth: The opportunity of aligning with the global transition toward sustainable economies and rising environmental expectations presents substantial business potential. This includes integrating sustainability into our core value proposition, supported by evolving legal and regulatory frameworks such as the EU Green Deal, EU Taxonomy, and CSRD, as well as major global stimulus programs. This strategic positioning enables increased business volume through specialized offerings in areas such as decarbonization and energy efficiency, resource efficiency and circularity, as well as people centricity and societal impact. Key measures include the establishment of cross-functional market teams to enhance market perception and portfolio positioning. Strategic messaging and tailored value propositions are being developed for vertical markets, supported by stakeholder engagement initiatives and external communications. By combining innovative technologies and smart financing, Siemens strives to support the transition towards a low-carbon and more sustainable economy.

Growth-enabling political and regulatory environment: A growth-enabling political and regulatory environment 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 as long as these measures do not create market distortion and unfair competition or cause companies contributing to sustainability to exit specific markets.

Assessment of the overall opportunities situation: The most significant opportunity for Siemens is value creation through innovation as described above.

While our assessments of individual opportunities have changed during fiscal 2025 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 as well as sustainability reporting, and compliance with the laws and regulations relevant to Siemens.

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 appropriateness and effectiveness of the ICS. The frameworks connect the ERM process with both our financial reporting process and our sustainability reporting process, our internal control and our compliance management system.

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 appropriate 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 appropriate 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 appropriate 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 risk-based for their 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. In addition, further audit activities were performed at Siemens AG (excluding Siemens Healthineers) by our external auditor in fiscal 2025 focusing on the description of the main aspects of the ICS and ERM as well as the comment provided by the Managing Board on the appropriateness and effectiveness of the entire ICS and ERM as required by the A.5 recommendation of the German Corporate Governance Code.

At the end of each fiscal year, our Managing Board performs an evaluation of the appropriateness 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 appropriateness 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 appropriateness and 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 appropriateness 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 appropriate or effective as of September 30, 2025.

Nevertheless, there are inherent limitations on the effectiveness of any risk management and control system. For example, no system – even if deemed to be appropriate 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 regularly engaged with our ICS and ERM. In particular, it oversees the accounting and the accounting process as well as the appropriateness 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 include a CMS tailored to the Company's risk profile. The CMS is built on three main pillars: prevent, detect, and respond. The system covers the following key legal risk areas corruption, antitrust law, data protection, money laundering, export control, and human rights. It operates based on a comprehensive set of internal rules. The Siemens Business Conduct Guidelines (BCG) establish the fundamental principles and standards of behavior that all employees must follow – both within Siemens as well as in our relationships with customers, external partners, and the public. The BCG also integrate Siemens' ethical principles, which go beyond legal requirements.

Additionally, there are detailed internal compliance regulations that define how the compliance organization and CMS function, including necessary controls. All Siemens employees are required to support the implementation of the CMS. These regulations offer specific instructions and guidance relevant to each risk area, covering compliance processes, tools, and additional information.

Compliance risk management and regular compliance reviews are key parts of the CMS, focusing on early identification of compliance risks. This proactive approach helps us take effective actions to prevent or reduce risks. Compliance Risk Assessments are integrated into various business processes and tools, and important results for the Group are included in our Company-wide ERM.

The Compliance Control Program is designed to ensure the global application and ongoing operation of the CMS and related processes. This program is part of the ICS and is continually improved and updated according to the latest Siemens guidelines. In addition, management regularly discusses current compliance topics.

Overall, the CMS is continuously adapted to meet business-specific risks and local legal requirements. Insights from compliance risk management, assessments, and controls are used to further develop and enhance the system.

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 engaged with our accounting-related ICS. In particular, it oversees the accounting and accounting process and the appropriateness 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 2025, 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 €5.35 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, 2025 amounting to €4.3 billion. The proposed dividend represents a total payout of €4.2 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 2026, we expect that net income of Siemens AG will be sufficient to fund the distribution of a commensurate dividend.

As of September 30, 2025, the number of employees was around 48,100.

9.1 Results of operations

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

	Fiscal year		% Change
(in millions of €)	2025	2024	
Revenue	**16,717**	16,428	2%
Cost of sales	**(11,940)**	(11,567)	(3)%
Gross profit	**4,777**	4,861	(2)%
as percentage of revenue	***29%***	*30%*	
Research and development expenses	**(2,034)**	(2,020)	(1)%
Selling and general administrative expenses	**(3,682)**	(3,476)	(6)%
Other operating income (expenses), net	**208**	530	(61)%
Income (loss) from investments, net	**8,024**	6,821	18%
Interest and other financial income (expenses), net	**767**	(1,165)	n/a
Income from business activity	**8,060**	5,552	45%
Income taxes	**(393)**	(34)	>-200%
Net income	**7,667**	5,518	39%
Profit carried forward	**67**	51	31%
Allocation to other retained earnings	**(3,454)**	(1,409)	(145)%
Unappropriated net income	**4,280**	4,160	3%

On a geographical basis, 75% of revenue was generated in the Europe, C.I.S., Africa, Middle East region, 15% in the Asia, Australia region and 10% in the Americas region. Exports from Germany accounted for 57% of overall revenue. In fiscal 2025, orders for Siemens AG amounted to €17.2 billion.

The increases in **revenue** and **cost of sales** were due mainly to Smart Infrastructure. The decrease in **gross profit** was due mainly to Digital Industries.

The R&D intensity (R&D costs as a percentage of revenue) was 12.2%, nearly on the same level as in fiscal 2024. 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 2025.

Higher **selling and general administrative expenses** included as the largest factor an increase in selling expenses at Smart Infrastructure.

The decrease in **other operating income (expenses), net** was due mainly to a decline in income from an intragroup agreement of €0.3 billion and from the release of provisions of €0.1 billion.

Income (loss) from investments, net included mainly income from investments of €4.4 billion (fiscal 2024: €3.3 billion) and income from profit transfer agreements with affiliated companies of €2.6 billion (fiscal 2024: €1.3 billion). Additionally, Siemens AG recorded a gain of €1.2 billion (fiscal 2024: €1.1 billion) from the sale of a stake in Siemens Energy AG. For comparison, in fiscal 2024 Siemens AG recorded a gain of €1.0 billion from the reversal of an impairment on the stake in Siemens Energy AG.

The positive change in **interest and other financial income (expenses), net** was mainly due to gain of €1.2 billion from the sale of a stake in Siemens Healthineers AG and decline in expenses from liabilities to affiliated companies of €0.9 billion driven by lower interest rates on intragroup financing activities.

9.2 Net assets and financial position

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

(in millions of €)	Sep. 30, 2025	2024	% Change
Assets			
Non-current assets			
Intangible and tangible assets	**1,464**	1,336	10%
Financial assets	**67,354**	70,182	(4)%
	68,819	71,518	(4)%
Current assets			
Inventories, receivables and other assets	**29,463**	23,415	26%
Cash and cash equivalents, other securities	**6,145**	1,892	>200%
	35,608	25,307	41%
Prepaid expenses	**294**	218	35%
Deferred tax assets	**1,824**	2,081	(12)%
Active difference resulting from offsetting	**74**	64	16%
Total assets	**106,620**	99,188	7%
Liabilities and equity			
Equity	**24,925**	22,409	11%
Special reserve with an equity portion	**538**	539	0%
Provisions			
Provisions for pensions and similar commitments	**12,821**	13,248	(3)%
Provisions for taxes and other provisions	**3,383**	3,956	(14)%
	16,204	17,204	(6)%
Liabilities			
Liabilities to banks	**3,159**	240	>200%
Trade payables, liabilities to affiliated companies and other liabilities	**61,564**	58,572	5%
	64,724	58,811	10%
Deferred income	**228**	225	1%
Total liabilities and equity	**106,620**	99,188	7%

The decline in **financial assets** was mainly related to the disposal of Innomotics GmbH in the amount of €2.2 billion and the disposal of a stake in Siemens Energy AG in the amount of €1.6 billion. These decreases were partly offset by a net increase in investment securities held as fixed assets in the amount of €1.4 billion related to pension assets.

The change in **cash and cash equivalents, other securities** relates to the liquidity management conducted by Corporate Treasury, which was not limited to the business activities of Siemens AG. The liquidity management is based on the financing policy of the Siemens Group, which is aimed towards a balanced financing portfolio, a diversified maturity profile and a comfortable liquidity cushion. Intra-group financing activities drove both an increase of €6.5 billion in receivables from affiliated companies, which resulted in higher **inventories, receivables and other assets,** and an increase of €2.7 billion in liabilities to affiliated companies, which was the main reason for the increase of **trade payables, liabilities to affiliated companies and other liabilities.**

Lower **provisions for taxes and other provisions** included mainly a decrease in other provisions of €0.4 billion (with a corresponding increase in other liabilities) related to a contract under public-law between Siemens AG and the Federal Republic of Germany, based on which the obligation of final disposal of nuclear waste is transferred to the Federal Republic of Germany for a payment of €0.4 billion. The EU commission approved the contract under state-aid rules in September 2025. Siemens AG paid the amounts as due in October 2025.

The increase in **liabilities to banks** related mainly to financing arrangements of €2.9 billion in total, which mature in fiscal 2026, in connection with forward transactions to hedge changes in the price of shares.

The increase in **equity** was due to net income of €7.7 billion and the transfer of €1.2 billion in treasury shares to employees in connection with our share-based payment programs. These factors were partly offset by dividends paid in fiscal 2025 (for fiscal 2024) of €4.1 billion and share buybacks during the year amounting to €2.3 billion. The equity ratio as of September 30, 2025 was 23%, on the prior-year level. For the disclosures in accordance with Section 160 para. 1 no. 2 of the German Stock Corporation Act about treasury shares, refer to Note 14 of our Notes to Annual Financial Statements for fiscal 2025.

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, 2025, 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 9,487,101 Siemens shares (as of September 30, 2025) 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, 2025, 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 8, 2024 and February 13, 2025, 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 70 million and up to 60 million Siemens shares, respectively. Based on these two authorizations, the Company or its affiliated companies may issue such convertible bonds and/or warrant bonds until February 7, 2029 and February 12, 2030, 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 2024 and 2025, by up to 70 million and up to 60 million Siemens shares, respectively (Conditional Capitals 2024 and 2025), 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.

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 13, 2025, the Shareholders' Meeting authorized the Company to acquire until February 12, 2030 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 instruments). In exercising this authorization, all stock repurchases based on such 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 12, 2030.

The Managing Board is authorized by resolution of the Shareholders' Meeting on February 13, 2025 to use Siemens shares repurchased on the basis of this or any previously given authorization – in addition to selling them on the stock exchange or through a public sales offer to all shareholders proportionately according to their percentage of ownership – 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, against non-cash contributions;
- sold, 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 (limited 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; additional limitation to 20% of its capital stock by application of Section 186 para. 3 sentence 4 German Stock Corporation Act, including other 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. Using the authorizations given by the Annual Shareholders' Meetings on February 5, 2020 and February 13, 2025, Siemens repurchased 17,070,189 shares by September 30, 2025 under this share buyback that began on February 12, 2024. 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, 2025, the Company held 19,735,802 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, 2025, Siemens AG maintained lines of credit in the amount of € 7.45 billion, which are unused.

A consolidated subsidiary as borrower and Siemens AG as guarantor entered into a bilateral loan agreement in the amount of US$ 500 million in March 2025 which has been fully drawn. In January 2025, a consolidated subsidiary as borrower fully drew a loan in the amount of EUR 300 million via a bilateral loan agreement, which is guaranteed by Siemens AG. In February 2024 and December 2023, respectively, a consolidated subsidiary as borrower and Siemens AG as guarantor entered into a bilateral loan agreement each in the amount of EUR 500 million; both loan agreements have been fully drawn.

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 addition, in June 2019, a consolidated subsidiary as borrower and Siemens AG as guarantor entered into a bilateral loan agreement in the amount of US$ 500 million, which has been fully drawn.

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

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

10.6 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.

Siemens shares with special rights conferring powers of control do not exist.

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 such shares of stock may exercise their control rights in the same way as any other shareholder in accordance with applicable laws and the Articles of Association.

There are no compensation agreements with members of the Managing Board or employees in the event of a takeover bid.

11. Sustainability Statement

The Sustainability Statement, which forms part of this Combined Management Report, is provided as a separate file to ensure reporting tailored to its intended users.

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 decrees, decisions, assessments or requirements of regulatory or governmental 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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