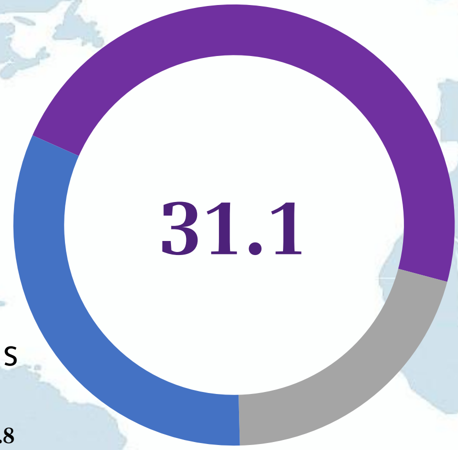
Siemens Energy Annual Report 2023

siemens-energy.com

Siemens Energy Group at a glance

Revenue distribution (location of customer)
(in billions of €)



EMEA
14.8
therein Germany **2.5**

Americas
10.0
therein U.S. **5.8**

Asia, Australia
6.4
therein China **1.5**

Profit margin before Special items	Profit before Special items (in millions of €)	Net loss (in millions of €)
(8.9)%	**(2,776)**	**(4,588)**
Order Backlog (in billions of €)	Orders (in billions of €)	Book-to-bill ratio
112	**50.4**	**1.6**
Free cash flow pre tax (in millions of €)	Basic EPS (in €)	Employees Ø (in thousands)
784	**(5.47)**	**94**

Content

Introduction to the Annual Report

1

Letter from the Executive Board

Dear Shareholders,

2023 was a year of light and shadow for Siemens Energy. Despite numerous successes, the year was marked above all by an unsatisfactory share price. The Gas Services, Grid Technologies and Transformation of Industry Business Areas met or exceeded their targets. Strong orders, reflecting the increased demand for energy transition technologies, was accompanied by a significant increase in revenue, supported by the consistent execution of the high order backlog. As a result of our operational improvements, we have significantly improved the margin in these businesses. The quality of our products, our global reach and the commitment of our employees are the basis to capitalize on the opportunities in the energy market together with our customers.

On the other hand, we clearly fell short of our goal of returning the wind business to profitability by integrating it into Siemens Energy. Our company suffered an unexpected and severe setback in the past fiscal year at Siemens Gamesa. This had a serious impact on our overall results and thus also on our share price. The transaction had started as planned. In May 2022, we announced a voluntary cash tender offer to acquire the outstanding shares of Siemens Gamesa to delist the company and gradually integrate it into Siemens Energy. Siemens Gamesa's shareholders approved the offer at an Extraordinary General Meeting on January 25, 2023. The delisting became effective on February 14, 2023. Today, Siemens Energy is the sole owner of Siemens Gamesa. However, in the summer of 2023, serious quality problems emerged in parts of the onshore fleet coupled with higher product costs and challenges in ramping up the offshore business, that led to a material negative impact on the company's earnings. To address the quality issues with the 4.X and 5.X onshore platforms, we set up a task force staffed with experts, both internal and external to Siemens Energy. The task force has developed a corrective action plan, which is now being systematically implemented. We remain convinced that wind energy will be an attractive business in the medium term.

Our business opportunities as an energy technology company are excellent. After all, the world's energy infrastructure needs to undergo a fundamental transformation. Only then will humanity be able to meet the growing challenges of climate change and rising energy demand. We firmly believe that Siemens Energy can and will benefit from this transformation. An important prerequisite is that each business contributes to our mid-term profitability target.

In fiscal year 2023, the excellent performance of the majority of Siemens Energy's businesses was overshadowed by the unsatisfactory performance in the wind business. Gas Services, Grid Technologies and Transformation of Industry showed an excellent performance throughout the fiscal year, characterized by strong orders, successful project execution and operational improvements leading to increased profitability in these business areas. All businesses, except for Siemens Gamesa, either met or exceeded their full year guidance as announced at the beginning of the year.

Siemens Energy met its full-year guidance for fiscal 2023, which was adjusted in the third quarter. Orders exceeded the high level of the prior fiscal year by 33.8% on a comparable basis and rose to €50.4 billion (2022: €38.3 billion). The order backlog at the end of the year was at a record level of €112 billion (2022: €97 billion). Revenue of €31.1 billion was up by 9.9% on a comparable basis. Siemens Energy's Profit before special items decreased to negative €2,776 million (2022: positive €225 million) due to the loss at Siemens Gamesa. Special items amounted to negative €184 million (2022: negative €413 million) largely related to restructuring costs at Siemens Gamesa and costs in connection with the integration of Siemens Gamesa. Profit for Siemens Energy came in at negative €2,960 million (2022: negative €188 million). Net loss of Siemens Energy was €4,588 million (2022: €712 million). Corresponding EPS were negative at €5.47 (2022: negative €0.65). Free cash flow pre tax decreased to €784 million (2022: €1,503 million).

For Siemens Energy in fiscal year 2024, we expect comparable revenue growth in a range of 3% to 7% and a Profit margin before special items between negative 2% and positive 1%. Furthermore, we expect a Net income of up to €1bn including impacts from disposals and the acceleration of the portfolio transformation. Free cash flow pre tax is expected to be around negative €1.0 billion. We expect proceeds in a range of positive €2.5 billion to €3.0 billion from disposals and the acceleration of the portfolio transformation.

A difficult geopolitical environment and the resulting increase in volatility will remain the new "normal" in the future. Siemens Energy must prepare for this by further focusing its portfolio, innovating new products, diversifying its supply chains, streamlining processes, and focusing on data and digitalization. The global energy transition is just beginning. We have a lot of work ahead of us. We are in an excellent position, thanks in large part to our 94,000 employees in more than 90 countries, who are dedicated and passionate about the challenges of transformation. They are all working hard to ensure that we at Siemens Energy will see far more light than shadow in the future. I am delighted that you are with us on this journey and thank you for your trust.

President and Chief Executive Officer

Christian Bruch

Tim Holt
Member of the Executive Board

Maria Ferraro
Chief Financial Officer

Christian Bruch
President and Chief Executive Officer

Karim Amin
Member of the Executive Board

Anne-Laure Parrical de Chammard
Member of the Executive Board

Vinod Philip
Member of the Executive Board

About this Report

This Annual Report contains the Consolidated Financial Statements and the Combined Management Report of Siemens Energy AG and its subsidiaries ('Siemens Energy', 'the Group', 'the Company', or 'we') for the year ended 30. September 2023 including the Group non-financial statement in chapter **2.10 Group non-financial statement** of the Combined Management Report, as well as further information. It complies with the annual financial reporting requirements of Section 114 of the German Securities Trading Act ("Wertpapierhandelsgesetz"). The Combined Management Report includes the management report for Siemens Energy AG in addition to the information on the Group. This Annual Report also contains the **4.5 Corporate Governance pursuant to Sections 289f and 315d of the German Commercial Code** as well as the **4.6 Compensation Report of Siemens Energy AG for fiscal year 2023 pursuant to Section 162 of the German Stock Corporation Act**. Independently of this, as part of our focused corporate communications activities, we will also be reporting on sustainability matters within a dedicated sustainability report (available under **www.siemens-energy.com**).

The Siemens Energy's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) as well as with the additional requirements set forth in Section 315 e para. 1 German Commercial Code. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft has audited the Consolidated Financial Statements and the Combined Management Report. The unqualified independent auditor's report can be found under **4.2 Independent Auditor's Report**. The Independent Auditor's Report also includes a "Report on the assurance in accordance with Section 317 (3a) HGB on the electronic reproduction of the Consolidated Financial Statements and the Group management report prepared for publication purposes" ("ESEF Report"). The audit subject underlying the ESEF Report (ESEF documents to be audited) is not attached. The audited ESEF documents can be viewed or accessed at **www.siemens-energy.com**.

This document contains statements related to our future business and financial performance and future events or developments involving Siemens Energy, 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, prospectuses, presentations, material delivered to shareholders and press releases. In addition, our representatives may from time to time make verbal forward-looking statements.

Such statements are based on the current expectations and certain assumptions of Siemens Energy's management, of which many are beyond Siemens Energy's 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 chapters **2.7 Report on expected developments** and **2.8 Report on the internal control and risk management and material risks and opportunities** of the Annual Report. Should one or more of these risks or uncertainties materialize, should acts of force majeure, such as pandemics, occur, or should underlying expectations including future events occur at a later date or not at all, or should assumptions prove incorrect, Siemens Energy's actual results, performance, or achievements may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens Energy 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 standards 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 Energy's net assets, financial position and 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.

The Consolidated Financial Statements have been prepared and published in millions of euro (€ million). 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 version.

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

Combined Management Report

2

2.1 Business description

2.1.1 Organization and reporting structure

Siemens Energy AG, parent company of the Siemens Energy Group ('Siemens Energy', 'the Group', 'the Company', or 'we') and registered in Munich, is a Stock Corporation (Aktiengesellschaft) in accordance with German law.

The Executive Board of Siemens Energy AG is the body with overall responsibility for the management of the business in accordance with the German Stock Corporation Act (Aktiengesetz).

Siemens Energy introduced a new corporate and reporting structure at the beginning of fiscal year 2023. The divisions of the former reportable segment Gas and Power (GP) were reassigned into three Business Areas: Gas Services (GS), Grid Technologies (GT), and Transformation of Industry (TI). Siemens Gamesa was not impacted by these changes and is now the Group's fourth Business Area (see **Continuing strategic development of Siemens Energy and integration of Siemens Gamesa** in **2.3.2.2 Other events influencing the course of business** for information about the acquisition of the outstanding shares in Siemens Gamesa Renewable Energy S.A.). GS, GT and Siemens Gamesa are reportable segments; TI will report voluntarily as if it were a reportable segment (all the aforementioned are hereinafter referred to as segments). The central items previously assigned to GP are now presented in Reconciliation to Consolidated Financial Statements.

Reconciliation to Consolidated Financial Statements includes items which management does not consider to be indicative of the segments' performance, mainly group management costs (management and corporate functions) and other central items, Treasury activities as well as eliminations. Other central items include Siemens brand fees, corporate services (e.g., management of the Group's real estate portfolio (except Siemens Gamesa), which was allocated to the GP segment in the prior year), corporate projects, centrally held equity interests and other items. For further information, see **Note 25 Segment information** in **3.6 Notes to Consolidated Financial Statements**.

Siemens Energy supports its customers around the globe. The regional breakdown used for reporting purposes by Siemens Energy is **EMEA** (Europe, Commonwealth of Independent States (C.I.S), the Middle East and Africa), **Americas** (Canada, the United States as well as Central and South America), and **Asia, Australia** (the remaining countries of the Asian continent, as well as Australia and New Zealand).

2.1.2 Business model

Siemens Energy is active along the entire energy technology and service value chain with comprehensive and differentiated products, solutions and service offerings.

Our broad product portfolio, comprising efficient conventional as well as renewable energies, enables us to meet the increasing demand for energy and support efforts to reduce greenhouse gas emissions at the same time. We also offer digital business and intelligent service models to our customers. Therefore, we consider ourselves well positioned to shape the energy transition toward decarbonized energy technologies and promptly react to customer needs worldwide thanks to our global footprint.

As already communicated in November 2020, Siemens Energy no longer participates in new tenders for pure coal-fired power plants. Siemens Energy will still fulfill existing commitments for coal-fired power plant projects, including binding offers submitted at the time of this decision. Also continued are the carbon-reducing service and solutions businesses, as well as combined heat and power (CHP) projects.

A significant share of our business is executed via high-volume projects and characterized by multi-year customer orders, especially in our service and solutions businesses. While orders for large projects may lead to volatility in order intake from one reporting period to the next, revenue is generally less affected by such volatility. Large projects typically have longer development and construction phases. This, coupled with our often long-term service contracts, leads to stable and recurring revenue recognition over several reporting periods. Hence, our order backlog gives us a high degree of transparency regarding future revenues.

Our profitability level differs among our portfolio elements. Therefore, our results of operations are affected by the portfolio mix sold in each segment. Our service business typically has higher margins than the product and solutions businesses. Hence, our results of operations and margins depend on our ability to generate revenue from servicing our large installed fleet as it becomes subject to wear and tear, in particular the rotating equipment. We aim to maintain and expand the long lifespan of our installed fleet to secure orders for service contracts, primarily focusing on long-term service programs.

Therefore, we see the service business as a major pillar of the sustainable business success of Siemens Energy and are seeking to enlarge and leverage this further in the future.

Gas Services

The **Gas Services** Business Area consolidates all the business activities relating to gas and large steam turbines, large generators, and heat pumps, as well as the associated control technology. The GS portfolio includes products, solutions, and services for central and distributed power generation. The business is focused on servicing the installed fleet of gas and steam turbines. The wide-ranging service portfolio includes maintenance, performance enhancements, operation services, digitalization, and professional consulting.

GS supports a broad spectrum of customers: utilities, independent power producers, municipal energy producers, EPC (engineering, procurement, and construction) companies, industrial customers, and customers in the oil and gas industry.

Reliable, efficient, and low-emission turbines enable the integration of renewable energy into grids by delivering the base load and/or supplementing the fluctuating supplies from renewable energy sources. GS is contributing to the decarbonization of power generation, thus supportting the achievement of its customers' net zero targets. To this end, individual gas turbines are being equipped with greater capabilities to use hydrogen and green fuels simultaneously (current levels already as high as 75%). Moreover, the portfolio includes further measures for reducing emissions from gas turbines and power plants by as much as 100%, e.g., through partnerships for carbon separation solutions. Heat pumps represent another key lever for reducing emissions, contributing to the decarbonization of district heating and industrial heat generation.

Competitors to GS include a small number of multinational original equipment manufacturers (OEMs), some of which hold strong market positions in their home markets.

Grid Technologies

The activities of the **Grid Technologies** Business Area are focused on the key market trends of demand growth, electrification, decarbonization, and digitalization.

The products, systems, solutions, and services offered by GT overcome the challenges arising from the increasing complexity of the grid infrastructure as a result of integrating renewable energy and the trend toward distributed energy generation. Included in the product portfolio are high-voltage direct current (HVDC) transmission systems, offshore wind farm grid connections, flexible alternating current transmission systems (FACTS), high-voltage substations, air- and gas-insulated switchgear, transformers, digital grid solutions and components, as well as storage solutions.

The GT Business Area serves a broad range of customers including independent power producers, transmission and distribution system operators, and industrial and infrastructure customers in industries such as oil and gas, chemicals, mining, and operators of data centers, airports, and railway companies. Due to its extensive technological expertise, a global manufacturing network, its own marketing organization, and marketing partners, GT is supporting its customers on their path to decarbonization.

Competitors of GT consist mainly of a small number of large multinational companies, increasingly joined by smaller, fast-growing manufacturers in countries such as China, India, and South Korea.

Transformation of Industry

The **Transformation of Industry** Business Area comprises four operating but non-reportable segments (Sustainable Energy Systems (SES); Electrification, Automation, Digitalization (EAD); Industrial Steam Turbines & Generators (STG); and Compression (CP)), which are presented voluntarily as if they were a single reportable segment. The Business Area's activities are focused primarily on reducing energy consumption and greenhouse gas emissions in industrial processes. TI is therefore supporting industrial customers in reducing their carbon footprint and achieving their individual decarbonization targets. Its portfolio includes integrated systems and solutions for various process industries (e.g., oil and gas, chemicals, petrochemicals, and fibers), as well as for the shipping industry.

TI concentrates on industrializing novel decarbonization technologies and has consolidated these activities with a view to achieving industrial scaling, especially in respect of hydrogen, Power-to-X, and photovoltaics. Another key focus is the delivery of integrated industrial decarbonization solutions based on electrification and process optimization (automation and digitalization).

The TI portfolio includes electrolyzers, industrial steam turbines with an output of up to 250 MW, industrial generators, turbo and reciprocating compressors, compressor trains, systems and solutions, as well as service offerings for the entire portfolio aimed at extending the lifespan and availability of products and increasing efficiency, especially of steam turbines and compressors. TI develops and supplies products in new fields of technology spanning the entire product life cycle, for example, heat recovery solutions, compressed air storage, special hydrogen compressors, and CO_2 compressors for separating, using, and storing carbon.

Overall, TI is benefiting from the rising demand for carbon-optimized energy technologies, the transition toward a hydrogen-based economy, as well as the electrification, automation, and digitalization of industry. Reducing industrial emissions requires investment in decarbonization solutions, including electrification and efficiency enhancement, in the optimization, improvement, and modification of processes, as well as in the reduction and use of volatile emissions.

TI's main competitors are a number of OEMs, some of which have a very strong position in their home markets, EPC suppliers, as well as entities of industrial enterprises and start-ups that focus on clean technologies and hydrogen.

Siemens Gamesa

The **Siemens Gamesa** Business Area focuses on the design, development, manufacturing, and installation of products, as well as on the provision of technologically advanced services in the renewable energy sector, with a focus on onshore and offshore wind turbines for various wind conditions. Depending on customer requirements, Siemens Gamesa's scope of involvement may include delivering either a full EPC project or, in some cases, just the supply of components for wind turbines. Siemens Gamesa comprises the Wind Turbines (Onshore and Offshore) as well as Operation and Maintenance (Service) business fields.

For global onshore markets, Siemens Gamesa delivers wind turbine design, engineering, manufacturing, and installation solutions focused mainly on geared technology, which can be adapted to regional and local needs. Global offshore markets are provided with customer-specific wind turbine equipment design, manufacturing, and installation based on direct drive technology.

In addition, Siemens Gamesa provides services for the operation and maintenance of wind farms, including a comprehensive and flexible portfolio for the maintenance and optimization of wind turbines, thus delivering holistic lifetime care. Complete asset management as well as technical assistance is provided for Siemens Gamesa's wind turbines and is also being expanded for third-party platforms.

Siemens Gamesa's primary customers are large utilities and independent power producers, as well as project developers. Competition in wind power differs in the two major market segments. In the markets for onshore wind farms, competition is leading to ongoing concentration – starting from a relatively dispersed supply side with no single company currently holding a dominant market share. By contrast, the markets for offshore wind farms are already served by just a few experienced players. Consolidation is constantly moving forward in both onshore and offshore markets, driven mainly by scale as well as technology and market access challenges.

The share of renewable energy in the global energy mix is widely expected to increase continuously. However, the growing number of auctions for wind power development represent a constant challenge for both developers and turbine suppliers. Moreover, competition with other power sources is putting additional pressure on life-cycle costs. To master this challenge, Siemens Gamesa is focusing on innovation, productivity, asset management, operational excellence, sustainability, and employee development. It is also investing in digitalization, which is seen as a key differentiator.

2.1.3 Research and development

In fiscal year 2023, we reported research and development (R&D) expenses of €1,123 million (2022: €1,078 million). The resulting R&D intensity, defined as the ratio of R&D expenses to revenue, was 3.6% (2022: 3.7%). Additions to capitalized development expenses amountted to €190 million in fiscal year 2023 (2022: €193 million). As of September 30, 2023, Siemens Energy held approximately 18,700 granted patents worldwide in its continuing operations (2022: around 18,300). In fiscal year 2023, Siemens Energy employed an average number of around 4,300 people in the R&D area.

Our revenue is driven by our ability to deliver innovative products, integrated systems, solutions, and services, and to develop deep relationships with customers and partner companies. We are convinced that sustainable economic value is created through continuous innovation and that investment in R&D is fundamental to our success.

Siemens Energy steers the R&D activities based on a clearly defined strategy. R&D expenses are subject to regular review in line with Business Area requirements and may be reallocated. We are seeking to develop our portfolio with a clear focus on decarbonized energy technologies, service, and new growth fields. Another key objective is improving the leverage of our large service potential and the competitiveness of our current products based on strict quality criteria. Furthermore, we will enhance our electrolyzer product line to grow revenues.

We continue to develop our current five fields of action focusing on energy landscape transformation and decarbonization:

- Decarbonized heat and industrial processes: high temperature heat pumps, electrified industrial heat, fuel cells, industrial waste heat recovery
- Power-to-X: direct air capture, offshore hydrogen, e-chemicals/fuels
- Resilient grids and reliability: grid digitalization, disruptive grid elements, high density energy systems
- Condition-based service interventions: digital twins for optimizing energy consumption, autonomous operation, asset/plant reliability and microgrids
- Energy storage: long duration energy storage, redox flow batteries

Our R&D activities are aimed at best addressing the challenges posed by the market-defining mega trends: growing electricity demand, decarbonization, digitalization, and decentralization.

In the GT business, R&D activities are focused on accelerating the development of the SF_6 (sulfur hexafluoride)-free blue portfolio, as well as digital products, systems, and solutions – including battery energy storage – to better support the energy transition. The GS business' R&D activities are focused on transitioning to a carbon-neutral portfolio by developing new services, distributed power generation applications, and carbon-neutral products and solutions. To this end, products being developed include grid stabilizers, large-scale heat pumps, and hybrid solutions. In the traditional GS businesses and in the TI business, R&D activities are strongly focused on decarbonization to support our customers in the changed market environment. Here, the main levers are increasing the efficiency, availability, and flexibility of the equipment used, and reducing greenhouse gas emissions, including increasing the use of hydrogen. Siemens Gamesa focuses its R&D activities on the technical development of products and production processes, with the goal of reducing electricity generation costs and facilitating the integration of wind turbines into hybrid solutions. Other R&D activities are aimed above all at modularizing and standardizing the technologies, tools, and processes for the entire wind portfolio, as well as at optimizing product costs and the quality of both products and manufacturing processes. In January 2023, the Siemens Gamesa R&D organization was transitioned to a platform-based model that console-dates the expertise in onshore and offshore technologies and gives the product platforms full responsibility for the costs, timing, and quality of their products. As a result, necessary product quality improvements can be implemented quickly and systematically. A key milestone was achieved in March 2023 with the successful commissioning of the SG 14-236 DD prototype, an offshore wind turbine that produces up to 30% more electricity than its predecessor and thus contributes greatly to ensuring competitiveness in the growing offshore wind market.

A number of major projects are evidence of the success of our R&D activities in the areas of energy transition and carbon-neutral techno-logies. One example is our collaboration with Danish energy company Ørsted to build a commercial production facility for carbon-neutral marine fuels in northeastern Sweden. At the heart of this FlagshipONE plant is a technology package from Siemens Energy comprising four proton exchange membrane (PEM) electrolyzers with a total capacity of 70 MW, plant-wide electrification and automation systems, innovative digitalization solutions (such as the use of digital twins), and the necessary power distribution and compressor systems. The plant, which is being built in the Swedish coastal town of Örnsköldsvik, will be able to produce up to 50,000 tons of e-methanol per year from renewable energy and biogenic carbon dioxide from 2025. As a substitute for fossil fuels, this can avoid 100,000 tons of carbon emissions in shipping each year. Moreover, Siemens Energy and French industrial gas company Air Liquide have established a joint venture to build and operate a multi-gigawatt factory for the industrial series production of our electrolysis modules (stacks) in Berlin, Germany. These stacks are also based on PEM electrolysis technology, making them highly efficient and ideal for operation with volatile renewable energy. The pooled expertise of this Franco-German partnership aims to pave the way for establishing a sustainable hydrogen economy in Europe and creating a European electrolysis and hydrogen technology ecosystem. Production began in the second half of 2023. In accordance with our R&D strategy, we allocate our R&D resources selectively towards products and services in market growth segments.

Siemens Energy is intensifying R&D in innovative materials and advanced manufacturing methods. Innovations focus on product digitalization, power electronics, software-driven power control, environmentally friendly products and systems, and grid stabilization. Additive manufacturing is another of the innovation fields in which Siemens Energy has been active for many years. As of September 30, 2023, we can look back on more than 15 years of user experience and development cooperation with, among others, Werner-von-Siemens Centre for Industry and Science e.V., Göteborg Energi and Equinor.

Siemens Energy works with other industry participants and research institutions to advance research projects. Prominent partners include the International Renewable Energy Agency (IRENA), DTU Copenhagen, the Karlsruhe Institute of Technology, the Georgia Institute of Technology, Khalifa University, the University of Sheffield, AGTurbo, and EUTurbines. The four global innovation centers in Berlin, Orlando, Abu Dhabi, and Shenzhen, whose aim is to nurture innovation and accelerate the energy transition, also work with both academic and industrial partners within the framework of a partnership model.

2.2 Financial performance system

2.2.1 Financial Framework

Siemens Energy's Financial Framework includes performance indicators (PIs) and targets that we aim to achieve over a three-year period or beyond (mid-term).

The reporting and analysis of PIs are related to our strategic goals. The PIs are designed to help achieve these goals on an operational level and aim to strike a balance between the factors of growth, profitability, and liquidity. They serve as a measure of target attainment for managers and thus can influence Executive Board remuneration. The most important of these PIs (key performance indicators, KPIs) are forecast for the next fiscal year. For more details see **2.7 Report on expected developments**.

Some of the PIs described below are alternative performance measures (APMs), which are not defined or listed in IFRS (non-GAAP measures). We believe that our APMs offer additional and useful information for our stakeholders helping them to assess the business performance of Siemens Energy. Other companies may report similarly named indicators, but they are not always comparable due to possibly different calculation methods.

2.2.2 Growth

Siemens Energy measures, manages, and controls the development of its business volume using comparable growth figures for orders and revenue. The KPI **comparable revenue growth** shows the development of revenue net of currency translation effects that result from the external environment outside of our control and portfolio effects that relate to business activities that are either new to our business or no longer a part of it.

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 comparative period. To calculate the percentage change year-on-year, this absolute difference is divided by revenue for the comparative period.

A portfolio effect arises in the case of an acquisition or a disposal and is calculated as the year-on-year change in revenue resulting specifically from the transaction. To calculate the percentage change, the absolute change is divided by revenue for the comparative period.

At Group level, Siemens Energy focuses on profitable growth and aims to achieve a compound annual growth rate for revenue (based on fiscal year 2023, excluding currency translation and portfolio effects) in the mid-single-digit percentage range by fiscal year 2026 and 2028.

For orders, we apply the same approach to the calculation of currency translation and portfolio effects as described above. The order backlog is calculated by adding the new orders from the current reporting period to the order backlog at the end of the previous reporting period and then subtracting the revenues realized in the current reporting period. Direct order value adjustments such as modifications, currency translations and portfolio effects are also considered. The book-to-bill ratio is the ratio of orders to revenue.

2.2.3 Profitability

In fiscal year 2023, we used the KPI **Profit margin before Special items** to measure the profitability of operating activities of Siemens Energy, replacing our previous KPI Adjusted EBITA margin before Special items. To calculate the Profit margin before Special items, Profit before Special items is divided by total revenue.

Profit is defined as income (loss) before income taxes, interest income and expenses, and other financial income (expenses), net, adjusted for amortization of intangible assets acquired in business combinations and goodwill impairments.

To increase comparability year-on-year, we use Profit before Special items. Special items refer to the following topics:

- **Restructuring and integration costs**: Restructuring costs refer to personnel measures leading to severance charges, including costs for terminating service contracts with Siemens Group (Siemens AG and its subsidiaries). Due to the further integration of Siemens Gamesa and the objective of a consistent presentation within the Group, only personnel-related measures for restructuring will be included for Siemens Gamesa from fiscal year 2023, in contrast to the past. Integration costs that occur at Siemen Gamesa are related to the integration of companies as well as in the course of the integration of Siemens Gamesa into the Group and the corresponding transaction costs.
- **Stand-alone costs** relate to the separation from Siemens Group and the formation of Siemens Energy as an independent enterprise.
- Major asset impairments and write-downs (as well as any subsequent reversals) related to **strategic portfolio decisions**.

For both Profit margin and Special items, prior year information is presented on a comparable basis.

Profit margin before Special items is one of the targets used in determining the short-term variable compensation of the Executive Board.

We aim to achieve a Profit margin for the Group of 5 - 7% for fiscal year 2026 and at least 8% in the fiscal year 2028. For our Business Areas we aim to achieve Profit margin ranges for fiscal year 2026 as shown below:

Profit margin ranges for fiscal year 2026

Gas Services	10 – 12%
Grid Technologies	9 – 11%
Transformation of Industry	7 – 9%

For Siemens Gamesa, we aim to achieve break-even position for Profit before Special items for fiscal year 2026.

For the purposes of managing and controlling profitability at Group level, we also use **Net income** as a KPI and aim to achieve Net income of € 1.0 - 1.5 billion for fiscal year 2026. This KPI is the main driver of Basic earnings per share (Basic EPS), which is defined as net income attributable to shareholders of Siemens Energy AG divided by the weighted average number of shares outstanding without any dilution. Basic earnings per share also influence the long-term variable compensation of the Executive Board.

2.2.4 Liquidity

To provide an assessment of the Group's ability to generate cash we use **Free cash flow pre tax** as a KPI and aim to achieve a cumulative Free cash flow pre tax of € 1.0 - 2.0 billion for fiscal years 2024 to 2026. Free cash flow pre tax of the Group is defined as cash flows from operating activities before income taxes paid, less additions to intangible assets and property, plant and equipment. Free cash flow of the segments constitutes cash flows from operating activities less additions to intangible assets and property, plant and equipment. It excludes financing interest, except for cases where interest on qualifying assets is capitalized or classified as contract costs; it also excludes income taxes and certain other payments and proceeds. Consequently, Free cash flow pre tax demonstrates the extent to which we are able to meet both recurring and specific cash outflows, such as payments for acquisitions, dividends, debt servicing or taxes, etc.

Free cash flow pre tax is one of the targets used in determining the short-term variable compensation of the Executive Board.

2.2.5 Other financial performance indicators

An important aspect of liquidity management is the thorough management of **Operating net working capital**, which is defined as the sum of Trade and other receivables, Contract assets, and Inventories, reduced by the sum of Trade and other payables and Contract liabilities.

To provide an assessment of our ability to generate cash, we use the operational **Cash conversion rate (CCR)** as an ancillary measure until the end of fiscal year 2023 This is defined as the ratio of Free cash flow pre tax to Profit, which has replaced Adjusted EBITA since fiscal year 2023.

According to its financial policy, Siemens Energy aims for a capital structure that is in line with an investment grade profile. The PI used to assess our capital structure is **Adjusted net debt/ (net cash)**, which is shown in **2.6.3 Financing and liquidity analysis**. We also use the ratio Adjusted net debt to EBITDA. This ratio indicates the approximate number of years that would be needed to cover the Adjusted net debt through EBITDA. The EBITDA measure represents income (loss) before income taxes, before financial result and before amortization, depreciation and impairments. Starting in fiscal year 2023, Receivables from and Payables to Siemens Group from financing activities were no longer included in calculating Adjusted net debt/ (net cash) due to materiality.

Finally, we aim to provide an attractive return to our shareholders. Under the Siemens Energy Financial Framework, our intention is to propose a **dividend** in the mid-term whose distribution volume is 40 to 60 % of the Group's Net income attributable to shareholders of Siemens Energy AG. For this purpose, the Net income may be adjusted for extraordinary non-cash effects.

We will use ROCE to manage our capital efficiency from fiscal year 2024. ROCE is calculated as operating income (loss) after tax divided by average capital employed. Average capital employed, as the sum of Adjusted net debt and total equity, is defined as a five-point average of capital employed at the beginning of the reporting period, the respective balances on the quarterly reporting dates and the capital employed at the end of the reporting period.

At Group level, we aim to achieve a ROCE of more than 15% for the fiscal year 2028.

2.3 Business performance in fiscal year 2023

2.3.1 Overall assessment by the Executive Board of the current economic situation

The past fiscal year was a year of light and shadow for Siemens Energy. The segments GS, GT and TI delivered an excellent performance.

Our former Gas and Power businesses achieved or exceeded their targets for the fiscal year and are now well on track to attain their mid-term targets. Strong order intake reflecting increased market demand was accompanied by significant revenue growth built on the systematic processing of the high order backlog. Thanks to our operational improvement measures in recent years, we also grew our margins substantially. Here, we benefited from the quality of our products, our global reach and the opportunities arising from the energy market transformation.

By contrast, Profit before Special items of the Siemens Gamesa segment was at negative €4.3 billion. Therein were charges totaling €2.7 billion due to quality issues in particular of the 4.X and 5.X onshore turbines, as well as increased product costs and ramp-up challenges in the offshore business. We immediately established a Group-wide task force with members from all functions and external experts that has been working flat out to resolve the problems and their consequences.

Although revenue growth was largely unaffected by the problems at Siemens Gamesa, the impact on Profit was considerable, which resulted in a clearly negative Profit margin. This resulted in our inability to achieve the profit guidance we originally issued for Siemens Energy Group. Including the negative tax effects also associated with Siemens Gamesa, the Net loss in the past fiscal year amounted to €4,588 million.

The wind power business is essential for a successful global energy transition and is therefore strategically extremely attractive whilst challenging operationally. We are convinced that we can achieve the turnaround at Siemens Gamesa and be successful in this market. The strong performance of the former Gas and Power businesses gives us confidence in our ability to return business operations to commercial success. Notwithstanding the resolution of the current problems, we successfully implemented our plan to delist Siemens Gamesa Renewable Energy S.A. in the past fiscal year. Thus, we established a key basis for enabling Siemens Gamesa not only to benefit from close collaboration in day-to-day business operations and the corresponding synergies but also to leverage the expertise of the other Business Areas more effectively.

The current situation at Siemens Gamesa is a great strain on all Siemens Energy employees and, of course, especially on the employees of Siemens Gamesa itself. It is impressive to see how the entire Siemens Energy team is dealing with the situation and applying their dedication and skills to help address the challenges, identifying solutions and implementing measures and this makes us confident to overcome the challenges that are ahead of us.

Siemens Energy's business performance

In contrast to the prior year, the business performance in the past fiscal year benefited overall from external factors. Despite the subdued macroeconomic development throughout the year as a whole, the market environment for Siemens Energy remained positive due to the positive momentum in the energy market. Comparatively high energy prices and persisting energy security risks continued to drive the transformation of the energy market. The resulting and growing market potential benefited Siemens Energy in fiscal year 2023 and had a positive effect on order intake.

At €50 billion, **orders** at Siemens Energy increased substantially year-on-year. As a result, the **order backlog** again exceeded the prior-year record to reach €112 billion at the end of the fiscal year. **Revenue** at Siemens Energy amounted to €31 billion, increasing clearly on a comparable basis due to growth in all segments except Siemens Gamesa. Revenue development for the Siemens Energy service business was largely in line with the trend for total revenue. **Profit before Special items** at Siemens Energy declined to negative €2,776 million from the prior-year value of positive €225 million. The main reason for this was the loss at Siemens Gamesa, which was largely caused by quality issues in particular of the 4.X and 5.X onshore turbines and offset the sharply increased Profit of the other segments. The negative impacts from Special items declined sharply because, in the prior year, there had been considerable impacts from strategic portfolio decisions in connection with the restructuring of business activities in Russia. As a result, the absolute decline in Profit before Special items was more substantial than that of Profit. **Profit** for fiscal year 2023 was negative €2,960 million, compared with negative €188 million in the prior year.

This resulted in a **Net loss** for Siemens Energy Group of €4,588 million (2022: €712 million) and correspondingly Basic earnings per share of negative €5.47. See 2.4 Results of operation for further information.

Due to the Net loss and a swing to a negative Other comprehensive income, net of income taxes, as well as the acquisition of the outstanding shares in Siemens Gamesa Renewable Energy S.A., Equity declined sharply compared to the end of fiscal year 2022. For this reason, the equity ratio at the end of the past fiscal year amounted to 18% (2022: 34%). See 2.5 Net assets, liabilities and equity for further information.

Free cash flow pre tax at Siemens Energy was €784 million in the past fiscal year, compared with €1,503 million in the prior year. A negative contribution from Siemens Gamesa played a significant role in this development. The development of liquidity, substantially influenced by the aforementioned acquisition of shares, and the year-on-year increase in debt resulted in adjusted net debt of €759 million at the end of fiscal year 2023 (2022: net liquidity of €2,089 million). See 2.6 Financial position for further information.

Comparison between the actual and forecast course of business

On January 19, 2023, we modified the guidance for the Profit margin before Special items, Net loss and Free cash flow pre tax for fiscal year 2023 due to the development in the first quarter. In the course of evaluating its installed fleet, Siemens Gamesa identified an unusually negative trend in the failure rates of certain components, which led to higher assumptions warranty and maintenance costs. This had a negative impact on profit of approximately €0.5 billion. Siemens Gamesa management, therefore, no longer assumed that it could achieve profitability in line with the business plan for fiscal year 2023, making it necessary to update the profit guidance for Siemens Energy. Due to the fact that cash flow trended above expectations in the first quarter of the fiscal year, buoyed by advance payments from customers in connection with the substantial increase in orders, the forecast for Free cash flow pre tax was raised.

On May 15, 2023, guidance for Siemens Energy Group was adjusted once more. Given that the business volume had increased more substantially than anticipated in the first half of the year, the forecast for comparable revenue growth was increased on the basis of higher assumptions for all segments. On account of the weak performance by Siemens Gamesa in the first half of the year, the Profit margin before Special items was then expected to be at the lower end of the guidance range. As a result, it was believed that the Net loss would be higher than before. The guidance for Free cash flow pre tax was confirmed and refined.

On June 22, 2023, Siemens Energy issued an ad hoc release in which it withdrew its profit forecast because the results in the third quarter of the fiscal year had been negatively impacted by charges totaling €2.2 billion at Siemens Gamesa, primarily in connection with quality issues in particular of the 4.X and 5.X onshore turbines. In response to the substantially higher failure rates of various wind turbine components, an extended technical review showed that achieving the target product quality would entail considerably higher costs than previously assumed. Other expenses also occurred, primarily in connection with increased product costs and challenges associated with the ramp-up of offshore activities. On August 7, 2023, an updated forecast was issued in the context of regular reporting for the third quarter. As a result of the changed expectations for revenue and profit at Siemens Gamesa, the forecast for comparable revenue growth at Siemens Energy was reduced and a clearly negative Profit margin before Special items was assumed. The expected Net loss was once more adjusted upward by a considerable amount. In addition to the negative impacts already described in the ad hoc release of June 22, 2023, the new forecast reflected the lower profit contributions by Siemens Gamesa from processing its order backlog. Moreover, the outlook for Free cash flow pre tax was reduced to a negative figure.

We met the updated forecasts with the positive exception of the withdrawn forecast for Free cash flow pre tax, which was overachieved by a clear margin. We had assumed a value in the negative triple-digit million euro range but achieved a considerably positive Free cash flow pre tax, primarily because of the unexpectedly high cash inflows resulting from the fourth-quarter change in operating net working capital at Siemens Gamesa, due to factors such as higher advance payments from customers.

Target achievement 2023	Initial position Fiscal year 2022	Expected development 2023	Target achievement Fiscal year 2023	Evaluation
Comparable revenue growth Siemens Energy	(2.5)%	3% to 7%		overachieved / updated
		from May 15, 2023: 10% to 12%		not achieved / updated
		from August 7, 2023 9% to 11%	9.9%	achieved
Profit margin before Special items Siemens Energy	0.8%	2% to 4%		not achieved / updated
		from January 19, 2023: 1% to 3%		not achieved / updated
		from May 15, 2023: lower end of the range of 1% to 3%		not achieved / updated
		from August 7,2023: (10)% to (8)%	(8.9)%	achieved
Net income (loss) Siemens Energy	€(712) million*	sharp reduction of the loss		not achieved / updated
		from January 19, 2023: at prior year level		not achieved / updated
		from May 15, 2023: exceed prior year's level by up to a low-triple-digit million-€-amount		not achieved / updated
		from August 7, 2023: net loss of around €4.5 billion	€(4,588) million	achieved
Free cash flow pre tax Siemens Energy	€1,503 million	negative range of low- to mid-triple-digit million-€-amount		overachieved / updated
		from January 19, 2023: positive		overachieved / updated
		from May 15, 2023: positive up to a low triple-digit million-€-amount		overachieved / updated
		from August 7, 2023: negative up to a low triple-digit million-€ amount	€784 million	overachieved

* For the adjustment of prior year figures on a comparable basis to the presentation in the past fiscal year, see Note 1 Basis of presentation in 3.6 Notes to Consolidated Financial Statements.

Dividend

Our dividend policy is to pay out 40% to 60% of our Net income attributable to shareholders of Siemens Energy AG. In view of the earnings in fiscal year 2023, the Executive Board, in agreement with the Supervisory Board, has decided to propose to the Shareholders' Meeting not to distribute a dividend. For fiscal year 2022, no dividend was paid.

2.3.2 Events and developments responsible for the course of business

2.3.2.1 Macroeconomic development

Gross domestic product and inflation

At the beginning of fiscal year 2023, the COVID-19 pandemic had a slight detrimental impact on the global economic landscape, mainly due to the zero COVID policy initially being upheld in China.

Over the course of the year, the economy was further influenced by the effects of the war in Ukraine and the resulting geopolitical uncertainties.

Besides the energy crisis (see below), which was associated with higher energy prices than before the Ukraine war, a general increase in prices led to high inflation rates, especially in the U.S. and Europe. Inflation peaked in the first months of calendar year 2023. Interest rates, as an instrument supporting a decline in inflation, started to increase in 2022, especially in the eurozone and the U.S. This development continued in fiscal year 2023. As a result, inflation declined to 5.5% in the EU and 3.3% in the U.S. by mid-2023 but remained at a higher level than usual. Overall, global inflation is forecast at 6.9% in calendar year 2023, after 8.7% in calendar year 2022.

Global imports and exports remain tied to economic activity and, despite some regional dynamics, industrial and private demand declined during the fiscal year.

Given these conditions, expectations for global GDP growth in calendar year 2023 have been revised downward to 3.0%, a decline from the 3.5% growth observed in calendar year 2022. Industrial nations are expected to achieve a growth rate of 1.5%, while emerging and developing economies are projected to grow at a rate of 4.0% over the same period.

These GDP projections are based on the data published by the International Monetary Fund in their World Economic Outlook report titled "Navigating Global Divergences", October 2023.

Energy crisis and energy market

Although some of the tensions in energy markets have subsided in 2023 following an extended period of turbulence since 2020, there are still several risk factors to consider. The relatively warm winter in 2022/2023 coupled with a slowdown in industrial demand and production, led to a relative stabilization of energy prices at slightly higher levels than values before the Ukraine war. The war continues to show no signs of ending and keeps the energy market uncertain. Global LNG markets at the beginning of 2023 were dominated by fierce competition for available LNG, that increased the price in several APAC countries that relied strongly on imports. However, towards mid-2023, as the global export, transport and capacity for gas reserves increased worldwide, LNG prices have stabilized and are expected to have a milder dynamic compared to last year.

The energy crisis and its effects accelerate the transition of the energy market away from fossil fuels towards the use of renewable energy sources and increased energy efficiency and savings. The transition of the energy market started to accelerate even more in calendar year 2023. One of the factors supporting the accelerated energy transition is the Inflation Reduction Act, introduced in the U.S. in August 2022. Another example is the updates to the existing European REPowerEU initiative.

Supply market conditions

In the past fiscal year, the situation regarding the raw material and supply markets eased comparatively, with the risk situation also stabilizing to some extent, however, at a higher level than in previous years. The increase in demand due to the recovery in consumption and the inventory replenishment following the COVID-19 pandemic initially continued. In addition, in the first half of the past fiscal year, on the supply side high inflation, particularly with high energy prices and the impact of the Ukraine war overlapped with an already weakened supply base caused by the extended COVID-19 measures. Additional pressure was exerted by increasing economic and political tensions between the U.S. and China, which, coupled with high inflation, is likely to have longer lasting effects on value chains. In addition to the risks from political tensions, the relative scarcity of special raw materials (e.g. rare earths) as well as cybersecurity and shortages of road transport drivers remain among the biggest risks in the supply markets.

Over the course of the year, prices on the supply markets initially remained at the elevated level of the previous year, as idled capacities took time to come back into operation. As production levels rose again, the momentum in raw material prices went flat towards the middle of fiscal year 2023. In the second half of the year demand and prices fell on a broad basis. This was particularly the case for steel used in wind towers and wind turbine components, as prices for steel raw materials such as iron ore and cocking coal were below the average level of fiscal year 2022. Prices also stabilized for base metals such as aluminum and copper. Rare earths used for magnets continued to record high price levels until a clear downward trend began towards the end of the fiscal year. Global logistics costs in air, ground, and sea freight have reached historical lows after peaking by the end of calendar year 2022, continuing their downward trend as overall capacity increases, port congestion eases and fuel prices normalize. However, pricing pressures remained in specific markets for equipment and components used in energy-related solutions, as these markets showed strong growth decoupled from markets overall.

Impact on business performance at Siemens Energy

In the past fiscal year, Siemens Energy faced a favorable environment in its sales markets due to the situation with the energy market. The further accelerated transformation of the energy market in calendar year 2023 had a positive effect on the associated market opportunities for Siemens Energy and, in addition, also benefited our current orders in fiscal year 2023 particularly. For example, our grid business benefited from the expansion of renewable energy through the required grid connections as well as energy storage and grid stabilization measures. In addition, the Inflation Reduction Act and updates to the REPowerEU initiative began to have a positive impact on Siemens Energy's business performance in the past fiscal year.

The same applies to our supply chain. Siemens Energy benefited from the overall improvement in economic environment. In GT, in particular, the easing of the supply chain situation and declining material and logistics costs had a positive impact on earnings. However, there were supply bottlenecks for certain components (e.g. turbine blades in the GS segment). Despite a relative easing of the situation, Siemens Gamesa continued to be impacted by comparatively high procurement costs tied to customer projects to which it was already contractually committed. Even though greater attention was placed on implementing price escalation clauses in fiscal year 2023 and successes were achieved in renegotiating customer contracts, Siemens Gamesa continues to focus on adequate risk diversification in customer contracts. In addition, Siemens Gamesa is pursuing its program to strengthen its supply chain with the aim of achieving a structurally more robust and diversified supply chain and, in this context, concluded a far-reaching long-term purchase agreement for rare earths in the past fiscal year, for example.

We continue to take account of the ongoing risk situation and challenges in supply markets through a wide range of monitoring and assessment programs which allow timely countermeasures. A wide range of purchasing levers are used: long-term supply contracts for standard materials, demand pooling, increasingly consistent risk sharing in supplier and customer contracts through indexing, supplier switching and balanced supplier portfolios with procurement sources in several regions, commodity hedging, etc.

2.3.2.2 Other events influencing the course of business

Continuing strategic development of Siemens Energy and integration of Siemens Gamesa

As of fiscal year 2023, Siemens Energy implemented a new corporate structure and operating model, among other things to improve customer focus with a holistic market approach. As a result of this reorganization, we reassigned the former divisions of the reportable segment GP to three Business Areas and introduced leaner structures and flatter hierarchies. These measures are to be complemented by the full integration of Siemens Gamesa which is part of the continuing strategic development of Siemens Energy.

The voluntary cash tender offer to acquire outstanding shares in Siemens Gamesa Renewable Energy S.A. announced on May 21, 2022, was publicly launched on November 8, 2022, and successfully completed in the first quarter of the past fiscal year resulting in Siemens Energy's total shareholding of 92.7%. Following the acquisition of additional shares under a further tender offer from December 23, 2022 to February 7, 2023, Siemens Energy's shareholding in Siemens Gamesa Renewable Energy S.A. increased to 97.8%. On January 25, 2023, the shareholders of Siemens Gamesa Renewable Energy S.A. approved the delisting of the company from the Spanish stock exchanges at an Extraordinary Shareholders' Meeting. Following the approval by the Spanish National Securities Market Commission (CNMV), delisting was effective on February 14, 2023. With the subsequently approved capital reduction and compensation of the remaining minority shareholders, Siemens Energy fully owns Siemens Gamesa effective July 12, 2023. Accordingly, the company will operate under the name Siemens Gamesa Renewable Energy S.A.U. from September 7, 2023.

We have thus created the legal preconditions for the full integration of Siemens Gamesa. Accordingly, we immediately began to implement step by step an integration program set up at the beginning of fiscal year 2023. This primarily involves implementing structures and processes to integrate Siemens Gamesa more closely into the Group's central and global functions.

The full integration of Siemens Gamesa will further simplify Siemens Energy's corporate structure and enable its holistic market approach. This should enable synergies to be realized in a number of areas, e.g. corresponding cost savings. In addition, Siemens Gamesa can be supported even more strongly in overcoming the current challenges and benefit from our company's ability to return businesses to an economically successful path.

Optimization of operational structures and processes

In fiscal year 2023 we continued our “Accelerating Impact” program (AIP) in the new organizational structure. The aim of AIP is to permanently reduce our costs and thereby strengthen our competitiveness in a difficult market environment. Most of the announced cost reduction measures have either already been implemented and the rest to be implemented by fiscal year 2025 latest.

AIP envisaged a reduction of approximately 7,800 jobs worldwide by the end of fiscal year 2025. Due to improved market conditions and volume growth, the Executive Board's assessment of the program's progress has changed. For Germany, the company has therefore decided to end the job cuts agreed in the AIP framework prematurely. To this end, we are focusing mainly on training measures to fill vacant positions in Germany internally wherever possible. This resulted in a positive effect on profit in the amount of €78 million, which affected the GS segment, the TI segment and the Reconciliation to Consolidated Financial Statements.

In fiscal year 2022, Siemens Gamesa introduced the "Mistral" strategy program. This contained a new operating model effective January 1, 2023, which created clear responsibilities, particularly for the areas of production and technology.

The manufacturing and technology expertise of Onshore and Offshore, which had previously been separate, was merged under the leadership of the Chief Technology Officer (Technology) and the Chief Operating Officer (Manufacturing). The aim was and is to create synergies in order to optimize the products in the entire portfolio. As offshore only operates in a few countries and is a centralized business, while onshore operates at a regional level, the sales and project execution activities of both business fields remained separate.

Regardless of the current challenges (see **Quality issues, higher product costs and ramp-up challenges at Siemens Gamesa** below), fiscal year 2023 saw the continuation of the implementation of structural measures already started in the prior year and the realization of corresponding positive effects. In addition to the project and process-oriented operating model, "Mistral" comprises many activities that are carried out in parallel and pursue various approaches aimed at short, medium and long-term improvements. The focal points of activities in fiscal year 2023 were:

- Improvement in margins by renegotiating customer and supplier contracts. In particular, prices for customer contracts were raised and more favorable conditions were agreed in order to be better prepared for cost increases and risks beyond Siemens Gamesa's control.
- Implementation of clear accountabilities and strengthening of scalability and serviceability across all businesses by consolidating responsibilities for all manufacturing and procurement functions under the Chief Operating Officer; consolidation of responsibilities for all R&D activities, including digitalization, under the Chief Technology Officer - initially still independent of further measures to fully integrate Siemens Gamesa into the Group (see above **Continuing strategic development of Siemens Energy and integration of Siemens Gamesa**).
- Focus on Siemens Gamesa's target markets. For the onshore business, this entails streamlining the portfolio and focusing on select target markets to reduce complexity and drive economies of scale. Newly acquired projects preferably include long-term service commitments. For the offshore business, the main target is to maintain Siemens Gamesa’s leadership position in the market by driving next-generation wind turbines with lower maintenance demand.
- Increase the proportion of employees in best-cost countries (countries with low or medium compensation levels) and reduce positions globally to adapt Siemens Gamesa's footprint and capacity

to market demands, e.g., by the completion of a restructuring in Spain.

Against the background of quality problems, in particular of the 4.X and 5.X onshore turbines as well as increased product costs and ramp-up challenges in the offshore business, the strategic framework of "Mistral" was updated immediately. Ongoing remedial measures include regular analyses of forecast cost savings (including the assessment of reasons for deviations) and the continuous development of existing and the creation of new productivity measures.

Quality issues, higher product costs and ramp-up challenges at Siemens Gamesa

During fiscal year 2023, Profit at Siemens Gamesa was affected by substantial negative impacts in connection with quality issues in particular of the 4.X and 5.X onshore turbines. In addition, Siemens Gamesa suffered from increased product costs and ramp-up challenges in the offshore business.

In the course of the regular annual evaluation of the entire installed wind turbine fleet (validation process) in the first quarter of fiscal year 2023, Siemens Gamesa identified a negative trend in the failure rates of certain components.

As part of the validation process, technical issues that have occurred over a certain period of time (usually the past fiscal year) are analyzed for all platform types at the level of their respective components in order to check whether the forecast failure rates used to determine expected warranty costs need to be adjusted. The process uses a complex statistical model to forecast trends in the failure rates throughout the operating life of the respective components by extrapolating empirical data (based on technical conditions and influencing factors, practical experience, etc.). The failure rates anticipated as a result are then linked with the cost and volume data for deployment factors (e.g. operating hours, ship/crane days, tools and spare parts required together with the associated costs) for any necessary maintenance/repairs. In addition, a technical assessment based on a root cause analysis is carried out to determine the extent to which the issues relate to individual cases or the entire fleet. The statistical model is based on numerous parameters, such as technical assumptions, experience gained from many years of operating wind turbines, meteorological conditions and information about suppliers. The results were considered when valuation of provisions or when measuring the planned costs of ongoing projects.

Following the analysis and evaluation of the observed failures described above, it was necessary to increase the underlying forecast failure rates for the affected components, especially the main bearings and rotor blades, predominantly for those platform models that had already been in operation for some time. This resulted in an increase of assumed warranty and maintenance costs, which had a negative impact of €0.5 billion on Profit of Siemens Gamesa in the first quarter affecting in particular the Siemens Gamesa service business which holds the associated maintenance contracts.

Following this scheduled update of the forecast failure rates, first signs of further quality issues with the 4.X and 5.X onshore platforms were identified later in fiscal year 2023. A technical task force was established for each of these two platforms with the aim of identifying technical defects and their root causes. Measures in this connection included inspecting the wind turbines on site and in the Siemens Gamesa factories. On the basis of the working groups' provisional technical findings, an extraordinary validation process was performed. Due to the defects found in the rotor blades and main bearings, it was necessary to make a sharp upward adjustment to the forecast failure rates of these components for the 4.X and 5.X platforms. The expected disruptions to turbine operation based on the predicted failure rates may occur after a certain period of operation, but this does not necessarily have to be the case. Consequently, the turbines can continue to be operated for the most part in the meantime. However, to ensure long-term, incident-free operation, Siemens Energy is seeking to rectify the issues within the normal service intervals.

In conjunction with the objective of guaranteeing the target product quality, raising the forecast failure rates resulted in considerably higher expected costs than had been assumed previously. This had a negative impact of €1.6 billion on Profit of Siemens Gamesa in the third quarter of fiscal year 2023. Part of these charges resulted from revenue reversals, as the percentage of completion in project accounting is based on the ratio of actual to planned costs and declined in part due to the increased planned costs. The majority of cash outflows are expected to occur over the next ten fiscal years, with approximately one third expected in the next two fiscal years.

A Group-wide task force with members from all functions and external technical experts has been established to resolve the quality issues with the 4.X and 5.X platforms. Siemens Energy is currently evaluating whether claims for damages can be asserted against third parties for selected problems. Certain suppliers have already been excluded from further deliveries.

In addition to the quality-related impacts in the onshore area, there were further charges of €0.6 billion in the third quarter of the fiscal year, mainly due to higher product costs and challenges in the ramp-up of offshore activities.

In order to fulfill the EU's targets for renewable energy, it is necessary to dramatically accelerate the pace of construction, especially of offshore wind turbines. Siemens Gamesa is currently in the process of ramping up various factories for offshore production or of modifying them to manufacture larger turbines. These facilities are located in France, Germany, Denmark and the United Kingdom, among others.

The ramp-up of the new and modified capacities has been delayed due to various factors. Due to the situation on the procurement markets, there were delays in completing the factory infrastructure. Additional delays resulted from the lack of human resources due to tight labor markets. These delays caused unexpected cost increases and meant that it was not possible to achieve the planned productivity improvements and efficiency gains expected from the capacity expansions. The combination of higher costs and lower productivity and efficiency exacerbated the negative effect of the ramp-up delays and impacted the product costs to be recognized. This not only affected the Profit margins of ongoing projects but also means that individual projects for which binding offers have been submitted can no longer be executed profitably if the customer signs the contract.

The cash outflows relating to these issues are expected to be spread across several years.

Moreover, the expenses at Siemens Gamesa led to negative tax effects due to a valuation allowance for deferred tax assets of approximately €0.8 billion (see also 2.4.2 Profitability).

As a result of the quality issues that occurred, the failure of components was monitored continuously in the subsequent course of the fiscal year. The observed failures were higher than expected for certain components. This could indicate that a reassessment of the failure rate may be necessary. The root cause analysis of the quality issues identified in fiscal year 2023 is still ongoing and is expected to be completed during the first half of fiscal year 2024. This may lead to adjustments of the expected failure rates and might have material negative effects on net assets, financial position and results of operations. In view of the results obtained to date on failures and considering the short additional statistical observation period, the models updated in the third quarter of fiscal year 2023 continue to represent the most reliable basis for the best estimate of failure rates.

In fiscal year 2023, the negative impacts on Profit (excluding tax aspects) due to the aforementioned quality issues in particular of the 4.X and 5.X onshore turbines, increased product costs and ramp-up challenges in the offshore-activities totaled €2.7 billion. Of this amount, €0.6 billion related to the reversal of revenue, €0.7 billion to provisions for warranty costs and €1.2 billion to provisions for onerous contracts.

This contributed to a very strong increase in negative Profit before Special items of Siemens Gamesa to €4.3 billion in the past fiscal year compared to the prior year.

2.4 Results of operation

2.4.1 Orders and Revenue

Orders and revenue (in millions of €)	Orders 2023	2022	Actual	Fiscal year Comp.	Revenue 2023	2022	Actual	Fiscal year Comp.
Gas Services	12,907	11,813	9%	9%	10,915	9,499	15%	18%
Grid Technologies	15,798	10,416	52%	52%	7,181	6,285	14%	17%
Transformation of Industry	5,571	5,650	(1)%	2%	4,439	4,080	9%	12%
therein								
Sustainable Energy Systems	*286*	*43*	*>200%*	*>200%*	*82*	*52*	*57%*	*57%*
Electrification, Automation, Digitalization	*1,624*	*1,566*	*4%*	*9%*	*1,151*	*1,060*	*9%*	*12%*
Industrial Steam Turbines & Generators	*1,612*	*1,625*	*(1)%*	*3%*	*1,428*	*1,310*	*9%*	*14%*
Compression	*2,124*	*2,526*	*(16)%*	*(14)%*	*1,811*	*1,707*	*6%*	*8%*
Siemens Gamesa	16,836	11,598	45%	50%	9,092	9,814	(7)%	(5)%
Total segments	**51,112**	**39,478**	**29%**	**31%**	**31,628**	**29,677**	**7%**	**9%**
Reconciliation to Consolidated Financial Statements	(666)	(1,166)	—	—	(509)	(672)	—	—
Siemens Energy	**50,446**	**38,312**	**32%**	**34%**	**31,119**	**29,005**	**7%**	**10%**

Orders

Siemens Energy

- In fiscal year 2023, order intake at Siemens Energy increased substantially on a comparable basis.
- This was benefited by the positive market environment for Siemens Energy, in particular by the development of demand resulting from the accelerated transition of the energy markets.
- The growth in order intake was driven by increases at GT and Siemens Gamesa which were based on higher volumes from large orders.
- Nominal order intake, i.e. including negative currency translation and portfolio effects, also increased substantially.
- The service share of Siemens Energy's orders amounted to 32% in fiscal year 2023, unchanged from the prior year.

Gas Services

- GS recorded a clear year-on-year increase in order intake on a comparable basis. This growth resulted primarily from large orders in the Americas reporting region, especially from the U.S. The largest single order concerned a combined cycle power plant project in Brazil with a volume of close to €400 million.
- Due to negligible currency translation and portfolio effects, the nominal increase in orders corresponded to comparable growth.
- A substantial increase in order volume in the service business offset the decline in the new units business. As a result, the service share of the orders at GS also expanded substantially compared with the prior year to 71% (2022: 59%).

Grid Technologies

- GT benefited from the positive market environment and grew its order intake by more than half on a comparable basis year-on-year. The largest growth came from the solutions business. The product business also recorded strong growth. In regional terms, the strongest growth came from Europe and the U.S.
- The largest orders related to offshore grid connections in the German North Sea and included, among others, the largest order ever received by Siemens Energy for an offshore grid connection.
- Nominal order intake, including negative currency translation and portfolio effects, also increased sharply.
- The new units business was crucial to the growth in order volume. The service business, which is usually low at GT, also recorded moderate growth. In relation to total business, the share decreased to 4% in the past fiscal year (2022: 6%).

Transformation of Industry

- TI slightly increased its order intake on a comparable basis following a strong prior year despite a low volume from large orders. With the exception of Compression, all separate businesses recorded increases. In geographical terms, most of the increase came from the U.S., Europe and China.
- Due to negative currency translation and portfolio effects, order intake declined slightly on a nominal basis.
- The increase in the service business clearly exceeded the increase in the new units business. As a result, the share of the service business in TI orders grew year-on-year to 42% (2022: 41%).

Siemens Gamesa

- Markets served by Siemens Gamesa were characterized by the accelerated transition from fossil fuels to renewable energy. Against this backdrop, order intake at Siemens Gamesa increased by approximately 50% on a comparable basis, with a higher volume of large orders. Growth in the offshore and in the service business was offset by a decline in the onshore business. In the prior year, the onshore business had benefited from an order intake of €613 million in connection with the sale of a portfolio of wind farm development projects in Southern Europe. In regional terms, the largest growth was recorded in the U.S., Europe and Taiwan.
- The order volume was driven by large offshore projects. The largest orders for wind farm projects came from the U.S., Taiwan and the United Kingdom and delivered a total volume of more than €5.3 billion.
- Including negative currency translation effects, order intake on a nominal basis also increased sharply.
- The service share of Siemens Gamesa's order intake amounted to 25% in the past fiscal year (2022: 24%).

Regions (location of customer)

- In geographical terms, order intake by Siemens Energy increased in all reporting regions on a comparable basis.
- The substantial growth in order intake in **Europe, C.I.S., Middle East, Africa (EMEA)** was based on the substantial increase in Europe, which was due to the volume of individual large orders. The largest growth was recorded in Germany, primarily due to the aforementioned grid connection orders received by GT. GS also saw sharp increases in Germany, although these were far smaller in absolute terms than those recorded by GT. In addition, sharp growth in the Western European countries contributed to the development in Europe. This was mainly due to the increases at Siemens Gamesa, especially as a result of large orders in UK and France.
- The **Americas** reporting region also delivered a considerable contribution to growth. A large part of the substantial increase in order intake came from the U.S., where development was based on growth in all segments. The increase was particularly strong at Siemens Gamesa, followed by GS. Growth at Siemens Gamesa was mainly due to the aforementioned large orders.
- **Asia, Australia** also posted substantial growth on a comparable basis. The driving force for development in this reporting region was the sharp growth at Siemens Gamesa in Taiwan, which offset declines in other areas of the reporting region, especially the countries of the Pacific region.

Revenue

Siemens Energy

- In fiscal year 2023, revenue of Siemens Energy rose clearly year-on-year on a comparable basis. This development was largely attributable to the processing of the order backlog, resulting especially from the prior year's strong order intake. The decline in revenue at Siemens Gamesa was partly related to the aforementioned quality issues in particular of the 4.X and 5.X onshore turbines as well as increased product costs and ramp-up challenges in offshore activities (see 2.3.2 Events and developments responsible for the course of business).
- Due to negative currency translation and portfolio effects, the increase in nominal revenue was slightly lower than on a comparable basis.
- As revenue from the service business grew more strongly than that from the new units business, the service share in Siemens Energy revenue increased to 36% (2022: 35%).

Gas Services

- The significant increase in GS revenue on a comparable basis was based primarily on solid execution of the order backlog, especially for central energy generation.
- Due to negative currency translation and portfolio effects, growth in the nominal revenue of GS was slightly below comparable growth.
- As the new units business posted a higher percentage increase in revenue than the service business, the service share in GS revenue declined to 61% (2022: 63%).

Grid Technologies

- On a comparable basis, GT revenue significantly increased year-on-year. By far the largest contribution came from processing the order intake from prior years. Revenue rose across all businesses, with the strongest growth posted by the product and solutions businesses.
- Due to negative currency translation and portfolio effects, the increase in the nominal revenue of GT was slightly lower than comparable growth.
- As in the prior year, the service business contributed 7% to GT's revenue in the past year.

Transformation of Industry

- The significant growth in TI revenue on a comparable basis was built on processing the prior years' orders. All of the independent business operations posted gains, with the largest (absolute) contribution delivered by Industrial Steam Turbines & Generators, followed by Compression.
- The increase in TI's revenue on a nominal basis was lower than on a comparable basis due to negative currency translation and portfolio effects, but the increase was nevertheless clear.
- The service business saw stronger revenue growth than the new units business and therefore made a contribution of 46% to TI revenue in the past fiscal year (2022: 45%).

Siemens Gamesa

- On a comparable basis, revenue of Siemens Gamesa was moderately lower than in the prior year. This was partly due to the reversal of revenue in connection with the quality issues in particular of the 4.X and 5.X onshore turbines, while performance was also held back by increased product costs and delays in ramping up offshore activities (see 2.3.2 Events and developments responsible for the course of business for information on both). In addition, prior-year revenue had benefited from the aforementioned sale of a portfolio of wind farm development projects in Southern Europe.
- Due to negative currency translation effects, there was a clear decline in revenue on a nominal basis.
- Decreases in both the onshore and the service business offset the growth in the offshore business.
- The service business contributed 23% to Siemens Gamesa revenue in the past fiscal year (2022: 22%).

Regions (location of customer)

- The pattern of revenue development in the reporting regions correlated with order intake. All regions posted growth on a comparable basis.
- All segments, with the exception of Siemens Gamesa, contributed to the moderate increase in revenue in the **EMEA** reporting region. This gain was based above all on the significant increase in GT revenue, followed by the clear growth at TI.
- The significant increase in revenue in the **Americas** region also resulted from increases in the GS, GT and TI segments that offset the clear decline at Siemens Gamesa, especially in Brazil. Growth in the region was driven by the substantial increases at GS, especially in the U.S. and Latin America.
- Revenue increased significantly in **Asia, Australia** as well. The pattern of development matched that in the other regions. All segments, with the exception of Siemens Gamesa, posted increases on a comparable basis. The dominant factor was the substantial growth of GS in the region.

Orders and revenue (location of customer)[1]				Orders				Revenue
	Fiscal year		Change		Fiscal year		Change	
(in millions of €)	2023	2022	Actual	Comp.	2023	2022	Actual	Comp.
Europe, C.I.S., Middle East, Africa	25,466	19,923	28%	30%	14,775	14,667	1%	4%
therein Germany	*7,159*	*4,061*	*76%*	*76%*	*2,532*	*2,716*	*(7)%*	*(8)%*
Americas	16,260	11,543	41%	39%	9,986	8,492	18%	17%
therein U.S.	*11,830*	*6,561*	*80%*	*78%*	*5,764*	*4,371*	*32%*	*31%*
Asia, Australia	8,721	6,847	27%	35%	6,358	5,846	9%	14%
therein China	*1,680*	*1,750*	*(4)%*	*1%*	*1,502*	*1,545*	*(3)%*	*3%*
Siemens Energy	**50,446**	**38,312**	**32%**	**34%**	**31,119**	**29,005**	**7%**	**10%**

[1] With the introduction of the new corporate and reporting structure at the beginning of the fiscal year, the allocation to reporting regions was also adjusted in individual cases. This resulted in adjustments to prior year figures for orders in the EMEA region by minus €10 million, the Americas by minus €183 million and Asia, Australia by € 193 million. The prior year revenue figures were adjusted by minus €8 million in the EMEA region, by €1 million in the Americas and by €7 million in Asia, Australia.

Book-to-bill ratio and order backlog

- Due to the aforementioned developments, the book-to-bill ratio at Siemens Energy was 1.62. The increase from the prior-year value of 1.32 was primarily attributable to the substantial increase in orders. The book-to-bill ratio of all segments was clearly above 1. By segment, the book-to-bill ratio was 1.18 (2022: 1.24) at GS, 2.20 (2022: 1.66) at GT, 1.25 (2022: 1.39) at TI and 1.85 (2022: 1.18) at Siemens Gamesa.
- By the end of the fiscal year, the order backlog at Siemens Energy increased significantly to a new record of €112 billion, compared with €97 billion in the prior year. The growth was curbed by negative currency translation effects. The order backlog was €41 billion (2022: 42 billion) at GS, €23 billion (2022: €15 billion) at GT and €7 billion (2022: €6 billion) at TI. With €42 billion, Siemens Gamesa again exceeded its prior-year high (€35 billion).
- The service share of the Siemens Energy order backlog was 51% at the end of the fiscal year (2022: 57%).

2.4.2 Profitability

(in millions of €, earnings per share in €)	Fiscal year 2023	2022	Change
Profit Siemens Energy before Special items	**(2,776)**	**225**	**n/a**
Gas Services	1,033	619	67%
Grid Technologies	541	221	145%
Transformation of Industry	228	45	>200%
Siemens Gamesa	(4,347)	(617)	>(200)%
Reconciliation to Consolidated Financial Statements	(231)	(44)	>200%
Profit margin Siemens Energy before Special Items	(9)%	1%	(10) p.p.
Gas Services	9%	7%	3 p.p.
Grid Technologies	8%	4%	4 p.p.
Transformation of Industry	5%	1%	4 p.p.
Siemens Gamesa	(48)%	(6)%	(42) p.p.
Special items (for details see table below)	(184)	(413)	(55)%
Profit Siemens Energy	(2,960)	(188)	>(200)%
Gas Services	1,050	524	100%
Grid Technologies	516	152	>200%
Transformation of Industry	209	(59)	n/a
Siemens Gamesa	(4,439)	(713)	>(200)%
Reconciliation to Consolidated Financial Statements	(297)	(91)	>200%
Profit margin Siemens Energy	(10)%	(1)%	(9) p.p.
Gas Services	10%	6%	4 p.p.
Grid Technologies	7%	2%	5 p.p.
Transformation of Industry	5%	(1)%	6 p.p.
Siemens Gamesa	(49)%	(7)%	(42) p.p.
Amortization of intangible assets acquired in business combinations and goodwill impairments	(297)	(386)	23%
Financial result	(130)	(29)	>(200)%
Income (loss) before income taxes	**(3,387)**	**(603)**	**>(200)%**
Income tax gains/ (expenses)	(1,202)	(108)	>(200)%
Net income (loss)	**(4,588)**	**(712)**	**>(200)%**
Basic earnings per share	(5.47)	(0.65)	>(200)%

Profit and Profit before Special items

Siemens Energy

- The main factor in the development of Profit at Siemens Energy was the increase in the loss posted by Siemens Gamesa, which offset by far the increase in Profit achieved by the other three segments. The sharp rise in Profits of GS, GT and TI was based above all on higher revenues and operational improvements. In addition, GT and TI benefited from a decline in negative impacts from supply-related issues (e.g. global supply chain constraints and higher material and logistics costs). This positive development was supported by lower negative impacts from Special items, which more than halved for Siemens Energy overall. The negative Profit of Siemens Gamesa was due to significant impacts in connection with the quality issues in particular of the 4.X and 5.X onshore turbines as well as increased product costs and ramp-up challenges in offshore activities (see 2.3.2 Events and developments responsible for the course of business). As a result, Profit of Siemens Energy fell sharply to negative €2,960 million (2022: negative €188 million).
- Two factors in particular were critical to the decline in negative Special items and affected the GS, GT and TI segments. In the last fiscal year, the Special items from restructuring and integration costs

included a positive effect of €78 million in connection with the Accelerating Impact program that resulted from a change to assessing the program's progress (see 2.3.2 Events and developments responsible for the course of business). Moreover, the prior year's Profit was impacted by Special items in the amount of €0.2 billion in connection with the restructuring of the Company's business activities in Russia that were reported as strategic portfolio decisions.
- Due to the declining negative Special items, Profit before Special items of Siemens Energy decreased more substantially in absolute terms than Profit. Consequently, the deterioration of the Profit margin was almost one percentage point higher than the deterioration of the Profit margin before Special items.

Gas Services

- GS doubled its Profit due to higher revenue, an improved cost structure and a more favorable business mix due to a larger contribution from the service business. Moreover, the positive effects of price adjustment clauses in customer contracts more than offset the increased costs.
- In addition, Profit overall included positive Special items in connection with the aforementioned change in the assessment of the further progress of the Accelerating Impact program. The elimination of impacts relating to Russia also had a favorable effect.
- Due to the development of Special items, Profit before Special items of GS did not grow as substantially as Profit. The corresponding margin increased by three percentage points.

Grid Technologies

- GT more than tripled its Profit, which was attributable to high-margin volume growth and operational improvements. In addition, GT benefited from positive effects yielded by hedging transactions. The prior year Profit was affected by the strong headwind resulting from supply chain constraints, negative impacts in connection with higher material and logistics costs and negative effects from hedging transactions.
- The negative Special items declined sharply, primarily as a result of eliminating the impacts connected with restructuring the business in Russia.
- Due to the lower negative Special items compared with the prior year, GT's Profit before Special items did not grow as substantially as Profit although it did more than double. The same applies to the corresponding margin, which increased by four percentage points.

Transformation of Industry

- TI continued the positive trend begun in the prior year and achieved the turnaround in fiscal year 2023. With the exception of the investment-intensive future business Sustainable Energy Systems, all of the separate businesses – headed by Industrial Turbines & Generators – grew their contributions to Profit sharply, in some cases many times over. The reasons for this development were higher revenue, a more favorable business mix with a larger contribution from the service business and operational improvements that resulted in a better cost position. Added to these were positive currency effects and smaller positive one-time items in the Compression and Electrification, Automation, Digitalization businesses.
- The sharp decline in negative Special items was due on the one hand to the change in the assessment of the further progress of the Accelerating Impact program and the end of the Russia-related charges. On the other hand, the prior year had included an impairment in connection with the sale of a business (reported as a strategic portfolio decision).
- Due to the development of Special items, TI's Profit before Special items increased less in absolute terms than Profit although they did grow more than five-fold. The same applies to the corresponding margin, which increased by four percentage points.

Profit margin Transformation of Industry before Special Items

	Fiscal year		
	2023	2022	Change
Transformation of Industry	5.1%	1.1%	4.0 p.p.
therein			
Sustainable Energy Systems	(86.4)%	(112.3)%	26.0 p.p.
Electrification, Automation, Digitalization	5.8%	3.0%	2.8 p.p.
Industrial Steam Turbines & Generators	10.2%	4.8%	5.4 p.p.
Compression	4.7%	0.6%	4.1 p.p.

Siemens Gamesa

- In the past fiscal year, the negative Profit of Siemens Gamesa again increased sharply compared to the prior year. This was primarily due to the negative impact on Profit totaling approximately €2.7 billion in connection with quality issues in particular of the 4.X and 5.X onshore turbines as well as increased product costs and ramp-up challenges in offshore activities (see 2.3.2 Events and developments responsible for the course of business). In addition to these impacts, Profit continued to reflect the effects of inflation and supply chain challenges. In the past fiscal year, favorable effects came from one-time revenue items in the high double-digit million euro range attributable to non-recurring business activities. The prior year Profit had included a positive effect of €565 million from the sale of a portfolio of wind farm development projects in Southern Europe.
- The negative Special items were almost on a par with the prior year and largely consisted of restructuring costs in connection with implementing the Mistral program.
- Due to the developments described above, Profit before Special items and the corresponding margin also deteriorated sharply.

Reconciliation to Consolidated Financial Statements

- Reconciliation to Consolidated Financial Statements includes items which management does not consider to be indicative of the the segments' performance, mainly group management costs (management and corporate functions) and other central items, Treasury activities as well as eliminations. Other central items include Siemens brand fees, corporate services (e.g. management of the Group's real estate portfolio (except Siemens Gamesa), which was allocated to the GP segment in the prior year), corporate projects, centrally held equity interests and other items.
- The negative year-on-year change in the result of Reconciliation to Consolidated Financial Statements was primarily attributable to increased costs for the central corporate functions. It was offset by a positive one-time effect in connection with a legacy power plant construction project.
- Negative Special items increased substantially, primarily due to integration costs in connection with the full integration of Siemens Gamesa. By contrast, the restructuring costs were impacted positively by the change in the assessment of the further progress of

the Accelerating Impact program. Moreover, the negative impacts from prior-year issues relating to Russia were no longer included in Reconciliation to Consolidated Financial Statements.
- Due to the increase in negative Special items, the decline in Profit before Special items was slightly lower than the decrease in Profit.

Net income (loss) and basic earnings per share

- In the past fiscal year, the loss increased sharply. The increase in interest expenses related to increased debt and higher interest rates outweighed the increase in interest income attributable to higher interest on deposits. Moreover, income decreased year-on-year as a result of discounting in connection with non-current provisions, which were reported in other financial income (expenses). This was offset by a substantial decline in the amortization of intangible assets acquired in business combinations as well as goodwill impairments.
- Overall, Profit development in Siemens Gamesa was the main factor for the increase in the loss before income taxes of Siemens Energy.
- The tax rate of Siemens Energy in the past fiscal year was negative 35% (2022: negative 18%). The higher negative tax rate was due to losses without corresponding tax relief at Siemens Gamesa and to a valuation allowance for deferred tax assets of approximately €0,8 billion resulting from the changed business outlook at Siemens Gamesa.
- Due to the developments described above, Siemens Energy Group reported a Net loss in the past fiscal year, which was sharply higher than a year earlier.
- In percentage terms, the corresponding negative basic earnings per share increased far more substantially than the Net loss due to the acquisition of the non-controlling interest in Siemens Gamesa Renewable Energy S.A. (see 2.3.2 Events and developments responsible for the course of business). As a result, the portion of the Net loss attributable to the shareholders of Siemens Energy AG increased disproportionately compared with the prior year.

Siemens Energy Special items

(in millions of €)	Fiscal year 2023	2022	Change
Restructuring and integration costs	(130)	(138)	(6)%
Gas Services	*27*	*(3)*	*n/a*
Grid Technologies	*(8)*	*(28)*	*(72)%*
Transformation of Industry	*(4)*	*(5)*	*(4)%*
Siemens Gamesa	*(92)*	*(96)*	*(4)%*
Reconciliation to Consolidated Financial Statements	*(52)*	*(6)*	*>200%*
Stand-alone costs	(60)	(49)	22%
Gas Services	*(14)*	*(16)*	*(15)%*
Grid Technologies	*(6)*	*(7)*	*(20)%*
Transformation of Industry	*(6)*	*(8)*	*(19)%*
Siemens Gamesa	*—*	*—*	*n/a*
Reconciliation to Consolidated Financial Statements	*(34)*	*(18)*	*91%*
Strategic portfolio decisions	6	(226)	n/a
Gas Services	*4*	*(76)*	*n/a*
Grid Technologies	*(11)*	*(35)*	*(68)%*
Transformation of Industry	*(8)*	*(92)*	*(91)%*
Siemens Gamesa	*—*	*—*	*n/a*
Reconciliation to Consolidated Financial Statements	*21*	*(23)*	*n/a*
Siemens Energy Special items	**(184)**	**(413)**	**(55)%**
Gas Services	*17*	*(95)*	*n/a*
Grid Technologies	*(25)*	*(70)*	*(64)%*
Transformation of Industry	*(19)*	*(104)*	*(82)%*
Siemens Gamesa	*(92)*	*(96)*	*(4)%*
Reconciliation to Consolidated Financial Statements	*(65)*	*(47)*	*39%*

2.5 Net assets, liabilities and equity

(in millions of €)	Sep 30, 2023	2022	Change
Total current assets	**26,567**	**28,617**	**(7)%**
therein			
Cash and cash equivalents	4,588	5,959	(23)%
Trade and other receivables	6,537	5,572	17%
Contract assets	4,153	4,718	(12)%
Inventories	8,961	7,983	12%
Total non-current assets	**21,339**	**22,467**	**(5)%**
therein			
Goodwill	9,982	10,456	(5)%
Other intangible assets	3,169	3,592	(12)%
Property, plant and equipment	5,724	5,435	5%
Total assets	**47,907**	**51,084**	**(6)%**

(in millions of €)	Sep 30, 2023	2022	Change
Total current liabilities	**31,599**	**27,932**	**13%**
therein			
Short-term debt and current maturities of long-term debt	1,591	749	112%
Trade and other payables	6,658	6,782	(2)%
Contract liabilities	15,984	13,010	23%
Current provisions	2,901	2,129	36%
Total non-current liabilities	**7,520**	**6,034**	**25%**
therein			
Long-term debt	3,190	2,474	29%
Provisions for pensions and similar obligations	519	570	(9)%
Provisions	2,682	1,799	49%
Total equity	**8,787**	**17,118**	**(49)%**
Total liabilities and equity	**47,907**	**51,084**	**(6)%**

- As of September 30, 2023, **total assets** of Siemens Energy decreased clearly year-on-year. Considerable negative currency translation effects impacted both assets and liabilities. The acquisition of the outstanding shares in Siemens Gamesa Renewable Energy S.A. was also reflected in individual items of both assets and liabilities.
- The decline on the **assets** side was largely driven by effects in connection with the aforementioned acquisition of shares, which was mainly responsible for the decrease in cash and cash equivalents and in other current financial assets. Changes to the asset components of the operating net working capital had an offsetting effect. Negative currency translation effects amounted to approximately € 2.2 billion. The proportion of non-current assets in total assets remained almost constant at 45% (2022: 44%). Development on the **liabilities** side was affected mostly by the decrease in equity. The decline was partly offset by the increase in liability components of the operating net working capital and by the growth of debt and provisions.
- The substantial decrease in **cash and cash equivalents** was mainly due to the above-mentioned acquisition of shares.
- **Other current financial assets** decreased sharply to €720 million (2022: €2,509 million). This was primarily attributable to the use of cash collateral of €1,148 million deposited with the Spanish National Securities Market Commission in connection with the acquisition of the outstanding shares in Siemens Gamesa Renewable Energy S.A. (see **2.3.2 Events and developments responsible for the course of business**) and to the development of fair values of derivative financial instruments.
- In the **operating net working capital**, a clear increase in the **asset components** was accompanied by a significant rise in the **liability components**. The substantial increase in contract liabilities, mainly due to advance payments on projects, exceeded by far the growth in inventories, partly in connection with the processing of the order backlog, and in trade and other receivables. As a result, the negative operating net working capital almost doubled as of the fiscal year-end to minus €2,991 million (2022: minus €1,520 million). GT posted a sharp decline and Siemens Gamesa a substantial decline. The operating net working capital (as a percentage of revenue) was minus 10% at fiscal year-end (2022: minus 5%).
- **Assets classified as held for disposal** and **liabilities associated with assets classified as held for disposal** decreased following the completion of the underlying transactions.
- **Goodwill** declined moderately due to negative currency translation effects. **Other intangible assets** decreased significantly. Negative currency translation effects and amortization, depreciation and impairments relating to intangible assets acquired in business combinations offset the additions to internally generated technology for product development at Siemens Gamesa.
- The sharp decrease in **deferred tax assets** to €488 million (2022: €1,264 million) and the sharp increase in **deferred tax liabilities** to €296 million (2022: €145 million) was mainly due to the changed business outlook at Siemens Gamesa, which resulted in valuation allowances for deferred tax assets and, among other things, the resulting surplus of deferred tax liabilities (see **2.3.2 Events and developments responsible for the course of business**).
- Debt at Siemens Energy increased sharply year-on-year to €4,781 million (2022: €3,224 million). This was primarily attributable to the placement of a green bond with an aggregate nominal amount of €1,500 million and the issue of securities under the commercial paper program. In addition, a syndicated bridge facility that was concluded to finance the acquisition of the outstanding shares in Siemens Gamesa Renewable Energy S.A. was used (see **2.6.3 Financing and liquidity analysis**). The proceeds of the green bond were used to refinance existing borrowings by Siemens Gamesa, which resulted in shifts between **short-term** and **long-term debt**.
- **Other current financial liabilities** fell sharply to €694 million (2022: €1,423 million). This was mainly related to the development of fair values of derivative financial instruments.
- The clear rise in **other current liabilities** to €3,375 million (2022: €3,120 million) was primarily due to increases in liabilities to personnel and reservation fees.
- Provisions increased sharply year-on-year to €5,583 million (2022: €3,928 million). This applied equally to **short-term** and **long-term provisions**. The main factors were the establishment of provisions relating to warranty costs and additions to provisions for order-related losses and risks in connection with quality issues in particular of the 4.X and 5.X onshore turbines, as well as increased product costs and ramp-up challenges at Siemens Gamesa (see **2.3.2 Events and developments responsible for the course of business**).
- **Equity** of Siemens Energy decreased sharply due to the decline in the portion of equity attributable to the shareholders of Siemens Energy AG. Alongside the negative Total comprehensive income, the main factor was the acquisition of the outstanding shares in Siemens Gamesa Renewable Energy S.A. as this was a transaction with owners recognized directly in equity. As a result, retained earnings decreased by €4,461 million. This was offset by a capital increase carried out in fiscal year 2023, which increased the Capital stock and Capital reserve by €73 million and €1,171 million, respectively. Due to the aforementioned acquisition of shares, non-controlling interests rose to €285 million (2022: minus €4 million).
- As a result of the change in equity, the equity ratio (equity to total assets) at fiscal year-end declined to 18% (2022: 34%).

Off-balance-sheet commitments

- At the end of the fiscal year, the maximum liability amount – resulting from credit guarantees, contractual performance guarantees for third-party services and other guarantees (including for compensation obligations in connection with the sale of business units) – was a nominal €303 million (2022: €406 million).

2.6 Financial position

2.6.1 Principles and objectives of financial management

- The main objectives of Siemens Energy's financial management are to ensure the financial sustainability of Siemens Energy and its affiliated companies, an investment-grade rating and support for the business by providing corporate finance solutions. The protection of the Group's long-term financial stability and flexibility includes the solvency of Group entities at any time, the reduction of financial risks and a balanced capital structure.
- The Treasury & Corporate Finance organization of Siemens Energy manages treasury and financing activities, including guarantees, letters of credit, insurance, pensions, sale of receivables, leasing, and supply chain finance.
- Certain treasury and financing activities are managed centrally by Treasury & Corporate Finance to the extent reasonable to ensure transparency and cost efficiency, e.g. liquidity and financing of the Group, bank relations, treasury infrastructure, as well as management of financial risks, pensions, pension service providers, insurances (broking, advisory, claims management and provider management) and guarantees.
- The centralized coordination and management of market risks (foreign currencies, interest rates, commodities), bank partners, insurance and pensions ensure a comprehensive risk management approach. Treasury is the central partner for derivative hedging transactions entered into by Siemens Energy, as far as this is permissible under local foreign exchange regulations. Treasury is therefore largely responsible for entering into external hedging transactions with banks.
- The provision of Treasury infrastructure involves cash pooling, among other things. A centralized cash management system enables excess liquidity at individual Group entities to be used to cover the financing requirements of other Group entities, which reduces both the volume of external financing and interest expenses on Group level.
- For further information on the extent and management of financial risks and on financing, see **Note 21 Financial risk management** in **3.6 Notes to Consolidated Financial Statements**.

2.6.2 Analysis of cash flow and investments

(in millions of €)	Fiscal year 2023	2022	Change
Free cash flow pre tax by segment			
Gas Services	943	1,738	(46)%
Grid Technologies	1,225	342	>200%
Transformation of Industry	191	166	15%
Siemens Gamesa	(1,604)	(809)	(98)%
Reconciliation to Consolidated Financial Statements	29	67	(57)%
Free cash flow pre tax of Siemens Energy	**784**	**1,503**	**(48)%**
therein Additions to intangible assets and property, plant and equipment	*(1,228)*	*(1,157)*	*(6)%*
Cash flows from			
Operating activities	1,622	2,218	(27)%
Investing activities	(1,633)	(1,118)	(46)%
Financing activities	(1,132)	(568)	(99)%

Free cash flow pre tax

- **Free cash flow pre tax** at Siemens Energy decreased sharply compared with fiscal year 2022, due to the substantial decline in cash inflows from operating activities (excluding income taxes paid), down from €2,661 million in the prior year to €2,012 million. Added to this were clearly increased cash outflows for additions to intangible assets and property, plant and equipment in fiscal year 2023.
- The reduction in the **cash inflows from operating activities** was largely caused by the decrease in profit and the year-on-year decline in net cash inflow of €1,318 million (2022: €1,861 million) due to the change in **operating net working capital**, mainly as a result of the change in trade receivables and payables as well as other receivables and payables. For this reason, the sharp change in contract liabilities – due to higher advance payments from customers – and was offset by the reduced cash outflows due to the change in inventories. An opposing effect came from the swing in the change in other assets and liabilities from minus €373 million in the prior year to plus €2,059 million in fiscal year 2023. Compared with the prior year, changes were mainly in warranty-related and onerous loss provisions, primarily in connection with the quality issues in particular of the 4.X and 5.X onshore turbines, as well as increased product costs and ramp-up challenges at Siemens Gamesa (see **2.3.2 Events and developments responsible for the course of business**).
- The clear increase in the **additions to intangible assets and property, plant and equipment** was attributable to higher investment at GS and GT and for central services (included in the Reconciliation to Consolidated Financial Statements). This was offset by a clear decline in investment at Siemens Gamesa. However, more than half of Siemens Energy's investments in the prior fiscal year were made at Siemens Gamesa.
- **Investments** by GS in the past year were focused mainly on maintenance and replacement, mostly relating to the new units business. A further focus was on market-driven innovation. GT primarily invested capital to expand its production capacities for certain products and within the context of selected research and development projects. One focus here was the further technological development and production preparation of an SF_6-free product portfolio. TI concentrated on investing in the development and manufacture of sustainable technologies, mainly electrolyzers. Moreover, TI made in replacement investments – with the main focus on tools and equipment for deployment at all sites – to maintain availability and increase productivity and energy efficiency in both the new units and service businesses. Investments by Siemens Gamesa mainly related to leases (primarily for vessels) and the plants of the United Kingdom and France. There was also a focus on improvements in prototypes in Denmark, as well as maintenance investments in different countries.
- At the segment level, there was a sharp increase in Free cash flow pre tax at GT but sharp declines at GS and Siemens Gamesa. The improvement at GT was based on the increase in profit and the sharp year-on-year rise in advance payments from customers. The increase in profit at GS was offset by the net cash outflow due to the change in operating net working capital (especially relating to contract assets and liabilities). At Siemens Gamesa, the main factor was the decline in profit, the cash effect of which was partly offset by the change in warranty-related and onerous loss provisions as well as in operating net working capital.

Additions to intangible assets and property, plant and equipment

	Fiscal year		
(in millions of €)	2023	2022	Change
by Segments			
Gas Services	162	133	22%
Grid Technologies	142	87	63%
Transformation of Industry	62	66	(6)%
Siemens Gamesa	724	783	(8)%
Reconciliation to Consolidated Financial Statements	138	88	57%
Additions to intangible assets and property, plant and equipment Siemens Energy	**1,228**	**1,157**	**6%**
by Regions			
EMEA	1,010	928	9%
Americas	126	138	(9)%
Asia, Australia	92	91	1%

Cash flows from investing activities

- **Cash outflows from investing activities** rose sharply due to increased investment in intangible assets and property, plant and equipment. Added to this were cash outflows for acquisitions of businesses and for the purchase of investments. Cash outflows of around €0.4 billion related to the acquisition of certain equity interests of the Siemens Group which were not transferred to Siemens Energy at the time of the Spin-Off from Siemens. In the prior year, there were cash inflows from the disposal of investments, which were not offset by comparable cash inflows in fiscal year 2023.

Cash flows from financing activities

- The sharp increase in cash outflows in the **cash flows from financing activities** was primarily related to the acquisition of the outstanding shares in Siemens Gamesa Renewable Energy S.A., which resulted in a cash outflow of €2,933 million in the past fiscal year (2022: €1,148 million). This includes cash outflows for compensation payments to owners of non-controlling interests as a result of a capital reduction (see Note 3 Acquisitions, disposals and assets held for disposal in 3.6 Notes to Consolidated Financial Statements).
- There was an additional cash outflow of €130 million (2022: €– million) for the buyback of shares. Further information about the share buyback can be found in Note 15 Equity in 3.6 Notes to Consolidated Financial Statements.
- By contrast, a capital increase carried out in the past fiscal year resulted in cash inflows of €1,243 million.
- While in the prior year, cash inflows from the issue of bonds and notes resulted from the issue of a mandatory convertible bond (€959 million), cash inflows of €1,490 million were generated in fiscal year 2023 from the issue of a Green Bond (see below) and €426 million from the issue of securities under the commercial paper program (see below). For the most part, the cash inflows were used to refinance debts (see below), which resulted in corresponding cash outflows from the change in debt.

2.6.3 Financing and liquidity analysis

Debt, credit facilities and capital structure

Debt

- In fiscal year 2023, the debt structure changed compared with the prior year. As of September 30, 2023, notes and bonds made up most of the debt and resulted largely from the placement of a bond (see below), the proceeds of which were used to refinance existing debts by Siemens Gamesa. Refinancing took place in connection with the full integration of Siemens Gamesa (see 2.3.2 Events and developments responsible for the course of business), as a result of which loans from banks were largely administered by Group Treasury as of the end of the past fiscal year.
- In April 2023, Siemens Energy placed a Green Bond with an aggregate nominal amount of €1,500 million divided into two tranches of notes of €750 million each. One tranche has a maturity of three years and an interest rate of 4.00%; the other has a maturity of six years and an interest rate of 4.25%.
- Siemens Energy made use of the program for the issuance of debt instruments (commercial paper program) in the past fiscal year. As of September 30, 2023, debt instruments to the value of €432 million (2022: €– million) were outstanding.
- The unused syndicated bridge facility of €4,200 million that was concluded in the prior year to acquire the outstanding shares in Siemens Gamesa Renewable Energy S.A. was reduced to €620 million in fiscal year 2023 and drawn in full. In October 2023, the first of two six-month extension options was exercised. The credit line will now mature in May 2024.
- Further information about the Company's debt can be found in Note 12 Debt in 3.6 Notes to Consolidated Financial Statements.

Credit facilities

- As of the end of the prior year, Siemens Energy had an unused syndicated revolving credit facility of €3,000 million for general corporate purposes, which was available unchanged as of September 30, 2023. In the past year, the second of two one-year extension options was exercised. The credit facility now has a term until 2026.
- As of September 30, 2023, Siemens Gamesa had a multi-currency revolving credit facility of €2,000 million (2022: €2,500 million). This was unused at the end of the past fiscal year and has a term until December 2026. There are contractual interactions with Siemens Energy's €3,000 million syndicated revolving credit facility, as this provides for a restriction on credit borrowing by group subsidiaries. Due to the approval by Siemens Energy's syndicate banks, the possibility for Siemens Gamesa to borrow credits after the delisting remained possible. If this approval is not extended, a maximum of €3,300 million could be drawn on the two credit facilities in total from July 2024. The loan may be used for general corporate purposes and to refinance outstanding debt.

Capital structure ratio

Net debt/ (net cash)

(in millions of €)	Sep 30, 2023	2022
Short-term debt and current maturities of long-term debt[1]	1,591	749
Plus: Long-term debt[1]	3,190	2,474
Total debt	**4,781**	**3,224**
Cash and cash equivalents	4,588	5,959
Total liquidity	**4,588**	**5,959**
Net debt/ (net cash)[2]	**193**	**(2,736)**
Plus: Provisions for pensions and similar obligations	519	570
Plus: Credit guarantees	47	77
Adjusted net debt/ (net cash)	**759**	**(2,089)**
EBITDA	**(1,742)**	**1,144**
Adjusted net debt to EBITDA[3]	**n/a**	**n/a**

[1] Includes the present values of the coupons of the mandatory convertible note amounting to €103 million as of September 30, 2023 (2022: €152 million).
[2] As of September 30, 2023, the net cash position is shown with a negative sign.
[3] The ratio cannot be interpreted in a meaningful way if the sign becomes negative. Therefore, no values are shown.

- Starting fiscal year 2023, receivables and payables from Siemens AG from financing activities (2022: net receivables €92 million) are no longer part of the net debt/ (net cash). Prior year information is presented on a comparable basis.
- In light of the existing borrowing in connection with the acquisition of the outstanding shares in Siemens Gamesa Renewable Energy S.A., Siemens Energy is and remains committed to an investment-grade rating. The Company achieved this general aim in both the past and the prior fiscal year. On March 7, 2023, Standard & Poor's Global Ratings confirmed the short-term and long-term ratings of A-

2 and BBB, respectively, and the negative outlook. On July 10, 2023, the ratings were reduced to A-3 and BBB-, respectively, with stable outlook. End of November 2023, the outlook of the long-term issuer rating was changed from "stable" to "negative". The investment grade rating BBB- remains unchanged.
- The swing from net cash in the prior year to net debt as of September 30, 2023, was attributable to the increase in long-term and short-term debt and the decrease in cash and cash equivalents (see above for explanations of both).
- In connection with the charges resulting from the quality issues in particular of the 4.X and 5.X onshore turbines, as well as increased product costs and ramp-up challenges in the offshore activities at Siemens Gamesa and the necessity of guarantee lines to support future order growth, the Executive Board of Siemens Energy conducted a review of the Group's liquidity development with regard to the going-concern assumption. The review was scenario-based and covered a period up to September 30, 2025.
- The analysis included the liquidity available as of the balance sheet date, cash flow forecasts for the period under review based on general business planning, cash inflows from portfolio measures, the available and undrawn credit lines and the maturity profile of existing financial liabilities. As Siemens Energy offers its customers long-term and large-scale construction projects (conventional power plants, transmission technology, wind turbines, etc.), the customary guarantee lines available to Siemens Energy were also taken into account. In addition, significant risks and uncertainties over the period under review, as set out in Siemens Energy's risk report, were also taken into account.
- At the time of the preparation of the financial statements agreements for additional guarantee lines have not yet been signed. Significant progress has been made in the discussions with banks, the German government and Siemens Group so that the Executive Board considers the successful conclusion of the process as highly likely and has taken this into account in its scenario-based analysis.
- Following this review, the Executive Board is of the opinion that Siemens Energy has sufficient liquidity to continue as a going concern for a period of at least 24 months from the balance sheet date in all scenarios considered.

Financing of pension plans and similar commitments

- Siemens Energy provides post-employment defined benefit plans or defined contribution plans to almost all employees in Germany and to most employees outside Germany.
- The majority of pension obligations at Siemens Energy derive from three countries: Germany, the United States and the United Kingdom.
- As of September 30, 2023, the **defined benefit obligation (DBO)** amounted to €2,710 million (thereof: Germany €1,316 million, United States €718 million, United Kingdom €187 million and other countries €489 million).
- The **fair value of plan assets** was €2,353 million (thereof: Germany €1,291 million, United States €500 million, United Kingdom €190 million and other countries €373 million).
- This led to **underfunding** of €384 million (2022: €487 million), a year-on-year decrease that was largely due to an increase in the weighted average discount rate.
- Further information can be found in **Note 13 Post-employment benefits/ Provisions for pensions and similar obligations** in **3.6 Notes to Consolidated Financial Statements**.

2.7 Report on expected developments

2.7.1 Overall macroeconomic development

Gross domestic product, inflation and interest rates

The global economy is expected to grow at a slightly lower rate in calendar year 2024 than in calendar year 2023. One of the main reasons for the subdued outlook is the increases in interest rates by central banks to curb inflation. Following global GDP growth of 3.0% expected for calendar year 2023, growth of 2.9% is assumed for calendar year 2024.

After peaking in calendar year 2022, inflation remained at an above-average level after a decline in 2023. Consumer prices in the EU are expected to fall to 3.6% in calendar year 2024 (compared to the expected value for 2023 of 6.5%). An inflation rate of 2.8% is forecast for the U.S. (4.1% expected for 2023).

The development of key interest rates is likely to depend on the realization of inflation forecasts. The European Central Bank is determined to reduce inflation to the medium-term target of 2% and believes that key interest rates are at a level that, if maintained for a sufficient length, will make a significant contribution to achieving this target. In the U.S., key interest rates reached their highest level since 2001 in July 2023. However, both central banks are keeping their options open for further increases of interest rates. The comparatively high financing costs are likely to have a negative impact on both investment and consumer spending, thus slowing economic development.

The EU's gross domestic product is expected to grow by 0.7% in calendar year 2023, driven by strong growth in Spain and France. By contrast, growth is dampened by a slight decline in economic output in Germany. For calendar year 2024, growth of 1.5% is expected. The U.S., for which the forecasts have been raised significantly (expected growth for the calendar years 2023 and 2024: 2.1% and 1.5% respectively), is expected to be a key pillar of global economic development. One of the biggest risks for the global economy is likely to be the level of economic development in China. With expected growth of 5.0% for calendar year 2023 and an anticipated decline to 4.2% in 2024, China is still growing at an above-average rate, but an even sharper decline in growth would probably have a noticeably negative impact on the global economy.

The forecasts for GDP and inflation are based on data from the International Monetary Fund ("World Economic Outlook: Navigating global divergences" from October 2023).

All of the estimates presented in this chapter regarding future developments and trends in the market are subject to uncertainties, particularly with regard to general geopolitical risks and especially those of the consequences of the war in Ukraine and developments in the Middle East as well as increased inflation, the continued comparatively high and volatile prices for fossil fuels, risks in supply markets, and energy security, among their associated effects, also.

Energy market

The key trends in the energy sector are expected to persist. In addition to rising global primary energy demand, these include higher electricity production and correspondingly growing electricity generation capacities. This is linked to economic growth, but also to increasing electrification, particularly in the transportation and industrial sectors. This is partly due to packages of measures, most notably in the U.S. and Europe, to drive forward the transition to clean energy. In Europe, these measures are also aimed at reducing dependence on imported fossil fuels. As the global focus shifts towards low-carbon power generation technologies, the need for structural modernization of electrical infrastructure increases.

Against this backdrop and based on the expectations for macroeconomic development outlined above, we expect demand for electricity to increase and return to the pre-COVID-19 growth path in fiscal year 2024. The markets related to GS are expected to further stabilize as a result. For GT, it is also assumed that the markets will develop positively in fiscal year 2024 because of the continued modernization and expansion of the existing transmission infrastructure. In particular, we expect capacity expansions and grid connections for power generation projects in renewable energies, increasing demand for energy storage and due to required grid stabilization measures. The market environment for Siemens Gamesa is likely to remain favorable in connection with the energy transition. Electricity generation from renewable energy is expected to grow faster in calendar year 2023 and beyond than achieved in calendar year 2022. Outside of the electricity sector, TI's energy markets are expected to stabilize further. We expect stable to improved development in the pipeline, downstream and other oil and gas-related markets, mainly in connection with a shift in supply from Russia to European countries, as well as the accelerated electrification of industry.

Supply market environment

The subdued forecasts for the overall economic environment are primarily due to higher interest rates, while material shortages are also likely to slow down economic development. In fiscal year 2024, the commodities market is expected to be strongly influenced by the development of the Chinese economy and the megatrend of decarbonization. Investment-promoting measures in connection with climate neutrality targets and other purposes, e.g. in Europe the EU's "Recovery and Resilience Facility", the European Chips Act and the "European Carbon Border Adjustment Mechanism", are expected to have an increasing impact starting in 2024 and drive electrification in transporttation and heavy industry. This will increase the demand for specific materials. In addition, there will be a need for certain components in connection with the expansion of production capacities required to meet this demand.

As a result, the availability of certain materials such as copper, rare earths, and semiconductors is expected to be limited in fiscal year 2024. Additional restrictions on metals are likely to result, for example, from political influence through tariffs and export bans. It can also be assumed that this situation will be exacerbated by limited new mining projects and primary smelting capacities, particularly for copper.

Expected impact on the business development of Siemens Energy

We assume that the general economic development of the global economy in fiscal year 2024, similar to the past fiscal year, will have less of an impact on our business development than specific circumstances regarding the energy market. Despite a general decline in the propensity to invest due to the deterioration in financing conditions, we assume that the market environment will remain favorable for Siemens Energy, particularly due to the energy transition. Overcoming the energy trilemma - ensuring a sustainable, affordable and secure energy supply at the same time - remains the determining factor. We assume that Siemens Energy will be able to benefit from this situation in a similar way to fiscal year 2023.

We also assume that the situation in the procurement markets will generally continue to ease compared to the structural challenges of prior years. Nevertheless, we expect general cost increases and material shortages in specific areas, e.g. turbine blades. We expect that we will be able to adequately manage such costs. We believe that Siemens Energy will be able to pass on most inflation-related cost increases in new contracts with customers and limit material shortages by taking appropriate countermeasures, such as through new suppliers.

2.7.2 Strategic development, including solving operational issues

With the new corporate structure effective since the beginning of the past fiscal year, the acquisition of the outstanding shares in Siemens Gamesa Renewable Energy, S.A. and the subsequent delisting in fiscal year 2023, we have created the structural basis for the consistent strategic development of Siemens Energy. We intend to achieve cost synergies of up to €300 million yearly within three years after full integration of Siemens Gamesa, mainly through better project execution as well as optimization of the supply chain. There will also be joint research and development efforts. We also are convinced that the current operational problems at Siemens Gamesa, especially the quality issues in particular of the 4.X and 5.X onshore turbines (see 2.3.2 Events and developments responsible for the course of business), can be overcome more quickly under these conditions.

We expect the root cause analysis for the quality issues identified in the past fiscal year to be completed during the first half of fiscal year 2024. This may lead to adjustments of the expected failure rates and might have material negative effects on net assets, financial position and results of operations. We assume that the temporary interruption of sales activities for the 4.X and 5.X onshore turbines will be lifted once the root cause analysis and the cause elimination has been completed.

Irrespective of this, we are continuing general measures to increase the competitiveness of Siemens Gamesa with the "Mistral" program. The measures focus on a streamlined product portfolio, optimization of the global production footprint and operational activities as well as strengthening processes and controls.

In addition, the "Accelerating Impact" program will contribute to the sustainable improvement of our operating performance until fiscal year 2025. The implementation of measures already agreed will lead to a reduction in our cost base and structural operational improvements.

We expect our plans and measures in this regard to be implemented successfully. This relates in particular to the resolution of the operational problems at Siemens Gamesa.

2.7.3 Expected business development of Siemens Energy

Expected revenue and profitability development of the segments

The **GS** segment expects order intake to normalize, which is expected to be below the level of the past fiscal year with strong focus on profitability, risk and service share in the business mix. The book-to-bill ratio should remain above 1. It is assumed that around €8 billion of the order backlog at the end of the past fiscal year will result in revenue in fiscal year 2024. GS assumes comparable revenue growth of between negative 4% and 0% and a Profit margin before Special items of between 9% and 11%.

Despite a decline compared to the past fiscal year primarily due to a decline in the volume of large orders, **GT** expects orders to remain at a high level. It is assumed that around €8 billion of the order backlog at the end of the past fiscal year will lead to revenue and thus account for the majority of the anticipated revenue; among other things, the large grid connection and expansion orders from fiscal years 2022 and 2023 will lead to revenue. GT expects that the margin of the order backlog to be processed and, due to a higher volume, degression effects to have a positive impact on Profit. GT plans to achieve comparable revenue growth of between 18% and 22% and a Profit margin before Special items of between 7% and 9% in fiscal year 2024.

In view of the expected market environment, the **TI** segment is assuming an increase in order intake, with profitability continuing to take priority. We foresee growth in revenue that will be driven by order intake in the past fiscal year. Around €4 billion from the order backlog at the end of the past fiscal year is expected to turn into revenue in fiscal year 2024. Profit is expected to improve, boosted by the assumed growth in revenue and the margins in order backlog. Overall, TI is assuming comparable revenue growth in a range of 8% to 12% and a Profit margin before Special items of 5% to 7%.

The business performance of the **Siemens Gamesa** segment in fiscal year 2024 is likely to be determined by the existing internal challenges. Orders in the onshore business are expected to be significantly impacted by the temporary interruption of sales activities for the 4.X and 5.X onshore turbines. In the offshore business, orders are likely to be slowed down by delayed contract placements and selective order acceptance. The development of revenue is expected to remain largely unaffected by this, as it will be determined by the processing of the existing order backlog. Around €10 billion from the order backlog at the end of the past fiscal year is expected to convert to revenue in fiscal year 2024. The project margins burdened by higher planned costs due to the quality issues as well as the increased product costs and challenges during the ramp-up in the offshore area in the past fiscal year are expected to be decisive for the development of profit. For fiscal year 2024, Siemens Gamesa expects comparable revenue growth of 0% to positive 4% and negative Profit before Special items of around €2 billion.

Outside the segments, we expect for **Reconciliation to Consolidated Financial Statements** a negative Profit at the level of the past fiscal year.

Expected revenue and profitability development of Siemens Energy

Based on the expected development of business volume in our segments, we anticipate comparable revenue growth of between 3% and 7% for Siemens Energy in fiscal year 2024. As of September 30, 2023, our order backlog amounted to €112 billion. We expect that the processing of our order backlog will support the recognition of total revenue at around €29 billion.

Based on the expected development of profitability for our segments, we anticipate a Profit margin before Special items of between negative 2% and positive 1% for Siemens Energy in fiscal year 2024.

We assume that the expected profitability and, above all, disposals and an accelerated portfolio restructuring will lead to Siemens Energy generating a Profit after tax of up to €1 billion in fiscal year 2024.

Expected financing and planned capital expenditures

For Siemens Energy's Free cash flow pre tax, we assume a negative turnaround in fiscal year 2024 compared to the past fiscal year. We expect a negative Free cash flow pre tax of around €1.0 billion. This expectation takes into account our assumption regarding the continuation of order intake, which supported the development of Free cash flow pre tax in the past fiscal year due to the resulting customer prepayments. For fiscal year 2024, we also anticipate a very strong increase in capital expenditure in intangible assets and property, plant and equipment affecting Free cash flow pre tax compared to fiscal year 2023.

In addition, we expect cash inflows outside Free cash flow pre tax in the range of €2.5 billion to €3.0 billion in fiscal year 2024 from disposals and accelerated portfolio restructuring. An essential element of these measures is the sale of a significant portion of our stake in Siemens Limited, India, to Siemens AG. With the Spin-Off from Siemens in fiscal year 2020, Siemens Energy received a 24% stake in the listed company. We intend to sell an 18% stake in Siemens Limited to Siemens AG. Siemens Energy will retain a 6% stake. The intended disposals and portfolio restructuring will generate a cash inflow of €2.1 billion. Including all measures from disposals and portfolio restructuring, this should result in a swing from net debt in the past fiscal year to net cash in fiscal year 2024.

Overall assessment of expected developments

We expect the global economy to grow at a subdued pace in the coming year. However, the conditions in our direct market environment, the energy market, are likely to be more important for the development of our business activities. We assume that overall conditions will remain favorable, particularly in connection with the energy transition, likely benefiting our GS, GT and TI segments. In addition, the focus in fiscal year 2024 will be on solving our issues at Siemens Gamesa. The following forecast for Siemens Energy is derived from this:

	Initial position	Expected development
	Fiscal year	
	2023	2024
Comparable revenue growth Siemens Energy Group	9,9%	3% to 7%
Profit margin before Special items Siemens Energy Group	(8,9)%	negative 2% to positive 1%
Net income (loss) Siemens Energy Group	€(4,588) million	Net income of up to €1 billion
Free cash flow pre tax Siemens Energy Group	€784 million	negative Free cash flow pre tax of around €1.0 billion

The outlook for Siemens Energy does not include any charges in connection with legal and regulatory matters. The forecast is based on the assumptions for our Business Areas set out below.

Overall assumptions per Business Area

- **GS** plans to achieve a comparable revenue growth of negative 4% to 0% and a Profit margin before Special items of 9% to 11%.
- **GT** plans to achieve a comparable revenue growth of 18% to 22% and a Profit margin before Special items of 7% to 9%.
- **TI** plans to achieve a comparable revenue growth of 8% to 12% and a Profit margin before Special items of 5% to 7%.
- **Siemens Gamesa** expects a comparable revenue growth of 0% to 4% and a negative Profit before Special items of around €2 billion.

Actual developments may differ from our forecasts due to the risks and opportunities described in **2.8 Report on the internal control and risk management system and material risks and opportunities** or in the event that our assumptions do not materialize.

2.8 Report on the internal control and risk management system and material risks and opportunities

2.8.1 Key features of the internal control and risk management system and statement on the appropriateness and effectiveness of these systems

Internal control and risk management systems are designed to address risks appropriately, not to eliminate them completely. They do not provide absolute assurance but do provide a degree of assurance that the Company's business objectives are being met and that material risks are being appropriately addressed and mitigated. This includes, for example, that the Company’s assets are safeguarded, that financial reporting is reliable, and that legal or regulatory requirements are complied with. The internal control and risk management system is based on an ongoing process aimed at identifying and prioritizing risks to the achievement of business objectives and at addressing these risks effectively and efficiently. This includes the establishment of control objectives, the regular review of risks and control objectives, and the review of the achievement of control objectives and the adequacy and effectiveness of significant controls designed to mitigate risk. Any projections of any evaluation of the appropriateness and effectiveness of an internal control and risk management system to future periods are subject to the risk that controls may become inadequate because of changes in circumstances, or that the degree of compliance with the policies or procedures may deteriorate.

The core elements on which our internal control and risk management system is based include:

- Risk and Control Framework (RCF): The Risk and Control Framework is a central point of reference for all globally binding control objectives set by the process owners to safeguard against risks identified centrally at Group level. It provides a clear and consistent list of control objectives, enabling management and employees to exercise appropriate control in their respective areas of responsibility. A modified approach applies to our segment Siemens Gamesa, as only control objectives related to specific mandatory areas predefined by Siemens Energy are binding for Siemens Gamesa. Additional Siemens Gamesa-specific control objectives are defined and applied based on Siemens Gamesa management's own risk analysis. In the course of the further integration of Siemens Gamesa, it is planned to align the RCF of Siemens Energy and Siemens Gamesa as far as possible. Based on the globally accepted COSO standard (Committee of Sponsoring Organizations of the Treadway Commission) "Enterprise Risk Management - Integrating with Strategy and Performance" (2017), the control objectives are organized into the four categories of strategic, operations, financial and compliance to enable the organization to break down its control environment into manageable aspects and work towards achieving its control objectives.
- Internal Control Process (IC Process): An integrated IC process is in place that considers the core elements of the internationally acknowledged "Internal Control - Integrated Framework" (2013) developed by COSO to review the effectiveness of internal controls in relation to strategic, operations, financial and compliance control objectives. The control objectives contained in the Risk and Control Framework form the basis for the annual assessment. Any internal control deficiencies identified through this process are evaluated and appropriate remediation actions are initiated by management. Among other things, this process also includes sustainability-related control objectives, such as the correct presentation of sustainability-related financial data as defined by the EU Taxonomy Regulation. A modified approach applies to Siemens Gamesa with regard to the scope and timing of the reported data: The assessment results of the control objectives at corporate level and the assessment results of additional control objectives defined by Siemens Gamesa are reported by Siemens Gamesa to Siemens Energy AG at predefined dates following the IC process schedule. In the course of the further integration of Siemens Gamesa, the use of a common IT solution is planned in order to also have access to Siemens Gamesa's data at any time and to be able to evaluate it for Siemens Energy. The results of the overall internal control process are regularly reported to the Executive Board.
- Internal certification process: A quarterly certification process is in place that requires the management of all companies and selected units to confirm internally the accuracy, completeness and compliance of financial reporting for their respective areas of responsibility. This process forms the basis for the responsibility statement of the Executive Board of Siemens Energy AG and for the representation letters of the Executive Board of Siemens Energy AG to the external auditor.
- Enterprise Risk Management (ERM): In addition to conducting operational risk management activities across the entire company, our ERM system provides a standardized methodology for identifying significant company-wide risks and for recording information about their impact and likelihood of occurrence. Furthermore, there are clear responsibilities and procedures for managing these risks. The identification and management of risks are embedded in the day-to-day management of our business. Our ERM system is based on the COSO standard "Enterprise Risk Management - Integrating with Strategy and Performance" (2017) and is adapted to the requirements of Siemens Energy AG by structuring the organization's objectives into five categories: strategic, operations, financial, compliance and climate. In addition, it complies with ISO standard 31000 “Enterprise Risk Management” (2018) issued by the International Organization for Standardization.
- Compliance Management System: Our Siemens Energy Compliance System is divided into three levels of action: prevent, detect and respond. Preventive measures include compliance risk management, policies and procedures, and comprehensive employee training and counseling. Siemens Energy has implemented a whistleblower system and appointed an ombudsperson to receive information about compliance violations. To identify and resolve misconduct,

Siemens Energy conducts internal investigations, compliance risk analyses, in-process controls and regular and ad-hoc audits. Appropriate responses follow any detected misconduct. The compliance management system is continuously updated to adequately address risks arising from changes in market conditions and business activities.

The Executive Board is supported in its duties as part of the internal control and risk management system by, among others, the following departments and committees with defined responsibilities:

- Risk and Internal Control supports the Executive Board in its responsibility to establish an integrated internal control and risk management system and to monitor its appropriateness and effectiveness. This includes reporting by the head of Risk and Internal Control quarterly to the Executive Board and at least biannually to the Audit Committee of Siemens Energy AG on matters relating to the implementation, execution and monitoring of an appropriate internal control and risk management system, and thus the promotion of risk awareness, risk management and control strategies company-wide.
- Internal Audit performs independent reviews of specifically selected audit areas based on an audit plan of identified risk areas of Siemens Energy AG and its affiliates. It reports regularly to the Executive Board and Audit Committee.
- Legal and Compliance ensures, among other things, the consistent implementation of the Siemens Energy Business Conduct Guidelines and the related guidelines and controls on anti-corruption, antitrust law, data protection, anti-money laundering and export control. The Group Compliance Officer reports quarterly to the Executive Board and the Audit Committee of Siemens Energy AG on key figures and essential elements of the compliance management system, including significant developments in compliance cases. As part of the compliance management system, compliance-related control objectives have been defined in the Risk and Control Framework to support the organization in reporting and managing corresponding risks and in monitoring the effectiveness of internal control in this area.
- The Ad-hoc Committee examines whether, under certain circumstances, information / facts could have a significant impact on the share price of Siemens Energy AG and therefore need to be disclosed by means of an ad-hoc announcement and prepares such mandatory information / facts subject to disclosure for release.

All management of reporting segments, selected Siemens Energy corporate functions and management (or equivalent positions) of entities reporting to the aforementioned are responsible for complying with the control objectives, including all relevant guidance, and for establishing and maintaining an effective internal control and risk management system within their respective areas of responsibility.

In reviewing the appropriateness and effectiveness of our internal control and risk management system and in formulating the comments set forth below, the Executive Board considered a variety of information, including reports on the results of the accounting-related internal control system, reports on the results of the IC process and reports on the results of the ERM process, internal audit reports, reports on current issues identified by our legal and compliance departments, confirmations of the appropriateness and effectiveness of the risk management and control system by global process owners and reporting segments including Siemens Gamesa (in-control statements) and confirmations of the implementation of all Group requirements for the risk management and control system of fully consolidated companies (in-control certifications).

In addition, following the product quality issues at Siemens Gamesa communicated in June 2023, measures were initiated to review the appropriateness and effectiveness of the internal control and risk management system. These measures included an external audit of parts of the internal control and risk management system at Siemens Gamesa, a supplementary internal audit by the Siemens Energy Risk and Internal Control function and the verification of Siemens Gamesa's financial reporting as of June 30 and September 30, 2023, by convening and interviewing Siemens Gamesa management. The audits described have not led to any findings that call into question the appropriateness and effectiveness of the Siemens Gamesa internal control and risk management system as a whole.

Based on the above information, it is investigated whether a critical internal control weakness could exist. Critical internal control weaknesses are either individual internal control weaknesses that have been identified with critical effects or groupings of similar internal control weaknesses that may have critical effects in their entirety. A single definition of a critical internal control weakness is not possible. Deciding whether a particular weakness or group of weaknesses falls into this category is a matter of judgment. Factors in our judgment include whether a weakness could seriously impair or prevent the achievement of a key business objective (strategic, operations, financial, compliance, climate), or whether a weakness could seriously damage the organization's reputation, or whether a weakness could have a material effect on accounting.

In the ERM process, we operate a systematic management of risks and opportunities which is integrated into the entire business organization. The Executive Board defines the business strategy and thus the Group-wide risk policy and risk tolerance with the aim of managing risks and opportunities appropriately. This includes the execution of mitigation measures to reduce the potential impact of risks on the Company to an appropriate level.

To the best of our knowledge, and according to the information provided to us resulting from our internal control and risk management monitoring system previously described, there are no critical internal control weaknesses as of September 30, 2023, that could have a material impact on our business. To the best of our knowledge, as of September 30, 2023, there is no material issue that threatens the achievement of key business objectives (strategic, operations, financial, compliance, climate) that has not been adequately addressed through our ERM process. Based on the results of our internal control and risk management system, no matters have come to our attention that cause us to believe that our enterprise-wide internal control and risk management system is not appropriate or that our internal control and risk management system was not operating effectively as of September 30, 2023.

2.8.2 Key features of the accounting-related internal control and risk management system

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

Our accounting-related internal control system is based on the COSO framework “Internal Control – Integrated Framework” (2013). In addition, our ERM process is linked to our internal control system via the COSO standard "Enterprise Risk Management - Integrating with Strategy and Performance" (2017). Both systems complement each other.

At the end of the fiscal year, our management assesses both the appropriateness and the effectiveness of the control system in place based on all available information. For this purpose, we have a standardized procedure under which necessary controls are defined, documented in accordance with uniform standards, and tested regularly for their appropriateness and effectiveness.

Our Consolidated Financial Statements are prepared on the basis of a centrally issued conceptual framework which primarily consists of uniform financial reporting guidelines in line with the International Financial Reporting Standards (IFRS) and a chart of accounts. For Siemens Energy AG and other companies within the Siemens Energy Group that are required to prepare financial statements in accordance with German Commercial Code, (Handelsgesetzbuch), this conceptual framework is complemented by mandatory regulations specific to the German Commercial Code. The need for adjustments to 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 Energy AG and its subsidiaries. The preparation of the closing data of most of our entities is supported by external shared services organizations. Furthermore, other accounting activities, such as governance and monitoring activities, are usually bundled on a regional level. In certain 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 financial statement information must undergo certain authorization processes. 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 IFRS closing data to the Annual Financial Statements of Siemens Energy AG.

On a quarterly basis, we execute an internal certification process. Management at different levels of our organization, supported by confirmation from the management of entities under their responsibility, confirms the accuracy of the financial data that has been reported to Siemens Energy’s corporate headquarters and compliance with the relevant regulatory framework.

Our Siemens Gamesa segment is also subject to our Group-wide principles for the accounting-related internal control and risk management system and is individually responsible for adhering to those principles. The management of Siemens Gamesa provides periodic sign-offs to the Executive Board of Siemens Energy AG, certifying the effectiveness of their respective accounting-related internal control systems, as well as the completeness, accuracy, and reliability of the financial data reported. In the course of the further integration of Siemens Gamesa, a complete adaptation of the certification process for Siemens Gamesa to the Siemens Energy standard process is planned.

Our internal audit function is set up to review, among other things, financial reporting integrity, the effectiveness of the control and risk management systems, and adherence to our compliance policies. Regular reports are made to the Executive Board and Audit Committee on the results of the audits and the agreed remedial action in the event of findings. Our Siemens Gamesa segment has its own internal audit department and annual audit plan. Topics from the respective annual audit plan of our Siemens Gamesa segment that are also relevant for our Executive Board and Audit Committee first are mandated by Siemens Gamesa’s Executive Board/Board of Directors and Audit Committee and subsequently mandated by our Executive Board and Audit Committee. The audit procedures for these topics will be generally executed in joint teams from our and Siemens Gamesa’s internal audit functions. Following full acquisition of Siemens Gamesa shares and delisting from the Spanish Stock Exchange, Siemens Gamesa's audit plan for the second half of the year has been updated by integrating Siemens Gamesa's previous internal audit topics into a combined audit plan that will be implemented under the leadership of Siemens Energy's internal audit in line with the post-delisting operating model.

The Audit Committee is integrated into our internal control and risk management system. In particular, it oversees accounting and the accounting process and the effectiveness of the internal control, risk management and internal audit systems.

In addition, it is possible to submit accounting-related reports when there are complaints relating to compliance, e.g., anonymously and directly via the “Speak Up” system or via an ombudsperson.

2.8.3 Risk management

Basic principles of risk management

Our risk management policy stems from a philosophy of increasing the enterprise 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 Group-wide risk management policy is set by the Executive Board. Our organizational and accountability structure requires the respective management 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.

Enterprise risk management process

The risk management system at Siemens Energy builds on a comprehensive, interactive, and management-oriented enterprise risk management (ERM) approach that is integrated into the organization and addresses both risks and opportunities. Our ERM approach is based on the COSO Standard “Enterprise Risk Management – Integrating with Strategy and Performance” (2017) and ISO Standard 31000 “Enterprise Risk Management” (2018) and has been adapted to Siemens Energy requirements. The frameworks connect the ERM process with our financial reporting process and our internal control system. They consider a company’s strategy, the efficiency and effectiveness of its business operations, the reliability of its financial reporting, compliance with relevant laws and regulations as well as the transition to a decarbonized economy and the physical impacts of climate change to be equally important.

Our ERM process aims for early identification, evaluation, and response to risks and opportunities that could materially affect the achievement of our strategic, operational, financial, compliance, and climate-related objectives. The time horizon is typically three years, and up to 30 years for climate-related risks and opportunities. We take a net risk approach, addressing the risks and opportunities remaining after the execution of existing control measures. Our ERM process is designed to ensure that the Executive Board and the Supervisory Board are fully informed about significant risks in a timely manner.

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 incorporated with their financial impact in the individual entity's business objectives. As a consequence, only additional risks arising from the same subject (e.g., deviations from business objectives, different impact perspectives) are 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 in order to ensure that potential new risks and opportunities are discussed at the management level and included in the subsequent reporting process, if found to be relevant.

Reporting generally follows quarterly cycles but we complement this periodic reporting with an ad-hoc reporting process, which aims to escalate critical issues in a timely manner. Relevant risks and opportunities are prioritized in terms of impact and likelihood, considering different perspectives, including business objectives, reputation, and regulatory requirements. Responsibilities are assigned for all relevant opportunities and risks, with the hierarchical level of responsibility depending on the significance of the respective risk or opportunity. 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 fully "seize" the relevant opportunity.

We regularly review our risk-bearing capacity on the basis of internal and external indicators in order to identify at an early stage any developments that could endanger our ability to continue as a going concern.

Risk management organization and responsibilities

To oversee the ERM process and further drive the integration and harmonization of existing control activities to align with legal and operational requirements, the Executive Board established a risk management and internal control organization, headed by the Head of Risk Management and Internal Control. In order to allow for a meaningful discussion at Group level, this organization aggregates individual risks and opportunities of similar cause-and-effect nature into broader risk and opportunity topics. This aggregation naturally results in a mixture of risks/opportunities, including those with a primarily qualitative assessment and those with a primarily quantitative risk/opportunity assessment. Accordingly, we do not adopt a purely quantitative assessment of risk/opportunity topics. Thematic risk and opportunity assessments then form the basis for the evaluation of the company-wide risk and opportunity situation. The Head of Risk Management and Internal Control reports quarterly to the Executive Board on matters relating to the implementation, operation, and oversight of the risk and internal control system and assists the Executive Board in reporting to the Audit Committee of the Supervisory Board. Our ERM aims to identify relevant business risks throughout the organization as potential deviations from corporate objectives. The management of each of our defined organizational reporting units is responsible for providing all relevant risks for the respective unit. Sustainability-related risks and opportunities are analyzed as part of our specific ERM process as well as other operational processes, e.g., in the area of environment, health, and safety (EHS), resulting in, for example, property risk engineering analyses for detailed site-specific EHS risks (e.g., fires, floods, storms). Key risks currently being assessed in ERM include disruptive decarbonization trends that will impact our portfolio over several years or even decades, including the risk of not meeting all the requirements of ESG (environment, social, governance) standards related to, among other things, climate change. This is taken into account in the ERM process to the extent that it affects the risks and opportunities in the various areas assessed, e.g., in relation to corporate sustainability, EHS, supply chain or financing activities.

2.8.4 Risks

Below we describe the risks that could have a material adverse effect on our business situation, financial position (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 five categories reflects the currently estimated relative exposure for Siemens Energy associated with these risks and thus provides an indication of the risk's 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 reportable segments.

Strategic risks

Political instability and conflicts - As we are a globally operating Group, the imposition of barriers to free trade would negatively impact production costs and productivity along our value chains, as well as reduce the level of investment activity. Our business prospects and the execution of projects awarded to us may be negatively affected by political instability or international conflicts. For example, we may be forced to reorganize, reduce, or terminate business operations in geographical areas where our employees, partners or subcontractors would otherwise be subject to unacceptable economic or personal risks, e.g., due to ongoing or threatened civil unrest, terror attacks, or wars. Some of our current and planned projects and service activities are in regions, that are exposed to a higher risk in this respect e.g., in Ukraine, Libya, and Near and Middle East (see e.g., the Israel-Palestine conflict). Furthermore, our business prospects or the processing of our order backlog may be negatively affected by changes in the political and economic framework, e.g., due to trade wars, punitive tariffs, sanctions, protectionist measures, or boycotts. The main risks in this area are, in the Middle East, the possible adverse impact on the implementation of the five-year roadmap for Iraq and tensions with Iran over compliance with the Iran nuclear deal; in the South China Sea, tensions between Taiwan and China and between Japan and Russia; and the continuing simmering trade conflict between the USA and China. The global setup of Siemens Energy 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. We continuously monitor all relevant geopolitical developments to identify and assess potential risks to the Siemens Energy business in good time. With the Ukraine war and the resulting significant impact on our business, not only in this region, we are intensifying our monitoring capabilities and linking their results even more closely to our daily business activities.

Market and price development - The worldwide markets for our products, solutions and services are highly competitive. Factors such as pricing, product and service quality, product development and introduction time, customer relationships, financing terms and the ability to adapt quickly to shifts in market demands and trends play an important role in this market environment. Changing energy prices and availability may lead to shifts in investments and alter the demand for our products and solutions. These developments are influenced by climate-related market transitions, macro-economic changes, and unforeseen geopolitical developments like the Russian war in Ukraine. Inflation may require that we increase prices to cover our own costs and maintain profit levels or it may increase the risk of lower profitability if we are unable to increase our prices. We face strong established competitors and new competitors from emerging markets (e.g., Asia), where many of them have developed their offerings locally and are now expanding globally. Industry fields in which we operate may undergo consolidation, which may result in stronger competition or a change in our relative market position. Decreasing demand for our offerings as a result of a weaker market position could lead to increases in inventories of finished goods or work-in-progress or to unexpected price erosion. In the future, our Siemens Gamesa segment may face additional competition from other manufacturers that might decide to enter global wind turbine markets. This may result in price decreases and/or a loss of market share for our Siemens Gamesa segment. In our service business, we face competition from major established players and non-OEM suppliers targeting our turbine service business, which is a major source of profitable revenue. Some of these developments may prompt us to revise our strategy and product portfolio and there can be no assurance that such realignment will yield the intended results. If the Group is unable to compete effectively against its competitors or achieve satisfactory prices in negotiations with customers, this could have a material adverse effect on our business, financial position, and results of operations. We address these risks with various measures, for example, benchmarking, strategic initiatives, sales promotion initiatives, executing productivity measures and target cost projects, inclusion of price adjustment clauses in our sales contracts, rightsizing of our footprint, outsourcings, mergers, and joint ventures, exporting from low-cost countries to price-sensitive markets, and optimizing our product and service portfolio, with a focus on decarbonization. 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 react to such changes.

Technology/ portfolio gap compared with competitors - The markets in which we operate are experiencing rapid and significant changes due to the introduction of innovative and disruptive technologies to meet the accelerating demand for sustainable (green) energy. Our operating results have in the past depended and will continue to depend to a significant extent on our ability to meet the evolving needs of current and prospective customers in a timely manner, to anticipate and adapt to changes in our markets, and to optimize our cost base accordingly. We do this by continuously creating new intellectual property as well as actively managing our intellectual property portfolio to secure our technological position. At the same time, it is important to note that, there is a potential risk that we may not be successful in developing a portfolio of technologically advanced products, services, and solutions within the planned timeframe or at all or at prices that allow our new developments to be competitive when compared with similar products, services and solutions available in the market. Optimizing the levelized cost of energy (cost of converting energy from another form of energy to electric power) of its products and its cost base is particularly important for our Siemens Gamesa segment as many of its products are subject to significant price pressure both from the market/customer side as well as from the supplier side. In addition to this pricing challenge, the Siemens Gamesa product competitiveness could suffer if its portfolio optimization plans and new product launches or developments encounter delays or are not possible anymore, if ramp-up activities face challenges, or if its products fail to meet market expectations from a performance perspective. This could lead to reduced activities in certain markets. In our rotating equipment business, there is a risk of being unable to keep pace with the rapid changes in the market across the entire gas turbine portfolio given the high development costs and risks and uncertainties of the technologies needed in the future. This relates not only to the constant drive toward higher efficiencies but also to the need to decarbonize and increase operating flexibility. Furthermore, the pace of technological change may result in the economic lifecycle of certain of our products being shorter than anticipated as well as operating hours being reduced due to greater renewable capacity and generation around the world. In our GS, GT and TI business areas, related new technologies and portfolio elements are urgently required for the global decarbonization path whereas economic viability for our clients is highly dependent on market conditions, which are handled differently by countries in the various regions of the world. There is also a risk that certain markets do not mature to a relevant size so we may not be able to recoup our investments.

Impairment of goodwill and other assets - A significant share of our total assets as presented in our consolidated statements of financial position reflects the carrying amounts of goodwill and other intangible assets. Certain factors, including deterioration in earnings or failure to achieve mid-term margin targets, changes in valuation parameters, adverse market conditions and adverse changes in applicable laws or regulations, may cause impairment losses on goodwill and other intangible assets if they have a lasting negative impact on our business. The amount of any quantified impairment must be expensed immediately as a charge to our results of operations. We may not realize the full value of our goodwill or other intangible assets in the future. Any determination of impairment of goodwill or other intangible assets could have a material adverse effect on our business, financial position, and results of operations. This risk is partly influenced by external factors we have no influence on e.g., interest rates, or macroeconomic development. Internally, our business areas strive to adhere to their respective business plans in order to mitigate the risk. Further, the goodwill impairment buffer is being regularly monitored, and a regular annual impairment testing is taking place as well as monitoring on a quarterly basis.

Requirements arising from ESG (environment, social, governance) standards - It is important for Siemens Energy to take a leading position in the area of sustainability in the industry. To stay competitive, we increasingly meet ESG standards and expectations regarding environmental concerns (e.g., climate change and sustainability), social concerns (e.g., diversity and human rights), and corporate governance concerns (e.g., employee relations when making business and investment decisions). We may not be successful in identifying and adequately assessing all relevant requirements to meet stakeholder or public expectations on ESG standards, which could negatively impact our reputation. At the same time, compliance with certain ESG standards, in particular environmental standards, may lead to additional costs and challenges in our business. Besides our own efforts to comply with ESG requirements, we also face other ESG related risks such as a risk of insufficient funding or procurement of other financing instruments and other financial services. This includes securities, hedging instruments, or insurance provided by banks, insurance companies, and other financial institutions for specific projects or our whole business operations, and is driven by financial institutions' internal, industry-wide or policy-driven prerequisites for all dimensions of ESG. Examples are the lending criteria of the European Investment Bank ("EIB") or the European Union's (the "EU") taxonomy (Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called "EU Taxonomy")) for sustainable activities. Our ability to realize projects in the energy industry, whether conventional or renewable, may be negatively impacted by ESG standards, which may have a material adverse effect on our business, reputation, financial position, and results of operations. In this context, we create transparency on ESG performance for stakeholders by producing our sustainability report or participating in relevant ESG ratings, and continuously monitor current and emerging regulations. Furthermore, we have defined a process for identifying critical projects early to ensure mitigation actions are identified and implemented in a timely manner.

Operational risks

Technical and quality issues - Certain products that we sold in the past had, and may in the future have, quality issues resulting from the design or manufacture of these products or the commissioning of these products or the software integrated into them. Such risks are particularly present in our engineering, production, and project sites, which are located all over the world and have a high degree of organizational and technological complexity. A failure or malfunction of one of our products may extend to other products or may affect whole production facilities or plants or entire product lines, which may already be installed or planned to be installed at customer sites. Potential consequences of quality issues could result in the shutdown of power plants, shutdown of wind farms, delays in project commissioning, property damage, customer claims, and detrimental effects on our reputation. There is a risk that our quality assurance measures will be not effective enough to detect and adequately respond to every quality assurance issue in a timely manner or at all, especially in relation to new technologies, which are typically in an early phase of implementation and, because operational data is rare, whose lifetime cannot be reliably predicted. Any of the described cost-increasing effects, claims, liabilities, or reputational damages would have a material adverse effect on our business, financial position, and results of operations. In our Siemens Gamesa segment the risks of technical problems and quality incidents affecting the entire fleet or parts of a fleet cannot be completely excluded in the future either. The introduction of new platforms in Onshore and Offshore together with the factory capacity ramp-up could lead to increased Nonconformity Costs and execution delays. In addition, existing accruals may not fit to changing failure rates due to the long contract time of service contracts. Furthermore, addressing identified technical and quality-related problems could take longer than expected and cause higher costs than originally assumed due to greater complexity. To mitigate the aforementioned issues, action items are being implemented and monitored through e.g., cross-functional task force, weekly workstreams and Steering Committee. Regarding new bids, critical serial defect clauses are under review by legal and our contractual position with suppliers will be strengthened. Siemens Gamesa is further focusing on an ambitious cost-out program.

Business interruption due to cyberattack - Information technologies (IT) are deeply integrated into our business portfolio, and we depend on their uninterrupted and efficient functioning. Furthermore, we rely on third-party IT service providers, suppliers and vendors. The global increase in cybersecurity threats and higher levels of professionalism in cybercrime pose a risk to the security of products, systems, and networks. Our IT environment could be compromised, e.g., by advanced persistent attacks on our own or our IT service providers' networks, which may also include externally hosted cloud services. There can be no assurance that our own or our IT service providers' measures aimed at safeguarding the uninterrupted and efficient functioning of IT will address all of these threats under all circumstances. Any such attack or disruption may adversely affect our business operations. Risks from cyberattacks on our products and services can have particularly serious consequences because they are often part of critical infrastructure, the limited functionality or total failure of which can have far-reaching consequences. For example, we sell products and systems with digital capabilities and offer digital solutions such as instrumentation and controls for power plants. If such products, systems, and solutions are compromised or disrupted, we may be held liable by our customers for damages and may also suffer damage to our reputation. Cyberattacks and other disruptions could also result in deliberate improper access and use of our sites or systems, as well as production downtimes and supply shortages, with potential adverse effects on our reputation, our competitiveness, and results of operations. We attempt to increase overall cybersecurity resilience by employing proven cybersecurity professionals and by utilizing several measures, including awareness measures for our staff on a global scale, target-oriented employee training, comprehensive monitoring of our networks and systems through cybersecurity defense teams, and by using security systems such as firewalls and virus scanners. Furthermore, serious financial losses caused by a cybersecurity breach or cyberattack are considered by our cyber insurance policy that covers not only our company's first party loss, but also partly cyber liability (third party claims).

Supply chain risks - The financial performance of our operating units depends on reliable and effective management of our supply and logistics chain for components, parts, materials and services. Capacity constraints and supply bottlenecks resulting from ineffective management of the supply and logistics chain could lead to production bottlenecks, delivery delays, additional inventory requirements, and additional costs. Third-party manufacturing, assembly, and functional testing of our products may reduce our immediate ability to influence quality assurance, delivery schedules, and costs. Unexpected increases in component or raw material prices due to market bottlenecks or other reasons could also adversely affect our results of operations. Since the onset of the COVID-19 pandemic in early 2020, we have faced ongoing supply chain challenges and disruptions. Complexity has increased due to a combination of supplier capacity constraints, material and energy shortages, extended delivery times, especially for semiconductors and electronic products, and not least the geopolitical and economic conflicts (such as Russia/Ukraine, USA/China, China/Taiwan, Middle East (e.g., Israel-Palestine conflict)). Added to this are the increasing number of unforeseeable events (such as earthquakes, fires, floods, hurricanes), and an increased risk of supplier insolvencies and cyber incidents at our suppliers. In order to identify risks at an early stage, initiate measures to minimize risks, and ensure material availability in our production facilities, customer projects and service business, we have introduced systematic supply chain risk and resilience management. Since the start of the COVID-19 pandemic, a crisis management system and various task forces have also been established at top management level to manage the particularly challenging situation. With the support of the experts in our market intelligence team and various forecasting tools, we try to identify developments in the markets and supply chains at an early stage and take action as early as possible. However, the longer the global crises and the geopolitical conflicts continue, the more difficult it will be to manage and mitigate all potential risks. In addition to the challenges in material availability, we have been confronted for some time with material and raw material prices and logistics costs at a higher level. Costs due to inadequate delivery quality and the long development and qualification times for alternative suppliers due to the high complexity of our products represent a further risk. We have introduced several measures to improve quality and prevent losses. The increased use of quality management tools improves transparency, enables us to strengthen root cause analysis, and serves as a preventive measure. We continuously monitor our suppliers and supply chains to identify trends at an early stage and initiate countermeasures.

Siemens Gamesa risks related to project execution - The Siemens Gamesa business is characterized by long-term contracts, carried out in and outside Europe. Possible risks from cost changes are cushioned by contractually fixed indexing, contractual risk allocation and/or calculated risk evaluations. Numerous already confirmed long-term contracts, however, in particular in the offshore segment, contain fixed prices. We try to cover existing and potential further cost increases by renegotiating these contracts. These mechanisms mainly cover personnel and material cost changes. Productivity measures are aimed at further risk reduction. They include product cost improvement (mainly by reducing purchase prices for supplier parts/materials), factory and footprint optimization, effectiveness in operations and project execution, and quality enhancements as well as overall fixed cost reductions. Beyond this, technical product risks cannot be excluded, but they shall be successively reduced through adjustments to contractual terms and conditions (also through successful renegotiations). This includes risk-adequate caps on liquidated damages as well as a liability limitation for Siemens Gamesa regarding these technical risks.

Siemens Gamesa cost out savings - Our Siemens Gamesa segment has introduced the Mistral productivity program. The program includes many activities running in parallel, taking different approaches and targeting short-, medium-, and long-term improvements. These include restructuring through the introduction of a project- and process-oriented operating model, increasing sales prices in conjunction with more selective bidding, adjusting contract clauses, and stabilizing the supply chain and production rate. In the event that the expected cost savings from synergy and productivity measures are not fully realized in a timely manner, this lack of productivity improvements or failure to achieve cost reductions could result in a material impact on Siemens Gamesa's profitability. Ongoing remedial actions include regular analysis of projected cost savings (including evaluation of reasons for deviations), as well as continuous development of existing productivity measures and the creation of new ones (including consideration of the degree of implementation).

Data leakage due to cyberattack - The confidentiality and integrity of our data, as well as that of our customers and business partners, are essential to our business operations. Modern cyberattack methods often not only lead to business interruptions, but confidential or private data, including that of third parties, is simultaneously exposed, stolen, manipulated, or otherwise compromised through data leaks. These risks are further exacerbated by the fact that potential attackers are increasingly sophisticated and are often supported by organized crime or even nation states engaged in industrial espionage or sabotage. If information relating to our intellectual property rights is leaked or stolen, this could adversely affect our competitive position and technology leadership. The leakage of information on current project terms or pricing structures may represent a direct short- to medium-term impact on revenue. Our digital products and services process and store data from our customers and business partners. This includes particularly sensitive data that is essential, for example, for the security of energy networks. If this were to be compromised, this could have a particularly negative impact on our reputation as a service provider for critical infrastructures. In addition, if confidential or private data or data of third parties were compromised, we might have to pay contractual or regulatory penalties or face other sanctions in connection with non-disclosure agreements or data protection laws and regulations. Mitigation of these risks include targeted protection measures for our IT systems, networks, and products and services based on the criticality of their data and business processes. This is complemented by programs for classifying data, monitoring data flows, and ultimately targeted prevention of data outflows, which we carry out in close cooperation with our IT and specialized service providers. Since the human factor often plays a decisive role in these attack scenarios, we support our employees with targeted training measures and recurring campaigns to increase awareness of the correct handling of data. If financial losses incur because of data privacy and confidentiality breaches, these are covered by our cyber insurance policy.

Risks related to project execution (excluding Siemens Gamesa) - We regularly engage in large and complex projects up to full turnkey delivery that may be worth, or even exceed a value of, several hundred million euros and whose execution may take several years. These contracts are exposed to risks, which are identified and evaluated for every projects. Nevertheless, we may see deviations from our execution plan and its related calculated cost. This is particularly true in projects with untested or new technology or when we bid for projects in countries where we lack or have only limited experience based on previous projects. In certain cases, there are risks of unforeseeable project-related changes in critical personnel, quality, financial difficulties faced by customers and/or partners, cost overruns or contractual penalties due to delays or unexpected technical problems, unforeseen developments at the project sites, effects of legal, market or political framework conditions, performance problems with suppliers, contractors and consortium partners, or logistical difficulties. Furthermore, pandemic, geopolitical and climatic developments may constitute additional risks. This may result in considerable increases in project expenses, adversely impacting project performance, and causing a substantial unfavorable effect on our business, financial position, and results of operations. In some cases, this also could lead to a legal dispute. To address those risks, we have established a global project excellence organization in our business areas GS, GT and TI as well as in our global function PE (project entity for handling large and complex projects) to monitor a transparent risk assessment and approval process for bid submission, a standard model for project execution, a curriculum to systematically improve the capabilities of our project management personnel as well as a continuous improvement program focused on lessons learned, in order to prevent failure repetition.

Siemens Gamesa people retention - Due to the organizational changes coming from the full takeover by Siemens Energy and the ongoing restructuring plan, our Siemens Gamesa segment could be affected by higher attrition rates in certain markets and key positions and by more difficulties in attracting and retaining talent. In order to mitigate the risk of continued elevated attrition rates, Siemens Gamesa is working on an action plan with senior management. Measures include harmonization of Siemens Gamesa and Siemens Energy conditions for employees and the integration project with a focus on a smooth integration of Siemens Gamesa Corporate Functions into Siemens Energy.

Adverse environment, health, and safety (EHS) events - The majority of the industries in which we operate are highly regulated and as a business we adhere to stringent environmental and occupational health and safety laws and regulations, not only in our production facilities but also on project and service sites and at customer locations. Current and future EHS laws and regulations, or amendments, may require us to change the way we run our operations and could result in significant increases in our operating or production costs. Furthermore, due to the high risk potential of some of our work profiles we see the risk of potential incidents as well as potential non-compliance with EHS regulations affecting Siemens Energy and our contractors, resulting for example in serious injuries, penalties, loss of reputation, internal or external investigations and project delays. EHS programs establish a global framework that sets high-level standards and expectations, including principles, behaviors, and essentials for environment, health and safety. We could also face liability for damage or remediation for environmental contamination at the facilities we own, lease, design, or operate. This risk is further exacerbated by the fact that much of the real estate used by Siemens Energy was acquired when such real estate had already been in industrial use. Siemens Energy therefore cannot guarantee that such real estate was always operated in line with EHS regulations, but may, nevertheless, be held responsible for the consequences of a failure to do so. We may incur environmental losses beyond the insurance limits, or outside the coverage of such insurance, and such losses may have a material adverse effect on our business, financial position, and results of operations.

Unavailability of key personnel - We currently experience a favorable order intake in our business areas GS, GT and TI. At the same time, the competition for diverse and highly qualified personnel remains intense for many talent segments and regions in which our businesses operate. The lead time for hiring and onboarding might delay project execution activities and could potentially impact business operations and customer satisfaction. We try to provide sufficient recruiting capacity, also via third-party providers, supported by recruiting campaigns as well as targeted candidate approaches. Based on strategic workforce planning of the businesses, targeted measures can be initiated, such as building up in growth areas, deriving and implementing retraining and qualification measures.

Financial risks

Credit Rating downgrade to sub investment grade - There is a risk of adverse financial performance that is not commensurate with key financial ratios and performance indicators needed to maintain the rating BBB- by our credit rating agency S&P Global. A one notch downgrade to our investment grade rating to BB+ (non-investment grade) could result in severely limited financial flexibility, increased financial costs and significant restrictions e.g., covenants, collateral. Capital market capacity would reduce with substantially higher costs of funding and a narrower investor base. Access to capital markets could even be completely shut in times of market volatility. Banks could end their relationship with Siemens Energy. Many banks might stop issuing guarantees and parent company guarantees would have a lower acceptance level. In order to mitigate the risk of a downgrade, Siemens Energy has announced measures to strengthen its balance sheet through portfolio divestments (e.g., Trench and Siemens Ltd., India). In addition, we are in continual dialogue with S&P Global to keep them abreast of all the measures we are taking to maintain an investment grade credit rating profile.

Adverse developments in financial and bank markets - Since the energy industry is subject to considerable technological change, our future capital requirements for the development and industrialization of new products, acquisitions, investments and necessary reorganization measures may be significant. Our ability to obtain financing, guarantees, or hedging instruments from financial institutions on commercially acceptable terms, could depend on several factors beyond our control. These include, e.g., general economic conditions due to geopolitical events, global/EU monetary policy and financial markets regulations, industry-wide or policy-driven prerequisites for all dimensions of ESG, credit availability from financial institutions, interest rates, market volatility and market disruptions. Additionally, the deterioration in the business results, financial position, or credit ratings could lead to higher financing and hedging costs, reduced availability of credit, hedging and guarantee lines, funding sources, commercially unfavorable terms, or an acceleration of loans or the need to provide security. In the absence of sufficient future cash flows and available financing and other credit lines, such as guarantee and hedging lines (e.g., due to continued technical and quality issues and their potential adverse effects on our business, financial position, and results of operations), we may not be able to adequately finance our normal business activities and to realize new investments or acquisitions or continue our daily operations. In turn, this could have a material adverse effect on our growth prospects, our competitive position and our business, financial position, and results of operations. Due to the global scale of our business, our results of operations are affected to a significant extent by volatility in foreign exchange rates, interest rates, and commodity prices. Our Siemens Gamesa segment and the other Siemens Energy Group companies are being treated as what is known as a "single borrower unit" ("Kreditnehmereinheit") under the large loan exposures and million loans regulation ("Großkredit- und Millionenkreditverordnung") for banks under the German Banking Act ("Kreditwesengesetz"). Indebtedness taken on by our Siemens Gamesa segment/Group companies could limit the ability of Siemens Energy as a whole to borrow funds or to have access to hedging/guarantee lines, and vice versa. Our business activities could be negatively affected if our customers or suppliers do not have access to financing on economically viable terms. Furthermore, we may incur unexpected losses on financial instruments if the credit quality of our contractual partners deteriorates or if they default on, or fall behind schedule with, their payment obligations to us, arising from trade receivables. Financial institutions demand representations in financing contracts regarding compliance with sanctions or other export control measures. Failure to comply with sanctions and other control regimes may adversely impact our financing ability. We believe these risks, including ESG risks, are particularly relevant with a view to our oil and gas and conventional power generation activities and will make the financing for such projects more difficult in the future. Furthermore, there can be no assurance that Siemens Energy will be able to maintain adequate insurance coverage on commercially reasonable terms in the future, which may have a negative effect on our financial position and results of operations. The provisions for pensions and similar obligations may be affected by changes in actuarial assumptions, including life expectancy and discount rates. Actual developments may differ from prior assumptions, e.g., changing market and economic conditions, and may therefore result in an increase/decrease in the actual obligations. Fluctuations in the financial markets or a change in the portfolio mix of plan assets may result in a significant increase/decrease in the fair value attributable to plan assets over time. A significant increase in underfunding may have a negative effect on our capital structure, rating, refinancing and costs. If legal conditions governing our pension obligations are subject to changes in relevant legislation, we may incur new or more extensive pension obligations in the future. Furthermore, we may face the risk of increasing cash outflows if local pension regulations require higher funding levels.

For additional information related to the use of financial instruments, please see **Note 20 Derivative financial instruments and hedging activities** and **Note 21 Financial risk management** in **3.6 Notes to the Consolidated Financial Statements.**

Compliance risks

Impact of legal proceedings - Siemens Energy is, and potentially will be in the future, involved in several administrative, legal, and arbitration proceedings in various jurisdictions. Such proceedings may, among other things, relate to claims from or against project partners and customers regarding delays and disruptions, non-performance, labor disputes, antitrust issues, product liability, warranty claims, and IP rights. The significance and outcome of these proceedings can vary greatly and many of these cases could have considerable negative consequences for us. These proceedings could result in Siemens Energy being subject to, e.g., payment of contractual penalties or damages (including punitive damages), equitable remedies or sanctions, fines, or disgorgement of profit. In individual cases, legal disputes may also lead to formal or informal exclusion from tenders or the revocation or refusal to renew or grant business licenses or permits. Some of these legal disputes and proceedings could result in adverse decisions for Siemens Energy, or decisions, assessments, or requirements of regulatory authorities could deviate from our expectations, which may have material effects on our business activities as well as our financial position, results of operations, and cash flows. High-profile proceedings may also divert management attention, result in significant litigation and arbitration costs, negative publicity, and harm our reputation. In some cases, our reputation may suffer regardless of the merits of the claim and the outcome of the proceedings. We maintain liability insurance for certain liability risks at levels our management believes are appropriate and consistent with industry practice. However, Siemens Energy may incur losses relating to legal proceedings beyond the limits, or outside the coverage, of its insurance, or exceeding any provisions made for losses related to legal proceedings.

For additional information related to specific litigations, please see **Note 18 Legal proceedings** in **3.6 Notes to the Consolidated Financial Statements**.

Potential compliance violations - As a diversified company with global businesses we are exposed to various product- and country-related regulations, laws, and policies influencing our business activities and processes. We monitor the political and regulatory landscape in all our key markets to anticipate potential problem areas, with the aim of quickly adjusting our business activities and processes to changed conditions. However, any changes in regulations, laws, and policies could adversely affect our business activities and processes as well as our financial position and results of operations, for example, through the impact of sanctions imposed on Russia. Proceedings against us or our business partners regarding allegations of corruption, antitrust violations, and other violations of law may lead to fines as well as penalties, sanctions, injunctions against future conduct, profit disgorgements, disqualifications from directly and indirectly engaging in certain types of business, the loss of business licenses or permits, other restrictions and legal consequences. Siemens Energy conducts a large share of its business with governments and government-owned enterprises. We also participate in a number of projects funded by government agencies and intergovernmental and supranational organizations, such as multilateral development banks. Ongoing or potential future investigations into allegations of corruption, antitrust violations, or other violations of law could 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. In addition, third parties, including our competitors, could initiate significant litigation. Furthermore, we might be exposed to compliance risks in relation to recently acquired operations that are in the process of integration. Along with other measures, we have a state-of-the-art global compliance organization in place to mitigate these risks, which conducts, among other things, compliance risk mitigation processes such as comprehensive compliance trainings, compliance risk assessments, and internal audit activities.

Climate-related risks

Climate change and decarbonization trend - The impacts of climate change might have significant effects on our company throughout the entire value chain, such as markets, technologies, policy and legal, reputation, as well as climate-related physical impacts (e.g., from increasing extreme weather events) on our sites, portfolio or supply chains. These changes will be gradual over several years or decades. In particular, the trend towards decarbonization of the energy market has a significant impact on the strategy, organizational setup and portfolio of Siemens Energy. There is a risk that requirements will be driven in a much shorter timeframe than expected by regulatory measures or public pressure (e.g., CO_2 taxes, financing restrictions for greenhouse gas emitting technologies, media campaigns). To mitigate related technology/ portfolio risks and ensure timely actions, we are continuously screening market developments and reviewing our portfolio. The products, solutions and services offered by our business areas Gas Services and Transformation of Industry serve, to a significant extent, conventional power generation using fossil fuels. Fossil power generation is currently under pressure due to the prevailing trend toward more sustainable power generation using renewable energy sources or carbon-neutral fuels. In addition, the trend towards decentralization may adversely impact markets for centralized power generation, including gas power plants and related power grids, e.g., high-voltage substations. If we are too slow or if we fail to adapt our business model and our product portfolio to specific regional demand in time or at all, this may have a material adverse effect on our business, financial position, and results of operations. There is a risk that the demand for fossil power plants and related infrastructure including highly efficient gas turbines will be lower than we expect due to a faster than expected transition toward renewables. An accelerated growth in new installations of solar and wind power due to their declining levelized cost of energy could result in decreasing demand for conventional power generation. Also, a faster than expected development of competitive energy storage solutions could accelerate the change toward renewables by offsetting their disadvantage of not being able to respond flexibly to varying energy demands. Such trends towards renewables can vary by country or region and are impacted by several factors largely beyond our control, in particular by government intervention, public and private initiatives, the efficiency and cost of renewable energy technologies, the selectiveness of and restrictions for investors and lenders and changing consumer preferences in energy consumption. These trends could result in fewer orders for new power plants, oil & gas products or solutions, or other industrial applications. Consequently, our service business might suffer from fewer opportunities to conclude new service contracts. Also, our service backlog may be adversely affected if customers decide to decommission conventional power plants, other assets or to cancel or postpone modernizations. Within renewables, we are offering wind power applications through our Siemens Gamesa segment, but we have only limited products and services related to solar power generation or other renewable technologies in our portfolio. If other renewable fields develop more dynamically than expected, e.g., through increasingly declining subsidy levels in the wind power industry, there can be no guarantee that Siemens Gamesa will succeed in addressing the resulting challenges. Moreover, in this case, fewer orders could affect our service business. We are offering our customers various pathways to transform their existing fleet of fossil fuel-based power generation technology into a less carbon-intensive one. Depending on governmental policy support and regulatory implementation, such markets may pick up earlier or later than expected. If we are too slow or if we fail to adapt our business model and our product portfolio to specific regional demand in time or at all, this may have a material adverse effect on our business, financial position, and results of operations. We are constantly screening for climate-related developments, e.g., decarbonization programs of our customers, investor requirements, regulatory frameworks, and identifying critical projects through a sustainability check to determine risk exposure.

Assessment of the overall risk situation

The most significant challenges are described first in each of the five risk categories – strategic, operations, financial, compliance, and climate. The risk arising from technical and quality issues is the most significant challenge for us, following the critical supply chain risk in the previous year.

At present, no risks have been identified that either individually or in combination could endanger our ability to continue as a going concern.

2.8.5 Opportunities

Within our ERM, we also 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 Energy 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.

Achieve all synergies from the full integration of Siemens Gamesa - The acquisition of the remaining shares in Siemens Gamesa holds the opportunity to exploit the full underlying synergy potential, which above all lies in achieving greater strategic alignment between the two businesses in order to improve the overall management of their global operations. To this end, we want to simplify and improve the organization of the Siemens Energy Group by establishing a simpler structure and a unified management organization, and by applying common reporting, control and governance processes to all Group companies, including Siemens Gamesa and its subsidiaries. We have placed one single listed company as the head of the Group. This is expected to result in lower communication, management and reporting costs by reducing the costs and complexity inherent in maintaining a listed company. Furthermore, we want to maximize the opportunities arising from the size of the Group and avoid unnecessary duplication, in particular enhancing the cooperation between the respective Groups in relation to their approach to customers, increasing cross-selling activities, and allowing Siemens Gamesa more immediate and efficient access to the capabilities of Siemens Energy in the GS, GT and TI business areas, in particular its global customer portfolio, and in the growing Siemens Energy new technologies business. Also, we could improve the efficiency in supplier relations and the unified management of larger purchasing volumes, facilitating further cost savings while improving the Group's ability to cope with supply chain disruptions. These, together with further integration measures could generate estimated synergies of up to €300 million per year on a run-rate basis within three years after full integration. Several initiatives form the basis for this estimation, such as supply chain and logistics synergies from integrating the purchasing activities as well as the service and logistics networks. We reduce total expenditure through joint and integrated R&D efforts and an optimized administrative setup, including the centralization of certain administrative functions and harmonization of IT systems. Furthermore, we concentrate on project execution excellence through improved project selection and bidding, the proven expertise of Siemens Energy in managing large and complex projects and the introduction of a more project-focused organizational structure. On top of the cost synergies, the company expects additional growth-related revenue synergies in the mid-triple digit million range by the end of the decade through a joint go-to-market approach and a fully integrated energy technology offering with a focus on value-added capabilities. Based on the revenue and cost synergies we expect to obtain due to the implementation of the targeted integration initiatives and under a unified management, we strive for an overall improved financial profile of the Siemens Energy Group.

Climate-related opportunities from markets - We see an opportunity from accelerating growth in markets driven by decarbonization and net-zero emissions goals. All of our Business Areas may benefit from accelerated decarbonization, whether through greater demand for wind turbines, grid transmission equipment, hydrogen-capable gas turbines, industrial decarbonization solutions, electrolyzers, other Siemens Energy technologies, or new portfolio elements. Our ability to capture these market opportunities may be limited by our ability to expand production and supply chain capacities, or by the other risk factors facing our business generally.

Climate-related opportunities from portfolio - We see the opportunity to significantly accelerate growth at Siemens Energy by developing a green product portfolio that meets the market trend towards net-zero emissions. We strengthen our decarbonization portfolio and grow markets short-, mid-, and long-term, while continuously adapting our business models and our product, service and solution portfolio to changing customer and market behaviors. New products/projects comprise e.g., H_2 production, SF_6-free high-voltage equipment, decarbonized heat, H_2-fired gas turbines, or energy storage for our clients in existing power plants, as standalone solutions for grids and in combination with renewable energy sources like PV (photovoltaic) or wind. We accompany our customers on their energy transformation journey and continuously monitor and adapt our portfolio to meet customer needs. We closely observe the market and regulatory developments, with a focus on applications with earlier expected market maturity. Furthermore, we invest in targeted R&D activities that support our innovation strategy and the corresponding five fields of action to transform the future: Decarbonized heat production and industrial processes, Power-to-X, Resilient and reliable power transmission, Condition-based service interventions, and Energy storage. In addition, selected technology fields have been defined and are being driven forward across the company to improve the sustainability dimension of our product, solution, and service portfolio and to strengthen our core business. We explore market opportunities to create the foundation for new business, e.g., focus on building up our H_2-related business with electrolyzer systems and solutions for the production of green hydrogen on the basis of renewable energy and water. Our Siemens Gamesa segment's wind power portfolio is another essential element on this path to clean energy and to transform the future.

Consistent implementation of the new operating model - The new Siemens Energy operating model, implemented as of October 1, 2022, is designed to simplify the organization, improve market access, strengthen project execution, define clearer responsibilities, and increase transparency for the capital market. As part of the implementation of the new operating model, the number of management positions has been reduced and a flatter hierarchy has been created, enabling a holistic sales approach and central project execution. This continuously will lead to more efficient structures, a unified customer approach, and a higher net promoter score. The Company is also aiming for a significant reduction in NCC (non-conformance costs), harmonized processes and IT, more accountability, and faster decision making. In addition, transparency for the capital market should be increased through the clear market-oriented organizational structure.

Business opportunities in B2G (business-to-government) and G2G (government-to-government) markets including recovery of politically unstable regions - We see the opportunity to participate in the reconstruction and development of energy infrastructure by pursuing joint generation (including renewable energy), transmission, and distribution expansion programs led by government or state-owned utilities. The growing global trend to decarbonization with several international initiatives might result in additional demand for our energy generation solutions (e.g., Oman, Qatar, United Arab Emirates, Kingdom of Saudi Arabia, Brazil, Mexico, Chile). Various regions are currently still suffering from civil unrest and/or financial distress and/or political instability and conflicts (e.g., Yemen, Iraq, Libya, Afghanistan, Ukraine). Stabilization in any of these countries holds the opportunity for us to participate in the rebuilding and developing of local energy infrastructure.

Assessment of overall opportunities

As in the previous year, the most significant opportunity for Siemens Energy is the achievement of all synergies from the full integration of Siemens Gamesa as described above.

2.9 Explanations to the Financial Statements of Siemens Energy AG (Holding)

2.9.1 Overview

The Annual Financial Statements of Siemens Energy AG have been prepared in accordance with the rules set out in the German Commercial Code (Handelsgesetzbuch) and the German Stock Corporation Act (AktG).

Siemens Energy AG is the parent company of the Siemens Energy Group and acts as a strategic management holding company. Its results are significantly influenced by its directly or indirectly owned subsidiaries. The business development of Siemens Energy AG is through its shareholdings fundamentally subject to the same risks and opportunities as the Siemens Energy Group. The outlook of the Group directly affects our expectations for Siemens Energy AG. Therefore, the foregoing explanations for the Siemens Energy Group also apply for Siemens Energy AG.

As part of its activities as a listed holding company of the Siemens Energy Group, Siemens Energy AG entered into service agreements with Siemens Energy Global GmbH & Co KG. These intercompany services result in the recognition of revenue and cost of sales.

As of September 30, 2023, Siemens Energy AG employed 38 employees, including members of the Executive Board.

Siemens Energy AG allows employees and members of the Managing Board to participate in share-based payment programs. For the purpose of servicing share-based payment programs, Siemens Energy AG also delivers Siemens Energy shares, which have been granted by affiliated companies. The treasury shares purchased under the share buybacks may be exclusively used for the purpose of issuing shares to employees and members of the Company's Executive Board as well as to employyees and board members of affiliated companies in the context of share-based compensation or employee share programs. In fiscal year 2023, Siemens Energy AG re-issued in total 6,517,873 treasury shares under the exclusion of subscription rights in connection with share-based payments and employee share programs in the Group, equaling a nominal amount of €6,518 thousand and 0.8% of the capital stock.

On December 23, 2022, Siemens Energy announced a share buyback with a volume of up to €130,000, ending September 30, 2023, at the latest. To carry out the share buy-back, €50,000 thousand was withdrawn from the reserve account of Siemens Energy Global GmbH & Co. KG by shareholder resolution. In fiscal year 2023, Siemens Energy AG repurchased a total of 6,573,037 shares, thus completing the share buyback program on May 18, 2023. This represents a nominal amount of €6,573 thousand or 0.82% of the capital stock as of September 30, 2023. For this purpose, €130,000 thousand were spent excluding incidental transaction charges. This represents an average stock price of €19.78 per share.

The voluntary cash tender offer announced on May 21, 2022, to acquire all outstanding shares of Siemens Gamesa Renewable Energy S.A. was publicly placed on November 8, 2022, and completed in fiscal year 2023. Effective July 12, 2023, the Siemens Energy Group and thus Siemens Energy AG as the parent company indirectly became through its subsidiaries the sole owner of the company, which has been operating as Siemens Gamesa Renewable Energy S.A.U. since September 7, 2023. Expenses incurred at the level of Siemens Energy AG for consulting services in connection with the acquisition of the outstanding shares were charged to Siemens Energy Global GmbH & Co. KG, the owner of the shares in Siemens Gamesa Renewable Energy S.A.U. (see also **2.3.2.2 Other events influencing the course of business**).

On March 15, 2023, the Executive Board of Siemens Energy AG, with the approval of the Supervisory Board, resolved to increase the capital stock of Siemens Energy AG by €72,665 thousand (divided into 72,664,519 shares with no-par value) to €799,310 thousand through partial utilization of the Authorized Capital 2023. The new, registered shares with no-par value were placed by way of an accelerated bookbuilding process at a price of €17.32 per share. Due to the capital increase on March 15, 2023, the difference between the issue price of €17.32 per share and the notional value of €1.00 per share was allocated to capital reserve. This increased the capital reserve by €1,185,885 thousand. The cash received in the course of the capital increase was passed on to Siemens Energy Global GmbH & Co. KG as part of an interest-free loan in the amount of €1,245,964 thousand for the purpose of acquiring the outstanding Siemens Gamesa Renewable Energy S.A. shares.

The Annual Financial Statements have been prepared in accordance with Section 252 para. 1 no. 2 German Commercial Code on the assumption that the Company will continue as a going concern. The continuation of Siemens Energy AG as the parent company of the Siemens Energy Group is directly linked to the continuation of the Group. The Executive Board arrived at this premise following a comprehensive review of the Siemens Energy Group's liquidity development. The review included the liquidity available at the balance sheet date, cash flow forecasts in line with general business planning, available and undrawn credit lines, the Group's credit ratings and the maturity profile of existing financial debt. In addition, the Group's guarantee credit lines were also taken into account (see also **2.6.3 Financing and liquidity analysis**).

2.9.2 Results of operations

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

	Fiscal year		
(in thousands of €)	2023	2022	Change
Revenue	**53,868**	**38,254**	**41%**
Cost of sales	(47,267)	(36,949)	28%
Gross profit	**6,600**	**1,305**	**>200%**
as percentage of revenue	*12.3%*	*3.4%*	
General administrative expenses	(38,998)	(23,794)	64%
Other operating income (expenses), net	14,409	15,363	(6)%
Income (loss) from operations	**(17,989)**	**(7,126)**	**152%**
Financial income, net	79,362	19,370	>200%
thereof Income (loss) from investments, net	*68,343*	*17,305*	*>200%*
Income (loss) from business activity	**61,373**	**12,244**	**>200%**
Income taxes	(13,827)	(18,169)	(24)%
Other taxes	(29)	(48)	(40)%
Net income (loss)	**47,517**	**(5,972)**	**n/a**
Profit (loss) carried forward	17,479	18,611	(6)%
Allocation to capital reserve	(6,573)	—	n/a
Release of capital reserve	6,518	4,840	35%
Unappropriated net income (loss)	**64,941**	**17,479**	**>200%**

- Revenue in the amount of €48,065 thousand (2022: €36,340 thousand) resulted from providing management services to affiliated companies, as well as from fees received from Group companies for guarantees given to customers in connection with the provision of services in the amount of €5,803 thousand (2022: €1,914 thousand). The sharp increase was mainly due to the development of cost of sales, as management services are billed using the cost-plus method in accordance with the contractual terms. In addition, the volume of fees received from Group companies for guarantees given to customers in connection with the provision of services increased sharply. The fees received are only offset by a low amount of cost of sales.
- Cost of sales essentially included personnel expenses resulting from the provision of management services to affiliated companies. The substantial increase was mainly due to the higher number of Management Board members and therefore increased associated expenses to be charged compared to the prior year.
- General administrative expenses increased sharply due to higher expenses for purchased consulting services compared to the prior year. The purchased services were in connection with the acquisition of the outstanding shares in Siemens Gamesa Renewable Energy S.A.
- Other operating income (expenses), net decreased clearly and included other operating income in the amount of €29,717 thousand (2022: €15,508 thousand) and other operating expenses in the amount of €15,308 thousand (2022: €144 thousand). The sharp increase in other operating income resulted from higher income from the recharging of expenses to Group companies. The recharges mainly comprised expenses for consulting services in connection with the acquisition of the outstanding Siemens Gamesa Renewable Energy S.A. shares. The equally sharp increase in other operating expenses was due to transaction costs of €15,185 thousand incurred in connection with the capital increase carried out on March 15, 2023.
- The sharp increase in financial income, net was mainly due to the income from investments. In fiscal year 2023, it included a withdrawal from Siemens Energy Global GmbH & Co. KG in the amount of €68,343 thousand (2022: €17,305 thousand). Thereof, an amount of €50,000 thousand (2022: €0 thousand) was used to carry out the buyback of treasury shares. A further amount of €18,343 thousand (2022: €17,305 thousand) was used for the withdrawal in accordance with the provisions in the articles of association to ensure the recognition of income taxes in the balance sheet of Siemens Energy AG.
- Income taxes included domestic and foreign income taxes and decreased substantially. The decrease was mainly due to tax income from the reversal of a provision for foreign income taxes in the amount of €618 thousand (2022: tax expense of €3,131 thousand) and higher receivables against tax authorities for capital gains tax in the amount of €3,898 thousand (2022: €2,267 thousand). The withdrawal from Siemens Energy Global GmbH & Co. KG, which was reflected in the income (loss) from investments, accounted for expenses amounting to €18,343 thousand (2022: €17,305 thousand). The surplus of deferred tax assets was not recognized due to the exercise of the option under Section 274 para. 1 s. 2 German Commercial Code.
- In the course of the share buyback and the issue of treasury shares to employees, €6,573 thousand (2022: €0 thousand) was transferred from the net income to the capital reserve and €6,518 thousand (2022: €4,840 thousand) was reversed from the capital reserve in analogous application of Section 237 para. 5 of the German Stock Corporation Act (AktG).

2.9.3 Net assets and financial position

Statement of financial position of Siemens Energy AG in accordance with German Commercial Code (condensed)

	Sep 30,		
(in thousands of €)	2023	2022	Change
Assets			
Non-current assets	**13,023,863**	**13,023,870**	**(0)%**
Property, plant and equipment	8	15	(45)%
Financial assets	13,023,855	13,023,855	—
Current assets	**2,454,501**	**1,173,127**	**109%**
Receivables and other assets	2,453,576	1,172,696	109%
Receivables from affiliated companies	2,444,793	1,167,897	109%
Other assets	8,783	4,799	83%
Cash and cash equivalents	925	431	114%
Prepaid expenses	**12**	**51**	**(76)%**
Active difference resulting from offsetting	**48**	**14**	**>200%**
Total assets	**15,478,424**	**14,197,062**	**9%**
Shareholders' equity and liabilities			
Shareholders' equity	**14,449,693**	**13,164,093**	**10%**
Provisions	**22,784**	**19,838**	**15%**
Provisions for pensions and similar commitments	13,914	12,329	13%
Provisions for taxes	—	2,491	n/a
Other provisions	8,869	5,019	77%
Liabilities	**1,005,948**	**1,013,131**	**(1)%**
Trade payables	4,402	3,610	22%
Liabilities to affiliated companies	962,994	962,705	0%
Other liabilities	38,552	46,816	(18)%
Total shareholders' equity and liabilities	**15,478,424**	**14,197,062**	**9%**

- Financial assets consisted of 100% of the shares in Siemens Energy Global GmbH & Co. KG and Siemens Energy Management GmbH.
- Receivables from affiliated companies increased sharply, mainly due to the granting of an interest-free loan to Siemens Energy Global GmbH & Co. KG in the amount of €1,245,964 thousand. The loan, which is to be repaid in full on March 22, 2024, was granted to pass on the issue proceeds from the capital increase on March 15, 2023, for the purpose of acquiring the outstanding Siemens Gamesa Renewable Energy S.A shares. Receivables from affiliated companies also included a receivable from Siemens Energy Global GmbH & Co. KG in the amount of €960,000 thousand (2022: €960,000 thousand). The receivable resulted from the fact that the proceeds received in the course of the mandatory convertible note issued by Siemens Energy Finance B.V., Zoeterwoude, Netherlands, were forwarded via two group-internal loans past Siemens Energy AG to Siemens Energy Global GmbH & Co. KG and are reported under receivables from affiliated companies until the mandatory convertible note matures in September 2025. In addition, receivables from affiliated companies included receivables from cash pooling with Siemens Energy Global GmbH & Co. KG, which were primarily related to share-based payments granted by affiliated companies.
- Other assets mainly comprised receivables from tax authorities in the amount of €5,670 thousand (2022: €4,651 thousand). The sharp increase resulted from an applied research subsidy of €3,000 thousand, which was recognized at the level of Siemens Energy AG, as the tax group parent.
- Shareholders' equity increased clearly by €1,258,549 thousand due to the capital increase carried out on March 15, 2023, and by €109,534 thousand due to the issue of treasury shares under share-based payments and employee share programs. This was offset by the share buyback with a total volume of €130,000 thousand.
- Provisions for pensions and similar commitments increased mainly due to regular service cost for employees.
- Other provisions increased sharply due to higher provisions for share-based payments of €5,328 thousand (2022: €1,784 thousand), which increased sharply mainly due to the pro rata build-up of existing share programs, and higher personnel-related provisions of €3,527 thousand (2022: €3,218 thousand).
- Trade payables increased substantially mainly due to consulting services in connection with the acquisition of the outstanding Siemens Gamesa Renewable Energy S.A shares not yet settled on the balance sheet date.
- Liabilities to affiliated companies were at the prior year's level and still mainly included an amount of €960,000 thousand (2022: €960,000 thousand) from the mandatory convertible note issued by Siemens Energy Finance B.V., Zoeterwoude, Netherlands, which was forwarded group-internally as a loan to Siemens Energy AG and is reported under liabilities to affiliated companies until the maturity of the mandatory convertible note in September 2025.
- Other liabilities decreased significantly due to lower liabilities to personnel amounting to €17,564 thousand (2022: €18,395 thousand) and due to reporting date lower sales tax liabilities to the tax authorities amounting to €16,772 thousand (2022: €24,210 thousand). The decrease of the sales tax liabilities at Siemens Energy AG as the sales tax group parent is due to the inherent fluctuations in the long-term project business of its tax group companies. In addition, other liabilities included outstanding Supervisory Board compensation in the amount of €4,105 thousand (2022: €4,100 thousand).

Opportunities and risks

Siemens Energy AG's business development is largely subject to the same opportunities and risks like the Siemens Energy Group. In this context, the opportunity and risk potential of Siemens Energy AG with respect to its subsidiaries and equity investments is generally proportional to the respective directly or indirectly held capital shares in each individual case, see **2.7 Report on expected developments**. As the parent company of the Siemens Energy Group, Siemens Energy AG is included in the Group-wide risk management system, see **2.8.3 Risk management**.

Alongside the opportunities and risks of the Group, Siemens Energy AG is also exposed to the risk of impairment of investments in subsidiaries. As investments in subsidiaries represent nearly the entire total assets, this risk is of great importance for Siemens Energy AG. The recoverability of investments in subsidiaries is influenced by the development and success of the subsidiaries and their investments. Adverse effects on subsidiaries or indirect investments may consequently lead to an impairment of the investment in subsidiaries in Siemens Energy AG's Annual Financial Statements. Income from investments significantly influences the net income of Siemens Energy AG. Additionally, there is the risk of the guarantees and other commitments assumed for subsidiaries being utilized.

Outlook

Siemens Energy AG is the sole limited partner of Siemens Energy Global GmbH & Co. KG and holds all shares in the Siemens Energy Management GmbH as its sole general partner. In this structure withdrawals from Siemens Energy Global GmbH & Co. KG, which Siemens Energy AG receives, will lead to income from investments for Siemens Energy AG, provided the fair value of Siemens Energy Global GmbH & Co. KG exceeds the carrying amount of the investment. In addition, changes in the valuation of these participations may affect the asset position and results of operations of Siemens Energy AG. In the future, Siemens Energy AG will continue to incur expenses for the remuneration of its Executive Board and Supervisory Board members as well as other personnel, for tax payments, for financing drawn upon, and for its own holding organization. Furthermore, Siemens Energy AG will recognize income for providing services to other Group companies.

For fiscal year 2023, we expected with a net loss amounting to €5,972 thousand a similar income (loss) after taxes as in fiscal year 2022. The expectation was exceeded and a net income of €47,517 thousand was achieved mainly due to the development of the financial income, net because of the withdrawal for the share buyback. For fiscal year 2024, we expect an income (loss) after taxes to be in the range of fiscal year 2023. Our mid to long-term target is a payout ratio of 40% to 60% of Siemens Energy Group's net income attributable to shareholders. Due to its interrelationships with the companies in the Siemens Energy Group, the general expectations for Siemens Energy AG are reflected in the forecast for the Group. Siemens Energy AG's net assets, financial position, and results of operations are dependent on the results of the Group companies. For more details refer to **2.7 Report on expected developments**.

2.9.4 Corporate Governance Statement

The Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code is an integral part of the Combined Management Report **4.5 Corporate Governance pursuant to Sections 289f and 315d of the German Commercial Code** and is also published on our website **https://www.siemens-energy.com/global/en/home/investor-relations/corporate-governance.html.**

2.10 Group non-financial statement

2.10.1 Basis of preparation

This Group non-financial statement of the Siemens Energy Group (Siemens Energy) has been prepared in accordance with Section 315 b to 315 c German Commercial Code in conjunction with Section 289 c to 289 e German Commercial Code and the specifying reporting requirements of GAS 20 (German Accounting Standard; "Deutscher Rechnungslegungs Standard").

The reportable aspects **environmental**, **employee** and **social matters**, **human rights protection** as well as **anti-corruption and bribery matters** represent cornerstones of the Group's comprehensive Sustainability Program, led by our Chief Sustainability Officer (CSO), Dr.-Ing. Christian Bruch, who is also the Group's CEO. Our Sustainability Department is anchored in the Strategy Function and responsible for driving sustainability within the Siemens Energy Group and for steering the company-wide sustainability activities, programs and measures. Whereas the approach to the reportable aspects is aligned throughout the Group as a whole, any segment-specific characteristics concerning Siemens Gamesa are highlighted as such if they are material in accordance with Section 315 c in conjunction with Section 289 c para. 3 German Commercial Code.

In fiscal year 2023, Siemens Energy was required for the first time to report to the full extent on the environmental goals climate change mitigation and climate change adaptation in accordance with Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088. In addition, the complementary delegated act (EU) 2022/1214 was applied for the first time with regard to the recording of activities in the natural gas and nuclear energy sectors. Details are provided in chapter **2.10.2.5 EU Taxonomy**.

This Group non-financial statement has been designed to provide for a concise and focused summary of our targets, implemented measures and monitoring of target achievements based on suitable performance indicators. This intention made it necessary to abstract from other reporting frameworks such as the GRI (Global Reporting Initiative) standards for sustainability reporting or the structural orientation towards the UN Global Compact or the UN Sustainable Development Goals. Without limiting the informative coherence and compliance with the legal requirements for this Group non-financial statement, we refer to our separate **Sustainability Report**.

The reportable contents presented in this Group non-financial statement have been identified on the basis of the Group's **materiality assessment** in fiscal year 2023 in accordance with Section 315 c para. 2 German Commercial Code. Therefore, this statement concentrates on those topics that are necessary for an understanding of the Group's development, financial performance and position, and our operational activities impacting the reportable aspects. Social matters have not been identified as material and are not included in this fiscal year´s Group non-financial statement. For information regarding social matters we refer to our separate **Sustainability Report.** We did not identify any **risks** associated with our business activities, relationships and offerings that are material to understanding the course of business, financial result and position and very likely have or will have severe adverse impacts on the reportable aspects.

Siemens Energy is active along almost the entire energy technology and service value chain with a comprehensive and differentiated offering of products, solutions and services. A detailed description of our **business model** is included in chapter **2.1.2 Business Model** of this combined management report. With the exception of this cross-reference, any references to non-mandatory information presented outside this statement do not form part of the Group non-financial statement. This Group non-financial statement is subject to a voluntary limited assurance engagement according to ISAE 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information. The Independent Auditor's Limited Assurance Report is reproduced in chapter **4.3 Independent auditor's report on a limited assurance engagement**.

2.10.2 Reportable aspects

2.10.2.1 Environmental matters

Global energy markets are changing, presenting our customers with a multitude of structural, disruptive changes along the **energy value chain** – whether due to the need for decarbonization, increasing decentralization or digitalization and because of the resulting demands on flexibility of energy value chains. Public and regulatory pressure to reduce greenhouse gas (GHG) emissions is growing.

These developments are expected to result in changes to the relevance of traditional energy technologies and at the same time, create opportunities in new areas of business, such as increased electrification, increased renewables, hydrogen technologies and Power-to-X technologies. Our mission is to support our customers in this transition to a more sustainable world, based on our innovative technologies.

For a successful transition, a sustainable energy landscape is required which is based on renewables and a strong grid infrastructure, while leveraging low-emission conventional power for peak loads and reducing energy consumption by driving efficiency improvements in industry. Combining conventional and renewable energy systems is key to meeting the world's need for sustainable, reliable and affordable energy.

Targets

We are committed to decarbonization in our supply chain, our own operations, and the use phase of our products, and aspire net zero GHG emissions across the value chain (Scope-1, -2 and -3) in line with a 1.5℃ pathway.

Siemens Energy (excluding Siemens Gamesa) aims to be climate neutral by 2030. This includes the reduction of absolute Scope-1 and -2 GHG emissions by at least 46% by fiscal year 2025 (from a 2019 base year), which is even more ambitious than the original target year of 2030, as validated by the Science Based Targets initiative (SBTi). As part of the science-based target Siemens Energy (excluding Siemens Gamesa) committed to increase annual sourcing of renewable electricity to 100% by fiscal year 2023 and achieved this target. In 2021, the SBTi also validated the absolute GHG reduction targets for our sold products (Scope-3 category 11: 28% by 2030 from a 2019 base year).

It confirms that these targets are in line with the Paris Climate Agreement.

SBTi also verified that Siemens Gamesa's GHG emission reduction targets (Scope-1 and -2) are aligned to meet the Paris Climate Agreement goal of limiting global warming to 1.5°C. Siemens Gamesa achieved carbon neutrality in its own operations in 2019, including offsetting unavoidable emissions.

In order to advance climate neutrality across the entire value chain, Siemens Energy is also working on concepts to reduce GHG emissions in the supply chain. We encourage our **suppliers** to take action to protect the climate. For Siemens Energy, we intend to reduce our relative Scope-3 GHG emissions from purchased goods and services as well as from transportation and distribution by 30% per procurement volume (€ spent) by 2030 (from a 2018 base year).

Siemens Gamesa commits that 30% of its suppliers by spend covering purchased goods and services, and transportation and distribution, will have science-based targets (SBTi) by 2025.

Measures

The biggest lever for reducing **GHG emissions** is in our portfolio of products, solutions and services. Accordingly, Siemens Energy plans to continue to transform its portfolio focus on three strategic pillars:

- Low- or zero-emission power generation:
  We are continually developing new products and technologies that have either zero emissions or significantly lower emissions, in both service and new units.
- Transport and storage of electricity:
  We are developing new products, services and solutions for the transport and storage of electricity, thereby expanding our transmission and hydrogen businesses.
- Reducing GHG footprint and energy consumption in industrial processes:
  We are helping our process industry customers to decarbonize their brownfield facilities and ensure sustainable concepts for future installations.

We are committed to monitoring progress on climate action and reducing exposure to climate related risks. Therefore, we conducted an analysis of future markets based on three scenarios, which include climate implications. Based on this analysis, the climate implications of our business planning until 2030 were evaluated for the base case scenario. Emission reduction levers were evaluated and decided upon.

Our **research and development (R&D)** activities are key to the development of the three strategic pillars. Essential elements in developing our broad range of innovative technologies are partnerships and collaboration both within Siemens Energy and with external partners. Siemens Energy (excluding Siemens Gamesa) established four Global Innovation Centers in Berlin (Germany), Orlando (USA), Abu Dhabi (UAE), and Shenzhen (China) to nurture innovation and business development to drive the energy transformation. These centers are set up to co-create with customers and partner with start-ups, industrial partners, and universities. We continue to develop our current five fields of action, focusing on energy landscape transformation and decarbonization:

- Decarbonized heat and industrial processes: high temperature heat pumps, electrified industrial heat, fuel cells, industrial waste heat recovery,
- Power-to-X: direct air capture, offshore hydrogen, e-chemicals/fuels,
- Resilient grids and reliability: grid digitalization, disruptive grid elements, high density energy systems,
- Condition-based service interventions: digital twins for optimizing energy consumption, autonomous operation, asset/plant reliability and microgrids,
- Energy storage: long duration energy storage, redox flow batteries.

R&D at Siemens Gamesa is focused on developing the next generation of technology that is designed to lead to improved and more cost-effective products, solutions and services. Siemens Gamesa strives to develop reliable and efficient wind turbines for both onshore and offshore applications to reduce the Levelized Cost of Energy (LCoE), as well as cost-effective energy storage solutions, and solutions for hybridization that are designed to help utility customers optimize the use of renewable energy. In addition, Siemens Gamesa is exploring opportunities in adjacent business fields, including other renewable energy sources, hybrid parks and storage in order to deliver solutions for the system integration of renewables. Siemens Gamesa also collaborates on R&D initiatives for product and technology development, partnering with universities, customers, competitors, suppliers, design consultants and certifying bodies. For more information about Siemens Energy´s innovative partnerships and cooperation please also refer to chapter **2.1.3 Research and Development** and our **Sustainability Report** chapter **H2 Customers and Innovation**.

Another focus area across all businesses is **digitalization**, e.g., technology-based services such as remote operations or remote services, resulting not only in better performance throughout product and equipment life cycles but also more efficient operation with lower emissions.

In addition to transforming our portfolio, GHG reduction measures are focused on our own operations. The strongest levers for achieving climate neutrality are:

- Reducing energy consumption, including substitution and efficiency measures,
- Using renewable electricity,
- Reducing SF_6 emissions,
- New mobility concepts.

Our suppliers are an important part of the value chain. As one part of our Carbon Reduction@Suppliers Program, Siemens Energy encouraged in fiscal year 2023 more than 3,000 suppliers who are covering more than 75% of the carbon footprint in its supply chain to participate in its **Decarbonization Due Diligence Assessment** and report on their decarbonization measures.

Performance indicators

Scope 3 emissions from the use of sold products

Scope 3 downstream emissions make up more than 99% of the overall Siemens Energy carbon footprint and are calculated on the basis of the GHG Protocol Standards. The main drivers for GHG emissions are the direct combustion of fuels (e.g., natural gas) in our products and the electricity consumption and power losses of our products. The emissions include:

- Direct emissions: GHG emissions are basically generated through the direct combustion of fossil fuels. The level of GHG emissions varies depending on product type, fuel type, and application mode.
- Indirect emissions: GHG emissions are basically generated by large electrical consumers (e.g., motors, drives, pumps) or by power losses (e.g., transformers). To a minor extent, the transmission portfolio emits CO_2 equivalents (CO_2e) via SF_6 gas leakages at customers' sites.

The calculation methodology for Scope-3 emissions comprises the emissions from products over their expected use-phase and the expected operating hours per year. With the order intake, the total level of related emissions is determined and reported. GHG emissions that occur during other phases of a product's lifecycle, such as in the supply chain, production or end-of-life disposal, are not accounted for and reported in Scope-3 downstream.

During the reporting period, total Scope-3 emissions from the use of sold products at Siemens Energy was 1.1 billion tons of CO_2e. This is a decrease of 0.2 billion tons compared to fiscal year 2022, and a decrease of 27% compared to the base year 2019. There are several reasons for the decrease in absolute emissions, including:

- Emissions decreased due to lower sold capacity (Megawatt) in central and distributed power generation.
- Lifetime for power generation was adjusted (27 years in fiscal year 2023 vs. 28 years in fiscal year 2022): While gas turbines have historically been powered by fossil fuels throughout their lifetime, this will change in the future. Many countries, including our most relevant customer markets, have committed to a net zero economy in 2050 and a net zero electricity system even earlier. This is why this change was included in the calculations for the first time assuming that the turbines sold will not run on unabated fossil fuels after 2050.
- Operating hours for specific gas turbine frames used in central power generation decreased due to increasing penetration of renewable energy sources.

Scope-3 emissions from the use of sold products (1,000 metric tons of CO_2 equivalent) and intensity	Fiscal year 2023	2022
Scope-3 emissions from the use of sold products[1]	1,098,370	1,252,319
Intensity (t CO_2e/€ of order intake)	0.022	0.033

[1] Fiscal year 2022 data was recalculated to reflect the reduction of the expected lifetime for gas- and steam turbines in power generation from 30 years to 28 years in fiscal year 2022. We also considered H_2 co-firing for the first time in fiscal year 2022. The impact is minor as we only consider H_2 co-firing if the customers share a specific time plan for using H_2 and indicate to what extent H_2 is going to be used.

[2] Well-to-tank emissions are included (extraction, refining and transportation of the raw fuel sources, prior to combustion), biogenic emissions have been excluded.

Scope-1 and Scope-2 emissions from own operations

Siemens Energy's total energy consumption during the reporting period was 5.2 million gigajoules. Compared with fiscal year 2022, this is a decrease of 11%, which is partly attributable to the implementation of energy efficiency projects.

In fiscal year 2023, renewable electricity accounted for 100% of Siemens Energy´s electricity consumption compared with 90% in fiscal year 2022.

Our reporting software enables us to further increase the automated collection of actuals and reduce extrapolations. Over the reporting period, Siemens Energy collected the following data regarding the level of Scope-1 and Scope-2 emissions related to its business activities:

- **Scope-1 (direct) emissions**: Direct GHG emissions arise from energy sources in the company's ownership or under its control.
- **Scope-2 (indirect) emissions**: Indirect GHG emissions refer to the consumption of purchased electrical energy and district heating.

During the reporting period, total Scope-1 and Scope-2 emissions from own operations at Siemens Energy was 182 thousand tons of CO_2e. This is a decrease of 33 thousand tons compared to fiscal year 2022, and a decrease of 59% compared to the base year 2019.

Scope-1 and Scope-2 emissions from own operations (1,000 metric tons of CO_2 equivalent) and intensity	Fiscal year 2023	2022
Scope-1	163	188
Scope-2[1]	18	27
Total	**182**	**215**
Intensity (t CO_2e/€ of revenue)	5.83×10^{-6}	7.42×10^{-6}

[1] We calculate our emissions resulting from electrical consumption based on carbon emission factors of our local sites according to the market-based approach.

Scope-3 emissions from purchased goods and services and transportation and distribution

We run our Carbon Reduction@Suppliers Program in cooperation with an external service provider, which offers an economic model based on an input/output analysis that identifies the CO_2e emissions of all suppliers. With the procurement volume and the material-country combination, the model calculates the CO_2e emissions in the supply chain based on official statistics and studies like Organisation for Economic Co-operation and Development (OECD), World Bank, Intergovernmental Panel on Climate Change (IPCC), U.S. – Bureau of Economic Analysis (BEA) and the U.S. and European environmental agencies applying a spend based method.

The calculated emission intensity for Scope-3 emissions from purchased goods and services and transportation and distribution for fiscal year 2023 at Siemens Energy was 0.414 kg of CO_2e/€ which is 8.3% lower compared to fiscal year 2022 and 18.6% lower compared to the base year 2018[1].

Scope-3 emissions from purchased goods and services and transportation and distribution (1,000 metric tons of CO_2 equivalent) and intensity	Fiscal year 2023	2022[1]
thereof category "purchased goods and services"	8,456	8,691
thereof category "transportation and distribution"	775[2]	491
Total	**9,230**	**9,182**
Intensity (kg CO_2e/€ of purchasing volume)	0.414	0.451

[1] CO_2e emissions were partially extrapolated due to some unallocated product groups in the purchasing volume.

[2] 325 thousand tons of the 775 thousand tons CO_2e emissions were calculated using a consumption-based method.

2.10.2.2 Employee matters

We are a global employer with a workforce of around 150 nationalities. Our employees and our company culture, as well as our people strategy aligned with our company strategy, values, and behaviors are a strong foundation with which we aim to be the differentiator in the market for our customers, investors, suppliers, partners, employees, and society. We strive to be the employer of choice in the energy industry and to attract, develop and retain a future-ready workforce. We focus on creating diverse, inclusive, and welcoming workplaces where people can unleash their full potential. Our workplace environment is open to everybody regardless of their ethnic origin, religion, world view, age, disability, gender, sexual orientation, gender identity and gender expression.

In addition, a key objective for Siemens Energy is to provide a safe and healthy working environment for all employees, partners, contractors and suppliers, amongst other things, by focusing our attention on avoiding accidents and occupational illnesses and work-related mental health risks.

To underline that people are a top management priority for Siemens Energy, the HR department is directly reporting to the CEO. The operational responsibility for topics such as talent management or compensation and benefits lies with the Centers of Competence, which regularly report to the Executive Board. To emphasize the relevance of Inclusion and Diversity (I&D) for Siemens Energy, our Chief Financial Officer, Maria Ferraro, is also Chief Inclusion and Diversity Officer.

To enable and prepare the company for the future, Siemens Energy is pursuing its People Agenda, our people strategy. Including its solutions and strategic initiatives, it is designed around three main building blocks: Thriving Environment, Game-changing Leaders and Vibrant Workforce. The People Agenda has not yet been fully rolled out at Siemens Gamesa. Implementation is planned as part of the upcoming integration.

Targets

Inclusion and Diversity

With our focus on I&D, Siemens Energy aims to:

- have access to broader talent pools from which to source the diverse capabilities we need to power our innovation.
- bring together different experiences and perspectives to solve the complex challenges in our industry.
- become more productive through faster, effective decisions with less cognitive bias and
- enhance our reputation while being representatives of the communities we serve.

Siemens Energy (excluding Siemens Gamesa) aims to reach a share of 25% women in top leadership positions by September 30, 2025, and a share of 30% women in top leadership positions by September 30, 2030.

Siemens Gamesa aims to reach a share of 25% women in headcount and in leadership positions by September 30, 2025, and a share of 30% women in headcount and leadership positions by September 30, 2030.

Talent attraction, people development and retention

Our ambition is to become the employer of choice in the energy industry. In a competitive and volatile environment, competition for talent remains a key challenge. Therefore, attracting, hiring, developing, and retaining a diverse talent pool is key for our future success and one of our top strategic priorities. Our goal is to continuously develop a robust workforce that is prepared for the challenges of the energy transition.

Health and Safety

Siemens Energy's key objective is to prevent accidents whilst at work.

To achieve the key objective our priority is to permanently foster a strong zero harm culture with responsible health and safety practices across the organization. The focus on safe working and healthy employees is our key strategy. In connection with health, Siemens Energy aims to provide support for people with mental health needs and to drive initiatives to promote behavior and create a working environment that will positively impact mental health.

Measures

Inclusion and Diversity

At Siemens Energy, amongst others, the following measures were taken in fiscal year 2023, in addition to the measures established in the last years:

- Global partnership signed on UN Standards of Conduct for Business Tackling Discrimination against LGBTI People.
- I&D factor established as part of our Engagement Survey to measure and monitor how our employees perceive our progress on I&D.
- Further drive implementation of barrier-free workplaces in our buildings and support the accessibility in standard tools such as Office 365, to address needs and challenges faced by employees with disabilities, promoting accessibility, equal opportunities, and inclusivity within the organization.
- Several activities organized by our networks, our employee resource groups, for example:
  - International Womens Day: two weeks of more than 20 sessions organized by the gender network with around 2,500 attendees,
  - Pride Month in June: six global sessions organized by the Pride network with regional events.

Talent attraction, people development and retention

Talent attraction, people development and retention take place across a broad spectrum at Siemens Energy. Some examples of our measures are:

- A strong employer brand, internally and externally, is crucial for our company's success. It aims to attract top talent, foster employee engagement and retention, enhance competitive advantage, and demonstrate what we stand for and can offer as an employer. In fiscal year 2023 we focused on strengthening our employer brand through several activities, for example, conducting a brand health assessment, targeted advertising, establishing strong social media presence and tracking of key performance indicators, for example the number of visits on our career websites. Siemens Gamesa was pursuing separate activities. During the upcoming integration planning, we will identify and plan possible roll- out and harmonization opportunities.
- We strive to attract young talents to our workplaces and encourage them to contribute to our thinking while also promoting positive collaboration and dialogue among different generations. Some examples of our early career offerings are the vocational training in Germany or the Siemens Energy Graduate Program, which is a two-year experience for recent master and doctoral graduates or equivalents.
- With our performance management processes at Siemens Energy we focus on accelerating individual development and creating high-performing teams. The processes are built around constant dialogue and feedback, individual goals, growth dialogues and regular "Check ins" throughout the year.
- Siemens Energy continues to run several leadership pipeline programs, targeting leaders at different stages of their career in order to build a strong and diverse leadership pipeline.
- Our Learning platforms offer employees worldwide access to e-learning modules as well as trainer-led training options and coaching in different languages. They offer a variety of options to enable the self-driven and targeted development of both leaders and employees.

- Siemens Energy strives to offer benefits programs based on local market practice that are attractive, fair and inclusive. Examples include the offering of market competitive retirement plans in 60 countries or long service awards. The benefits are not yet harmonized with our Business Area Siemens Gamesa. During the upcoming integration planning, we will identify and plan possible roll- out and harmonization opportunities.
- Siemens Energy continuously strives to provide competitive and fair compensation levels to attract, retain and reward talents. To do so, we consider a variety of internal and external factors that are consistent with our corporate culture and values. These include internal pay equality, but also external competitiveness and a strong link between pay and performance.

Health and Safety

To support the fundamental requirements for good Occupational Health and Safety (OHS), Siemens Energy´s Environment, Health and Safety (EHS) Policy aligns with our Zero Harm principles and behaviors. The Siemens Energy (excluding Siemens Gamesa) Zero Harm Framework is intended to drive a strong Zero Harm culture, placing responsibility on each local manager to develop and implement the Zero Harm Framework and to discuss with their teams elements that will be included in their program, then reinforce them as part of daily work. Alongside the EHS Policy, the ISO 45001 standard provides a basis for effective management, identification of potential risks as well as internal audit and review. Contractors and temporary workers are expected to work to the same standards as those of Siemens Energy employees. We discuss accidents involving contractors with them and hold meetings with suppliers with the highest level of accidents. All relevant data is shared with the Executive Board.

Siemens Energy (excluding Siemens Gamesa) continues with the proven practice **"Eye on Safety Reviews"** which are held regularly with a member of the Siemens Energy Executive Board and are accessible to all employees on the Siemens Energy Environmental, Health, Safety, Quality, and Security (EQS) Share Point. Siemens Energy (excluding Siemens Gamesa) completed internal Occupational Safety Audits related to a location's risk factors. Audits were conducted at site and organizational levels to maintain and increase the effectiveness of our safety risk management at manufacturing, service and project sites.

Mental health topics are regularly communicated within the organization via multiple channels and local initiatives. Campaigns and trainings are organized to promote mental health awareness (e.g., stress management, burnout prevention). Risk assessments to protect mental health are carried out to identify potential stressors and define support measures to mitigate the risks in collaboration with management and employees.

In fiscal year 2023, Siemens Gamesa released the Zero Harm Framework to reinforce commitment to safety, in alignment with the Siemens Energy Zero Harm Framework. Furthermore, a "Just and Fair Culture Guidance" was released with the aim of providing managers with a toolkit to define clear boundaries between behavior considered acceptable and unacceptable. This aims to ensure that unacceptable or unsafe behaviors can be assessed and managed in a consistent, timely, just, fair and appropriate manner by taking appropriate action to avoid reoccurrence and support lessons learned, and to recognize that exceptional or above and beyond team and individual performance should be acknowledged and rewarded.

Siemens Gamesa continuously implements health and safety improvements at the production facilities and across Siemens Gamesa´s operational and project sites.

Maintaining the health, safety and wellbeing of Siemens Energy employees is a core value. It is an essential part of risk management and internal controls, as well as of the Siemens Energy Business Conduct Guidelines.

Performance indicators

Inclusion and Diversity

Siemens Energy (excluding Siemens Gamesa) reached a share of 28% women in top leadership positions by September 30, 2023 (2022: 22%).

Siemens Gamesa reached a share of 20% women in headcount by September 30, 2023 (2022: 20%), and a share of 15% women in leadership positions by September 30, 2023 (2022: 14%).

Talent Attraction, People Development and Retention

In fiscal year 2023, Siemens Energy spent around €80 million on further education (2022: €~69 million), an average of €856 per employee (2022: €753).

Siemens Energy employees spent an average of 12 hours on formal learning activities in fiscal year 2023 (2022: 10.3 hours).

Health and Safety

The overall Lost Time Injury Frequency Rate (LTIFR) for employees was 1.34 at the end of fiscal year 2023 (2022: 1.15) and is based on the total number of lost time injuries per 1 million hours worked. The overall Total Recordable Injury Rate (TRIR) for employees was 2.61 at the end of fiscal year 2023 (2022: 2.17). During the reporting period, Siemens Energy regrettably had two work-related fatal accidents. (2022: three). One of the fatal accidents was related to contact with a crane, the other one is still under investigation. Each serious event or fatal accident causes grief for families, friends, and colleagues, and as a company we have initiated investigation measures and will derive measures that will prevent such accidents from happening again.

	Fiscal year	
	2023	2022
TRIR[1]		
TRIR of employees[2]	**2.61**	**2.17**

[1] Total Recordable Injury Rate: Number of recordable injuries (TRI) x 1,000,000/work hours performed. Recordable injuries are accidents that result in lost time, restricted work, or medical treatment.

[2] Incl. temporary workers; excl. contractors. Siemens Gamesa has aligned with Siemens Energy definitions of worker type in fiscal year 2023: Temporary workers, previously included with contractors, were included with the Siemens Energy employees for fiscal year 2023. The figure for fiscal year 2022 was not adjusted.

	Fiscal year	
	2023	2022
LTIFR[1]		
LTIFR of employees[2]	**1.34**	**1.15**

[1] Lost Time Injury Frequency Rate: Number of lost time injuries (LTI) x 1,000,000/work hours performed. LTIs are accidents that result in at least one lost day of work.

[2] Incl. temporary workers; excl. contractors. Siemens Gamesa has aligned with Siemens Energy definitions of worker type in fiscal year 2023: Temporary workers, previously included with contractors, were included with the Siemens Energy employees for fiscal year 2023. The figure for fiscal year 2022 was not adjusted.

	Fiscal year	
	2023	2022
Fatalities[1]		
Employees	0	1
Contractors	2	2

[1] Excluding cases beyond Siemens Energy's influence (e.g., force majeure, third-party violence) or outside of Siemens Energy's scope of responsibility, e.g. factory of contractor impacting contractor staff.

2.10.2.3 Human rights protection

Siemens Energy affects people and the environment all around the world, especially in the course of large energy projects. We are conscious of the **responsibility** that this global impact brings and consider respect for human rights to be a core element of responsible business conduct along the entire value chain. Siemens Energy is thus committed to ensuring respect for human rights which goes beyond compliance with applicable laws and regulations and includes our commitment to:

- **International Bill of Human Rights**, consisting of the Universal Declaration of Human Rights; the International Covenant on Civil and Political Rights; and the International Covenant on Economic, Social and Cultural Rights,
- **European Convention on Human Rights,**
- **International Labour Organization (ILO)** Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, ILO Declaration on Fundamental Principles and Rights at Work (in particular: elimination of child labor, abolition of forced labor, prohibition of discrimination, freedom of association and the right to collective bargaining) and fundamental freedoms,
- **UN Sustainable Development Goals (SDG)**, specifically SDG 8 "Decent Work and Economic Growth", which we have defined as one of our priority SDGs,
- **United Nations Guiding Principles on Business and Human Rights** (UNGPs),
- **OECD Guidelines for Multinational Enterprises,**
- **UN Global Compact principles**, to which we are a signatory.

Targets

We are dedicated to responsible business conduct and committed to ensuring respect for human rights within our spheres of influence. Identifying and managing our human rights impacts and mitigating risks along our entire value chain is therefore imperative.

Measures

Siemens Energy's risk analysis has identified the following human rights risk areas for our own business area and our suppliers:

- **Freedom of association (collective bargaining),**
- **Health and safety at work,**
- **Prohibition of discrimination,**
- **Fair remuneration,**
- **Prohibition of forced labor,**
- **Respect for human rights by security forces,**
- **Ban on child labor.**

The results of the risk analysis flow into our corporate decision-making processes and help us identify appropriate preventive measures.

In the reporting period Siemens Energy maintained its regular exchange with networks such as econsense, a German sustainability network of internationally operating companies, particularly with a view to the Supply Chain Due Diligence Act.

Our commitment to respecting human rights is written into the Siemens Energy and Siemens Gamesa **Business Conduct Guidelines (BCGs)**. Both BCGs are binding for all executives and employees worldwide. To enforce the commitment to the BCGs, employees of Siemens Energy and Siemens Gamesa are trained in the respective requirements of the BCGs and are requested to acknowledge them as part of their conditions for employment.

On January 1, 2023 the Executive Board appointed Group Compliance Officer Dr. Anita Schieffer for the newly created position of Human Rights Officer. Our Human Rights Officer monitors and reports on human rights compliance to the Executive Board on a regular and ad hoc basis.

In fiscal year 2023, Siemens Energy published its Policy Statement on respect for Human Rights and Environmental Protection on Siemens Energy's Global website and communicated it to its employees, thus further raising awareness on human rights. We also provided information on the scope and relevance of the German Supply Chain Due Diligence Act as part of an "Integrity Week".

During the reporting period, business partners in the **supply chain** were required to comply with the **Code of Conduct for Suppliers and Third-Party Intermediaries (CoC)**. With regards to human rights, the CoC emphasizes respect for the basic human rights of employees, including fair remuneration, freedom of assembly, health and safety standards, and the prohibition of discrimination, forced labor and child labor. In fiscal year 2023 we expanded our CoC to cover all aspects of the German Supply Chain Due Diligence Act. It now also includes the topics impact on communities, security forces and protection of natural resources. To support our suppliers, we continue to offer training on sustainability in the supply chain.

To further strengthen Siemens Energy's Supplier Sustainability Risk Management System, we expanded the calculation of (social) risk hours for our suppliers and their scope of supply to all risk categories, which are addressed in the German Supply Chain Due Diligence Act. This risk indication is not limited to country risk but also includes commodity specific risks. On this basis, high-risk suppliers are prioritized for the performance of external sustainability audits.

A dedicated team at Siemens Energy conducts human rights due diligence in **customer projects**. This is mandatory in the sales phase of projects that meet defined risk criteria. In these activities, Siemens Energy relies on external environmental, social and governance (ESG) databases focusing on country-, customer- and project-related risks. The results of the due diligence including recommendations for any mitigation measures guide the project's decision-making process.

Any violations of human rights associated with our areas of influence can be reported via our **grievance mechanisms**, including communication channels such as our **"Speak Up"** reporting system and ombudsperson. In fiscal year 2023 we published rules of procedure for the handling of complaints via our grievance mechanism on Siemens Energy's global website.

In addition, Siemens Energy is committed to preventing the use of minerals from conflict-affected and high-risk areas that impose a threat on human rights. Therefore, Siemens Energy implemented its **Responsible Minerals Sourcing Policy** which follows the risk-based requirements of the OECD Due Diligence Guidance. To determine the use, sources and origin of these minerals in our supply chains, we investigate the smelters involved.

Based on risk sources identified by the EU, which cover armed conflicts, weak governance and human right abuses, Siemens Energy identified other relevant minerals apart from tin, tantalum, tungsten and gold. After cobalt, copper and rare earths we added mica to our supply chain due diligence processes according to the 5-step framework of the OECD Due Diligence Guidance. In addition to our Responsible Minerals Initiative (RMI) membership (Member of RMI Steering Committee) and strategic partnership with the European Partnership for Responsible Minerals (Member of Governance Board), we are actively engaging as member of the Copper Mark.

2.10.2.4 Anti-corruption and bribery matters

Siemens Energy operates globally with customers from a wide range of industries in both the public and private sectors. Consequently, the company is confronted with a complex regulatory framework. Compliance with regulations and integrity are the foundations for all our decisions and activities. Siemens Energy top management supports this with a strong tone from the top, which is mirrored throughout the entire organization.

Anti-corruption measures, combined with strong compliance systems, protect companies as well as their employees and shareholders from the possibility of misconduct. The elimination of bribery and corruption in all forms promotes fair competition, which benefits innovation-driven companies like Siemens Energy. Moreover, it fosters economic growth and social development, to the benefit of entire countries, regions, and their respective citizens.

The Siemens Energy approach to Compliance is based on three levels of action: "prevent, detect, respond". These are grounded in management responsibility and are comprised of focus areas including Anti-Corruption, Anti-Money Laundering, Antitrust, Collective Action, Data Privacy, Export Control and Human Rights, all of which are reflected in our Business Conduct Guidelines. Siemens Gamesa has implemented its own compliance system and BCG that meet the standard of Siemens Energy.

The Legal and Compliance Department falls directly under the purview of our CEO, with a direct reporting line. In addition, the Siemens Energy Group Compliance Officer has direct access to the Executive Board and Supervisory Board and reports regularly on Siemens Energy compliance matters. Compliance at Siemens Energy combines strong central governance with a global network of qualified compliance officers who ensure that the compliance system is implemented world-wide. These compliance professionals work closely with employees and managers who assume personal responsibility for compliance in their respective areas.

Targets

Siemens Energy maintains a **zero-tolerance approach to compliance violations**. This approach requires continuous effort to sustain and develop a holistic compliance system, consisting of measures to ensure that business is always conducted in accordance with the law, as well as our internal principles and rules. In this way, we seek to ensure that our values and reputation are protected.

Measures

We continuously adapt and improve our compliance system and tool landscape to mitigate challenges inherent in our business activities and those arising from changing market conditions. Preventive measures include Siemens Energy's compliance risk management, compliance training program, and communication channels such as our **"Speak Up"** reporting system and **ombudsperson** (excluding Siemens Gamesa), as well as the **"Integrity Hotline"** at Siemens Gamesa. They also include our guidelines and procedures such as the Siemens Energy and Siemens Gamesa **Business Conduct Guidelines (BCGs)** which lay the foundation for our internal regulations. Collectively, these measures give expression internally to the values, compliance-related responsibilities, and behavioral framework for all managers, employees, and Executive Board members worldwide. Externally, for our business partners, compliance with our **Code of Conduct** focusing on legal compliance and anti-corruption is mandatory, including provisions to counter anti-competitive practices and conflicts of interest.

Siemens Energy maintains ongoing compliance awareness. Our global **compliance training program** targets all managers and employees in positions with a specific risk profile. Those selected are required to complete mandatory compliance training. It consists of instructor-led as well as e-learning courses and is continuously adapted to the changing risks facing our business.

An integral part of our compliance approach is **compliance risk management**. For this measure, an assessment of compliance risks was conducted in fiscal year 2023. Identified risks were addressed through both local and central measures monitored through dedicated workshops.

Performance indicators

Siemens Energy responds to any alleged violation of external or internal rules in accordance with established company-wide processes. Once a compliance investigation has been completed and a compliance violation has been proven, we take appropriate disciplinary action. In such circumstances our internal processes provide guidance to ensure that proper actions are taken with those involved. Proportional consequences are evaluated and defined through established disciplinary processes. Moreover, the implementation of consequences is systematically monitored.

	Fiscal year	
Siemens Energy Compliance indicators	**2023**	**2022**
Compliance cases reported[1]	126	118
Disciplinary sanctions[2]	75	188
thereof		
warnings	*41*	*55*
dismissals	*28*	*110*
other[3]	*6*	*23*

[1] Compliance cases include, but are not limited to cases on our focus topics Anti-Corruption, Anti-Money Laundering, Antitrust, Data Privacy, Export Control, Human Rights.

[2] Numbers for disciplinary sanctions in a fiscal year do not necessarily correspond to cases reported during that period: Sanctions are frequently not implemented in the same year in which the case was reported or the investigation – that follows a defined process – was completed. In addition, a single case may result in multiple sanctions, or none at all.

[3] Includes loss of variable and discretionary compensation components, transfer and suspension, but not the revocation of signatory rights.

Our internal reviews in the course of our compliance risk management, inter alia knowledge gained in the course of compliance investigations and audits performed by our internal audit function together with the evaluation of case statistics, indicate that our compliance system is well-designed and effectively implemented. Based on the nature of our businesses, the environments in which we operate and the wide range of different geographical regions, we do not regard the number of incidents as unusual. With respect to disciplinary sanctions the disproportionate number of sanctions in fiscal year 2022 is mainly due to cases in Siemens Gamesa India.

Siemens Energy is not aware that it has been convicted of any corruption, bribery, or antitrust violations in fiscal year 2023. To date, there have been no significant issues of non-compliance resulting in material monetary fines or non-monetary sanctions like the withdrawal of trading licenses or licenses to operate in highly regulated industries. With regard to the process for identifying significant issues of non-compliance and further information on non-compliance matters, please refer to chapter **2.8 Report on the internal control and risk management system and material risks and opportunities**, and the Notes to the Consolidated Financial Statements, **Note 18 Legal proceedings**.

2.10.2.5 EU Taxonomy

The EU Taxonomy is a central component of the European Union's Green Deal and Sustainable Finance Action Plan, which aim to achieve climate neutrality in the EU by 2050. To achieve the goals of the Green Deal, capital flows are to be directed specifically into sustainable projects and companies. The Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 and the supplementing delegated acts, hereafter referred to as Taxonomy Regulation, serve as a standardized and binding classification system to determine which economic activities in the EU are considered "environmentally sustainable."

The Taxonomy Regulation distinguishes between "taxonomy-eligible" and "taxonomy-aligned" economic activities. Taxonomy-eligible economic activities can be assigned to one of the activity descriptions within the criteria catalog of the Taxonomy Regulation. Economic activities are taxonomy-aligned (and thus environmentally sustainable) if they meet the Taxonomy criteria for the corresponding economic activity by making a significant contribution to at least one of the six environmental objectives defined by the Taxonomy Regulation („Substantial contribution criteria"), while not significantly impairing any of the other environmental objectives („Do no significant harm") and meeting minimum standards regarding occupational safety, social standards, and human rights („Minimum safeguards").

All companies that are obliged to prepare a non-financial statement in accordance with Sections 289 b and 315 b of the German Commercial Code must include information on EU Taxonomy in their reporting. In fiscal year 2022, Siemens Energy only disclosed the shares of taxonomy-eligible economic activities in revenue, capital expenditures, and operating expenditures related to the environmental objectives of climate change mitigation and climate change adaption in accordance with a simplified approach allowed by the EU for first-time application. In fiscal year 2023, the reporting requirement also extends for the first time to the taxonomy-aligned shares of revenue, capital expenditures, and operating expenditures. In addition, the complementary delegated act (EU) 2022/1214 with regard to the recognition of specific economic activities in the area of natural gas and nuclear energy was applied for the first time.

The delegated act adopted on June 27, 2023, concerning the four environmental objectives "sustainable use and protection of water and marine resources", "transition to a circular economy", "pollution prevention and control", and "protection and restoration of biodiversity and ecosystems", and the accompanying publication of amendments to the delegated acts for the environmental objectives already applicable, will apply from January 2024 and therefore has not been taken into account for fiscal year 2023.

Due to the simplified approach in fiscal year 2022, there is no prior year information on taxonomy-aligned shares available. A prior year comparison of the total taxonomy-eligible shares is only possible to a limited extent due to the first-time application of the complementary delegated act on natural gas und nuclear activites.

The EU Taxonomy contains formulations, terms and definitions that are currently partly subject to interpretation uncertainties and whose subsequent clarification by the EU could lead to changes in reporting.

Taxonomy-eligible economic activities

Based on the delegated acts of the EU Taxonomy for the environmental objectives of climate change mitigation and climate change adaption as well as including the delegated act with regard to the recognition of specific economic activities in the area of natural gas and nuclear energy, an in-depth analysis carried out again in fiscal year 2023 revealed that climate change mitigation continues to be the environmental objective considered relevant for Siemens Energy.

The following economic activities at Siemens Energy constitute the largest shares of taxonomy-eligible economic activities in revenue, capital expenditures and operating expenditures:

- 3.1 Production of renewable energy technologies
(Essentially, the manufacture and installation of wind turbines for the generation of renewable energies by the Business Area Siemens Gamesa is classified under this economic activity),
- 4.9 Transmission and distribution of electricity
(Most of the portfolio of the GT Business Area are included under this economic activity. GT's portfolio includes, for example, flexible AC transmission systems, offshore windfarm grid connections, high voltage direct current transmission systems, high voltage substations, air- and gas-insulated switchgear, transformers - see also the following explanations),
- 4.29 Electricity generation from fossil gaseous fuels
(Significant parts of the portfolio of the GS Business Area, such as the manufacture of gas and steam turbines and the associated services, fall under this economic activity - see also the following explanations),
- 4.3 Electricity generation from wind power
(This economic activity includes services provided by the Business Area Siemens Gamesa for the operation and maintenance of wind parks),
- 7.7 Acquisition and ownership of buildings
(a significant portion of capital expenditures is made for Siemens Energy's real estate portfolio and is therefore allocated to this economic activity).

The portfolio of the Business Area GT is considered by Siemens Energy to be taxonomy-eligible under economic activity 4.9 based on a teleological interpretation. A portfolio such as that of the Business Area GT is an absolute prerequisite for meeting the requirements of a complex and global network for the transmission and distribution of electricity. The respective products are individually designed according to customer-specific technical requirements and are part of tailor-made systems or solutions, both for high-voltage transmission and for the voltage levels of the distribution systems. GT offers a wide range of services that enable and ensure stable and efficient operation of the power grid (see also **2.1.2 Business model**). The description of economic activity 4.9 includes the "construction and operation of transmission systems that transport the electricity on the extra high-voltage and high-voltage interconnected system" as well as the "construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems". However, the terms "construction" and "operation" are not clearly defined in the activity description. From Siemens Energy's perspective, given the GT business and in view of each of the activities identified in the technical screening criteria, these terms require an interpretation. In Siemens Energy's understanding, the term "construction" includes activities such as the creation of customer-specific designs, the manufacture and the installation of products and solutions. The term "operation" includes activities such as commissioning, maintenance, and retrofitting, which are necessary for the functionality and performance of an efficiently operating network. GT's portfolio of products and services includes all these activities. Long-term service contracts in particular ensure continuous grid availability.

Significant parts of the portfolio of the Business Area GS are considered to be taxonomy-eligible under natural gas-related economic activity 4.29 by analog interpretation. For operators of electricity generation facilities that generate electricity from fossil gaseous fuels using gas and steam turbines, the offering by the GS Business Area is an absolute prerequisite. The offering includes the design, manufacture, installation and commissioning of gas and steam turbines as well as services (see also 2.1.2 Business model). The highly complex turbines are individually manufactured for the operator and form the basis of the respective power generation facilities. GS ensures full functionality by providing support during installation and commissioning as well as accompanying services. The description of the economic activity 4.29 requires the "construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels". The terms "construction" and "operation" are not clearly defined in the activity description and require interpretation in view of the GS business. The understanding of the terms explained in the course of the interpretation of economic activity 4.9 also applies to the GS Business Area. During the "construction" phase, GS is responsible for the production of turbines and transportation, supervision of installation, commissioning, and functional testing. During commercial "operation" by the facility operator, GS supports the availability, reliability, and performance of the turbines. GS ensures functionality during the regular warranty phase and by means of long-term service contracts over the entire service life of a turbine.

Siemens Energy's economic activities that are currently not yet covered by the EU Taxonomy for fiscal year 2023 are generally reported as non-taxonomy-eligible, although these economic activities may be in line with the EU's environmental objectives.

Assessment of taxonomy alignment

Substantial contribution criteria

To be classified as taxonomy-aligned, the taxonomy-eligible economic activities identified by Siemens Energy first need to make a substantial contribution to climate change mitigation. For this purpose, the necessary activity-specific criteria used to determine whether an economic activity makes such a substantial contribution are assessed, verified, and documented by appropriate technical and commercial experts on a decentralized basis for each Siemens Energy economic activity.

Do no significant harm (DNSH)

In addition, economic business activities may only be classified as taxonomy-aligned if they do no significant harm to the other environmental objectives. Based on the criteria specified in Article 17 and the annexes to the delegated acts of the Taxonomy Regulation, taxonomy-eligible economic activities that meet the criterion for a substantial contribution are reviewed, verified, and documented regarding compliance with the DNSH criteria based on implemented processes and certifications. Whereby Siemens Energy corporate functions centrally provide governance and monitoring, the implementation and execution of the DNSH assessments is done by the Business Areas.

Essential evidence for the adaptation to the impacts of climate change includes conducting climate risk assessments and deriving measures to address the identified climate risks for relevant Siemens Energy sites. These assessments are based on the Representative Concentration Pathway (RCP)-4.5 scenario from the Intergovernmental Panel on Climate Change (IPCC) with a time horizon until 2060, and the identified physical climate risks are analyzed and addressed in appropriate adaptation plans.

The criteria regarding sustainable use and protection of water and marine resources are essentially implemented in our environmental management system with ISO 14001 certifications, which cover all relevant Siemens Energy sites. Implementation by the Business Areas is supported by our Zero Harm Framework and internal EHS guidelines.

Siemens Energy's environmental management system is an essential component for environmentally sound waste management in production and customer projects on-site. Life cycle analyses are carried out for the relevant portfolio elements, covering the requirements of the criterion for the transition to a circular economy. They also address the prerequisites for the sustainable use of materials and consumables.

Regarding the objective of pollution and prevention control in relation to the use and presence of chemicals, Siemens Energy has implemented guidelines for product design and manufacturing processes with monitoring processes based on existing regulations and directives (e.g., EU Regulation 2019/1021 or 2017/852 and Annex XVII of EC 1907/2006, REACH Directive). This also includes the check of substances whose use may be exceptionally permitted if they meet the criterion "essential use for society", in accordance with EU Regulation 2021/2139 Appendix C lit. (f) and (g).

The requirements for the protection and restoration of biodiversity and ecosystems are also integrated into our environmental management system and Zero Harm Framework. Environmental regulatory requirements and additional requirements from the DNSH criteria have been assessed and defined measures are implemented.

The monitoring systems for the aforementioned requirements include an Integrated Management System with reporting and measurement of essential parameters, as well as internal and external audits.

Minimum safeguards

Finally, compliance with the criteria for minimum safeguards as a requirement for taxonomy-alignment in accordance with Article 18 of the Taxonomy Regulation is assessed across all activities at Group level, taking into account the recommendations of the EU Sustainable Finance Platform of October 2022 on the four core topics of human rights (including employee rights), bribery and corruption, taxation, and fair competition. The minimum safeguards at Siemens Energy are addressed by established processes, documentation and the internal control and risk management system, which includes a compliance system with an established whistleblower system and the implementation of Siemens Energy's Business Conduct Guidelines and the associated guidelines and controls on anti-corruption, antitrust law, data protection, anti-money laundering and export controls. In addition to that, we conduct annual and ad hoc human rights and environmental risk analyses (see also 2.8 Report on the internal control and risk management system and material risks and opportunities).

The following economic activities at Siemens Energy constitute the largest shares of taxonomy-aligned economic activities in revenue, capital expenditures and operating expenditures:

- 3.1 Production of renewable energy technologies,
- 4.9 Transmission and distribution of electricity,
- 4.3 Electricity generation from wind power.

The economic activity 4.29 Electricity generation from fossil gaseous fuels was identified as a significant taxonomy-eligible economic activity. However, only a small proportion of Siemens Energy's activities reported under economic activity 4.29 are taxonomy-aligned. The manufacture of gas and steam turbines and the associated services do not currently make a substantial contribution to climate change mitigation according the Taxonomy Regulation, as the required technical screening criteria are not met.

The activities of Siemens Energy reported under the identified economic activity 4.3 Electricity generation from wind power are only partially taxonomy-aligned. Compliance with the DNSH criteria for the provision of services for wind parks that are not Siemens Energy's property could not yet be fully demonstrated in fiscal year 2023, as Siemens Energy was unable to provide the necessary documentation, which is the responsibility of the wind park operator. An increase in taxonomy alignment is expected in the coming fiscal years.

The economic activity 4.9 Transmission and distribution of electricity was identified as a significant taxonomy-eligible economic activity. The activities of Siemens Energy reported under economic activity 4.9 are for the most part taxonomy-aligned. Supplies and services that are not provided to the interconnected European system (interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems) and do not increase the generation or use of electricity from renewable energy sources do not make a substantial contribution to climate change mitigation and are therefore not taxonomy-aligned.

The activities of Siemens Energy reported under the identified economic activity 3.1 Production of renewable energy technologies are almost fully taxonomy-aligned, as the criteria for a substantial contribution are basically identical to the description of the economic activity and there is no violation of DNSH criteria or minimum safeguards.

Determination of taxonomy key indicators

The taxonomy key indicators are based on the consolidated financial statement of Siemens Energy in accordance with IFRS. All fully consolidated Group companies are included in this analysis.

Revenue, capital expenditures, and operating expenditures were allocated to taxonomy-eligible and taxonomy-aligned economic activities on the basis of the information in the financial reporting systems. Various verification steps (including the documentation of data generation and the reconciliation with other financial information) prevent any double counting of economic activities. Revenues are classified in terms of their taxonomy-eligibility or alignment when the order is accepted, capital expenditures when the decision on the respective investment application is made, and parts of the operating expenditures during regular R&D controlling. In the case of non-research and development related operating expenditures (short-term lease, building renovation measures, maintenance and repair), appropriate allocation methods were used on the basis of taxonomy-eligible and taxonomy-aligned revenues or, in the case of real estate related operating expenditures, on the basis of taxonomy-eligible and taxonomy-aligned capital expenditures. In fiscal year 2023, not all capital expenditures were included in the process for determining taxonomy-eligibility and -alignment and were therefore classified as non-taxonomy-eligible. For example, some decisions regarding investment applications were made in previous financial years and the associated capital expenditures made in the current fiscal year were not allocated in full retrospectively. As a result, capital expenditures that may be taxonomy-eligible or taxonomy-aligned are reported as non-taxonomy-eligible in fiscal year 2023. An increase in taxonomy-eligible and taxonomy-aligned capital expenditures is therefore expected for the coming fiscal years.

The **revenue** reported in the consolidated income statement of Siemens Energy amounted to €31,119 million in fiscal year 2023 (2022: €29,005 million, see also **3.1 Consolidated Statements of Income**). €22,834 million (2022: €16,613 million) revenue was taxonomy-eligible, which corresponds to a share of 73.4% (2022: 57%). Thereof, €11,678 million of revenue were additionally taxonomy-aligned in fiscal year 2023, representing a share of 37.5%.

Capital expenditures under the EU Taxonomy are based on additions to tangible and intangible assets during the fiscal year (before depreciation and any revaluations for the respective fiscal year), including those resulting from business combinations. Expenditure on acquired goodwill is not included, while acquired rights of use arising from leases are to be included in the EU Taxonomy key figure.

For fiscal year 2023, total capital expenditures to be considered according to the EU Taxonomy amounted to €1,813 million (2022: €1,573 million, see also **3.6 Notes to Consolidated Financial Statements** in **Note 10 Other intangible assets and property, plant and equipment**). €1,308 million (2022: €1,239 million) capital expenditures were taxonomy-eligible, which corresponds to a share of 72.2% (2022: 79%). Thereof, €924 million capital expenditures were additionally taxonomy-aligned in fiscal year 2023, representing a share of 51.0%. The taxonomy-aligned capital expenditures are essentially related to additions to property, plant and equipment.

Operating expenditures according to the EU Taxonomy are defined as direct, non-capitalized costs for research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures related to the day-to-day servicing of property, plant and equipment by the company or third parties.

For fiscal year 2023, total operating expenditures to be considered according to the EU Taxonomy amounted to €1,321 million (2022: €1,309 million). €1,098 million (2022: €530 million) operating expenditures were taxonomy-eligible, which corresponds to a share of 83.1% (2022: 40%). Thereof, €534 million operating expenditures were additionally taxonomy-aligned in fiscal year 2023, representing a share of 40.4%.

EU Taxonomy indicators – Revenue 2023

Economic activities	Revenue	Proportion of revenue	Substantial contribution criteria: Climate change mitigation	Substantial contribution criteria: Climate change adaptation	Substantial contribution criteria: Water and marine resources	Substantial contribution criteria: Circular economy	Substantial contribution criteria: Pollution	Substantial contribution criteria: Biodiversity and ecosystems	DNSH criteria ("do no significant harm"): Climate change mitigation	DNSH criteria ("do no significant harm"): Climate change adaptation	DNSH criteria ("do no significant harm"): Water and marine resources	DNSH criteria ("do no significant harm"): Circular economy	DNSH criteria ("do no significant harm"): Pollution	DNSH criteria ("do no significant harm"): Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion 2023	Taxonomy-aligned proportion 2022	Category (enabling activity)	Category (transitional activity)
	(in millions of €)	in %	in %	in %	in %	in %	in %	in %	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	in %	in %	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
3.1 Manufacture of renewable energy technologies	7,088	22.8	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	22.8	-	E	
3.2 Manufacture of equipment for the production and use of hydrogen	67	0.2	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.2	-	E	
3.6 Manufacture of other low carbon technologies	4	0.0	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.0	-	E	
4.2 Electricity generation using concentrated solar power (CSP) technology	52	0.2	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.2	-		
4.3 Electricity generation from wind power	515	1.7	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	1.7	-		
4.8 Electricity generation from bioenergy	5	0.0	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.0	-		
4.9 Transmission and distribution of electricity	3,889	12.5	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	12.5	-	E	
4.10 Storage of electricity	22	0.1	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.1	-	E	
4.20 Cogeneration of heat/cool and power from bioenergy	5	0.0	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.0	-		
4.26 Pre-Commercial stages of advanced technologies to product energy from nuclear processes with minimal waste from the fuel cycle	2	0.0	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.0	-		T
4.29 Electricity generation from fossil gaseous fuels	4	0.0	100	0					-	Y	Y	Y	Y	Y	Y	0.0	-		T
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	3	0.0	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.0	-		T
6.9 Retrofitting of inland water passenger and freight transport	5	0.0	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.0	-		T
6.12 Retrofitting of sea and coastal freight and passenger water transport	15	0.0	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.0	-		T
9.1 Close to market research, development and innovation	2	0.0	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.0	-	E	
Revenue of environmentally sustainable activities (taxonomy-aligned) (A.1)	**11,678**	**37.5**														37.5	-		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)																			
3.1 Manufacture of renewable energy technologies	53	0.2																	
3.2 Manufacture of equipment for the production and use of hydrogen	112	0.4																	
3.6 Manufacture of other low carbon technologies	557	1.8																	
4.2 Electricity generation using concentrated solar power (CSP) technology	16	0.1																	
4.3 Electricity generation from wind power	1,545	5.0																	
4.5 Electricity generation from hydropower	11	0.0																	

			Substantial contribution criteria						DNSH criteria ("do no significant harm")										
Economic activities	Revenue	Proportion of revenue	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion 2023	Taxonomy-aligned proportion 2022	Category (enabling activity)	Category (transitional activity)
	(in millions of €)	in %	in %	in %	in %	in %	in %	in %	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	in %	in %	E	T
4.6 Electricity generation from geothermal energy	5	0.0																	
4.7 Electricity generation from renewable non-fossil gaseous and liquid fuels	5	0.0																	
4.8 Electricity generation from bioenergy	9	0.0																	
4.9 Transmission and distribution of electricity	2,985	9.6																	
4.16 Installation and operation of electric heat pumps	7	0.0																	
4.20 Cogeneration of heat/cool and power from bioenergy	33	0.1																	
4.26 Pre-Commercial stages of advanced technologies to product energy from nuclear processes with minimal waste from the fuel cycle	5	0.0																	
4.27 Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including hydrogen production, using best-available-technologies	94	0.3																	
4.28 Electricity generation from nuclear energy in existing installations	395	1.3																	
4.29 Electricity generation from fossil gaseous fuels	4,426	14.2																	
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	805	2.6																	
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	78	0.3																	
6.12 Retrofitting of sea and coastal freight and passenger water transport	11	0.0																	
7.3 Installation, maintenance and repair of energy efficiency equipment	5	0.0																	
Revenue of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)	11,156	35.8																	
Total (A.1 + A.2)	22,834	73.4																	
B. Taxonomy-non eligible activities																			
Revenue of taxonomy-non-eligible activities (B)	8,285	26.6																	
Total (A + B)	31,119	100.0																	

EU Taxonomy indicators – Capital expenditures 2023

			Substantial contribution criteria						DNSH criteria ("do no significant harm")										
Economic activities	Capital expenditures (in millions of €)	Proportion of capital expenditures in %	Climate change mitigation in %	Climate change adaptation in %	Water and marine resources in %	Circular economy in %	Pollution in %	Biodiversity and ecosystems in %	Climate change mitigation Yes/No	Climate change adaptation Yes/No	Water and marine resources Yes/No	Circular economy Yes/No	Pollution Yes/No	Biodiversity and ecosystems Yes/No	Minimum safeguards Yes/No	Taxonomy-aligned proportion 2023 in %	Taxonomy-aligned proportion 2022 in %	Category (enabling activity) E	Category (transitional activity) T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
3.1 Manufacture of renewable energy technologies	812	44.8	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	44.8	-	E	
3.2 Manufacture of equipment for the production and use of hydrogen	11	0.6	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.6	-	E	
4.3 Electricity generation from wind power	58	3.2	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	3.2	-		
4.9 Transmission and distribution of electricity	37	2.0	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	2.0	-	E	
7.2 Renovation of existing buildings	2	0.1	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.1	-		T
7.6 Installation, maintenance and repair of renewable energy technologies	2	0.1	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.1	-	E	
7.7 Acquisition and ownership of buildings	2	0.1	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.1	-		
Capital expenditures of environmentally sustainable activities (taxonomy-aligned) (A.1)	**924**	**51.0**														**51.0**	-		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)																			
3.6 Manufacture of other low carbon technologies	11	0.6																	
4.2 Electricity generation using concentrated solar power (CSP) technology	3	0.1																	
4.3 Electricity generation from wind power	174	9.6																	
4.9 Transmission and distribution of electricity	26	1.4																	
4.29 Electricity generation from fossil gaseous fuels	17	0.9																	
7.3 Installation, maintenance and repair of energy efficiency equipment	3	0.2																	
7.6 Installation, maintenance and repair of renewable energy technologies	5	0.3																	
7.7 Acquisition and ownership of buildings	146	8.0																	
Capital expenditures of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)	**384**	**21.2**																	
Total (A.1 + A.2)	**1,308**	**72.2**																	
B. Taxonomy-non eligible activities																			
Capital expenditures of taxonomy-non-eligible activities (B)	505	27.9																	
Total (A + B)	**1,813**	**100.0**																	

EU Taxonomy indicators – Operating expenditures 2023

			Substantial contribution criteria						DNSH criteria ("do no significant harm")										
Economic activities	Operating expenditures (in millions of €)	Proportion of operating expenditures in %	Climate change mitigation in %	Climate change adaptation in %	Water and marine resources in %	Circular economy in %	Pollution in %	Biodiversity and ecosystems in %	Climate change mitigation Yes/No	Climate change adaptation Yes/No	Water and marine resources Yes/No	Circular economy Yes/No	Pollution Yes/No	Biodiversity and ecosystems Yes/No	Minimum safeguards Yes/No	Taxonomy-aligned proportion 2023 in %	Taxonomy-aligned proportion 2022 in %	Category (enabling activity) E	Category (transitional activity) T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
3.1 Manufacture of renewable energy technologies	310	23.4	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	23.4	-	E	
3.2 Manufacture of equipment for the production and use of hydrogen	49	3.7	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	3.7	-	E	
3.6 Manufacture of other low carbon technologies	16	1.2	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	1.2	-	E	
4.3 Electricity generation from wind power	14	1.1	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	1.1	-		
4.9 Transmission and distribution of electricity	136	10.3	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	10.3	-	E	
4.10 Storage of electricity	10	0.7	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.7	-	E	
Operating expenditures of environmentally sustainable activities (taxonomy-aligned) (A.1)	**534**	**40.4**														**40.4**	-		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)																			
3.1 Manufacture of renewable energy technologies	16	1.2																	
3.2 Manufacture of equipment for the production and use of hydrogen	9	0.7																	
3.6 Manufacture of other low carbon technologies	11	0.8																	
4.3 Electricity generation from wind power	42	3.2																	
4.9 Transmission and distribution of electricity	47	3.5																	
4.28 Electricity generation from nuclear energy in existing installations	4	0.3																	
4.29 Electricity generation from fossil gaseous fuels	380	28.8																	
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	8	0.6																	
6.12 Retrofitting of sea and coastal freight and passenger water transport	4	0.3																	
7.7 Acquisition and ownership of buildings	36	2.8																	
8.2 Data-driven solutions for GHG emissions reductions	3	0.2																	
9.3 Professional services related to energy performance of buildings	4	0.3																	
Operating expenditures of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)	**564**	**42.7**																	
Total (A.1 + A.2)	**1,098**	**83.1**																	
B. Taxonomy-non eligible activities																			
Operating expenditures of taxonomy-non-eligible activities (B)	223	16.9																	
Total (A + B)	**1,321**	**100.0**																	

Complementary delegated act (EU) 2022/1214 – Standard templates for the disclosure referred to in Article 8(6) and (7) of the Taxonomy Regulation

Below is supplemental information regarding Siemens Energy's taxonomy-eligible and taxonomy-aligned activities in the areas of nuclear energy and natural gas. The information is presented using the standard templates required by the complementary delegated act (EU) 2022/1214.

EU Taxonomy indicators – Revenue 2023

Template 1 Nuclear and fossil gas related activities – Revenue 2023

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
	Fossil gas related activities	YES
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	YES

Template 2 Taxonomy-aligned economic activities (denominator) – Revenue 2023

Row	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaption (CCA)	
		Amount in millions of €	%	Amount in millions of €	%	Amount in millions of €	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	2	0.0	2	0.0	—	—
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	—	—	—	—	—	—
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	—	—	—	—	—	—
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	4	0.0	4	0.0	—	—
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	3	0.0	3	0.0	—	—
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	—	—	—	—	—	—
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable indicator (revenue)**	**11,670**	37.5	**11,670**	37.5	—	—
8	**Revenue Siemens Energy**	**31,119**	100.0	**31,119**	100.0	—	—

Template 3 Taxonomy-aligned economic activities (numerator) – Revenue 2023

Row	Economic activities	CCM + CCA		Climate change mitigation		Climate change adaption	
		Amount in millions of €	%	Amount in millions of €	%	Amount in millions of €	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (revenue)	2	0.0	2	0.0	—	—
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (revenue)	—	—	—	—	—	—
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (revenue)	—	—	—	—	—	—
4	Amount and proportion of taxonomy-aligned economic activity referred to inSection 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (revenue)	4	0.0	4	0.0	—	—
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (revenue)	3	0.0	3	0.0	—	—
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (revenue)	—	—	—	—	—	—
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable indicator (revenue)**	**11,670**	99.9	**11,670**	99.9	—	—
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable indicator (revenue)**	**11,678**	100.0	**11,678**	100.0	—	—

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities – Revenue 2023

Row	Economic activities	CCM + CCA		Climate change mitigation		Climate change adaption	
		Amount in millions of €	%	Amount in millions of €	%	Amount in millions of €	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	5	0.0	5	0.0	—	—
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	94	0.3	94	0.3	—	—
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	395	1.3	395	1.3	—	—
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	4,426	14.2	4,426	14.2	—	—
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	805	2.6	805	2.6	—	—
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	78	0.3	78	0.3	—	—
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable indicator (revenue)**	**5,353**	17.2	**5,353**	17.2	—	—
8	**Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable indicator (revenue)**	**11,156**	35.8	**11,156**	35.8	—	—

Template 5 Taxonomy non-eligible economic activities – Revenue 2023

Row	Economic activities	Amount in millions of €	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	—	—
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	—	—
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	—	—
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	—	—
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	—	—
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (revenue)	—	—
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable indicator (revenue)**	8,285	26.6
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable indicator (revenue)**	8,285	26.6

EU Taxonomy indicators – Capital expenditures 2023

Template 1 Nuclear and fossil gas related activities – Capital expenditures 2023

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

Template 2 Taxonomy-aligned economic activities (denominator) – Capital expenditures 2023

Row	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaption (CCA)	
		Amount In millions of €	%	Amount In millions of €	%	Amount In millions of €	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable indicator (capital expenditures)**	**924**	51.0	**924**	51.0	—	—
8	**Capital expenditures Siemens Energy**	**1,813**	100.0	**1,813**	100.0	—	—

Template 3 Taxonomy-aligned economic activities (numerator) – Capital expenditures 2023

Row	Economic activities	CCM + CCA		Climate change mitigation		Climate change adaption	
		Amount In millions of €	%	Amount In millions of €	%	Amount In millions of €	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable indicator (capital expenditures)**	**924**	100.0	**924**	100.0	—	—
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable indicator (capital expenditures)**	**924**	100.0	**924**	100.0	—	—

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities – Capital expenditures 2023

Row	Economic activities	CCM + CCA		Climate change mitigation		Climate change adaption	
		Amount In millions of €	%	Amount In millions of €	%	Amount In millions of €	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	17	0.9	17	0.9	—	—
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—	—	—	—	—
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable indicator (capital expenditures)**	**368**	20.3	**368**	20.3	—	—
8	**Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable indicator (capital expenditures)**	**384**	21.2	**384**	21.2	—	—

Template 5 Taxonomy non-eligible economic activities – Capital expenditures 2023

Row	Economic activities	Amount in millions of €	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (capital expenditures)	—	—
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable indicator (capital expenditures)**	**505**	**27.8**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable indicator (capital expenditures)**	**505**	**27.8**

EU Taxonomy indicators – Operating expenditures 2023

Template 1 Nuclear and fossil gas related activities – Operating expenditures 2023

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

Template 2 Taxonomy-aligned economic activities (denominator) – Operating expenditures 2023

Row	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaption (CCA)	
		Amount in millions of €	%	Amount in millions of €	%	Amount in millions of €	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	—	—	—	—	—	—
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	—	—	—	—	—	—
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	—	—	—	—	—	—
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	—	—	—	—	—	—
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	—	—	—	—	—	—
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	—	—	—	—	—	—
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable indicator (operating expenditures)**	**534**	40.4	**534**	40.4	—	—
8	**Operating expenditures Siemens Energy according Taxonomie Regulation**	**1,321**	100.0	**1,321**	100.0	—	—

Template 3 Taxonomy-aligned economic activities (numerator) – Operating expenditures 2023

Row	Economic activities	CCM + CCA		Climate change mitigation		Climate change adaption	
		Amount in millions of €	%	Amount in millions of €	%	Amount in millions of €	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (operating expenditures)	—	—	—	—	—	—
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (operating expenditures)	—	—	—	—	—	—
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (operating expenditures)	—	—	—	—	—	—
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (operating expenditures)	—	—	—	—	—	—
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (operating expenditures)	—	—	—	—	—	—
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable indicator (operating expenditures)	—	—	—	—	—	—
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable indicator (operating expenditures)**	**534**	100.0	**534**	100.0	—	—
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable indicator (operating expenditures)**	**534**	100.0	**534**	100.0	—	—

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities – Operating expenditures 2023

Row	Economic activities	CCM + CCA		Climate change mitigation		Climate change adaption	
		Amount in millions of €	%	Amount in millions of €	%	Amount in millions of €	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	—	—	—	—	—	—
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	—	—	—	—	—	—
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	4	0.3	4	0.3	—	—
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	380	28.8	380	28.8	—	—
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	8	0.6	8	0.6	—	—
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	—	—	—	—	—	—
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable indicator (operating expenditures)**	**172**	13.0	**172**	13.0	**—**	—
8	**Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable indicator (operating expenditures)**	**564**	42.7	**564**	42.7	**—**	—

Template 5 Taxonomy non-eligible economic activities – Operating expenditures 2023

Row	Economic activities	Amount in millions of €	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	—	—
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	—	—
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	—	—
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	—	—
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	—	—
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable indicator (operating expenditures)	—	—
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable indicator (operating expenditures)**	**223**	**16.9**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable indicator (operating expenditures)**	**223**	**16.9**

2.11 Takeover-relevant information

(pursuant to Sections 289a and 315a of the German Commercial Code) and explanatory report

2.11.1 Composition of common stock

As of September 30, 2023 the Company's common stock amounted to a total of €799,309,712. The capital stock is divided into 799,309,712 ordinary registered shares with no par value. 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.

2.11.2 Restrictions on voting rights or transfer of shares

At a Shareholders' Meeting, each share of stock has one vote and accounts for the shareholders' 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.

Under the Deconsolidation Agreement of May 22, 2020, Siemens AG and Siemens Beteiligungen Inland GmbH undertake vis-à-vis the Company to a level of self-restraint regarding the use of their voting rights in the Company in order to ensure that they will not be able to carry a vote on their own in respect of certain essential matters. The maximum number of voting rights exercisable by Siemens AG and Siemens Beteiligungen Inland GmbH shall be determined by deducting from the other shareholders' voting presence (i) votes corresponding to 10% of the other shareholders' voting presence and (ii) votes attached to present shares that are deemed shares attributable to Siemens AG (primarily shares held by Siemens Pension-Trust e.V.). Such matters include (i) the appointment and removal of the Supervisory Board members, (ii) management measures pursuant to Sections 83, 111 para. 4, s. 3 to 5, 111b para. 4, 119 para. 2 or 179a of the German Stock Corporation Act, (iii) discharge of the Executive and Supervisory Board members (Entlastung) and a vote of no confidence (Vertrauensentzug) in respect of Executive Board members, (iv) board compensation matters including possible reduction of the compensation pursuant to Section 87 para. 4 of the German Stock Corporation Act and (v) the approval of the annual financial statements if the Shareholders' Meeting resolves on such approval by way of exception. In the election, re-election, and vote on the dismissal of a Supervisory Board Member to be designated by the Supervisory Board of Siemens Energy AG, Siemens AG and Siemens Beteiligungen Inland GmbH have undertaken to vote with a further reduced voting weight.

Under the Siemens Energy Share Ownership Guidelines, the Executive Board Members shall be obligated to continually hold Siemens Energy AG shares of an amount equal to a multiple of their base salary – 300% for the CEO and 200% for the other Members of the Executive Board – during their term of office. An initial approximately four-year build-up phase allows Executive Board Members to acquire the necessary shares over time.

Under the Direct Match Program, members of executive bodies (Organmitglieder) and employees of Siemens Energy in Germany may invest part of their income in Siemens Energy AG shares, whereby they will receive in respect of an investment of €100.00 for every acquired Siemens Energy AG share, additionally two further shares (matching shares) and, in the case of a further investment of €160.00 for every acquired Siemens Energy share, additionally one further matching share; the acquired and the additional matching shares are not subject to any holding or vesting period. In respect of any investment beyond that and in respect of members of the executive bodies and employees who are employed on the relevant effective dates by any Group company with its registered office abroad and participating in the programs, they will receive one additional matching share for every three Siemens Energy AG shares acquired; in this regard, both the acquired and the additional matching shares are subject to a holding period of one year.

The von Siemens-Vermögensverwaltung GmbH (vSV) has, on a sustained basis, powers of attorney allowing it to exercise the voting rights for 4,931,806 shares (as of September 30, 2023) on behalf of members of the Siemens family. These shares are part of the total number of shares held by the family's members. The powers of attorney are based on an agreement between the vSV and, among others, members of the Siemens family. The shares are voted together by vSV, taking into account the suggestions of a family partnership established by the family's members or of one of this partnership's governing bodies.

2.11.3 Shareholdings in the Company that represent more than 10% of the voting rights

As of the reporting date, Siemens AG, Berlin and Munich, directly held more than 10% of the voting rights in Siemens Energy AG. Furthermore, as of the reporting date Siemens Beteiligungen Inland GmbH, Munich, a wholly owned subsidiary of Siemens AG, held more than 10% of the voting rights in Siemens Energy AG; these voting rights are attributable to Siemens AG pursuant to Section 34 German Securities Trading Act. Lastly, pursuant to Section 34 German Securities Trading Act, the voting rights held by Siemens Pension-Trust e.V., Munich, which by itself did not reach or exceed the 10% threshold as of the reporting date, are likewise attributable to Siemens AG. Siemens Energy AG has not been notified of any other direct or indirect interests in the share capital of Siemens Energy AG that exceed 10% of the voting rights, nor is it aware of any other such interests.

2.11.4 Legislation and provisions of the Articles of Association applicable to the appointment and removal of members of the Executive Board and governing amendment to the Articles of Association

The appointment and removal of members of the Executive Board is subject to the provisions of Sections 84 and 85 of the German Stock Corporation Act and Section 31 of the German Codetermination Act. Pursuant to Section 5 para. 1 of the Articles of Association, the

Executive Board is comprised of several members, the number of which is determined by the Supervisory Board.

Pursuant 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 9 para. 4 of the Articles of Association. In addition, by resolution of the Shareholders' Meeting, 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 capital, and after expiration of the authorization period applicable at the time.

Resolutions of the Shareholders' Meeting require a simple majority vote, unless a greater majority is required by law or by 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. The Articles of Association of Siemens Energy AG do not prescribe another majority.

2.11.5 Powers of the Executive Board to issue and repurchase shares

The Shareholder's Meeting of the Company, by resolution of February 7, 2023, authorized the Executive Board to increase, with the approval of the Supervisory Board, the capital stock until February 6, 2028 by €363,322,596 through the issuance of 363,322,596 ordinary registered shares with no par value against cash contributions and (or) contributions in kind (Authorized Capital 2023). Simultaneously, the Authorized Capital 2020 was cancelled. The Shareholders' Meeting further authorized the Executive Board, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the event of capital increases against cash contributions in certain cases, amongst others if the issue price of the new shares is not significantly lower than the stock exchange price of the Company's listed shares. Further Details are specified in Section 4 para. 5 of the Articles of Association. Under the authorization, the computational share of the capital stock relating to shares that are issued with exclusion of subscription rights under the Authorized Capital 2023 is limited in total to a par value of €72,664,519. On March 15, 2023, the Company utilized this authorization and issued 72,664,519 shares under exclusion of the subscription rights against cash contributions. Due to such utilization, the Authorized Capital 2023 was reduced to €290,658,077 and the Executive Board's authorization to exclude the subscription right is exhausted.

The Shareholders' Meeting of the Company, by resolution of February 7, 2023, authorized the Executive Board to issue until expiry of February 6, 2028 convertible bonds/ warrant bonds in the total nominal amount of up to €4 billion and, in this context, to grant/ impose conversion and (or) option rights and conversion obligations in respect of ordinary registered shares with no par value in Siemens Energy AG representing a pro rata amount in its capital stock totaling to €72,664,519. The convertible bonds/ warrant bonds may be issued against contribution in cash and (or) in kind. Further details are specified in the resolution of the Shareholder's Meeting. Generally, the convertible bonds/ warrant bonds must be offered for subscription to the shareholders. However, the Shareholders' Meeting authorized the Executive Board, with the approval of the Supervisory Board, to exclude the subscription rights of the shareholders in certain cases further described in the resolution. Under a corresponding imputation rule, as a result of the utilization of the Authorized Capital 2023 under exclusion of subscription rights as described above, the Executive Board's authorization to exclude subscription rights when issuing convertible bonds / warrant bonds is however exhausted. Together with the aforementioned authorization, for the purpose of meeting option or conversion rights, or fulfilling conversion obligations under these bonds, on February 7, 2023 the Shareholders' Meeting resolved to conditionally increase the capital stock by up to €72,664,519 (Conditional Capital 2023). The details are set out in Section 4 para. 6 of the Articles of Association. Until September 30, 2023, no use has been made of such authorization.

Already on September 6, 2022, Siemens Energy AG, still based on the Shareholders' Meeting's authorization of September 18, 2020, placed a subordinated mandatory convertible note with an aggregate principal amount of €960 million. The notes issued by Siemens Energy Finance B.V., The Netherlands (Issuer) thereunder and guaranteed by Siemens Energy AG, with a denomination of €100,000 are convertible into newly issued or existing no-par value name shares of Siemens Energy AG. The shareholders' subscription right in relation to the notes has been excluded. At maturity on 14 September 2025, all outstanding notes will be mandatorily converted into shares. The terms and conditions of the notes also provide for customary conversion rights of the noteholders and the Issuer prior to maturity. The minimum conversion price has been set to initially €13.22, the maximum conversion price to initially €15.5335. The conditional capital resolved by the Shareholders' Meeting of September 18, 2020 (Conditional Capital 2020) as specified in Section 4 para. 6 of the Articles of Association remains valid for the purpose of servicing the subordinated mandatory convertible note. In the course of granting the corresponding new authorization, the Executive Board's authorization to issue convertible bonds / warrant bonds of September 18. 2020, to the extent not already utilized – such as through issuing the mandatory convertible note -, was cancelled by resolution of the Shareholders' Meeting on February 7, 20203.

The Company may not repurchase its own 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 7, 2023, the Shareholders' Meeting authorized the Company – under cancellation of the existing authorization granted by the Shareholders' Meeting on September 18, 2020 – to acquire until the end of February 6, 2028 for any permissible purpose treasury shares in an amount of up to 10% of the capital stock existing at the time this authorization takes effect or – if this amount is lower – of the capital stock existing at the time the authorization is exercised. The aggregate of shares of Siemens Energy AG repurchased under this authorization and any other Siemens Energy AG 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 Energy AG shares shall be accomplished at the discretion of the Executive Board either (i) by acquisition over the stock exchange, (ii) through a public share repurchase offer, or (iii) through a public offer to swap Siemens Energy AG shares for shares in a listed company within the meaning of Section 3 para. 2 of the German Stock Corporation Act.

In addition to selling shares over the stock exchange or through a public sales offer to all shareholders in the proportion of their shareholdings, the Executive Board is authorized by resolution of the Shareholders' Meeting on February 7, 2023, to also use Siemens Energy AG shares repurchased on the basis of this authorization for every permissible purpose, in particular as follows:

- The shares can be retired.
- The shares may be used in connection with share-based compensation programs and (or) employee share programs of the Company or any of its group companies as defined in Section 18 of the Stock Corporation Act and issued to individuals currently or formerly employed by the Company or any of its group companies as well as to Executive Board members of any group companies.
- The shares can be used to service or secure obligations or rights to acquire Siemens Energy AG shares specifically under or in connection with convertible bonds and warrant bonds issued by the Company or its Group companies.
- The shares may be used to float shares of the Company on foreign stock exchanges on which they are currently not listed.
- The option to sell them, with the approval of the Supervisory Board, to third parties against payment in cash if the price at which such shares are sold is not significantly lower than the market price of Siemens Energy stock, is not available anymore, as it was exhausted by application of a corresponding imputation rule through the utilization of the Authorized Capital 2023 as described above.

Furthermore, the Supervisory Board is authorized to use shares acquired on the basis of the authorization to meet obligations or rights to acquire Siemens Energy AG shares that were or will be agreed with members of the Executive Board within the framework of rules governing Executive Board compensation.

Using the authorization already given by the Shareholders' Meeting on September 18. 2020, as well as the authorization of 7 February 2023, between January 2, 2023, and May 18, 2023, the Company purchased 6,573,037 own shares for a total consideration of about €130 million (excluding incidental transaction costs). The buyback had the exclusive purpose of issuing shares to employees and members of the Executive Board of the Company, as well as to employees and board members of affiliated companies in the framework of share-based compensation or employee share programs. As of September 30, 2023, the Company held 7,174,161 shares of stock in treasury.

The details on the authorizations referred to above, especially with the restrictions to exclude subscription rights, are set out in the relevant resolution and in Section 4 of the Articles of Association.

2.11.6 Significant agreements which take effect, alter or terminate upon a change of control of the Company following a takeover bid

Siemens Energy AG derives its right to use the name "Siemens Energy" as well as further names and brands owned by Siemens AG from a trademark license agreement entered into between its subsidiary Siemens Energy Global GmbH & Co. KG and Siemens AG. The trademark license agreement provides for a termination right exercisable by Siemens AG if a material competitor of Siemens AG directly or indirectly, acting solely or jointly with a third party, acquires 15% or more of Siemens Energy Global GmbH & Co. KG's capital or voting rights, or if any other third party directly or indirectly, acting solely or jointly with a third party, acquires 25% or more of Siemens Energy Global GmbH & Co. KG's capital or voting rights. Subject to graded transitional periods, the right to use the name "Siemens Energy" as well as further names and brands ceases to exist upon termination of the trademark license agreement.

Siemens Energy granted the noteholders of a subordinated mandatory convertible note with an aggregate principal amount of €960 million placed on September 6, 2022, the right to request the conversion of the notes into no-par value name shares in the event of an acquisition of ownership or take-over bid. In this event Siemens Energy AG must pay in addition a "make-whole amount", any accrued interest and any outstanding arrears of interest. The "make-whole amount" is a compensation for the value of the option right embedded in the notes. An "*acquisition of ownership*" is deemed to have occurred at each time that any person or persons acting in concert within the meaning of Section 30 para. 2 WpÜG (other than Siemens AG or its subsidiaries) at any time directly or indirectly (within the meaning of Section 30 WpÜG) acquire(s) or come(s) to own, other than as a consequence of or in connection with a Take-over Bid, such number of the shares in the capital of Siemens Energy AG carrying 30% or more of the voting rights of Siemens Energy AG. "*Take-over Bid*" means any voluntary take-over bid for the ordinary shares according to the 29 WpÜG or – in case Siemens Energy AG is not or no longer subject to the WpÜG but to a comparable takeover regulation of another jurisdiction – according to this comparable takeover regulation, which is addressed to holders of ordinary shares of Siemens Energy AG by any person or partnership other than Siemens Energy AG.

As of September 30, 2023, two consolidated subsidiaries of Siemens Energy AG with Siemens Energy AG as guarantor maintained a line of credit in an amount of €3 billion. In May 2022, a consolidated subsidiary of Siemens Energy AG with Siemens Energy AG as guarantor entered into a credit and guarantee facility in an initial amount of €4.2 billion, which as of September 30, 2023, was still existing in the amount of €620 million and drawn to that amount, to bridge finance its voluntary purchase bid for all outstanding shares in Siemens Gamesa Renewable Energy S.A. The above credit lines provide each lender with a right to cancel its credit commitment and to request for prepayment of loans in the event that (1) Siemens Energy AG becomes a subsidiary of any other company or (2) any person or group of persons acting together acquires control over Siemens Energy AG (Art. 3(2) of Council Regulation (EC) 139/2004).

In April 2023, a consolidated subsidiary of Siemens Energy AG issued bonds with Siemens Energy AG as guarantor for €1.5 billion, to finance its purchase of outstanding shares in Siemens Gamesa Renewable Energy S.A. and to refinance the existing debt of Siemens Gamesa Renewable Energy S.A.. The above bonds provide each noteholder with the option to require that the notes are redeemed at 101% of the principal amount in the event that (1) any person or persons acting in concert at any time directly or indirectly acquire(s) or come(s) to own (i) more than 50% of the issued ordinary share capital of Siemens Energy AG or (ii) such number of the shares in the capital of Siemens Energy AG carrying more than 50% of the voting rights and (2) within 90 days of such change of control the rating of Siemens Energy AG is downgraded (as defined) in respect of such change of control.

No other significant agreements of Siemens Energy AG which are subject to a change of control clause upon a takeover bid existed as of September 30, 2023.

2.11.7 Other takeover-relevant information

There are no shares with special rights conferring powers of control. Shares of stock issued by Siemens AG to employees under its employee share program and (or) as share-based compensation are transferred to the employees. The beneficiary employees who hold shares of employee stock may exercise their control rights in the same way as any other shareholder in accordance with applicable laws and the articles of association. The Company has not entered into any compensation agreements with Members of the Executive Board or employees in the event of a takeover bid.

2.12 Further information

Corporate Governance Statement

The corporate governance declaration in accordance with Sections 289f and 315d of the German Commercial Code is a component of the Combined Management Report and is published on our website **www.siemens-energy.com/global/en/company/investor-relations/corporate-governance.html#GermanCorporateGovernanceCode**.

The corporate governance declaration in accordance with Sections 289f and 315d of the German Commercial Code can also be found in **4.5 Corporate Governance pursuant to Sections 289f and 315d of the German Commercial Code**.

Consolidated Financial Statements

3

3.1 Consolidated Statements of Income

(in millions of €, earnings per share in €)	Note	Fiscal year 2023	2022
Revenue	2, 7, 25	31,119	29,005
Cost of sales		(30,366)	(25,665)
Gross profit		**753**	**3,340**
Research and development expenses		(1,123)	(1,078)
Selling and general administrative expenses		(2,996)	(2,778)
Other operating income	5	72	100
Other operating expenses	5	(46)	(262)
Income (loss) from investments accounted for using the equity method, net	4	83	104
Operating income (loss)[1]		**(3,257)**	**(574)**
Interest income		149	55
Interest expenses		(289)	(147)
Other financial income (expenses), net		10	62
Income (loss) before income taxes		**(3,387)**	**(603)**
Income tax (expenses) benefits	6	(1,202)	(108)
Net income (loss)		**(4,588)**	**(712)**
Attributable to:			
Non-controlling interests		(57)	(245)
Shareholders of Siemens Energy AG		(4,532)	(467)
Basic earnings per share	24	**(5.47)**	**(0.65)**
Diluted earnings per share	24	**(5.47)**	**(0.65)**

[1] Includes impairment losses from financial instruments of €73 million (2022: impairment gains of €16 million).

3.2 Consolidated Statements of Comprehensive Income

(in millions of €)	Note	Fiscal year 2023	2022
Net income (loss)		**(4,588)**	**(712)**
Remeasurements of defined benefit plans	13	42	219
therein Income tax effects		*(29)*	*(92)*
Remeasurements of equity instruments		—	0
Income (loss) from investments accounted for using the equity method, net		(1)	0
Items that will not be reclassified to profit or loss		**41**	**219**
Currency translation differences		(920)	1,507
Derivative financial instruments		80	(106)
therein Income tax effects		*(37)*	*20*
Income (loss) from investments accounted for using the equity method, net		(35)	45
Items that may be reclassified subsequently to profit or loss		**(875)**	**1,446**
Other comprehensive income (loss), net of income taxes		**(834)**	**1,665**
Total comprehensive income (loss)		**(5,422)**	**953**
Attributable to:			
Non-controlling interests		17	(212)
Shareholders of Siemens Energy AG		(5,440)	1,165

3.3 Consolidated Statements of Financial Position

(in millions of €)	Note	Sep 30, 2023	2022
Assets			
Cash and cash equivalents		4,588	5,959
Trade and other receivables	19	6,537	5,572
Other current financial assets	19, 20	720	2,509
Contract assets	7	4,153	4,718
Inventories	8	8,961	7,983
Current income tax assets	6	453	467
Other current assets		1,058	1,091
Assets classified as held for disposal	3	98	318
Total current assets		**26,567**	**28,617**
Goodwill	9	9,982	10,456
Other intangible assets	10	3,169	3,592
Property, plant and equipment	10	5,724	5,435
Investments accounted for using the equity method	4	1,198	833
Other financial assets	19, 20	366	504
Deferred tax assets	6	488	1,264
Other assets		413	384
Total non-current assets		**21,339**	**22,467**
Total assets		**47,907**	**51,084**
Liabilities and equity			
Short-term debt and current maturities of long-term debt	12	1,591	749
Trade and other payables		6,658	6,782
Other current financial liabilities	19, 20	694	1,423
Contract liabilities	7	15,984	13,010
Current provisions	14	2,901	2,129
Current income tax liabilities	6	396	431
Other current liabilities	11	3,375	3,120
Liabilities associated with assets classified as held for disposal		0	289
Total current liabilities		**31,599**	**27,932**
Long-term debt	12	3,190	2,474
Provisions for pensions and similar obligations	13	519	570
Deferred tax liabilities	6	296	145
Provisions	14	2,682	1,799
Other financial liabilities	19, 20	233	383
Other liabilities		601	661
Total non-current liabilities		**7,520**	**6,034**
Total liabilities		**39,119**	**33,966**
Equity	15		
Issued capital		799	727
Capital reserve		14,475	13,262
Retained earnings		(6,583)	2,384
Other components of equity		(34)	916
Treasury shares, at cost		(154)	(168)
Total equity attributable to shareholders of Siemens Energy AG		**8,503**	**17,122**
Non-controlling interests		285	(4)
Total equity		**8,787**	**17,118**
Total liabilities and equity		**47,907**	**51,084**

3.4 Consolidated Statements of Cash Flows

(in millions of €)	Fiscal year 2023	2022
Cash flows from operating activities		
Net income (loss)	(4,588)	(712)
Adjustments to reconcile net income (loss) to cash flows from operating activities		
Amortization, depreciation and impairments	1,515	1,633
Income tax expenses (benefits)	1,202	108
Interest (income) expenses, net	140	92
(Income) loss related to investing activities	(28)	(123)
Other non-cash (income) expenses	220	99
Change in operating net working capital		
Contract assets	321	491
Inventories	(1,235)	(1,549)
Trade and other receivables	(1,272)	(151)
Trade and other payables	116	810
Contract liabilities	3,388	2,260
Change in other assets and liabilities	2,059	(373)
Income taxes paid	(390)	(442)
Dividends received	42	32
Interest received	132	42
Cash flows from operating activities	**1,622**	**2,218**
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment	(1,228)	(1,157)
Acquisitions of businesses, net of cash acquired	(114)	(2)
Purchase of investments and financial assets	(298)	(147)
Disposal of intangibles and property, plant and equipment	31	57
Disposal of businesses, net of cash disposed	(24)	—
Disposal of investments and financial assets	0	131
Cash flows from investing activities	**(1,633)**	**(1,118)**
Cash flows from financing activities		
Issuance of new shares	1,243	—
Purchase of treasury shares	(130)	—
Other transactions with non-controlling interests[1]	(2,933)	(13)
Pledge of cash collateral related to the voluntary cash tender offer to acquire all outstanding Siemens Gamesa Renewable Energy S.A. shares	—	(1,148)
Issuance of notes and bonds	1,903	959
Change in debt and other financing activities	(940)	(88)
Interest paid	(192)	(109)
Dividends paid to shareholders of Siemens Energy AG	—	(72)
Dividends attributable to non-controlling interests	(83)	(97)
Cash flows from financing activities	**(1,132)**	**(568)**
Effect of changes in exchange rates on cash and cash equivalents	**(290)**	**156**
Change in cash and cash equivalents	**(1,432)**	**687**
Cash and cash equivalents at beginning of period	**6,020**	**5,333**
Cash and cash equivalents at end of period	**4,588**	**6,020**
Less: Cash and cash equivalents of assets classified as held for disposal at end of period	—	61
Cash and cash equivalents at end of period (Consolidated Statements of Financial Position)	**4,588**	**5,959**

[1] Includes the cash outflow for the acquisition of outstanding Siemens Gamesa Renewable Energy S.A. shares in excess of the cash collateral amounted to €1,148 million already pledged in fiscal year 2022.

3.5 Consolidated Statements of Changes in Equity

(in millions of €)	Issued capital	Capital reserve	Retained earnings	Currency translation differences	Equity instruments	Derivative financial instruments	Treasury shares at cost	Total equity attributable to shareholders of Siemens Energy AG	Non-controlling interests	Total equity
Balance as of September 30, 2021 (as previously reported)	**727**	**12,418**	**2,605**	**(523)**	**(0)**	**11**	**(281)**	**14,958**	**262**	**15,220**
Effect of retrospective change in accounting policy of embedded foreign currency derivatives	—	—	(5)	—	—	—	—	(5)	—	(5)
Balance as of October 1, 2021	**727**	**12,418**	**2,600**	**(523)**	**(0)**	**11**	**(281)**	**14,952**	**262**	**15,215**
Net income (loss)	—	—	(467)	—	—	—	—	(467)	(245)	(712)
Other comprehensive income (loss), net of income taxes	—	—	205	1,525	0	(98)	—	1,632	33	1,665
Total comprehensive income (loss)	—	—	(263)	1,525	0	(98)	—	1,165	(212)	953
Dividends	—	—	(72)	—	—	—	—	(72)	(96)	(168)
Share-based payment	—	157	(0)	—	—	—	—	156	(1)	156
Re-issuance of treasury shares	—	(106)	(8)	—	—	—	114	—	—	—
Issuance of mandatory convertible note	—	793	—	—	—	—	—	793	—	793
Other transactions with non-controlling interests	—	—	136	—	—	—	—	136	46	182
Other changes in equity	—	—	(10)	—	—	—	—	(10)	(4)	(13)
Balance as of September 30, 2022	**727**	**13,262**	**2,384**	**1,003**	**—**	**(87)**	**(168)**	**17,122**	**(4)**	**17,118**
Balance as of October 1, 2022	**727**	**13,262**	**2,384**	**1,003**	**—**	**(87)**	**(168)**	**17,122**	**(4)**	**17,118**
Net income (loss)	—	—	(4,532)	—	—	—	—	(4,532)	(57)	(4,588)
Other comprehensive income (loss), net of income taxes	—	—	42	(1,043)	—	93	—	(908)	74	(834)
Total comprehensive income (loss)	—	—	(4,489)	(1,043)	—	93	—	(5,440)	17	(5,422)
Dividends	—	—	—	—	—	—	—	—	(82)	(82)
Share-based payment	—	164	(8)	—	—	—	—	156	(0)	156
Purchase of treasury shares	—	—	—	—	—	—	(130)	(130)	—	(130)
Re-issuance of treasury shares	—	(122)	(21)	—	—	—	143	—	—	—
Issuance of new shares	73	1,171	—	—	—	—	—	1,243	—	1,243
Other transactions with non-controlling interests	—	—	(4,463)	—	—	—	—	(4,463)	380	(4,083)
Other changes in equity	—	—	15	—	—	—	—	15	(27)	(13)
Balance as of September 30, 2023	**799**	**14,475**	**(6,583)**	**(40)**	**—**	**6**	**(154)**	**8,503**	**285**	**8,787**

3.6 Notes to Consolidated Financial Statements

NOTE 1 Basis of presentation

The accompanying Consolidated Financial Statements as of September 30, 2023, present the operations of Siemens Energy AG with registered office at Otto-Hahn-Ring 6, 81739 Munich, Germany (registry number HRB 252581), and its subsidiaries ('Siemens Energy,' 'the Group,' 'the Company,' or 'we').

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as applicable in the European Union (EU), and the additional requirements of German law pursuant to Section 315e para. 1 German Commercial Code ("Handelsgesetzbuch"). The Consolidated Financial Statements also comply with IFRS as published by the International Accounting Standards Board (IASB). The Consolidated Financial Statements were authorized for issue by the Executive Board on November 28 2023.

The Consolidated Financial Statements are prepared and published in millions of euros (€ million). Rounding differences may occur in respect of individual amounts or percentages.

Siemens Energy is one of the largest suppliers of technology in the energy and electricity sector, serving the entire scope of the energy market. It provides a portfolio in both conventional and renewable energy along the entire energy value chain, from power generation to power transmission, complemented by a comprehensive set of training and service offerings, aimed at both the public- and private sector.

Since the beginning of fiscal year 2023, the reporting structure has consisted of the following components:

- The **Gas Services** (GS) Business Area as a reportable segment consolidates all the business activities relating to gas and large steam turbines, large generators, and heat pumps, as well as the associated control technology. The GS portfolio includes products, solutions, and services for central and distributed power generation. The business is focused on servicing the installed fleet of gas and steam turbines. The wide-ranging service portfolio includes maintenance, performance enhancements, operation services, digitalization (e.g., cybersecurity), and professional consulting.
- The activities of the **Grid Technologies** (GT) Business Area are as a reportable segment focused on the key market trends of electrification, decarbonization, and digitalization. The products, systems, solutions, and services offered by GT overcome the challenges arising from the increasing complexity of the grid infrastructure as a result of integrating renewable energy and the trend toward distributed energy generation. Included in the product portfolio are high-voltage direct current transmission systems, offshore wind farm grid connections, flexible alternating current transmission systems (FACTS), high-voltage substations, air- and gas-insulated switchgear, transformers, digital grid solutions and components, and storage solutions.
- The **Transformation of Industry** (TI) Business Area comprises four operating but non-reportable segments (Sustainable Energy Systems (SES); Electrification, Automation, Digitalization (EAD); Industrial Steam Turbines & Generators (STG); and Compression (CP)), which are presented voluntarily as if they were a single reportable segment. The Business Area's activities are focused primarily on reducing energy consumption and greenhouse gas emissions in industrial processes. Thus, TI is supporting industrial customers in reducing their carbon footprint and achieving their individual decarbonization targets. Its portfolio includes integrated systems and solutions for various process industries (e.g., oil and gas, chemicals, petrochemicals, and fibers), as well as for the shipping industry. The TI portfolio includes electrolyzers, industrial steam turbines with an output of up to 250 MW, industrial generators, turbo and reciprocating compressors, compressor trains, systems and solutions, as well as service offerings for the entire portfolio.
- The **Siemens Gamesa** Business Area as a reportable segment offers onshore and offshore wind turbines as well as services over the entire lifecycle of wind turbines. The service business consists of the management, operation and maintenance of wind farms. Siemens Gamesa comprises the Wind Turbines (Onshore and Offshore) as well as Operation and Maintenance (Service) business field.
- The Reconciliation to Consolidated Financial Statements includes items which management does not consider to be significant to assessing the segments' performance, especially Group management costs (management and central functions) and other central items, treasury activities, as well as eliminations. The other central items include license fees for the Siemens brand, central services (e.g., management of the Group real estate portfolio (excluding Siemens Gamesa), which was formerly assigned to the GP segment), central projects and investments, as well as other items.

At the beginning of fiscal year 2023, Adjusted EBITA margin before Special items was also replaced by Profit margin before Special items. Profit is defined as income (loss) before income taxes, interest income and expenses, and other financial income (expenses), net, adjusted for amortization of intangible assets acquired in business combinations and goodwill impairments. Special items refer to the following topics:

- **Restructuring and integration costs**: Restructuring costs refer to personnel measures leading to severance charges, including costs for terminating service contracts with Siemens Group (Siemens AG and its subsidiaries). Due to the further integration of Siemens Gamesa and the objective of a consistent presentation within the Group, only personnel-related measures for restructuring will be included for Siemens Gamesa from fiscal year 2023, in contrast to the past. Integration costs that occur at Siemen Gamesa are related to the integration of companies as well as in the course of the integration of Siemens Gamesa into the Group and the corresponding transaction costs.
- **Stand-alone costs** relate to the separation from Siemens Group and the formation of Siemens Energy as an independent enterprise.
- Major asset impairments and write-downs (as well as any subsequent reversals) related to **strategic portfolio decisions**.

For both Profit margin and Special items, prior year information is presented on a comparable basis.

In addition, the accounting policy regarding the separation of embedded foreign currency derivatives from operating host contracts has been revised to better reflect the economics of our internal and external cross-border contractual relationships and therefore provide more relevant information. Comparative figures have been adjusted as follows:

(in millions of €)	Consolidated Statements of Income for fiscal year 2022		
	Previously reported	Adjust-ments	Adjusted amounts
Revenue	28,997	8	29,005
Cost of sales	(25,572)	(93)	(25,665)
Income tax (expenses) benefits	(128)	20	(108)
Net income (loss)	**(647)**	**(65)**	**(712)**

(in millions of €)	Consolidated Statements of Financial Position as of September 30, 2022			Consolidated Statements of Financial Position as of October 1, 2021		
	Previously re-ported	Adjustments	Adjusted amounts	Previously re-ported	Adjustments	Adjusted amounts
Other current financial assets	2,559	(49)	2,509	590	(22)	568
Other financial assets	555	(51)	504	352	(8)	344
Deferred tax assets	1,254	10	1,264	1,130	2	1,132
Total assets	**51,173**	**(89)**	**51,084**	**44,141**	**(14)**	**44,126**
Other current financial liabilities	1,431	(8)	1,423	482	(8)	473
Other financial liabilities	383	—	383	389	(1)	387
Deferred tax liabilities	156	(11)	145	254	—	254
Total liabilities	**33,986**	**(20)**	**33,966**	**28,921**	**(10)**	**28,912**
Retained earnings	2,453	(68)	2,384	2,605	(5)	2,600
Non-controlling interests	(2)	(2)	(4)	262	0	262
Total equity	**17,187**	**(69)**	**17,118**	**15,220**	**(5)**	**15,215**

Prior year information has been restated to conform to the current year's presentation.

In addition, the prior year figures in **Note 2 Debt** relating to potential outflows from arising from lease extension options and in **Note 27 Related party transactions** relating to leases between related parties have been adjusted.

The Consolidated Financial Statements have been prepared on the assumption that the Company will continue as a going concern. The Executive Board arrived at this premise following a comprehensive review of the Group's liquidity development. The review included the liquidity available at the balance sheet date, cash flow forecasts in line with general business planning, cash inflows from portfolio measures, available and undrawn credit lines, the Group's credit ratings and the maturity profile of existing financial debt. In addition, the Group's guarantee credit lines were also taken into account (for more details, see **Note 21 Financial risk management**).

NOTE 2 Material accounting policies and critical accounting estimates

Key accounting estimates and judgments – Some of the accounting policies used are critical accounting estimates and judgments and require complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on the net assets, financial position, and results of operations of Siemens Energy. Critical accounting estimates could also be based on estimates where Siemens Energy reasonably could have used a different estimate in the current accounting period. Siemens Energy cautions that future events often vary from forecasts and that estimates routinely require adjustment.

In fiscal year 2023, there were significant changes to assumptions and estimates, particularly in the Siemens Gamesa segment. The greatest impact resulted from an exceptionally negative development in the component- and platform-specific failure rates of wind turbines. The estimate for such failure rates is derived from a statistical model. This model was updated based on the data obtained as part of an extended technical review. As a result, the failure rates for the affected components, in particular main bearings and rotor blades, have increased sharply. In addition, expected costs for preventive measures, retrofitting and contractual compensation, e.g. for availability, were recognized. The resulting expenses amounted to €2.1 billion. For projects already handed over to customers the expense is reflected in the warranty provisions as well as in planned cost increases of service contracts, which lead to adjustments to contract assets and liabilities and, in some cases, in the provisions for onerous contracts. For ongoing projects, on the other hand, the planned costs increase, which leads to adjustments to contract assets and liabilities and, in some cases to the recognition of provisions for onerous contracts.

The underlying statistical model evaluates technical defects that have occurred over a certain period of time on the basis of the installed fleet of wind turbine platforms in order to enable predictions about the development of failure rates over the entire operating life of individual components of a wind turbine. The expected failure rates are then linked to cost and quantity data of operational factors (e.g. working hours, ship/crane days, required tools and spare parts with the associated costs) for any necessary maintenance/repairs. In addition, a technical assessment based on a root cause analysis is carried out to determine the extent to which the issues relate to individual cases or the entire fleet. The statistical model is based on numerous parameters, such as technical assumptions, experience gained from many years of operating wind turbines, meteorological conditions and information about suppliers. The assumptions required for the model are subject to estimation uncertainties. Based on past experience particularly in fiscal year 2023, it is possible that actuals within the next fiscal year deviate from the assumptions as a result of new findings from the not yet completed root cause analysis of the quality issues identified in fiscal year 2023. This may result in material negative effects on net assets, financial position and results of operations. We are of the opinion that the process described above and the underlying parameters led to the best possible estimate of warranty costs as of the balance sheet date. We have commissioned an independent external technical expert to evaluate the statistical model for determining the failure rates; the preliminary results from the first indicative investigations confirm our assessment.

Further changes in assumptions and estimates, which are also subject to uncertainty and were the main reason for further charges of €0.6 billion in fiscal year 2023, also occurred in the Siemens Gamesa segment in the product costs to be recognized due to unrealized productivity and efficiency gains and higher than expected procurement costs in connection with the challenges in the ramp-up of offshore activities. This development was reflected on the one hand in the provisions for onerous contracts, in particular for projects for which binding offers were made, and on the other hand in the contract assets and liabilities of ongoing projects.

The changed business outlook for Siemens Gamesa had an impact on the assumptions and estimates for the impairment test of goodwill and non-current assets. The recoverable amounts of the cash-generating units were determined in this segment compared to the measurement date of September 30, 2022 using updated and market-driven valuation assumptions and adjusted planning, which now includes a seven-year detailed planning period instead of the previous five-year period.

In addition, the above had also an impact of around €0.8 billion on the measurement of deferred tax assets, as their realizability no longer appeared sufficiently certain.

Further information can be found in Note 6 Income taxes, Note 7 Contract assets, liabilities and revenues, Note 9 Goodwill and Note 14 Provisions in the notes to the Consolidated Financial Statements.

In addition, the Management Board has changed its assessment of the further progress of the Accelerating Impact program (AIP) restructuring program due to improved market conditions and volume growth. Further information can be found in Note 23 Personnel costs in the notes to the Consolidated Financial Statements.

Ongoing political instability and conflicts continue to pose a significant geopolitical risk, resulting in complex uncertainties with negative effects on the availability and price development of materials, energy or supplier products, including their logistical capacities. The resulting effects can primarily affect production costs, pricing, product and service quality, investment activities, customer relationships, financing conditions and market requirements and trends. To counter geopolitical risks, competitive, market and industry data and developments are continuously monitored and analyzed in order to better anticipate changes instead of merely reacting to them. This information is taken into account when determining cash flows, discount rates, recoverable amounts of assets and provisions, among other things. However, a renewed deterioration of the situation with corresponding effects on the net assets, financial position and results of operations cannot be ruled out. With regard to the war in Ukraine, there were no material actual effects on Siemens Energy in fiscal year 2023.

The macroeconomic environment in fiscal year 2023 was primarily characterized by the effects of the initially maintained zero COVID-19 policy in China, the uncertainties due to the war in Ukraine and the development of interest rates and inflation. These factors have been considered in the critical accounting estimates and have a particular impact on the accounting for revenue from contracts with customers, employee benefits, and financial instruments, as well as on the asset impairment testing. Relevant areas are changes in transaction prices due to contractually agreed price escalation clauses, the recognition of provisions for onerous contracts, rates of future salary increases, expected rates of future pension progression, and discount rates used as the basis for actuarial expertise, rating-based impairment testing of receivables, and the determination of future cash flows and interest rates used in impairment testing of non-current assets.

The existing political efforts to reduce greenhouse gas emissions, considering current geopolitical developments, also with regard to gas supply, are a driving force in the transformation of the energy market and may have significant effects on Siemens Energy. The impact of the transition to a lower carbon economy and the resulting consequences for Siemens Energy's business environment observable as of September 30, 2023, were considered in the relevant critical accounting estimates, such as the determination of expected useful lives and future cash flows. Siemens Energy assumes that technical equipment and machinery will be used over their entire planned economic life and can generate corresponding benefits for the company, so that the remaining useful lives used as a basis adequately reflect the economic use. This assessment is based on the following assumptions: Siemens Energy currently assumes a transition period to a lower-emission economy of several decades, during which gas-fired power plants in particular will be used as a bridging technology, as the energy industry is faced with a constant trilemma of sustainability of energy generation, reliability of energy supply and affordability of (globally increasing) energy demand. Furthermore, as a globally active company, Siemens Energy assumes that the achievement of certain climate targets is subject to regional differences. For example, not all countries worldwide are currently committed to the strict EU climate targets. Accordingly, Siemens Energy's global customers are at different stages of maturity in the energy transition and have different technological requirements. Moreover, part of Siemens Energy's product portfolio can already be operated with other fuels. This applies in particular to hydrogen, which is especially important from a climate perspective. In addition, some of the technical equipment is also used for longer-term service contracts. Assumptions related to climate change and decarbonization trends and their impact on Siemens Energy's business development are screened constantly by the Company. These Consolidated Financial Statements were prepared using the assumption that Siemens Energy will make the necessary changes to its business models, product portfolio and cost structures and that therefore no material effects will occur that would have to be recorded in the Consolidated Financial Statements as of September 30, 2023.

The consequences of the geopolitical and regulatory environment require complex and subjective judgments and the use of assumptions that may be subject to change over time. The assumptions regarding the war in Ukraine including sanctions, the development of the macroeconomic environment as well as the transition to a lower carbon economy are, therefore, constantly reviewed and possible scenarios as well as their effects are continuously adjusted to the current situation. Siemens Energy believes that the assumptions applied appropriately reflect the current situation.

In addition to the aforementioned explanations, further critical accounting estimates are mentioned in the sections on material accounting policies.

Basis of consolidation – The Consolidated Financial Statements include the accounts of Siemens Energy AG and its subsidiaries over which the Company has control. Control exists when Siemens Energy has power over the investee. In addition, Siemens Energy is exposed to, or has rights to, variable returns from the involvement with the investee and Siemens Energy is able to use its power over the investee to affect the amount of the Company's return.

Business combinations – The cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Non-controlling interests are measured at the proportional fair value of assets acquired and liabilities assumed (partial goodwill method). If there is no loss of control, transactions with non-controlling interests are accounted for as equity transactions not affecting profit and loss. At the date control is lost, any retained equity interests are remeasured to fair value.

In case of a written put option on non-controlling interests, the Company assesses whether the prerequisites for the transfer of present ownership interest are fulfilled at the reporting date. If the Company is not the beneficial owner of the shares underlying the put option, the exercise of the put option will be assumed at each reporting date and treated as an equity transaction between shareholders with the recognition of a purchase liability at the respective exercise price. The non-controlling interests participate in profits and losses during the reporting period.

Associates – Associates are companies over which Siemens Energy AG has the ability to exercise significant influence regarding operating and financial policies (generally through direct or indirect ownership of 20% to 50% of the voting rights). These are recorded in the Consolidated Financial Statements using the equity method and are initially recognized at cost. The Company's share of an associate's post-acquisition profits or losses is recognized in the Consolidated Statements of Income, and its share of post-acquisition changes in equity that have not been recognized in the associate's profit or loss is recognized directly in equity. The cumulative post-acquisition changes are adjusted against the carrying amount of the investment in the associate. When the Siemens Energy 's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognize further losses, unless it incurs obligations or makes payments on behalf of the associate. The interest in an associate is the carrying amount of the investment in the associate together with any long-term interests that, in substance, form part of the Company's net investment in the associate.

Joint ventures – Joint ventures are entities over which Siemens Energy and one or more parties have joint control. Joint control requires unanimous consent of the parties sharing control in decision making on relevant activities. Joint Ventures are also recorded in the Consolidated Financial Statements using the equity method.

Foreign currency translation – The assets and liabilities of foreign subsidiaries, where the functional currency is other than the euro, are translated using the spot exchange rate at the end of the reporting period, while the Consolidated Statements of Income are translated using average exchange rates during the period. Differences arising from such translations are recognized within equity and reclassified to Net income when the gain or loss on disposal of the foreign subsidiary is recognized. The Consolidated Statements of Cash Flows are translated at average exchange rates during the period, whereas cash and cash equivalents are translated at the spot exchange rate at the end of the reporting period.

Foreign currency transaction – Transactions that are denominated in a currency other than the functional currency of an entity are recorded in that functional currency, applying the spot exchange rate at the date when the underlying transactions are initially recognized. At the end of the reporting period, monetary assets and liabilities denominated in a foreign currency are revalued to functional currency, applying the spot exchange rate prevailing at that date. Gains and losses arising from this foreign currency revaluations are recognized in Net income. Those transactions denominated in a foreign currency which are classified as non-monetary are remeasured using the historical spot exchange rate. Siemens Energy applies hyperinflation accounting in Argentina and Turkey.

Revenue recognition – Siemens Energy recognizes revenue when or as control over distinct goods or services is transferred to the customer (i.e., when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and, among other things, collectability of consideration is probable taking into account the customer's creditworthiness). Revenue is the transaction price Siemens Energy expects to be entitled to. The amount of a variable consideration is calculated by using either the expected value or the most likely amount, depending on which is expected to better predict the amount of variable consideration. Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or Siemens Energy. Non-cash consideration in the form of goods, services, financial instruments or property, plant and equipment is measured at fair value. If the fair value of the non-cash consideration cannot be estimated reasonably, the consideration is measured indirectly by reference to the stand-alone selling price of the goods or services promised to the customer in exchange for the consideration. An estimation of variable consideration is generally constrained and is only included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not directly observable, Siemens Energy reasonably estimates them. Discounts and variable considerations are allocated proportionately to all performance obligations within a contract unless allocation to one or more, but not all, performance obligations is a more accurate representation. Revenue is recognized for each performance obligation either at a point in time or over time.

Sales from construction-type contracts – Revenues from long-term construction contracts are recognized over time based on measuring progress. Siemens Energy determines the progress using an input method that considers the percentage of costs incurred to date compared to total estimated costs. An expected loss on the contract is recognized as an expense immediately. Payment terms are usually 30 days from the date of invoice issued according to the contractual terms.

When measuring progress using an input method, estimating the progress of the transfer of control to the customer is particularly important and may include estimates of the amount of work and services required to fulfill the contractual obligations. These significant estimates include total estimated revenues, total estimated costs, contract risks, including technical, political, and regulatory risks, as well as other judgments. Estimated revenues, total estimated costs and profit recognition may vary, sometimes materially, from original estimates due to new information about cost overruns caused by delays or unexpected technical problems, particularly with unproven or new technologies, unforeseen developments at project sites, the impact of legal or political conditions, performance problems at suppliers, contractors and consortium partners, or logistical difficulties, as well as changes in the scope of the project during the term of a contract in the construction business. These deviations may result in a significant increase in project costs, a negative impact on project results, a material adverse effect on our business, financial position, and results of operations, and, in some cases, litigation. As a result, changes in estimates may increase or decrease revenue. In addition, it is necessary to assess whether the continuation or termination of a contract is the most likely scenario. For this assessment, all relevant facts and circumstances are considered individually for each contract.

Separate special purpose entities are set-up for the development and sale of wind farms. The non-current assets of the wind farms, the shares of which are fully consolidated, are presented as inventories. Their carrying amount is considered in the calculation of the percentage of completion as project costs, so that the accounting treatment, in line with the economic substance of the transaction, is the same as that for a wind farm sales contract with a customer without the existence of a separate legal entity.

Revenue from services – Revenues are recognized over time on a straight-line basis or, if the performance pattern is other than straight-line, as services are provided (i.e., measuring progress as described above). Payment terms are usually 30 days from the date of invoice issued according to the contractual terms.

Sale of goods – Revenues are recognized at a point in time when control of the goods passes to the buyer, usually upon delivery of the goods. Invoices are issued at that point in time and are usually payable within 30 days. For licensing transactions granting the customer a right to use Siemens Energy's intellectual property, payment terms are usually 30 days from the date of invoice issued according to the contractual terms.

Income from interest – Interest is recognized using the effective interest method.

Functional costs – In general, operating expenses by types are assigned to the functions in accordance with the functional area of the corresponding profit and cost centers. Amortization, depreciation and impairment of intangible assets and property, plant and equipment are included in functional costs depending on the use of the assets.

Government grants – Government grants are recognized when there is reasonable assurance that the conditions attached to the grants are complied with and the grants will be received. Grants awarded for the purchase or the production of fixed assets (grants related to assets) are generally recognized as a reduction of the acquisition or construction costs of the respective assets and reduce future depreciations accordingly. Grants awarded for other than non-current assets (grants related to income) are reported in the Consolidated Statements of Income under the same functional area as the corresponding expenses. They are recognized as income over the periods necessary to match them on a systematic basis to the costs that are intended to be compensated. Government grants for future expenses are recorded as deferred income.

Product-related expenses – Provisions for estimated costs related to product warranties and onerous contracts are recorded in the line item Cost of sales.

Research and development costs – Costs of research activities are expensed as incurred. Costs of development activities are capitalized when the recognition criteria in accordance with IAS 38, Intangible Assets, are met. Capitalized development costs are stated at cost less accumulated amortization and impairment losses with an amortization period of generally three to ten years.

Earnings per share – Basic earnings per share are computed by dividing Net income attributable to the shareholders of Siemens Energy AG by the weighted average number of outstanding shares of Siemens Energy AG. Diluted earnings per share are calculated by assuming conversion or exercise of all potentially dilutive securities and share-based payment plans.

Goodwill – Goodwill is not amortized; instead, goodwill is tested for impairment annually, as well as whenever there are events or changes in circumstances (triggering events) which suggest that the carrying amount may not be recoverable. Goodwill is carried at cost less accumulated impairment losses. The goodwill impairment test is performed at the level of a cash-generating unit, generally represented by an operating segment. This is the lowest level at which goodwill is monitored for internal management purposes.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash-generating unit that is expected to benefit from the synergies of the business combination. If the carrying amount of the cash-generating unit to which the goodwill is allocated exceeds its recoverable amount, an impairment loss on goodwill allocated to this cash-generating unit is recognized. The recoverable amount is the higher of the cash-generating unit's fair value less costs of disposal and its value in use. If either of these values exceeds the carrying amount, it is not always necessary to determine both values. These values are generally determined on the basis of discounted cash flow calculations. Impairment losses on goodwill are not reversed in future periods.

The determination of the recoverable amount of a cash-generating unit to which goodwill is allocated involves the use of estimates by management. The outcome predicted by these estimates is influenced, for example, by the successful integration of acquired entities, the volatility of capital markets, interest rate developments, foreign exchange rate fluctuations or the anticipated economic trends. When determining the recoverable amounts for the cash-generating units Wind Turbines and Operation and Maintenance in particular, the estimates are also significantly influenced by assumptions regarding the implementation of measures to resolve technical issues and the, operational improvement programs. In determining recoverable amounts, discounted cash flow calculations use generally five-year projections that are based on financial forecasts. Cash flow projections take into account past experience and represent management's best estimate about future developments. Cash flows after the planning period are extrapolated using individual growth rates and an expected long-term inflation rate. Key assumptions on which management has based its determination of fair value less costs of disposal and value in use include estimated growth rates and weighted average cost of capital. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any goodwill impairment.

Other intangible assets – Siemens Energy amortizes intangible assets with finite useful lives on a straight-line basis over their respective estimated useful lives. Estimated useful lives for patents, licenses, and other similar rights generally range from three to five years, except for intangible assets with finite useful lives acquired in business combinations. Intangible assets acquired in business combinations primarily consist of customer relationships, trademarks, and technology. Useful lives in specific acquisitions range from six to 20 years for customer relationships and from five to 20 years for technology.

Property, plant and equipment – Property, plant and equipment, including right-of-use assets, is valued at cost less accumulated depreciation and impairment losses. Depreciation expense is recognized using the straight-line method. The following useful lives are assumed for property, plant and equipment owned by Siemens Energy:

Factory and office buildings	20 to 50 years
Other buildings	5 to 10 years
Technical machinery & equipment	generally 10 years
Furniture & office equipment	generally 5 years

Right-of-use assets are depreciated under the straight-line method over the shorter of the lease term and the useful life of the underlying assets. Extension options are included in the lease term, and thus in the measurement of the right-of-use asset and corresponding lease liability, if their exercise is reasonably certain. Remeasurements reflect changes in the assessment of options.

Impairment of property, plant and equipment and other intangible assets – Siemens Energy reviews property, plant and equipment and other intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, intangible assets not yet available for use are subject to an annual impairment test. Impairment testing of property, plant and equipment and other intangible assets involves the use of estimates in determining the assets' recoverable amount, which can have a material impact on the respective values and ultimately on the amount of any impairment.

Non-current assets/ liabilities held for disposal – Non-current assets and liabilities are held for disposal if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the remaining criteria in accordance with IFRS 5, Non-current assets held for sale and discontinued operations, are met. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The determination of the fair value less costs to sell includes the use of estimates and assumptions that tend to be uncertain.

Income taxes – Tax positions under respective local tax laws, relevant court decisions, and tax authorities' views can be complex and subject to different interpretations by taxpayers and local tax authorities. Different interpretations of existing or new tax laws as a result of tax reforms or other tax legislative procedures may result in additional tax payments for prior years and are taken into account based on management's considerations. Under the liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The so-called initial recognition exemption is also considered. As a significant application of the initial recognition exemption, no deferred taxes were recognized for deductible temporary differences arising in connection with issuing the mandatory convertible note. Deferred tax assets are recognized if sufficient future taxable profit is available, including income from forecasted operating earnings, the reversal of existing taxable temporary differences, and established tax planning opportunities. As of each period-end, Siemens Energy evaluates the recoverability of deferred tax assets, generally based on five-year projections of future taxable profits. As future developments are uncertain and partly beyond Siemens Energy's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will be recovered. Estimates are revised in the period in which there is sufficient evidence to revise the assumption. In some countries in which Siemens Energy operates, statutory tax law on global minimum taxation has been adopted in accordance with the OECD guidelines on global minimum taxation (BEPS Pillar 2). According to IAS 12 Income Taxes, Siemens Energy did not recognize any potential effects regarding deferred tax assets and liabilities.

Contract assets, contract liabilities, receivables – When either party to a contract with customers has performed, Siemens Energy recognizes a contract asset, a contract liability, or a receivable depending on the relationship between Siemens Energy's performance and the customer's payment. Contract assets and liabilities are recognized as current since they arise in the normal operating cycle. Receivables are recognized when the right to consideration becomes unconditional.

Valuation allowances for credit risks are made for Contract assets and receivables in accordance with the accounting policy for financial assets measured at amortized cost. A refund liability, as a component of contract liabilities, is recognized when Siemens Energy receives consideration from a customer and expects to be required to refund some or all of that consideration to the customer. A refund liability is measured at the amount of the consideration received for which Siemens Energy does not expect to be entitled.

Inventories – Inventories are valued at the lower of acquisition or production costs and net realizable value, costs generally being determined on the basis of an average or first-in, first-out method. Net realizable value corresponds to the estimated selling price net of remaining costs of completion and selling. Determining net realizable value of Inventories involves accounting estimates for quantity, technical, and price risks.

Trade and other payables – Siemens Energy invites suppliers to participate in Supply Chain Financing Programs in order to benefit from accelerated payment compared with Siemens Energy's regular payment terms. Such payables represent payables for goods and services that are incurred within the Company's normal operating cycle and are part of the Company's working capital. Suppliers must formally agree to participate in such programs. Therefore, the corresponding payables are still shown in the line item Trade and other payables.

Defined benefit plans – Siemens Energy measures the entitlements by applying the projected unit credit method. This approach reflects an actuarially calculated net present value of the future benefit entitlement for services already rendered. In determining the net present value of the future benefit entitlement for service already rendered (Defined Benefit Obligation, DBO), the expected rates of future salary increase and expected rates of future pension progression are considered. The assumptions used for the calculation of the DBO as of the period-end of the preceding fiscal year are used to determine the calculation of service cost and interest income and expense of the following year. The net interest income or expense for the fiscal year will be based on the discount rate for the respective year multiplied by the net defined benefit liability (asset) at the preceding fiscal year's period-end date.

Service cost, past service cost, and settlement gains (losses) for pensions and similar obligations, as well as administration costs unrelated to the management of plan assets, are allocated to functional costs. Past service cost and settlement gains (losses) are recognized immediately in profit or loss. For unfunded plans, the amount of the Provisions for pensions and similar obligations line item equals the DBO. For funded plans, Siemens Energy offsets the fair value of the plan assets with the DBO. Siemens Energy recognizes the net amount, after adjustments for effects relating to any asset ceiling.

Remeasurements comprise actuarial gains and losses as well as the difference between the return on plan assets and the amounts included in net interest on the net defined benefit liability (asset). They are recognized in Other comprehensive income, net of income taxes.

Actuarial valuations rely on key assumptions, including discount rates, expected compensation increases, rate of pension progression, and mortality rates. The discount rates used are determined by reference to yields on high-quality corporate bonds of appropriate duration and currency at the end of the reporting period. In case such yields are not available, the discount rates are based on government bonds yields. Due to changing market, economic, and social conditions, the underlying key assumptions may differ from actual developments.

Entitlements resulting from plans based on investment returns from underlying assets are generally measured at the fair value of the underlying assets at period-end. If the performance of the underlying assets is lower than a guaranteed return, the DBO is measured by projecting forward the contributions at the guaranteed fixed return and discounting back to a present value.

Provisions – A provision is recognized in the Statement of Financial Position when it is probable that Siemens Energy has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are recognized at present value by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money. When a contract becomes onerous, the present obligation under the contract is recognized as a provision.

Significant estimates are involved in determining provisions related to warranty costs, onerous contracts, legal and regulatory proceedings, as well as governmental investigations (legal proceedings).

The measurement of warranty provisions reflects whether the underlying obligation results from a single obligation or a larger population of items. The amounts recognized to settle the obligation correspond to the best possible estimate and are based, for example, on assumptions regarding failure rates and costs to remedy the failure per incident, which are based on empirical values and currently available information from ongoing inspections and defect rectifications. In particular, the assumptions and estimates regarding failure rates are, as previously mentioned, sometimes subject to significant uncertainties insofar as they relate to new technologies for which hardly any operating data is available.

Siemens Energy records a provision for onerous contracts with customers when the current estimated total costs exceed the estimated revenues. Onerous contracts with customers are identified by monitoring the progress of the project and updating the estimates, which requires significant judgment relating to achieving certain performance standards as well as estimates involving warranty costs and estimates regarding project delays, including the assessment of responsibility splits between the contract partners for these delays.

Uncertainties regarding asset retirement obligations include the estimated costs of decommissioning because of the long timeframe over which future cash outflows are expected to occur, including the respective interest accretion.

Legal proceedings often involve complex legal issues and are subject to substantial uncertainties. Accordingly, considerable judgment is part of determining whether it is probable that there is a present obligation as a result of a past event at the end of the reporting period, whether it is probable that such a legal proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. Internal and external counsels are generally part of the determination process. Due to new developments, it may be necessary, to record a provision for an ongoing legal proceeding or to adjust the amount of a previously recognized provision. Upon resolution of a legal proceeding, Siemens Energy may incur charges in excess of the recorded provisions for such matters. The outcome of legal proceedings may have a material effect on Siemens Energy's financial position, its results of operations and (or) its cash flows.

Personnel restructuring measures – Expenses for restructuring measures are recognized if a detailed formal plan for the restructuring has been developed, which has raised a valid expectation in those affected that the restructuring measures will be carried out by starting to implement the plan or announcing its main features to those affected by it. The determination of expenses is based on various assumptions that also require judgements and estimates and may therefore contain uncertainties in this respect. These include in particular the acceptance rate, the underlying salary, and length of service. If employees are offered severance packages, the benefits are measured on the basis of the expected number of employees who will accept the offer.

Termination benefits – Termination benefits are provided as a result of an entity's offer made in order to encourage voluntary redundancy before the regular retirement date or of an entity's decision to terminate the employment. Termination benefits in accordance with IAS 19, Employee Benefits, are recognized as a liability and an expense when the entity can no longer withdraw the offer of those benefits.

Cash and cash equivalents – Siemens Energy considers all highly liquid investments with a maturity of less than three months from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at amortized cost.

Financial instruments – A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Based on their contractual cash flow characteristics and the business model they are held in, financial instruments are classified as financial assets and financial liabilities measured at cost or amortized cost, measured at fair value, loan commitments and credit guarantees, and Contract assets. Regular way purchases or sales of financial assets are accounted for at the trade date. Siemens Energy does not use the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (fair value option). Initially, financial instruments are recognized at fair value and net of transaction costs, if they are not categorized at fair value through profit or loss. Subsequently, financial assets and liabilities are measured according to the category to which they are assigned.

Financial assets measured at fair value through profit or loss (FVTPL) – Debt financial assets are measured at FVTPL if the business model they are held in is not a hold-to-collect or a hold-and-sell business model, or if their contractual cash flows do not represent solely payments of principal and interest. Equity instruments are measured at FVTPL unless the option to recognize fair value changes in other comprehensive income has been exercised.

Financial assets measured at amortized cost – Loans, receivables, and other debt instruments held in a hold-to-collect business model with contractual cash flows that represent solely payments of principal and interest are measured at amortized cost using the effective interest method less valuation allowances for expected credit losses.

Valuation allowances are recognized for expected credit losses, representing a forward-looking estimate of future credit losses involving significant judgment. Expected credit loss is the gross carrying amount less collateral, multiplied by the probability of default and a factor reflecting the loss in the event of default. Valuation allowances are not recognized when the gross carrying amount is sufficiently collateralized. Probabilities of default are mainly derived from rating grades.

A simplified approach is used to assess expected credit losses from trade receivables and Contract assets by applying their lifetime expected credit losses.

Financial assets are written off as uncollectible if recovery appears unlikely. Generally, the limitation period has expired if a debtor's sworn statement of affairs has been received, or if the receivable is not pursued due to its minor value. Receivables are written off when bankruptcy proceedings close.

A financial asset is derecognized when the rights to cash flows expire or when the financial asset is transferred to another party. Significant modifications of the contractual terms of a financial asset measured at amortized cost result in derecognition and recognition of a new financial asset; for insignificant modifications, the carrying amount of the financial asset is adjusted without derecognition.

Credit guarantees – Credit guarantees are recognized at the higher of consideration received for granting the guarantee and expected credit losses determined.

Financial liabilities – Except for derivative financial instruments, Siemens Energy measures financial liabilities at amortized cost using the effective interest method.

Hybrid instruments are analyzed to determine whether these should be accounted for entirely as debt or split into an equity component and a debt component. For the mandatory convertible note issued in September 2022, Siemens Energy's early conversion right, which allows conversion of the nominal amount into a fixed number of shares, was identified as an important criterion. Siemens Energy considers the early conversion right to be economically substantial for capital and rating management purposes and hence accounts for the mandatory convertible note as a compound financial instrument. The debt component corresponds to the present value of the coupons and is reported under financial liabilities. Proportionate directly attributable transaction costs allocated to the debt component are amortized to interest expense over the term to maturity. The remaining amount, after deduction of proportionate directly attributable transaction costs, is the equity component, which is reported in capital reserves.

Lease liabilities – Lease liabilities are measured at the present value of the lease payments payable over the lease term, generally discounted using the incremental borrowing rate unless the rate implicit in the lease can be readily determined. Lease liabilities are subsequently measured at amortized cost using the effective interest method. They are remeasured in case of modifications or reassessments of the lease.

Derivative financial instruments – Derivative financial instruments, such as foreign currency exchange contracts and interest rate swap contracts, are measured at fair value. Changes in the fair value of derivative financial instruments are recognized either in Net income or, in the case of a cash flow hedge, in the Other comprehensive income line item, net of income taxes (applicable deferred income tax). Certain derivative instruments embedded in host contracts are also accounted for separately as derivatives.

Cash flow hedges – The effective portion of changes in the fair value of derivative instruments designated as cash flow hedges are recognized in Other comprehensive income line item, net of income taxes, and any ineffective portion is recognized immediately in Net income. Amounts accumulated in equity are reclassified into Net income in the same periods in which the hedged item affects Net income.

Share-based payment – At Siemens Energy, share-based payment awards are classified as equity-settled. The fair value is measured at the grant date and expensed over the vesting period. The fair value is determined as the market price of the underlying shares, considering dividends during the vesting period to which the grantees are not entitled, as well as market and non-vesting conditions, if applicable.

Recently adopted accounting pronouncements

Since October 1, 2022, Siemens Energy has applied the amendments to IFRS 9, Fees in the '10 percent' test for derecognition of financial liabilities; IAS 37, Onerous contracts - cost of fulfilling a contract; IAS 16, Property, Plant and Equipment: proceeds before intended use; IFRS 1, Subsidiary as first-time adopter; IAS 41, Taxation in fair value measurements; IFRS 3, Updating a reference to the Conceptual Framework. These amendments had no material impact on the Consolidated Financial Statements.

Accounting pronouncements – not yet adopted

The following financial reporting pronouncements, issued by the IASB, are not yet effective (or have not yet been endorsed by the European Union) and have not yet been adopted by Siemens Energy:

Amendments to standards/ interpretations		Mandatory application	Expected initial adoption	Anticipated effect
IFRS 17	Insurance contracts (new standard)	Jan 1, 2023	Oct 1, 2023	not material
IAS 12	Limitation of initial recognition exemption (IRE) (amendments to IAS 12)	Jan 1, 2023	Oct 1, 2023	not material
IAS 1, Practice Statement 2	Amendments to presentation of financial statements, making materiality judgements as well as accounting policies (amendments to IAS 1, Practice Statement 2)	Jan 1, 2023	Oct 1, 2023	not material
IAS 8	Amendments to accounting estimates and errors (amendments to IAS 8)	Jan 1, 2023	Oct 1, 2023	not material
IAS 12	International tax reform – Pillar Two model rules (amendments to IAS 12)	Jan 1, 2023	Oct 1, 2023	not material
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	Jan 1, 2024	Oct 1, 2024	not material
IFRS 16	Lease liability in a sale and leaseback (amendments to IFRS 16)	Jan 1, 2024	Oct 1, 2024	not material
IAS 1	Non-current liabilities with covenants (amendments to IAS 1)	Jan 1, 2024	Oct 1, 2024	not material
IAS 7, IFRS 7	Supplier finance arrangements (amendments to IAS 7, IFRS 7)	Jan 1, 2024	Oct 1, 2024	not material
IAS 21	Lack of exchangeability (amendments to IAS 21)	Jan 1, 2025	Oct 1, 2025	not material

NOTE 3 Acquisitions, disposals, and assets held for disposal

Acquisition of non-controlling interests in Siemens Gamesa Renewable Energy, S.A.

On May 21, 2022, Siemens Energy announced a voluntary cash tender offer for all outstanding shares in Siemens Gamesa Renewable Energy, S.A., i.e., approx. 32.9% of the entity's share capital not yet owned by Siemens Energy. The owners of the non-controlling interests were offered €18.05 per share in cash. The offer was publicly launched on November 8, 2022. The acceptance period ended on December 13, 2022, with an acceptance rate of 77.9%. As a result, Siemens Energy's total shareholding in Siemens Gamesa Renewable Energy, S.A. increased to 92.7%.

As part of a standing order open between December 23, 2022, and February 7, 2023, a further 5.1% of the share capital of Siemens Gamesa Renewable Energy, S.A. were purchased also at a price of €18.05 per share. Consequently, Siemens Energy's total shareholding in Siemens Gamesa Renewable Energy, S.A. amounted to 97.8%.

In an Extraordinary General Meeting of Shareholders held on June 13, 2023, the owners of the remaining non-controlling interests of Siemens Gamesa Renewable Energy, S.A. approved a capital reduction, upon which the remaining 2.2% of shares were redeemed. The owners of the non-controlling interests received a compensation of €18.05 per share. The acquisition of all non-controlling interests was completed with the capital reduction and Siemens Energy now holds 100% of the share capital of Siemens Gamesa Renewable Energy, S.A. As a result, the company has been operating under the name Siemens Gamesa Renewable Energy S.A.U. since September 7, 2023.

The total purchase price including transaction costs for the acquisition of all outstanding shares amounted to €4,083 million. As Siemens Gamesa Renewable Energy, S.A. was already fully consolidated, this was a transaction with owners recognized directly in equity, which resulted in an increase of equity attributable to non-controlling interests in the amount of €469 million as well as a reduction of retained earnings in the amount of €4,461 million and of other components of equity in the amount of €91 million.

Disposals

Sale of the gas engines business

On April 14, 2022, Siemens Energy signed an agreement for the sale of Guascor Energy S.A., headquartered in Zumaia, Spain, and certain related assets to Mutares Holding-57 GmbH. The business produces high-efficiency, low-emission gas engines and gensets for various applications such as power generation, cogeneration, and waste to energy. The closing of the transaction occurred on October 31, 2022. The transaction was reported in the TI segment.

Sale of Voronezh Transformer LLC and Modern Gas Turbine Technologies Holding B.V.

On July 20, 2022, Siemens Energy signed an agreement for the sale of 100% of the shares in Voronezh Transformers LLC, located in Voronezh, Russia, to RAO Intertech B.V., a subsidiary of Inter RAO UES. The business manufactures and sells power transformers and traction transformers. The closing of the transaction occurred on October 12, 2022. The transaction was reported in the GT segment.

On July 27, 2022, Siemens Energy signed an agreement for the sale of its 65% share in Modern Gas Turbine Technologies Holding B.V., headquartered in Zoeterwoude, the Netherlands, to RAO Intertech B.V., a subsidiary of Inter RAO UES. The business supplies gas turbines and related services to customers in Russia through its wholly-owned subsidiary OOO Modern Gas Turbine Technologies, located in the Leningrad region, Russia. The closing of the transaction occurred on October 5, 2022. The transaction was reported in the GS segment.

Both transactions closed with their economic effect in fiscal year 2023 and had an immaterial impact on net assets, financial position and results of operations.

Assets held for disposal

Planned sale of Windar Renovables, S.L.

On May 19, 2023, Siemens Energy signed an agreement for the sale of the 32% investment in Windar Renovables, S.L., headquartered in Avilés, Spain, to Global Dromen, S.L. The company is primarily engaged in the manufacturing of onshore and offshore wind turbine towers and offshore foundations. The carrying amount of the associated company was classified as "held for disposal" as of September 30, 2023. The closing of the transaction is expected for the first half of fiscal year 2024.

NOTE 4 Interests in other entities

Investments accounted for using the equity method

(in millions of €)	Fiscal year 2023	2022
Share of profit (loss), net	83	88
Gains (losses) on sales, net	—	16
Income (loss) from investments accounted for using the equity method, net	**83**	104

Since there is a significant influence, Siemens Limited, India, is included in the Consolidated Financial Statements of Siemens Energy as an associated company accounted for using the equity method. The investment is designated as a central item. Siemens Limited, India, offers products, integrated solutions for industrial applications for manufacturing industries, drives for process industries, intelligent infrastructure and buildings, efficient and clean power generation from fossil fuels and oil and gas applications, and transmission and distribution of electrical energy for passenger and freight transportation, including rail vehicles, rail automation and rail electrification systems. Summarized financial information for the associate Siemens Limited, India, is presented below. The information is based on the financial statements of Siemens Limited, India, in accordance with local accounting standards that in turn are based on and substantially converged with IFRS.

(in millions of €)	Siemens Limited, registered in Mumbai, India Mar 31, 2023	2022
Percentage ownership interest	24%	24%
Non-current assets (100%)	593	556
Current assets (100%)	1,631	1,660
Non-current liabilities (100%)	63	65
Current liabilities (100%)	810	888
Net assets (100%)	**1,351**	**1,264**
Group's share of net assets (24%)	**324**	**303**
Goodwill (24%)	82	82
Carrying amount of interest in associate (24%)	**406**	**385**
Reconciliation to carrying amount as of Sep 30	31	52
Carrying amount as of Sep 30	**437**	**437**

(in millions of €)	Apr 1, 2022 to Mar 31, 2023	Apr 1, 2021 to Mar 31, 2022
Revenue (100%)	1,818	1,692
Income (loss) from continuing operations after tax (100%)	185	123
Other comprehensive income (100%)	21	(2)
Total comprehensive income (100%)	206	121
Group's share of total comprehensive income (24%)	**50**	**29**
Reconciliation Group's share of total comprehensive income for fiscal year 2023/ 2022	6	17
Group's share of total comprehensive income for fiscal year 2023/ 2022	56	46
Dividends received by the Group	**10**	**8**

The fair value of the investment in the associate amounted to €3,566 million as of September 30, 2023 (2022: €2,982 million).

As of September 30, 2023, the carrying amount of all individually non-material associates amounted to €661 million (2022: €286 million), and the carrying amount of all individually non-material joint ventures amounted to €101 million (2022: €108 million). The increase in individually non-material associates is primarily due to the acquisition of the investment in Shanghai Electric Power Generation Equipment Co. LTD. as described in **Note 27 Related party transactions**. Summarized financial information for all individually non-material associates and joint ventures, adjusted for the percentage of ownership held by Siemens Energy, is presented below. Items included in the Statements of Comprehensive Income are presented for the twelve-month period reported using the equity method.

Associates

(in millions of €)	Fiscal year 2023	2022
Income (loss) from continuing operations	12	32
Other comprehensive income, net of income taxes	8	4
Total comprehensive income	**19**	**36**

Joint ventures

(in millions of €)	Fiscal year 2023	2022
Income (loss) from continuing operations	21	12
Other comprehensive income, net of income taxes	1	(6)
Total comprehensive income	**22**	**6**

NOTE 5 Other operating income and expense

In fiscal year 2023, other operating income included, among other things, electricity income from company turbines and gains on sales of intangible assets and property, plant and equipment. In fiscal year 2022, other operating income mainly arose from the sales of intangible assets as well as property, plant and equipment and other outputs.

In fiscal year 2023, other operating expenses were mainly incurred in connection with share-based payments from the Direct Match Program as well as with sales of intangible assets and property, plant and equipment. In fiscal year 2022, other operating expenses mainly consisted of the following items: Expenses related to the restructuring of the business activities in Russia in the amount of €107 million, expenses from planned disposals of a business amounting to €78 million, and expenses in connection with share-based payments from the Direct Match Program.

NOTE 6 Income taxes

Income tax (expenses) benefits consist of the following:

(in millions of €)	Fiscal year 2023	2022
Current tax	(384)	(375)
Deferred tax	(818)	267
Income tax (expenses)	**(1,202)**	(108)

The current income tax in fiscal year 2023 and 2022 include adjustments recognized for current tax of prior years in the amount of €18 million (expense) and €14 million (expense), respectively. The deferred tax in fiscal years 2023 and 2022 include tax effects of the origination and reversal of temporary differences of €344 million (expense) and €177 million (expense), respectively.

In Germany, the calculation of current tax in fiscal year 2023 is based on a combined tax rate of 32%, as in the prior year, consisting of a corporate tax rate of 15%, a solidarity surcharge thereon of 5.5%, and an average trade tax rate of 16%. For foreign subsidiaries, current taxes are calculated on the basis of local tax law and applicable tax rates in the individual foreign countries. Deferred tax assets and liabilities in Germany and abroad are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Actual income tax expenses differ from the amounts computed by applying a combined statutory German income tax rate of 32% as follows:

(in millions of €)	Fiscal year 2023	2022
Income (loss) before income taxes	(3,387)	(603)
Expected income tax benefits	1,084	193
(Increase) decrease in income taxes resulting from:		
Non-deductible losses and expenses	(84)	(114)
Tax-free income	50	51
Taxes for prior years	14	(47)
Non-recognition and change in realizability of deferred tax assets and tax credits	(2,115)	(277)
Change in tax rates	1	19
Foreign tax rate differential	(132)	70
Tax effect of investments accounted for using the equity method	23	27
Other, net	(43)	(30)
Actual income tax expenses	**(1,202)**	(108)

The significant effect in the reconciliation of the income tax expense results from the item "non-recognition and change in realizability of deferred tax assets and tax credits" due to the changed business outlook at Siemens Gamesa in the context of the identified quality issues, increased product costs as well as ramp up challenges during fiscal year 2023. The item consists of €1,270 million and €300 million, respectively, for non-recognition and of €845 million and €23 million, respectively, for change in realizability of deferred tax assets and tax credits. As a consequence, for companies with a recent loss history in Germany, the United States and Spain profits were only recognized to the extent of the reversal of the taxable temporary differences as of fiscal year 2023.

An expense for withholding taxes in fiscal years 2023 and 2022 is included in item "Other, net" in the amount of €68 million and €45 million, respectively.

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

(in millions of €)	Sep 30, 2023	2022
Deferred taxes due to temporary differences		
Intangible assets	(576)	(679)
Pensions and similar obligations	132	253
Non-current assets and liabilities	390	408
Current assets and liabilities	(293)	100
Tax loss carryforwards, other loss carryforwards	538	933
Tax credits	1	104
Total deferred taxes, net	**192**	**1,119**

The changes in item "pensions and similar obligations" and "tax loss carryforwards and other loss carryforwards mainly results from the above-mentioned changes in realizability of deferred tax assets and tax credits. In addition, these changes are also reflected in the item "current assets and liabilities".

Other loss carryforwards mainly include interest carryforwards.

The net deferred tax assets of companies in a current loss situation amount to €43 million and €644 million, respectively. The decrease compared to the previous year is due to the changes in realizability of deferred tax assets and tax credits as a result of the changed business outlook at Siemens Gamesa and due to companies, which are no longer in a current loss situation.

Deferred tax balances (on a net basis) developed as follows in fiscal years 2023 and 2022:

	Fiscal year	
(in millions of €)	2023	2022
Balance at beginning of fiscal year of deferred tax assets	1,119	876
Income taxes presented in the Consolidated Statements of Income	(818)	267
Changes in items of the Consolidated Statements of Comprehensive Income	(64)	(72)
Other	(46)	48
Balance at end of fiscal year of deferred tax assets	**192**	**1,119**

"Other" mainly includes effects from currency translation. In fiscal year 2022 there was an offsetting effect resulting from a reclassification of assets and liabilities held for disposal.

Deferred tax assets were not recognized with respect to the following items (gross amounts) in fiscal years 2023 and 2022:

	Sep 30,	
(in millions of €)	2023	2022
Deductible temporary differences	3,639	1,031
Tax loss carryforwards	9,046	4,812
Tax credits	239	129

Out of the total amount of unrecognized tax loss carryforwards as of September 30, 2023, an amount of €1,822 million will expire in the following years until 2032, and €2,181million will expire in 2033 and onwards.

Out of the total amount of unrecognized tax loss carryforwards as of September 30, 2022, an amount of €1,645 million will expire in the following years until 2031, and €1,848 million will expire in 2032 and onwards.

Out of the total amount of unrecognized tax credits as of September 30, 2023 an amount of €57 million will expire in the following years until 2032, and €160 million will expire in 2033 and onwards.

Out of the total amount of unrecognized tax credits as of September 30, 2023, an amount of €46 million will expire in the following years until 2031, and €65 million will expire in 2032 and onwards.

Siemens Energy did not recognize deferred tax liabilities for income taxes or foreign withholding taxes on the cumulative earnings of subsidiaries of €6,620 million in fiscal year 2023 (2022: €5,946 million) because the earnings are intended to be permanently reinvested in the subsidiaries.

NOTE 7 Contract assets, liabilities and revenues

As of September 30, 2023, amounts expected to be settled after twelve months were €948 million for Contract assets (2022: €901 million) and €3,419 million for Contract liabilities (2022: €3,325 million).

In fiscal year 2023, €25 million were included in revenue, relating to performance obligations satisfied in previous periods (2022: €7 million).

In fiscal year 2023, revenue included €10,122 million which was included in Contract liabilities at the beginning of the fiscal year (2022: €6,700 million).

Higher failure rates for certain wind turbine platform components as well as challenges in the ramp-up of offshore activities and related unexpected cost increases due to the situation in the procurement markets resulted in planned cost increases, that led to a corresponding decrease in revenues for the Siemens Gamesa segment of €610 million (2022: €0 million) based on the progress of the projects.

NOTE 8 Inventories

	Sep 30,	
(in millions of €)	2023	2022
Raw materials and supplies	2,361	2,246
Work in progress	4,250	3,557
Finished goods and products held for resale	1,753	1,625
Advances to suppliers	597	554
Total inventories	**8,961**	**7,983**

The Cost of sales includes Inventories recognized as expenses as of September 30, 2023, amounting to €28,154 million (2022: €25,044 million). Compared with the prior year, write-downs increased by €101 million (2022: decreased by €143 million).

NOTE 9 Goodwill

	Fiscal year	
(in millions of €)	2023	2022
Cost		
Balance at beginning of fiscal year	10,494	9,576
Translation differences and other	(536)	934
Acquisitions and purchase accounting adjustments	67	7
Disposals and reclassifications to assets classified as held for disposal	(5)	(23)
Balance at end of fiscal year	**10,020**	**10,494**
Accumulated impairment losses and other changes		
Balance at beginning of fiscal year	(38)	(38)
Translation differences and other	0	(0)
Impairment losses recognized during the period (including those relating to disposal groups)	—	(23)
Disposals and reclassifications to assets classified as held for disposal	(0)	23
Balance at end of fiscal year	**(38)**	**(38)**
Carrying amount		
Balance at beginning of fiscal year	10,456	9,538
Balance at end of fiscal year	**9,982**	**10,456**

As of October 1, 2022, Siemens Energy realigned its corporate structure. The goodwill of the former GP segment was reallocated to the reorganized corporate structure using on relative values. The reallocation did not result in any goodwill impairments. Prior year disclosures are based on the corporate structure before reorganization.

Siemens Energy performs the mandatory annual impairment test in the three months ending September 30. In the annual impairment test 2023, the recoverable amounts for the Group's cash-generating units were estimated to be higher than the carrying amounts. For the purpose of estimating the value in use of the cash-generating units, cash flows were projected for the next five years based on past experience, actual operating results, and management's best estimate about future developments as well as market assumptions. In order to reflect an appropriate period necessary to reach a steady state, the planning period for Wind Turbines and Operation and Maintenance was extended from five years last year to seven years.

The values in use are mainly driven by the terminal value, which is particularly sensitive to changes in assumptions about the terminal value growth rate and discount rate. Both assumptions are determined individually for each cash-generating unit. Discount rates are based on the Weighted Average Cost of Capital (WACC). The discount rates are calculated on the basis of a risk-free rate of interest and a market risk premium. In addition, the discount rates reflect the current market assessment of the risks specific to each cash-generating unit by taking into account specific peer group information on beta factors, leverage, and cost of debt. The parameters for calculating the discount rates are based on external sources of information. The peer group is subject to an annual review and adjusted, if necessary. Terminal value growth rates take into consideration external macroeconomic sources of data and industry specific trends.

The following table presents the valuation parameters as well as the key assumptions used to determine the value in use for impairment test purposes for cash-generating units with a material goodwill:

				Sep 30, 2023
(in millions of €)	Goodwill	Terminal value growth rate	Pre-tax discount rate	Average revenue growth rate in the planning period
Gas Services	2,839	—	9.3%	(0.8)%
Grid Technologies	2,599	2.0%	12.1%	15.9%
Wind Turbines	1,144	2.0%	11.3%	12.5%
Operation and Maintenance	1,732	2.0%	12.6%	5.5%

Not material goodwill is allocated to the goodwill-carrying units within TI. The aggregate carrying amount of this goodwill amounted to €1,667 million as of September 30, 2023. The average revenue growth rate in the planning period for these goodwill-carrying units was 9.8% as a whole.

In fiscal year 2022, for Wind Turbines and Operation and Maintenance the fair value less cost of disposal, and for Gas and Power the value in use were calculated. In addition to the key assumptions presented in the table below, a long-term Adjusted EBITA margin approaching 8% was applied for Gas and Power, and long-term Adjusted EBITA margins at around 20% and around 8% were applied for Operation and Maintenance and Wind Turbines, respectively.

					Sep 30, 2022
(in millions of €)	Goodwill	Terminal value growth rate	After-tax discount rate	Pre-tax discount rate	Average revenue growth rate in the planning period
Gas and Power	7,416	1.1%	—	11.0%	4.4%
Wind Turbines	1,195	1.4%	9.0%	—	16.9%
Operation and Maintenance	1,845	1.4%	9.0%	—	8.3%
Total	**10,456**				

For the goodwill-carrying units GS and GT as well as for the goodwill-carrying units within TI, Siemens Energy assumes, based on the current profit margin and considering the existing geopolitical uncertainties and the transformation of the energy market, a continued positive business development. During the five-year planning period expected profit margin ranges which, on average, are based on the respective target profit ranges for fiscal year 2026 as detailed in the table below were applied.

Profit margin ranges for fiscal year 2026	
Gas Services	10 – 12%
Grid Technologies	9 – 11%
Transformation of Industry	7 – 9%

Siemens Energy, as a critical infrastructure provider, expects a stable contribution from the services business, as well as a stable market share in the product and solution business. Considering geopolitical developments, also with regard to gas supply, the Group is dealing with challenging structural global energy market trends, in particular for large gas turbines as a result of continuing decarbonization.

For the goodwill-carrying units Operation and Maintenance as well as Wind Turbines, Siemens Energy anticipates, based on the current challenging market environment in the wind industry, marked margin improvements in the coming years. Profit margins of around 5% and around 19% were applied for Wind Turbines and Operation and Maintenance, respectively. In this case, the planning was based on improvements in the ramp-up of production in the offshore business and existing quality issues of certain onshore platforms as well as ongoing progress in product costs within the planning period. In addition, however, the Group is also dealing with challenging structural global energy market trends.

These structural changes are anticipated to be gradual over several years or decades and require the ability to adapt business models and cost structures accordingly while simultaneously offering the opportunity to position the Group with new products in a growing market amid an expected global increase in energy demand. The expectation that Siemens Energy will make the necessary adaptations with regard to these changes to respond to the risks and opportunities of climate change and decarbonization trends is reflected in its business planning, which forms the basis for the cash flows for the five- or seven-year planning period and the cash flows used to derive the terminal values for its cash-generating units to which a significant amount of goodwill is allocated. As part of the planning process various external studies such as those from S&P Global and the International Energy Agency regarding scenarios for the development of the global energy system were considered.

The sensitivity analysis for the cash-generating units was based on a reduction of 10% in future cash flows, or an increase of one percentage point in discount rates, or a reduction of one percentage point in the terminal value growth rate. Siemens Energy concluded that no impairment loss would need to be recognized on goodwill in any of the cash-generating units.

NOTE 10 Other intangible assets and property, plant and equipment

(in millions of €)	Gross carrying amount Oct 1, 2022	Translation differences	Additions through business combinations	Additions	Reclassi-fication	Retirements	Gross carrying amount Sep 30, 2023	Accumulated depreciation/ amortization and impairment	Carrying amount Sep 30, 2023	Depreciation/ amortization and impairment in fiscal year 2023
Internally generated technology	1,145	(11)	—	190	(0)	(53)	1,272	(562)	*710*	(142)
Acquired technology including patents, licenses and similar rights	2,699	(47)	1	3	0	(1)	2,656	(2,200)	*456*	(134)
Customer relationships and trademarks	4,659	(274)	18	—	—	—	4,404	(2,401)	*2,003*	(185)
Other intangible assets	**8,504**	**(332)**	**20**	**194**	**0**	**(54)**	**8,332**	**(5,163)**	*3,169*	**(461)**
Land and buildings	4,509	(127)	3	418	117	(120)	4,799	(1,920)	*2,879*	(330)
therein right-of-use assets	*1,727*	*(37)*	*2*	*325*	—	*(72)*	*1,945*	*(709)*	*1,237*	*(205)*
Technical equipment and machinery	5,089	(160)	0	333	164	(226)	5,200	(3,741)	*1,459*	(381)
therein right-of-use assets	*387*	*(3)*	—	*182*	*(3)*	*(53)*	*510*	*(193)*	*317*	*(74)*
Furniture and office equipment	2,530	(71)	1	368	89	(196)	2,721	(2,021)	*700*	(341)
therein right-of-use assets	*112*	*(3)*	*0*	*54*	*(0)*	*(23)*	*141*	*(80)*	*60*	*(34)*
Advances to suppliers and construction in progress	605	(14)	0	476	(369)	(12)	686	(0)	*685*	(1)
Property, plant and equipment	**12,733**	**(373)**	**4**	**1,596**	**1**	**(554)**	**13,406**	**(7,682)**	**5,724**	**(1,053)**

(in millions of €)	Gross carrying amount Oct 1, 2021	Translation differences	Additions through business combinations	Additions	Reclassi-fication	Retirements	Gross carrying amount Sep 30, 2022	Accumulated depreciation/ amortization and impairment	Carrying amount Sep 30, 2022	Depreciation/ amortization and impairment in fiscal year 2022
Internally generated technology	947	15	—	193	(0)	(10)	1,145	(481)	665	(81)
Acquired technology including patents, licenses and similar rights	2,631	93	2	5	(0)	(32)	2,699	(2,089)	610	(216)
Customer relationships and trademarks	4,181	507	2	—	—	(31)	4,659	(2,343)	2,317	(209)
Other intangible assets	**7,758**	**615**	**4**	**198**	**(0)**	**(72)**	**8,504**	**(4,912)**	**3,592**	**(506)**
Land and buildings	3,907	173	0	417	207	(196)	4,509	(1,725)	2,783	(381)
therein right-of-use assets	*1,433*	*43*	—	*336*	*(1)*	*(85)*	*1,727*	*(563)*	*1,164*	*(208)*
Technical equipment and machinery	4,762	268	0	173	217	(331)	5,089	(3,658)	1,431	(415)
therein right-of-use assets	*382*	*(0)*	—	*32*	—	*(27)*	*387*	*(139)*	*247*	*(70)*
Furniture and office equipment	2,279	81	0	281	114	(226)	2,530	(1,915)	615	(307)
therein right-of-use assets	*94*	*5*	*0*	*36*	*(0)*	*(23)*	*112*	*(63)*	*49*	*(33)*
Advances to suppliers and construction in progress	624	24	—	499	(537)	(6)	605	(0)	605	(1)
Property, plant and equipment	**11,573**	**546**	**0**	**1,371**	**2**	**(759)**	**12,733**	**(7,298)**	**5,435**	**(1,104)**

Intangible assets mainly relate to customer relationships and technology acquired in the Dresser-Rand Group Inc. and Siemens Gamesa business acquisitions. The customer relationships that relate to the Dresser-Rand acquisition will be amortized over a period of 20 years. Through the Dresser-Rand acquisition, Siemens Energy has a comprehensive portfolio of equipment and capability for the oil and gas industry and a much-expanded installed base, allowing Siemens Energy to address the needs of the market with products, solutions, and services. Technology related to the Dresser-Rand acquisition will be amortized primarily over a period of 20 years.

Intangible assets associated with the Siemens Gamesa acquisition mainly relate to technology und customer relationships and are being amortized primarily over a period of eight to 20 years.

As of September 30, 2023, the gross carrying amount of advances to suppliers and construction in progress included mainly machinery and equipment under construction. As of September 30, 2023, contractual commitments for purchases of property, plant and equipment were €375 million (2022: €330 million).

In fiscal year 2023, government grants awarded for the purchase or the production of property, plant and equipment amounted to €4 million (2022: €2 million). The award of further government grants of €69 million in fiscal 2023 (2022: €39 million), related to costs incurred and future costs.

In fiscal year 2023, expenses recognized for short-term and low-value leases not accounted for under the right-of-use model were €343 million (2022: €240 million).

In connection with the adjustment of the manufacturing footprint and capacity in Brazil and India, impairment losses of €42 million were recognized on other intangible assets and property, plant and equipment in fiscal 2023.In connection with the restructuring of the business activities in Russia and with planned disposals of a business, impairment losses of €84 million were recognized on other intangible assets and property, plant and equipment in fiscal year 2022.

NOTE 11 Other current liabilities

	Sep 30,	
(in millions of €)	**2023**	**2022**
Liabilities to personnel	1,763	1,679
Deferred income	26	14
Accruals for pending invoices	783	750
Reservation fees	186	89
Sales tax liabilities	222	245
Other	394	343
Total other current liabilities	**3,375**	3,120

NOTE 12 Debt

	Current debt		Non-current debt	
	Sep 30,		Sep 30,	
(in millions of €)	**2023**	**2022**	**2023**	**2022**
Loans from banks	820	432	350	1,220
Lease liabilities	300	263	1,291	1,151
Notes and bonds	471	52	1,550	100
Other financial indebtedness	0	2	—	3
Total debt	**1,591**	749	**3,190**	2,474

Changes in liabilities arising from financing activities

(in millions of €)	Oct 1, 2022	Cash flows	Non-cash changes: Acquisitions/ Disposals	Non-cash changes: Foreign currency translation	Non-cash changes: Reclassifi-cations and other changes	Sep 30, 2023
Loans from banks (current and non-current)	1,652	(426)	(12)	(57)	12	1,170
Lease liabilities (current and non-current)	1,415	(304)	(4)	(22)	506	1,590
Notes and bonds (current and non-current)	152	1,849	—	—	20	2,021
Other financial indebtedness (current and non-current)	5	(155)	—	—	150	0
Total debt	**3,224**	**963**	**(16)**	**(79)**	**689**	**4,781**

(in millions of €)	Oct 1, 2021	Cash flows	Non-cash changes: Acquisitions/ Disposals	Non-cash changes: Foreign currency translation	Non-cash changes: Reclassifi-cations and other changes	Sep 30, 2022
Loans from banks (current and non-current)	1,364	283	—	17	(12)	1,652
Lease liabilities (current and non-current)	1,355	(300)	0	20	339	1,415
Notes and bonds (current and non-current)	—	154	—	—	(2)	152
Other financial indebtedness (current and non-current)	8	(70)	—	—	67	5
Total debt	**2,728**	**68**	**0**	**37**	**392**	**3,224**

Credit facilities and loans

As of September 30, 2023, and September 30, 2022, Siemens Energy had an unused €3,000 million syndicated revolving credit facility for general corporate purposes. In fiscal year 2023, the second of two one-year extension options was exercised. The credit facility will now mature in 2026.

As of September 30, 2023, Siemens Gamesa had a multi-currency revolving credit facility amounting to €2,000 million (2022: €2,500 million). As of September 30, 2022, the credit facility included a fully drawn term loan tranche of €500 million, which was fully repaid in fiscal year 2023. The credit facility has a term until December 2026. There are contractual interactions with Siemens Energy's €3,000 million syndicated revolving credit facility, as this provides for a restriction on credit borrowing by group subsidiaries. Due to the approval by Siemens Energy's syndicate banks, the possibility for Siemens Gamesa to borrow credits after the delisting remained possible. If this approval is not extended, a maximum of €3,300 million could be drawn on the two credit facilities in total from July 2024. As of September 30, 2023, Siemens Gamesa has not drawn any amounts under the credit line (2022: €200 million). The credit facility may be used for general corporate purposes and to refinance outstanding debt.

Additionally, to finance the acquisiton of all outstanding shares in Siemens Gamesa, Siemens Energy signed a syndicated bridge credit facility amounting to €4,200 million in May 2022, which was reduced to an amount of €620 million by the end of fiscal year 2023. As of September 30, 2023, the credit line had been drawn in full (2022: €0 million). In October 2023, the first of two six-month extension options was exercised. The credit line will now mature in May 2024.

In fiscal year 2023, the weighted average interest rate for loans from banks was 4.41% (2022: 2.40%).

Notes and bonds

On September 14, 2022, Siemens Energy issued a subordinated mandatory convertible note in the aggregate nominal amount of €960 million, which will be converted into no par value shares of the Company at maturity. The net proceeds were used to partially fund the purchase of all outstanding shares in Siemens Gamesa. The mandatory convertible note was accounted for as compound financial instrument. Only the present value of the coupons of 5.625% was recognized as financial liability. As of September 30, 2023, the financial liability amounted to €103 million (2022: €152 million).

On April 5, 2023, Siemens Energy issued a so-called Green Bond in the aggregate nominal amount of €1,500 million. The Green Bond comprises notes in the amount of €750 million with a term of three years, maturing on April 5, 2026, and an annual coupon of 4.00% and notes in the amount of €750 million with a term of six years, maturing on April 5, 2029, and an annual coupon of 4.25%. The proceeds were used to refinance Siemens Gamesa's existing debt. This qualifies as eligible green expenditure according to Siemens Energy's Green Bond Framework.

Siemens Energy has a program for the issuance of debt instruments (commercial paper program) in place under which, as of September 30, 2023, and September 30, 2022, up to €3,000 million can be issued. As of September 30, 2023, €432 million were outstanding (2022: €0 million).

Lease liabilities

In fiscal year 2023, the expenses relating to variable lease payments not included in the measurement of lease liabilities amounted to €38 million (2022: €83 million). Since both the use and volume of the leases are constant, no significant increase in variable future lease payments is expected. Moreover, future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities include, among others, the following items: in fiscal year 2023, leases not yet commenced to which the lessee is committed of €513 million (2022: €163 million) and outflows arising from extension options of €327 million (2022: €284 million).

NOTE 13 Post-employment benefits/ Provisions for pensions and similar obligations

Siemens Energy provides post-employment defined benefit plans and defined contribution plans to almost all employees in Germany and the majority of employees outside Germany.

Defined benefit plans

Defined benefit plans which are open to new entrants are based predominantly on contributions made by Siemens Energy. Only to a certain extent are those plans affected by longevity, inflation, and compensation increases and consider country-specific differences. Siemens Energy's major plans are mostly funded with assets in segregated entities. In accordance with local laws and bilateral agreements with benefit trusts (trust agreement), those plans are managed in the interest of the beneficiaries. In fiscal year 2023, the defined benefit plans covered an average number of 62.000 participants, including 46.000 actives, 6.000 deferreds with vested benefits, and 10.000 retirees and surviving dependents in around 50 countries.

The majority of Siemens Energy pension liabilities relate to Germany, the United States of America and the United Kingdom. The pension landscapes in these three countries are described in detail below.

Germany

In Germany, pension benefits are provided through the following plans: BSAV (Beitragsorientierte Siemens Altersversorgung), closed legacy plans, and deferred compensation plans. The majority of active employees participate in the BSAV. The benefits are predominantly based on notional contributions and their respective asset returns, subject to a minimum return guaranteed by the employer. At inception of the BSAV, benefits provided under the legacy plans were modified to substantially eliminate the effects of compensation increases. However, the legacy plans still expose Siemens Energy to investment risk, interest rate risk, and longevity risk. The pension plans are funded via contractual trust arrangements (CTA). In Germany, no legal or regulatory minimum funding requirements apply.

United States of America

The majority of the defined benefit plans in the U.S. have been closed to new entrants and frozen to future benefit accruals. Siemens Energy has appointed the Benefits Committee as the named fiduciary for the management of the assets of the plan. The plan's assets are held in the Trust and the Trustee of the Trust is responsible for the administration of the assets of the Trust, taking directions from the Benefits Committee. The plans are subject to the funding requirements under the Employee Retirement Income Security Act (ERISA) of 1974 as amended. There is a regulatory requirement to maintain a minimum funding level of 80% in the defined benefit plans in order to avoid benefit restrictions. At their discretion, sponsoring employers may contribute in excess of this regulatory requirement. Annual required contributions are calculated by independent actuaries.

United Kingdom

Pension benefits are mainly offered through the VA Tech U.K. Pension Scheme. The scheme provides benefits on retirement and death of its members and is closed for new entrants and frozen to future accruals. The required funding is determined by a funding valuation carried out every third year based on legal requirements. From April 2013, the Trustee arranged investments in insurance policies covering pension payments due to members, which significantly reduced the longevity and investment risks for the scheme and provided additional security for members.

Development of the defined benefit plans

	Defined benefit obligation (DBO) (I)		Fair value of plan assets (II)		Net defined benefit balance (I - II)[1]	
	Fiscal year		Fiscal year		Fiscal year	
(in millions of €)	2023	2022	2023	2022	2023	2022
Balance at beginning of fiscal year	**2,812**	**3,407**	**2,356**	**2,634**	**487**	**790**
Current service cost	89	108	—	—	89	108
Interest expenses	128	77	—	—	130	79
Interest income	—	—	111	63	(111)	(63)
Other[2]	(8)	(11)	(2)	(3)	(6)	(8)
Components of defined benefit costs recognized in the Consolidated Statements of Income	**209**	**174**	**108**	**60**	**103**	**116**
Return on plan assets excluding amounts included in net interest income and net interest expenses	—	—	(45)	(555)	45	555
Actuarial (gains) losses	(109)	(877)	—	—	(109)	(877)
Remeasurements recognized in the Consolidated Statements of Comprehensive Income	**(109)**	**(877)**	**(45)**	**(555)**	**(71)**	**(310)**
Employer contributions	—	—	56	133	(56)	(133)
Plan participants' contributions	13	18	13	18	—	—
Benefits paid	(134)	(136)	(81)	(88)	(53)	(47)
Settlement payments	(1)	(1)	(0)	(0)	(1)	(0)
Business combinations, disposals and other	7	(1)	0	(0)	6	(1)
Foreign currency translation effects	(85)	226	(54)	156	(32)	73
Other reconciling items	**(201)**	**107**	**(66)**	**218**	**(135)**	**(108)**
Balance at end of fiscal year	**2,710**	**2,812**	**2,353**	**2,356**	**384**	**487**
thereof						
Germany	*1,316*	*1,268*	*1,291*	*1,214*	*26*	*54*
U.S.	*718*	*828*	*500*	*558*	*218*	*270*
U.K.	*187*	*201*	*190*	*209*	*1*	*(5)*
Other countries	*489*	*515*	*373*	*375*	*139*	*168*
Total	**2,710**	**2,812**	**2,353**	**2,356**	**384**	**487**
thereof provisions for pensions and similar obligations					*519*	*570*
thereof net defined benefit assets (presented in Other assets)					*(135)*	*(83)*

[1] As of September 30, 2023 increasing effects of asset ceiling of €26 million (2022: €32 million) were included. The changes during fiscal year 2023 and 2022 relate to remeasurement effects.

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

Net interest expenses related to provisions for pensions and similar obligations in fiscal year 2023 amounted to €26 million (2022: €19 million). In fiscal year 2023, the DBO attributable to active employees stood at 56% (2022: 58%), the DBO attributable to former employees with vested rights stood at 9% (2022: 8%), and the DBO attributable to retirees and surviving dependents stood at 35% (2022: 34%).

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

	Fiscal year	
(in millions of €)	2023	2022
Changes in demographic assumptions	(13)	(6)
Changes in financial assumptions	(105)	(779)
Experience (gains) losses	9	(92)
Total	**(109)**	**(877)**

Actuarial assumptions

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

	Sep 30,	
	2023	2022
Discount rate	5.2%	4.9%
EUR	4.6%	4.1%
USD	5.8%	5.4%
GBP	5.6%	5.0%

The discount rates for the main currency zones were determined by adopting a yield curve approach reflecting the duration of the underlying liabilities. The yield curve approach builds on a spot rate yield curve which is derived from the yield of high-quality corporate bonds in the respective currency zone. The discount rates are obtained by combining the spot rate yield curve with the applicable duration of the liability. In currency zones with no deep market for high-quality corporate bonds the discount rate is directly determined based on yields for government bonds.

Applied mortality tables are:

	Sep 30,	
Mortality table	2023	2022
Germany	Heubeck-Richttafeln 2018 G	Heubeck-Richttafeln 2018 G
U.S.	Pri-2012 with generational projection from the U.S. Social Security Administration's Long Range Demographic Assumptions	Pri-2012 with generational projection from the U.S. Social Security Administration's Long Range Demographic Assumptions
U.K.	SAPS S3 (Standard mortality tables for Self Administered Pension Schemes with allowance for future mortality improvements)	SAPS S2 (Standard mortality tables for Self Administered Pension Schemes with allowance for future mortality improvements)

The rate of pension progression and respective countries, in which this rate has significant effects, is shown in the following table. Inflation effects, if applicable, are included in the assumptions below:

	Sep 30,	
Pension progression	2023	2022
Germany	1.4%	1.4%
U.K.	2.7%	2.9%

Sensitivity analysis

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

	Effect on DBO due to a half-percentage-point			
	Increase	Decrease	Increase	Decrease
(in millions of €)	Sep 30, 2023		Sep 30, 2022	
Discount rate	(112)	123	(128)	141
Rate of pension progression	41	(37)	43	(39)

The DBO effect of a 10% reduction in mortality rates for all beneficiaries would be an increase of €39 million as of September 30, 2023 (2022: €44 million).

During the periods presented, sensitivity determinations apply the same methodology as applied for the determination of the post-employment benefit obligation. Sensitivities reflect changes in the DBO solely for the assumption changed.

Asset liability matching strategies

A decline in the plans' funded status due to adverse developments of plan assets and/ or defined benefit obligation resulting from changing parameters is considered a significant risk. For this reason, the investment strategy for the plan assets is derived from the structure and characteristics of the defined benefit obligation and is based for most plans on asset liability management studies. As part of a liability-driven investment (LDI) concept, interest rate hedge ratios are defined for most plans to reduce the volatility of the funding level. The investment strategy, the hedging requirements, and the development of the funding level are regularly reviewed with the involvement of external experts in order to assess the overall picture of the interaction between plan assets and defined benefit obligation.

Independent asset managers are selected based on quantitative and qualitative analyses, which include their performance and risk evaluation. Derivatives are used to reduce risks as part of the risk management.

Disaggregation of plan assets

	Sep 30,	
(in millions of €)	2023	2022
Equity securities	314	301
Fixed income securities	1,054	1,070
Government bonds	*389*	*369*
Corporate bonds	*664*	*701*
Real estate	61	60
Multi strategy funds	632	602
Insurance policies	244	238
Cash and cash equivalents	51	83
Other assets	(4)	3
Total	**2,353**	**2,356**

Virtually all equity securities have quoted prices in active markets. The fair value of fixed income securities is based on prices provided by price service agencies. The majority of the fixed income securities are traded in active markets and are rated investment grade. Multi strategy funds invest in various asset classes depending on market environment. They aim to generate a certain absolute return at a given risk.

Future cash flows

Employer contributions expected to be paid to defined benefit plans in fiscal year 2024 amount to €50 million. Over the next ten fiscal years, average annual benefit payments of €196 million were expected as of September 30, 2023 (2022: €195 million). The weighted average duration of the DBO for Siemens Energy defined benefit plans was 11 years as of September 30, 2023 (2022: 12 years).

Defined contribution plans and state plans

The amount recognized as expense for defined contribution plans amounted to €250 million in fiscal year 2023 (2022: €239 million). Contributions to state plans amounted to €495 million in fiscal year 2023 (2022: €477 million).

NOTE 14 Provisions

(in millions of €)	Warranties	Order related losses and risks	Other	Total
Balance as of October 1, 2022	**2,425**	**1,067**	**436**	**3,928**
therein non-current	*1,365*	*278*	*156*	*1,799*
Additions	1,510	1,469	547	3,526
Usage	(510)	(497)	(127)	(1,135)
Reversals	(384)	(167)	(127)	(677)
Translation differences	(49)	(18)	(9)	(75)
Accretion expense and effect of changes in discount rates	(5)	(8)	(0)	(13)
Other changes	5	0	24	29
Balance as of September 30, 2023	**2,992**	**1,847**	**744**	**5,583**
therein non-current	*1,715*	*795*	*172*	*2,682*

In general, the Company's provisions are expected to result in cash outflows predominantly within the next ten years. For the majority of non-current provisions, cash outflows during the next five years are expected. The majority of provisions for warranties as well as for onerous contracts and risks in connection with quality problems at Siemens Gamesa wind turbines are expected to impact cash in the next ten fiscal years, with approximately one third expected for the next two fiscal years.

Warranties relate to completed projects and products sold and are calculated on the basis of expected repair and replacement costs through projected failure rates determined using a statistical model. This anticipates product defects or functional failures that may arise during the warranty period and require repair. In addition, the recognition of non-recurring provisions is derived from various factors, such as customer complaints and quality issues, where the expected failure rates are above normal.

Thus, provisions for warranties also include provisions for the repair of specific components due to exceptional technical problems. They are recognized as soon as the technical problem has been identified and the specific scope can be assessed. This includes issues such as serial defects, major repair cases of specific components and potentially derived customer claims.

The increase in provisions for warranties is mainly due to the very sharp rise in the expected failure rates for main bearings and rotor blades of various wind turbine models and the associated cost increases at Siemens Gamesa. The 4.X and 5.X onshoreturbines were primarily affected. As the 5.X platform was still in the construction phase, the empirical values particularly of the 4.X platform were used to derive a specific failure rate in fiscal year 2023 due to a lack of empirical data, and, based on this, the expected warranty costs were taken into account accordingly in the planned costs. In fiscal year 2023, the first 5.X platform was handed over to the customer and corresponding warranty provisions were recognized. As a result of the quality issues that occurred, the failure of components was monitored continuously in the subsequent course of the fiscal year. The observed failures were higher than expected for certain components. This could indicate that a reassessment of the failure rate may be necessary in the future. The root cause analysis of the quality issues identified in fiscal year 2023 is still ongoing and is expected to be completed during the first half of fiscal year 2024. This may lead to adjustments of the expected failure rates and might have material negative effects on net assets, financial position and results of operations. In view of the results obtained to date on failures and considering the short additional statistical observation period, the models updated in the third quarter of fiscal year 2023 continue to represent the most reliable basis for the best estimate of failure rates.

As of September 30, 2023, provisions for warranties amounted to €2,992 million (2022: €2,425 million), of which €1,961 million (2022: €1,408 million) related to the Segment Siemens Gamesa.

Contract-related provisions for onerous contracts and risks are recognized for expected losses and risks from uncompleted construction contracts and sales.

The higher failure rates for the above-mentioned wind turbine components led to significantly higher planned costs than previously assumed and, in some cases, to provisions for onerous contracts. In addition, increased product costs in connection with the challenges in the ramp-up of offshore activities led to the recognition of provisions for onerous contracts, particularly for projects for which binding offers were submitted. As of September 30, 2023, provisions for onerous contracts amounted to €1,847 million (2022: €1,067 million), of which €1,628 million (2022: €626 million) related to the Segment Siemens Gamesa.

Other includes provisions for legal proceedings, as far as the risks that are subject to such legal proceedings are not already covered by project accounting. Provisions for legal proceedings as of September 30, 2023, amounted to €289 million (2022: €93 million). The increase is mainly due to a reclassification of risks previously recognized in project accounting with no effect on income.

NOTE 15 Equity

Issued capital and capital increase

As of September 30, 2023, the issued capital of Siemens Energy was divided into 799,309,712 registered shares with no-par value and a notional value of €1.00 per share (2022: 726,645,193 registered shares with no-par value). The shares are fully paid in. At the Shareholders' Meeting, each share has one vote and accounts for the shareholders' proportionate share in the Company's Net income. In principle, all shares confer the same rights and obligations. Shares held by Siemens AG (directly and indirectly) are subject to the restrictions arising from the existing deconsolidation agreement ("Entherrschungsvertrag").

On March 15, 2023, the Executive Board of Siemens Energy AG, with the approval of the Supervisory Board, resolved to increase the capital stock of Siemens Energy AG by €73 million (divided into 72,664,519 shares with no-par value) to €799 million through partial utilization of the Authorized Capital 2023. The new, registered shares with no-par value were placed by way of an accelerated bookbuilding process at a price of €17.32 per share. The difference between the issue price and the notional value of €1.00 per share was allocated to capital reserve after deduction of transaction cost of €15 million. This increased the capital reserve by €1,171 million.

Authorized capital (not issued)

By resolution of the Shareholders' Meeting of February 7, 2023, the Authorized Capital 2020 was cancelled and the Executive Board was authorized, with approval of the Supervisory Board, to increase the capital stock until the end of February 6, 2028, once or in installments by up to €363 million through the issuance of new registered no-par value shares registered in the name of the holders against contributions in cash and/or in kind (Authorized Capital 2023).

Following the capital increase on March 15, 2023, Siemens Energy AG's authorized capital of up to €291 million was divided into up to 290,658,077 shares as of September 30, 2023 (2022: €363 million divided into up to 363,322,596 shares). Based on the authorization approved by the Shareholders' Meeting, the shares can be issued according to the details set out in the authorization.

Conditional capital

By resolution of the Shareholders' Meeting of February 7, 2023, the capital stock was conditionally increased up to €73 million divided into 72,664,519 shares with no-par value (Conditional Capital 2023) and the authorization of the Executive Board to issue warrant bonds and/or convertible bonds was renewed. The Conditional Capital 2023 serves the purpose of issuing shares to holders/ creditors of convertible bonds or warrants under warrant bonds issued on the basis of the renewed authorization in accordance with the resolution of the Shareholders' Meeting.

In addition, the Conditional Capital 2020 (by up to €73 million divided into 72,664,519 shares with no-par value, unchanged compared to September 30, 2022) remains in place, as it can be used to issue shares to service claims arising from the mandatory convertible bond issued on September 14, 2022, with a total nominal amount of €960 million.

Treasury shares and share-based payment

As of September 30, 2022, the Executive Board was authorized to acquire treasury shares for any permissible purpose up to a total of 10% of the capital stock until the end of July 31, 2025, subject to the details set out in the resolution of the Shareholders' Meeting on September 18, 2020. By resolution of the Shareholders' Meeting of February 7, 2023, the aforementioned authorization to acquire treasury shares was cancelled and replaced by a new authorization of the Executive Board to acquire treasury shares for any permissible purpose in an amount up to a total of 10% of the capital stock until February 6, 2028, in accordance with the resolution of the Shareholders' Meeting.

On December 23, 2022, Siemens Energy announced a share buyback with a volume up to €130 million but not more than 72,664,519 shares, ending September 30, 2023, at the latest. The share buyback started on January 2, 2023, and was completed on May 18, 2023.

The following table presents the development of treasury shares:

(in number of shares)	Fiscal year 2023	2022
Balance at beginning of fiscal year	7,118,997	11,958,938
Share buyback	6,573,037	—
Issuance under share-based payment and employee share programs	(6,517,873)	(4,839,941)
Balance at end of fiscal year	**7,174,161**	7,118,997

Share-based payment expenses increased Capital reserve by €128 million in fiscal year 2023 (2022: €105 million). In connection with the settlement of share-based payment awards, Siemens Energy treasury shares (at cost) with a value of €143 million were transferred to employees in fiscal year 2023 (2022: €114 million), which decreased the Capital reserve and Retained earnings by €122 million (2022: €106 million) and €21 million (2022: €8 million), respectively.

Dividends

In fiscal year 2023, dividends paid per share were €0.00 (2022: €0.10). For fiscal year 2023, the Executive Board and the Supervisory Board propose to distribute a dividend of €0.00 per share. This is contingent upon approval by the Shareholders' Meeting on February 26, 2024.

NOTE 16 Additional capital disclosures

Capital structure management

A key consideration of the capital structure management of Siemens Energy is to maintain ready access to capital markets through various debt instruments and to sustain the ability to repay and service the Company's debt obligations over time. The main performance measure used to assess the capital structure of Siemens Energy is the Adjusted net debt to EBITDA ratio. The main target is to maintain an investment-grade rating.

Net debt/ (net cash)

(in millions of €)	Sep 30, 2023	2022
Short-term debt and current maturities of long-term debt[1]	1,591	749
Plus: Long-term debt[1]	3,190	2,474
Total debt	**4,781**	3,224
Cash and cash equivalents	4,588	5,959
Total liquidity	**4,588**	5,959
Net debt/ (net cash)[2]	**193**	(2,736)
Plus: Provisions for pensions and similar obligations	519	570
Plus: Credit guarantees	47	77
Adjusted net debt/ (net cash)	**759**	(2,089)
EBITDA	**(1,742)**	1,144
Adjusted net debt to EBITDA[3]	**n/a**	n/a

[1] Includes the present values of the coupons of the mandatory convertible note amounting to €103 million as of 30. September 2023 (2022: €152 million).

[2] As of September 30, 2022, the net cash position is shown with a negative sign.

[3] The ratio cannot be interpreted in a meaningful way if the sign becomes negative. Therefore, no values are shown.

Starting fiscal year 2023, receivables and payables from Siemens AG from financing activities (2022: net receivables €92 million) are no longer part of the net debt/ (net cash). Prior year information is presented on a comparable basis.

External credit rating

The Company's current corporate credit ratings are:

Standard & Poor's Global Ratings	Sep 30, 2023	2022
Long-term debt	BBB-	BBB
Short-term debt	A-3	A-2

NOTE 17 Commitments and contingencies

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

	Sep 30,	
(in millions of €)	2023	2022
Credit guarantees	47	77
Guarantees of third-party performance	117	222
Other guarantees	139	107
Total	**303**	**406**

The item Credit guarantees shows the extent to which Siemens Energy is liable for financial obligations of third parties. Credit guarantees generally provide that, in the event of default or non-payment by the primary debtor, Siemens Energy will be required to settle such financial obligations. The maximum amount of these guarantees is equal to the maximum amount of the underlying lines of credit that can be drawn. The credit guarantees shown in the table are mostly guarantees for the external financial liabilities of an associated company. The remaining term of these credit guarantees is up to five years.

Siemens Energy also issues guarantees for third-party performance, which mainly include guarantees of advance payments and performance bonds in consortium arrangements. In the event of a claim under the guarantees, Siemens Energy will be required to pay up to an agreed maximum amount. These agreements typically have terms of up to ten years. Besides the guarantees issued by Siemens Energy during the periods presented, Siemens Group has provided additional guarantees for the Siemens Energy business for which Siemens Group has a right of recourse against Siemens Energy in case the guarantees are invoked.

In addition, Siemens Energy issued other guarantees, including indemnifications in connection with the disposal of businesses. The table above shows the maximum future payments from these obligations to the extent that future claims are not considered unlikely.

Moreover, Siemens Energy acts as a partner in commercial partnerships, has capital contribution obligations and is jointly and severally liable for the partnerships' liabilities.

Besides that, some subsidiaries abroad have significant potential tax risks that were not recognized in the statement of financial position due to insufficient probability of occurrence. The potential tax risks result from a large number of individual cases involving indirect and direct taxes. Taken individually, the risks are not significant. In total, they amount to a mid three-digit million euro range.

NOTE 18 Legal proceedings

The following legal proceedings relate to the Siemens Energy business even if Siemens AG is, for procedural reasons, in some cases still mentioned as party to the proceedings.

Proceedings out of or in connection with alleged compliance violations

Siemens AG received credible information in 2017 that four gas turbines intended for a project in Taman, Russia, which were delivered by OOO Siemens Gas Turbines Technologies (SGTT; since July 2022: OOO Modern Gas Turbine Technologies) to its customer OAO VO TechnoPromExport in the summer of 2016, had been allegedly brought to Crimea against contractual agreements with SGTT. Allegedly, these four gas turbines had been sold by OAO VO TechnoPromExport to OOO VO TechnoPromExport, and had then been locally modified and moved to Crimea, a location subject to sanctions. In July 2018, the Hamburg public prosecutor initiated criminal proceedings against former and current Siemens AG and Siemens Energy employees in respect of alleged violations of the German Foreign Trade and Payments Act. Siemens AG has been cooperating with the authorities and both Siemens AG and Siemens Energy intend to do so going forward.

Other proceedings and relevant compliance investigations

General Electric (GE) had filed intellectual property-related claims against various Siemens Gamesa entities before courts in Germany, the United Kingdom, Spain and the United States asserting a violation of two patents, seeking injunctive relief and unquantified damages. In March 2023, Siemens Gamesa and GE reached an amicable settlement of all their wind turbine technology patent disputes in the United States and Europe and have granted each other and their respective subsidiaries worldwide cross licenses under the asserted patent families, for the life of those patent families.

Siemens Gamesa has investigated some allegations and indications of potential violations of internal policies and procedures, as well as of statutory laws, that had emerged from the investigations closed during the last fiscal year. These investigations did concern the Indian subsidiary. The respective internal investigations have been completed during this fiscal year and revealed no violations with material impact in the Consolidated Financial Statements as of September 30, 2023.

Siemens Energy is involved in numerous legal proceedings in various jurisdictions and is conducting internal investigations with regards to allegations of compliance violations which could lead to such legal proceedings. These legal proceedings could result, in particular, in Siemens Energy being subject to the payment of damages and punitive damages, equitable remedies or sanctions, fines, or disgorgement of profit. In individual cases, this may also lead to, among other things, formal or informal exclusion from tenders or the revocation or loss of business licenses or permits. In addition, further legal proceedings may be commenced or the scope of pending legal proceedings may be extended. Asserted claims are generally subject to interest rates.

Some of these legal proceedings could result in adverse decisions for Siemens Energy, which may have material effects on its business activities as well as its financial position, results of operations, and cash flows.

For legal proceedings, information required under IAS 37, Provisions, Contingent Liabilities and Contingent Assets, is not disclosed if the Company concludes that disclosure can be expected to seriously prejudice the position of the entity in a dispute with other parties.

NOTE 19 Additional disclosures on financial instruments

The following table discloses the carrying amounts of each category of financial assets and financial liabilities:

(in millions of €)	Sep 30, 2023	2022
Loans, receivables and other debt instruments measured at amortized cost[1]	6,919	7,380
Cash and cash equivalents	4,588	5,959
Derivatives designated in a hedge accounting relationship	234	351
Financial assets measured at FVTPL[2]	470	855
Financial assets	**12,210**	**14,546**
Financial liabilities measured at amortized cost[3]	11,767	10,326
Derivatives not designated in a hedge accounting relationship[4]	346	929
Derivatives designated in a hedge accounting relationship[4]	254	557
Financial liabilities	**12,366**	**11,812**

[1] Reported in the following line items in the Consolidated Statement of Financial Position as of September 30, 2023: Trade and other receivables, Other current financial assets and Other financial assets, except for equity instruments of €37 million disclosed separately in Other financial assets and derivative financial instruments of €662 million (therein in Other financial assets: €214 million), as well as debt instruments of €3 million measured at FVTPL in Other financial assets. Includes €6,537 million in trade receivables from the sale of goods and services, thereof €277 million with a term of more than twelve months.

[2] Reported in line items Other current financial assets and Other financial assets in the Consolidated Statement of Financial Position.

[3] Reported in the following line items in the Consolidated Statements of Financial Position as of September 30, 2023: Short-term debt and current maturities of long-term debt, Trade and other payables, Other current financial liabilities, Long-term debt and Other financial liabilities, except for derivative financial instruments of €599 million disclosed separately. Includes €6,658 million in Trade and other payables, therein €16 million with a term of more than twelve months.

[4] Reported in line items Other current financial liabilities and Other financial liabilities in the Consolidated Statement of Financial Position.

As of September 30, 2023, cash and cash equivalents included an amount of €125 million (2022: €109 million) that was not available for use by Siemens Energy, mainly bank balances that are reserved for the retention of own insured risks or that cannot be drawn down due to ongoing litigation with the minority shareholder of a subsidiary.

The following table presents the fair values and carrying amounts of financial assets and financial liabilities measured at cost or amortized cost for which the carrying amounts do not approximate fair value

:

(in millions of €)	Sep 30, 2023 Fair value	Sep 30, 2023 Carrying amount	Sep 30, 2022 Fair value	Sep 30, 2022 Carrying amount
Loans from banks	1,161	1,170	1,676	1,652
Notes and bonds	1,960	2,021	154	152

Fixed-rate and variable-rate receivables with a remaining term of more than twelve months are measured by Siemens Energy based on parameters such as interest rates, specific country risk factors, the individual creditworthiness of the customer, and the risk characteristics of the financed project. On the basis of this measurement, allowances for these receivables are recognized.

The fair value of notes and bonds, where available, is based on prices provided by price service agencies at the period-end date (Level 2). The fair value of other non-derivative financial liabilities, loans from banks, and other financial indebtedness is estimated by discounting future cash flows using rates currently available for debt with similar terms and remaining maturities (Level 2).

Siemens Energy uses the following hierarchy to determine and disclose fair values on the basis of the input factors used in the method to measure their fair values:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

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

(in millions of €)	Level 1	Level 2	Level 3	Sep 30, 2023 Total
Financial assets measured at fair value[1]	**—**	**663**	**40**	**703**
Equity instruments measured at fair value through profit or loss	—	—	37	37
Debt instruments measured at fair value through profit or loss	—	—	3	3
Derivative financial instruments	—	663	—	663
thereof not designated in a hedge accounting relationship (including embedded derivatives)	—	*429*	—	*429*
thereof in connection with cash flow hedges	—	*234*	—	*234*
Financial liabilities measured at fair value – Derivative financial instruments[2]	**—**	**600**	**—**	**600**
thereof not designated in a hedge accounting relationship (including embedded derivatives)	—	*346*	—	*346*
thereof in connection with cash flow hedges	—	*254*	—	*254*

[1] Reported in line items Other current financial assets and Other financial assets in the Consolidated Statement of Financial Position.

[2] Reported in line items Other current financial liabilities and Other financial liabilities in the Consolidated Statement of Financial Position.

(in millions of €)	Level 1	Level 2	Level 3	Sep 30, 2022 Total
Financial assets measured at fair value[1]	**—**	**1,260**	**44**	**1,304**
Equity instruments measured at fair value through profit or loss	—	—	31	31
Debt instruments measured at fair value through profit or loss	—	—	13	13
Derivative financial instruments	—	1,161	—	1,161
thereof not designated in a hedge accounting relationship (including embedded derivatives)	—	*811*	—	*811*
thereof in connection with cash flow hedges	—	*351*	—	*351*
Financial liabilities measured at fair value – Derivative financial instruments[2]	**—**	**1,486**	**—**	**1,486**
thereof not designated in a hedge accounting relationship (including embedded derivatives)	—	*929*	—	*929*
thereof in connection with cash flow hedges	—	*557*	—	*557*

[1] Reported in line items Other current financial assets and Other financial assets in the Consolidated Statement of Financial Position.

[2] Reported in line items Other current financial liabilities and Other financial liabilities in the Consolidated Statement of Financial Position.

Siemens Energy measures the fair values of derivative financial instruments in accordance with the specific type of instrument. The fair values of derivative interest rate contracts are estimated by discounting the expected future cash flows using current market interest rates and yield curves over the remaining term of the instrument. The fair values of foreign currency derivatives are based on current forward exchange rates and yield curves. Compensating effects from underlying transactions (e.g., firm commitments and forecast transactions) are not taken into consideration. The fair values of equity instruments measured at fair value are estimated by discounting future cash flows using current market interest rates. The fair values of debt instruments are estimated by discounting future cash flows using current market interest rates.

Net gains/ (losses) on financial instruments are:

	Fiscal year	
(in millions of €)	**2023**	**2022**
Cash and cash equivalents	47	(21)
Loans, receivables and other debt instruments measured at amortized cost	34	(4)
Financial liabilities measured at amortized cost	(25)	(104)
Financial assets and financial liabilities at FVTPL	(28)	(325)

The amounts presented include foreign currency gains/ (losses) from realizing and measuring financial assets and liabilities. Net gains/ (losses) on financial assets and financial liabilities measured at fair value through profit or loss mainly consist of changes in the fair value of derivative financial instruments to which hedge accounting is not applied.

Interest income/ (expenses) included interest from financial assets and financial liabilities not measured at fair value through profit or loss:

	Fiscal year	
(in millions of €)	**2023**	**2022**
Total interest income on financial assets	129	43
Total interest expenses on financial liabilities	(262)	(130)

Valuation allowances for expected credit losses

Valuation allowances on financial instruments measured at amortized cost represent lifetime expected credit losses and changed as follows:

(in millions of €)	Trade receivables	Contract assets	Trade receivables	Contract assets
		Fiscal year 2023		Fiscal year 2022
Valuation allowances at beginning of fiscal year	458	129	478	143
Change in valuation allowances recorded in the Consolidated Statements of Income in the current period	58	15	(0)	(29)
Write-offs charged against the allowance	(50)	—	(52)	—
Recoveries of amounts previously written off	0	—	1	—
Foreign exchange translation differences and other changes	(41)	(9)	29	15
Reclassifications to Assets held for disposal and disposals of those entities	(2)	0	2	(0)
Valuation allowances at end of fiscal year	**423**	**135**	**458**	**129**

Impairment losses on financial instruments are mainly presented in the Cost of sales line item.

Offsetting

Siemens Energy enters into master netting agreements and similar agreements for derivative financial instruments providing protection from the risk of a counterparty's insolvency. Potential offsetting effects are as follows:

		Financial assets		Financial liabilities
		Sep 30,		Sep 30,
(in millions of €)	2023	2022	2023	2022
Gross amounts	446	850	571	1,393
Amounts offset in the Statement of Financial Position	0	5	0	5
Net amounts in the Statement of Financial Position	446	845	571	1,388
Related amounts not offset in the Statement of Financial Position	271	664	271	664
Net amounts	**175**	**181**	**299**	**724**

NOTE 20 Derivative financial instruments and hedging activities

Fair values of each type of derivative financial instruments reported as financial assets or financial liabilities in the Other current financial assets (liabilities) or Other financial assets (liabilities) line items were:

	Sep 30, 2023		Sep 30, 2022	
(in millions of €)	Assets	Liabilities	Assets	Liabilities
Foreign currency exchange contracts	444	557	828	1,335
therein included in cash flow hedges	*234*	*254*	*337*	*554*
Other (embedded derivatives, interest rate swaps, commodity swaps)	218	42	334	151

Foreign currency cash flow hedge accounting

The operating units of Siemens Energy apply hedge accounting to certain significant forecast transactions and firm commitments denominated in foreign currencies. Particularly, Siemens Energy entered into foreign currency exchange contracts to reduce the risk of variability of future cash flows resulting from forecast sales and purchases as well as firm commitments. Derivatives designated in foreign currency cash flow hedge accounting are contracted to achieve a 1:1 hedge ratio so that the main characteristics match the underlying hedged items (e.g., nominal amount, maturity, etc.) in a critical term match, which ensures an economic relationship between hedging instruments and hedged items suitable for hedge accounting.

Hedge ineffectiveness can occur when the characteristics between the hedging instrument and the hedged item do not exactly match. In principle, sources of ineffectiveness are the effect of credit risk on the fair value and timing differences between hedging instrument and hedged item. In the reporting period, no material ineffective portions were recognized in Net income.

The hedged foreign currency risks at the reporting date were mainly related to foreign currency fluctuations between EUR/DKK, EUR/USD and EUR/GBP resulting from long-term contracts entered into by Siemens Energy's operating units. The following table presents the average hedged rate of either a forward purchase or a forward sale for those foreign currencies together with the respective average remaining maturity:

			Fiscal year 2023
Currency pairs	Buy/ sell foreign currency	Average rate	Average remaining maturity
EUR/DKK	Buy	7.4307	2024
EUR/DKK	Sell	7.4184	2024
EUR/USD	Buy	1.0973	2024
EUR/USD	Sell	1.0978	2024
EUR/GBP	Buy	0.8958	2025
EUR/GBP	Sell	0.8867	2024

			Fiscal year 2022
Currency pairs	Buy/ sell foreign currency	Average rate	Average remaining maturity
EUR/DKK	Buy	7.4381	2023
EUR/DKK	Sell	7.4283	2023
EUR/USD	Buy	1.1158	2023
EUR/USD	Sell	1.1083	2023
EUR/GBP	Buy	0.8831	2024
EUR/GBP	Sell	0.8831	2024

As of September 30, 2023, the nominal amounts of hedging instruments with remaining maturities of up to twelve months were €9,229 million (2022: €8,833 million). The nominal amounts of hedging instruments with remaining maturities of more than twelve months were €6,570 million (2022: €5,525 million).

The Cash flow hedges reserve and the Cost of hedging reserve for foreign currency hedges reconciled as follows (net of deferred taxes):

	Cash flow hedges reserve		Cost of hedging reserve	
	Fiscal year		Fiscal year	
(in millions of €)	2023	2022	2023	2022
Balance at beginning of fiscal year	(100)	23	9	—
Hedging gains (losses) presented in OCI	81	(62)	(15)	17
Amounts reclassified into revenue (hedging of forecast sales)	24	9	—	—
Amounts reclassified into cost of sales (hedging of forecast purchases)	(6)	49	—	—
Amounts reclassified into other financial income (expense), net (financing related hedges)	—	(119)	—	—
Amounts reclassified into interest expenses (financing related hedges)	—	—	5	(8)
Balance at end of fiscal year[1]	**(1)**	(100)	—	9

[1] Therein Cash flow hedges reserve of discontinued hedge accounting relationships as of September 30, 2023 in the amount of €10 million (2022: €(14) million).

The hedging costs correspond to the forward element of forward contracts for hedging internal loans not designated in a hedging relationship. The hedging costs are recognized as interest expense on a straight-line basis as the hedged item is time-period related.

Derivative financial instruments not designated in a hedge accounting relationship

Derivative financial instruments not designated in a hedge accounting relationship are mostly embedded foreign currency derivatives separated from non-financial host contracts and the respective hedging derivatives as well as foreign currency hedges for smaller exposures.

NOTE 21 Financial risk management

Market price fluctuations may result in significant earnings and cash flow volatility risk for Siemens Energy. The Siemens Energy business, as well as its investment and financing activities, are affected particularly by changes in foreign exchange rates and interest rates. Siemens Energy seeks to manage and control these risks by way of binding internal regulations, primarily through its regular operating and financing activities, and uses derivative financial instruments if deemed appropriate.

In order to quantify market risks, Siemens Energy calculates forward-looking sensitivities on the basis of the economically open risk positions, which are also used for internal risk management. Actual results that are included in the Consolidated Statements of Income or Consolidated Statements of Comprehensive Income may differ substantially from sensitivities due to fundamental conceptual differences. While the Consolidated Statements of Income and Consolidated Statements of Comprehensive Income are prepared in accordance with IFRS, the sensitivities are calculated from a purely financial perspective and represent the potential financial gain/ loss that will occur economically on the open risk position.

Any market-sensitive instruments, including equity and interest-bearing investments, related to Siemens Energy pension plans are not included in the following quantitative and qualitative disclosures.

Foreign currency exchange rate risk

Transaction risk

Each Siemens Energy unit that conducts business with international counterparties leading to future cash flows denominated in a currency other than its functional currency is exposed to risks from changes in foreign currency exchange rates.

In the ordinary course of business, Siemens Energy entities are exposed to foreign currency exchange rate fluctuations, particularly between the Danish krone and the euro, between the U.S. dollar and the euro as well as between the British pound and the euro. Foreign currency exchange rate exposure is partly offset by purchasing goods, commodities, and services in the respective currencies, as well as production activities and other contributions along the value chain in the local markets.

The operating units are prohibited from borrowing or investing in foreign currencies on a speculative basis. Financing within Siemens Energy Group or investments of the operating units are preferably carried out in their respective functional currency or on a hedged basis.

According to the Siemens Energy Group policy, Siemens Energy units are responsible for recording, measuring, and monitoring their foreign currency transaction exposure. The net foreign currency position of Siemens Energy units serves as a central performance measure and must be hedged within a band of at least 75% but no more than 100%.

The Siemens Energy units conclude their hedging activities either with Siemens Energy Inhouse Treasury or directly with external financial institutions. Siemens Energy Inhouse Treasury hedges its foreign currency exchange rate risks with external counterparties within the internal counterparty limits.

The exposure to foreign currency transaction risk for each currency is measured on the basis of the net foreign currency position for each foreign currency, taking into account forecast transactions and monetary balance sheet items in foreign currency as well as hedging derivatives. The sensitivities of the largest net foreign currency positions after hedging to foreign exchange rate movements are shown in the following table:

	Fiscal year 2023	
(in millions of €)	Appreciation of 10% against EUR	Devaluation of 10% against EUR
USD	31	(31)
DKK	10	(10)
SEK	7	(7)
GBP	7	(7)
CNY	4	(4)

	Fiscal year 2022	
(in millions of €)	Appreciation of 10% against EUR	Devaluation of 10% against EUR
DKK	(26)	26
SEK	11	(11)
USD	7	(7)
CAD	4	(4)
TND	2	(2)

Translation risk

Many Siemens Energy units are located outside the Eurozone. Because the financial reporting currency of Siemens Energy is the euro, the financial statements of these subsidiaries are translated into euros for the preparation of the Consolidated Financial Statements. To consider the effects of foreign currency translation in the risk management, the general assumption is that investments in foreign-based entities are permanent and that reinvestment is continuous. Effects from foreign currency exchange rate fluctuations on the translation of net asset amounts into euros are reflected in the Company's consolidated equity position.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk arises whenever interest terms of financial assets and liabilities are different.

Siemens Energy continuously analyzes the split of external financing at variable and fixed rates to optimize its interest rate risk exposure. Siemens Energy can use derivative financial instruments to perform a comprehensive interest rate risk management when appropriate.

The exposure to interest rate risk is measured on the basis of the open interest rate position for interest rates in the major currencies. The sensitivities to interest rate movements in the particular currencies, calculated as a fair value change on the open interest rate position, are shown in the following table:

	Fiscal year 2023	
(in millions of €)	**+100bp**	**-100bp**
EUR interest rates	54	(57)

	Fiscal year 2022	
(in millions of €)	**+100bp**	**-100bp**
EUR interest rates	12	(13)

The increase in interest rate risk from EUR interest rates as of September 30, 2023 compared to the prior year resulted from the fixed interest Green Bond issued by Siemens Energy on April 5, 2023.

Liquidity risk

Liquidity risk is the risk that Siemens Energy is not able to meet its financial liabilities. Siemens Energy mitigates liquidity risk through the implementation of effective working capital and cash management as well as the arrangement of credit facilities with financial institutions and the establishment of a commercial paper program. Liquidity risk from gross-settled derivatives is mitigated by way of netting agreements and the active diversification of derivatives across several partner banks.

In connection with the charges resulting from the quality issues in particular of the 4.X and 5.X onshore turbines, as well as increased product costs and ramp-up challenges in the offshore activities at Siemens Gamesa and the necessity of guarantee lines to support future order growth, the Executive Board of Siemens Energy conducted a review of the Group's liquidity development with regard to the going-concern assumption. The review was scenario-based and covered a period up to September 30, 2025.

The analysis included the liquidity available as of the balance sheet date, cash flow forecasts for the period under review based on general business planning, cash inflows from portfolio measures, the available and undrawn credit lines and the maturity profile of existing financial liabilities. As Siemens Energy offers its customers long-term and large-scale construction projects (conventional power plants, transmission technology, wind turbines, etc.), the customary guarantee lines available to Siemens Energy were also taken into account. In addition, significant risks and uncertainties over the period under review, as set out in Siemens Energy's enterprise risk management, were also taken into account.

At the time of the preparation of the financial statements agreements for additional guarantee lines have not yet been signed. Significant progress has been made in the discussions with banks, the German government and Siemens Group so that the Executive Board considers the successful conclusion of the process as highly likely and has taken this into account in its scenario-based analysis.

Following this review, the Executive Board is of the opinion that Siemens Energy has sufficient liquidity to continue as a going concern for a period of at least 24 months from the balance sheet date in all scenarios considered.

The following table reflects Siemens Energy's contractually fixed cash outflows for settlement, repayments, and interest. The disclosed expected undiscounted net cash outflows from derivative financial liabilities are determined on the basis of each particular settlement date of a financial instrument and the earliest date on which Siemens Energy could be required to pay. Cash outflows for financial liabilities (including interest) without fixed amount or timing are based on the conditions existing at September 30, 2023. The cash outflows for trade and other payables include amounts from Supply Chain Finance Programs. The participation of suppliers in the programs does not change the originally agreed payment terms so the due dates for payment remain unchanged. These programs serve to finance suppliers and therefore do not give rise to significant liquidity risks or concentration risks for Siemens Energy.

				Fiscal year
(in millions of €)	**2024**	**2025**	**2026 to 2028**	**2029 and thereafter**
Non-derivative financial liabilities	8,566	740	1,392	1,561
thereof				
Loans from banks	841	357	—	—
Lease liabilities	287	226	496	780
Notes and bonds	516	116	876	782
Trade and other payables	6,642	16	—	—
Other financial liabilities	280	26	20	—
Derivative financial liabilities	407	114	57	20
Credit guarantees[1]	47	—	—	—

[1] Based on the maximum amounts Siemens Energy could be required to settle in the event of default by the primary debtor.

Credit risk

Credit risk is defined as an unexpected loss if the contractual partner fails to discharge its obligations in full and on time or if the value of collateral declines.

Credit risk is already limited during the customer acceptance process in which the customer creditworthiness is assessed before entering into a business relationship. Each entity is responsible for ensuring robust credit risk management practices in its own operating activities.

The effective monitoring and controlling of credit risk during the lifetime of customer relationships is ensured through credit valuations using external ratings. As a rule, external ratings are obtained from Siemens Bank which maintains a Credit Risk Intelligence Unit to which numerous Siemens Energy operating units regularly transfer business partner data as the basis for a rating and credit limit recommendation process.

Siemens Bank ratings and individually defined credit limits are based on generally accepted rating methodologies, with information obtained from customers, reliable third-parties, data service providers, and credit default experiences. The ratings used consider appropriate forward-looking information significant to the specific financial instrument such as expected changes in the obligor's financial position, shareholder structure, management or operational risks, as well as broader forward-looking information, such as expected macroeconomic, industry-related, and competitive developments. A country-specific risk component is also considered.

An exposure is considered defaulted if the obligor is unwilling or unable to pay its credit obligations. A default rating is triggered by a range of internally defined events, including the opening of bankruptcy proceedings, receivables due past 90 days, or a default rating by an external rating agency.

The carrying amount is the maximum exposure to a financial assets' credit risk. Collateral reduces the valuation allowance to the extent that it mitigates credit risk. Collateral needs to be specific, identifiable, and legally enforceable to be taken into account.

As of September 30, 2023, collateral of €271 million (2022: €664 million) related to financial assets measured at fair value. That collateral was provided in connection with netting agreements for derivatives providing protection from the risk of a counterparty's insolvency. As of September 30, 2023, collateral held for financial assets measured at amortized cost was €160 million (2022: €178 million), comprising mostly letters of credit and credit insurance policies. As of September 30, 2023, collateral held for Contract assets was €1 million (2022: €4 million), comprising mostly letters of credit.

As of September 30, 2023, the gross carrying amount (before valuation allowances) of trade receivables from the sale of goods and services amounted to €6,980 million (2022: €6,053 million). Based on rating information from Siemens Bank, 43% (2022: 44%) had an investment-grade rating and 57% (2022: 56%) had a non-investment-grade rating. Contract assets with a gross carrying amount of €4,288 million (2022: €4,847 million) generally share similar risk characteristics. The amounts described above do not represent economic credit risks, since they take account of neither collateral held nor valuation allowances already recognized.

NOTE 22 Share-based payment

Share-based payment awards granted are based on Siemens Energy AG shares that have been granted based on existing and new Siemens Energy share-based payment programs.

Siemens Energy share-based payment programs

Share-based payment awards may be settled in treasury shares of Siemens Energy AG or in cash, at the discretion of Siemens Energy AG. They may be forfeited if the beneficiary's employment is terminated prior to expiration of the vesting period. At Siemens Energy Group level, these share-based payment plans are predominantly accounted for as equity-settled share-based payment transactions. Total pretax expense for share-based payments from Siemens Energy plans amounted to €128 million for the year ended September 30, 2023 (2022: €105 million).

Building Siemens Energy Incentive Program

Under the Building Siemens Energy Incentive (BSEI) Program, a low triple-digit number of key employees who made key contributions to preparing the Spin-Off were granted a one-time Spin-Off incentive in fiscal year 2020. The initial value of the incentive consists of a percentage of the beneficiary's base salary at the grant date (BSEI target amount). It consists of two elements: a short-term cash component, which corresponds to 25% of the BSEI target amount, and a long-term equity component that corresponds to 75% of the BSEI target amount and is composed of forfeitable stock awards (BSEI stock awards).

The cash component, totaling €5 million, was paid out in fiscal year 2021.

The number of BSEI stock awards was determined by dividing 75% of the BSEI target amount by the volume-weighted average price (VWAP) of the shares during the first 120 trading days after the listing. Each BSEI stock award entitles the holder to receive one share in the Company or, in exceptional cases, an equivalent cash payment following the vesting period. The BSEI stock awards will be settled after a vesting period of three years starting on completion of the Spin-Off. The settlement of the BSEI stock awards is subject to the performance of the share price during the first three years following the listing. The number of BSEI stock awards settled can range from a minimum of 33% to a maximum of 300%. The minimum number of stock awards will be settled if the VWAP of the shares during the last 60 trading days before the end of the vesting period is lower than the VWAP during the first 120 trading days after the listing. The maximum number of stock awards will be settled if the price of the shares has at least doubled; a value cap of 4.75 times the BSEI target amount applies. The fair value was estimated based on a Monte Carlo simulation over different scenarios to take into account the changes in the VWAP and the cap. The volatility used in the model is based on peer-group data. The fair value on the grant date totaled €15 million.

For the BSEI Program, the service period began in September 2020 and ended in September 2023. The significant drop in the stock market price of Siemens Energy shares as of the end of Q3 2023 resulted in only the minimum number of shares provided for in the plans being transferred in each case in Q4 2023 and the majority of the share awards granted under these plans being expired.

Changes in the number of stock awards are:

	Fiscal year	
	2023	2022
Balance at beginning of fiscal year (not vested)	**1,532,922**	**1,722,102**
Forfeited	(154,296)	(132,630)
Vested and fulfilled	(148,084)	—
Expired	(1,198,115)	—
Settled	(32,427)	(56,550)
Balance at end of fiscal year (not vested)	**—**	**1,532,922**

All Employee Program

In certain jurisdictions, similar employee Spin-Off incentive programs were set up to provide stock awards on substantially the same terms, but without a short-term cash component (the All Employee Program or AEP). The All Employee Program is a one-time incentive granted in fiscal year 2021.

At the end of November 2020, participating employees of participating companies in Germany received Siemens Energy AG shares with a value of 2.6% of their individual target amount as of September 1, 2020, or at least €1,000 without any additional payment (the 2020 special payment). A total of 2,128,740 shares were issued in fiscal year 2021 at an average price of €21.52 per share.

In addition, participating employees in Germany and the rest of the world received stock awards with a value of 3% of their individual total target cash amount as of September 1, 2020 (the target amount). The number of shares to be transferred to each participant after the vesting period is subject to the share price performance over a period of three years after the listing of Siemens Energy. The number of Siemens Energy AG shares transferred can range, in Germany, from a minimum of 0% (rest of the world: 100%) to a maximum of 200% (rest of the world: 300%). The minimum occurs if the VWAP of the shares during the last 60 trading days prior to September 25, 2023, is lower than 150% of the VWAP during the first 120 trading days after the listing. The maximum number of stock awards will be settled if the share price has at least doubled; a value cap of 4.0 times (rest of the world: 6.0 times) the target amount applies.

The fair value used for the All Employee Program for the rest of the world is estimated on the basis of a Monte Carlo simulation over different scenarios to take into account the changes in the VWAP and the cap. These stock awards are subject to a lock-in period of about three years.

The fair value on the grant date totaled € 138 million.

For the All Employee Program, the service period began in September 2020 and ended in September 2023. The significant drop in the stock market price of Siemens Energy shares as of the end of Q3 2023 resulted in only the minimum number of shares provided for in the plans being transferred in each case in Q4 2023 and the majority of the share awards granted under these plans being expired.

Changes in the number of stock awards are:

	Fiscal year	
	2023	2022
Balance at beginning of fiscal year (not vested)	**8,767,620**	**9,214,949**
Forfeited	(340,133)	(433,952)
Vested and fulfilled	(1,579,255)	—
Expired	(6,775,374)	—
Settled	(72,858)	(13,377)
Balance at end of fiscal year (not vested)	**—**	**8,767,620**

Performance-oriented Stock Awards Program

Siemens Energy grants equity-settled stock awards to senior managers and Executive Board members. The stock awards are subject to a vesting period of four years and entitle the beneficiary to receive Siemens Energy shares without payment of consideration following the vesting period. A cash settlement is possible in exceptional cases.

The stock awards are tied to performance criteria. In this context, 40% of the target amount is linked to the relative total shareholder return (TSR) of Siemens Energy (TSR target). For stock awards granted in fiscal year 2022 and later (2022 and 2023 tranche), the TSR is calculated as follows: 50% compared with the total shareholder return of the STOXX Global 1800 Industrial Goods and Services (gross return) and 50% compared with the S&P Global Clean Energy Index (total return). For the 2021 tranche, the TSR is calculated as 70% compared to the Total Shareholder Return of the STOXX Global 1800 Industrial Goods and Services and 30% compared to the MVIS US-Listed Oil Services. A further 40% of the target amount is linked to the basic earnings per share (EPS target). The remaining 20% of the target amount is linked to an internal Siemens Energy sustainability target based on environment, social and governance targets (ESG targets). The target attainment for each performance criterion ranges between 0% and 200%.

In fiscal year 2023, senior managers and Executive Board members were granted stock awards settled in shares with a fair value of €27 million (2022: €21 million). The weighted average fair value of shares granted in fiscal year 2023 amounted to €12.59 per share (2022: €16.18 per share) and was determined as the market price of the Siemens Energy share less the present value of expected dividends.

The fair value of the TSR-based stock awards granted was calculated using an option price model on the basis of a Monte Carlo simulation. In addition to the expected € interest rates, share volatility based on peer-group data is also considered.

Changes in the number of stock awards held by senior managers and Executive Board members are:

	Fiscal year	
	2023	2022
Balance at beginning of fiscal year (not vested)	**2,069,731**	**1,384,008**
Granted	2,140,590	1,269,727
Forfeited	(262,003)	(217,209)
Adjustments due to vesting conditions other than market conditions	(509,821)	(315,244)
Settled	(31,007)	(51,551)
Balance at end of fiscal year (not vested)	**3,407,490**	**2,069,731**

Direct Match Program

In certain countries, employee participation programs have been established for the purchase of Siemens Energy shares, which are then matched by additional stock awards without any further payment (the Direct Match Program).

Under the global Direct Match Program, employees may invest a certain proportion of their compensation in Siemens Energy shares (investment shares). The shares are purchased at the market price on a predetermined date in the second quarter of the fiscal year. Plan participants have the right to receive one Siemens Energy share (matching share) for every three investment shares. Employees are entitled to participate if they have worked without interruption for the Group throughout the vesting period of around three months. Both the investment shares and the matching shares are subject to a lock-in period of one year. The investment amount is up to 5% of the annual gross salary calculated for each country.

The employees of participating companies in Germany are entitled to receive two matching shares per investment share for an investment of €100 in Siemens Energy shares and one additional free matching share per investment share for a further investment of €160. Neither the investment shares nor the additional matching shares are subject to a vesting period. For each additional investment, participants have the right to receive one free matching share for every three investment shares.

Under this program, matching shares are granted to a certain monetary value of €23 million (2022: €27 million). The fair value is therefore determined on the basis of a fixed amount on the grant date.

Changes in the matching shares resulting from the Direct Match Program are:

	Fiscal year	
	2023	2022
Balance at beginning of fiscal year (not vested)	—	—
Granted	1,159,663	1,257,170
Vested and fulfilled	(1,159,663)	(1,257,170)
Balance at end of fiscal year (not vested)	—	—

Ratable Stock Awards Program

The Ratable Stock Awards Program grants eligible employees equity-settled stock awards that entitle them to receive one Siemens Energy share without payment of consideration at the end of a lock-in period. These stock awards may be granted up to three times in a fiscal year. The shares that make up the award are vested gradually which means that one quarter of the stock awards become exercisable each year (known as graded vesting). The fair value of the stock awards on the grant date is determined as the market price of the Siemens Energy share on the grant date less the present value of expected dividends. Due to the vesting structure, each tranche is accounted for as a separate share-based payment component. The total fair value of ratable stock awards granted in 2023 amounted to €97 million (2022: €34 million). The weighted average fair value of shares granted in fiscal year 2023 amounted to €17.64 per share (2022: €21.90 per share) and was determined as the market price of the Siemens Energy share less the present value of expected dividends.

Changes in the number of stock awards held by selected employees are:

	Fiscal year	
	2023	2022
Balance at beginning of fiscal year (not vested)	**2,669,691**	**1,652,332**
Granted	5,480,800	1,532,844
Forfeited	(223,153)	(100,383)
Vested and fulfilled	(750,327)	(410,863)
Settled	(19,040)	(4,239)
Balance at end of fiscal year (not vested)	**7,157,971**	**2,669,691**

Jubilee Share Program

For their tenth service anniversary, eligible employees will receive Siemens Energy jubilee shares worth €800; for each of their 25th, 40th and 50th service anniversaries, eligible employees will receive Siemens Energy jubilee shares worth €4,000. For each of their 25th, 40th and 50th service anniversaries, certain senior managers will receive Siemens Energy jubilee shares worth €18,000. Depending on the share price at the time, these amounts will result in the award of different numbers of shares. There were 3,973,333 (2022: €3,725,022) entitlements to jubilee shares outstanding as of September 30, 2023.

NOTE 23 Personnel costs

(in millions of €)	Fiscal year 2023	2022
Wages and salaries	(7,386)	(6,844)
Statutory social welfare contributions and expenses for optional support	(1,072)	(1,029)
Expenses relating to post-employment benefits	(335)	(339)
Total personnel costs	**(8,793)**	**(8,212)**

In fiscal year 2023, severance charges amounted to €50 million (2022: €55 million).

The Executive Board has changed its assessment of the further progress of the Accelerating Impact Program (AIP) restructuring program due to improved market conditions and volume growth and decided to end the job cuts agreed in the AIP framework for Germany. This resulted in a decrease in other liabilities of €78 million.

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

(in thousands)	Fiscal year 2023	2022
Manufacturing and services	74	68
Sales and marketing	8	11
Research and development	4	5
Administration and general services	7	6
Total	**94**	**91**

NOTE 24 Earnings per share

(in millions of €; shares in thousands; earnings per share in €)	Fiscal year 2023	2022
Income (loss)	(4,588)	(712)
Less: Portion attributable to non-controlling interest	(57)	(245)
Income (loss) to shareholders of Siemens Energy AG	(4,532)	(467)
Weighted average shares outstanding - Basic	828,902	720,827
therein shares from mandatory convertible note	*72,617*	*3,382*
Effect of dilutive share-based payment	—	—
Weighted average shares outstanding - diluted	828,902	720,827
Basic earnings per share	**(5.47)**	**(0.65)**
Diluted earnings per share	**(5.47)**	**(0.65)**

In fiscal year 2023, 8,335 thousand (2022: 6,174 thousand) potential ordinary shares from share-based payment programs were anti-dilutive and therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share.

In September 2022, a mandatory convertible note in the aggregate nominal amount of €960 million was issued without granting subscription rights to existing shareholders of the Company. The weighted average number of shares increased from the date of issue by the maximum number of shares to be delivered to the holders of the mandatory convertible note.

NOTE 25 Segment information

Measurement – segments

Accounting policies for segment information are generally the same as those used for the Consolidated Financial Statements. However, for internal and segment reporting purposes intercompany lease transactions are classified as operating leases by the lessor and are accounted off-balance by the lessee. Intersegment transactions are based on market prices.

Orders

Orders are determined principally as the expected revenue of accepted purchase orders for which enforceable rights and obligations exist as well as subsequent order value changes and adjustments, excluding letters of intent. To determine orders, Siemens Energy considers termination rights and customers' creditworthiness.

As of September 30, 2023, the order backlog totaled €112 billion (2022: €97 billion), thereof GS €41 billion (2022: €42 billion), GT for €23 billion (2022: €15 billion), TI for €7 billion (2022: €6 billion), and Siemens Gamesa €42 billion (2022: €35 billion). As of September 30, 2023, Siemens Energy expected to convert approximately €29 billion of the order backlog into revenue within one year (2022: €27 billion), thereof order backlog of GS of approximately €8 billion (2022: €7 billion)), GT of approximately €8 billion (2022: €6 billion), TI of approximately €4 billion (2022: €4 billion), and order backlog of Siemens Gamesa of approximately €10 billion (2022: €10 billion).

Revenue

Revenue includes revenue from contracts with customers. The segments recognize revenue predominantly over time due to the nature of their long-term contracts.

Profit before Special Items

Siemens Energy Management is responsible for assessing the performance of the segments (chief operating decision maker). The profitability measure of the segments is Profit before Special Items which is defined as income (loss) before income taxes, interest income and expenses, and other financial income (expenses), net, adjusted for amortization of intangible assets acquired in business combinations and goodwill impairments.

To increase comparability year-on-year, we use Profit before Special items. Special items refer to the following topics:

- **Restructuring and integration costs**: Restructuring costs refer to personnel measures leading to severance charges, including costs for terminating service contracts with Siemens Group (Siemens AG and its subsidiaries). Due to the further integration of Siemens Gamesa and the objective of a consistent presentation within the Group, only personnel-related measures for restructuring will be included for Siemens Gamesa from fiscal year 2023, in contrast to the past. Integration costs that occur at Siemen Gamesa are related to the integration of companies as well as in the course of the integration of Siemens Gamesa into the Group and the corresponding transaction costs.
- **Stand-alone costs** relate to the separation from Siemens Group and the formation of Siemens Energy as an independent enterprise.
- Major asset impairments and write-downs (as well as any subsequent reversals) related to **strategic portfolio decisions**.

For both Profit margin and Special items, prior year information is presented on a comparable basis.

The Profit before Special items for Siemens Energy in fiscal year 2023 amounts to a negative amount of €2,776 million (2022: negative amount of €225 million).

Asset measurement principles

Management has specified assets (net capital employed) as the measure for assessing the capital intensity of the segments. Its definition corresponds to the Profit measure except for amortization expenses of intangible assets acquired in business combinations and goodwill impairments, which are not part of Profit before Special items. However, the related intangible assets are included in the segments' assets. Segment assets are based on the Total assets shown in the Consolidated Statements of Financial Position, primarily excluding tax-related assets, pension assets, and assets of discontinued operations, since the corresponding items are excluded from Profit. The remaining assets are reduced by non-interest-bearing liabilities other than tax-related liabilities (e.g., Trade payables) to derive assets.

Free cash flow pre tax

Free cash flow of the segments constitutes cash flows from operating activities less additions to intangible assets and property, plant and equipment. It excludes financing interest, except for cases where interest on qualifying assets is capitalized or classified as contract costs; it also excludes income taxes as well as certain other payments and proceeds.

Amortization, depreciation and impairments

Amortization, depreciation and impairments include depreciation and impairments of property, plant and equipment as well as amortization and impairments of intangible assets, each net of reversals of impairment.

(in millions of €)	Orders		Revenue		Profit before Special items	
	Fiscal year		Fiscal year		Fiscal year	
	2023	2022	2023	2022	2023	2022
Gas Services	12,907	11,813	10,915	9,499	1,033	619
Grid Technologies	15,798	10,416	7,181	6,285	541	221
Transformation of Industry	5,571	5,650	4,439	4,080	228	45
Siemens Gamesa	16,836	11,598	9,092	9,814	(4,347)	(617)
Total segments	**51,112**	**39,478**	**31,628**	**29,677**	**(2,545)**	**269**
Reconciliation to Consolidated Financial Statements	(666)	(1,166)	(509)	(672)	(231)	(44)
Siemens Energy	**50,446**	**38,312**	**31,119**	**29,005**	**(2,776)**	**225**

(in millions of €)	External revenue		Internal revenue	
	Fiscal year		Fiscal year	
	2023	2022	2023	2022
Gas Services	10,784	9,319	131	180
Grid Technologies	6,952	6,127	229	158
Transformation of Industry	4,239	3,734	201	346
Siemens Gamesa	9,091	9,811	1	2
Total segments	**31,066**	**28,991**	**561**	**687**
Reconciliation to Consolidated Financial Statements	52	15	(561)	(687)
Siemens Energy	**31,119**	**29,005**	**—**	**—**

(in millions of €)	Assets		Free cash flow pre tax		Additions to intangible assets and property, plant and equipment	
	Sep 30,		Fiscal year		Fiscal year	
	2023	2022	2023	2022	2023	2022
Gas Services	2,741	2,139	943	1,738	162	133
Grid Technologies	2,376	3,128	1,225	342	142	87
Transformation of Industry	1,854	1,970	191	166	62	66
Siemens Gamesa	(183)	2,725	(1,604)	(809)	724	783
Total segments	**6,787**	**9,963**	**755**	**1,436**	**1,090**	**1,069**
Reconciliation to Consolidated Financial Statements	41,120	41,121	29	67	138	88
Siemens Energy	**47,907**	**51,084**	**784**	**1,503**	**1,228**	**1,157**

(in millions of €)	Amortization, depreciation and impairments Fiscal year 2023	2022	Investments accounted for using the equity method Sep 30, 2023	2022
Gas Services	197	257	518	70
Grid Technologies	85	115	207	187
Transformation of Industry	74	111	2	2
Siemens Gamesa	857	840	1	93
Total segments	**1,212**	**1,324**	**728**	**352**
Reconciliation to Consolidated Financial Statements	302	310	471	480
Siemens Energy	**1,515**	**1,633**	**1,198**	**833**

Reconciliation to Consolidated Financial Statements

Reconciliation to Consolidated Financial Statements includes items, which management does not consider to be indicative of the segments' performance – mainly group management costs (management and corporate functions) and other central items, Treasury activities as well as eliminations. Other central items include Siemens brand fees, corporate services (e.g. management of the Group's real estate portfolio (except Siemens Gamesa), which was allocated to the Gas and Power segment in the prior year), corporate projects, centrally held equity interests and other items

Profit

(in millions of €)	Fiscal year 2023	2022
Profit before Special items Total segments	**(2,545)**	**269**
Reconciliation to Profit of Siemens Energy	**(231)**	**(44)**
Siemens Energy Profit before Special items	**(2,776)**	**225**
Special items	(184)	(413)
Siemens Energy Profit	(2,960)	(188)
Amortization of intangible assets acquired in business combinations and goodwill impairments	(297)	(386)
Financial result	(130)	(29)
Income (loss) before income taxes	(3,387)	(603)
Income tax (expenses) benefits	(1,202)	(108)
Net income (loss) after taxes	**(4,588)**	**(712)**

Assets

(in millions of €)	Sep 30, 2023	2022
Asset-based adjustments:		
Tax-related assets	*941*	*1,731*
Liability-based adjustments	33,483	29,778
Eliminations, Treasury and other central items	6,696	9,612
Reconciliation to Consolidated Financial Statements	**41,120**	**41,121**

Disaggregation of external revenue of Segments

(in millions of €)	Fiscal year 2023	2022
Type of activities in segment Gas Services		
New units	4,169	3,477
Service contracts	6,615	5,841
Type of activities in segment Grid Technologies		
New units	6,492	5,726
Service contracts	460	400
Types of activities in segment Transformation of Industry		
New units	2,280	2,066
Service contracts	1,959	1,668
Types of businesses in segment Siemens Gamesa		
Wind Turbines	7,032	7,616
Operation and Maintenance ("Service")	2,059	2,195

NOTE 26 Information about geographies

Non-current assets consist of property, plant and equipment; goodwill; and other intangible assets.

	Revenue by location of customer		Revenue by location of companies		Non-current assets[1]	
	Fiscal year		Fiscal year		Sep 30,	
(in millions of €)	2023	2022	2023	2022	2023	2022
Europe, C.I.S., Middle East, Africa	14,775	14,667	17,368	16,217	9,374	8,997
therein Germany	*2,532*	*2,716*	*6,478*	*5,888*	*2,340*	*2,249*
Americas	9,986	8,492	8,994	7,909	7,177	7,992
therein U.S.	*5,764*	*4,371*	*5,745*	*4,805*	*6,458*	*7,231*
Asia, Australia	6,358	5,846	4,756	4,879	2,323	2,493
therein China	*1,502*	*1,545*	*1,366*	*1,372*	*742*	*838*
Siemens Energy	**31,119**	**29,005**	**31,119**	**29,005**	**18,874**	**19,482**
therein countries outside of Germany	*28,587*	*26,289*	*24,641*	*23,118*	*16,534*	*17,233*

With the introduction of the new corporate and reporting structure at the beginning of the fiscal year, the allocation to reporting regions was also adjusted in individual cases. This resulted in adjustments to prior year figures for revenues by location of customer in the EMEA region by minus €8 million, the Americas by €1 million and Asia, Australia by €7 million. The prior year revenue by location of companies figures were adjusted by minus €6 million in the EMEA region and by €6 million in Asia, Australia.

[1] non-current assets consist of property, plant and equipment; goodwill; and other intangible assets.

NOTE 27 Related party transactions

Business transactions with related parties are generally carried out at arm's length.

Transactions and contracts with Siemens Group

Sales of goods and services and other income, as well as purchases of goods and services and other expense from transactions with Siemens Group (Siemens AG and its subsidiaries excluding joint ventures and associates), are presented in the following table:

	Sales of goods and services and other income		Purchase of goods and services and other expenses	
	Fiscal year		Fiscal year	
(in millions of €)	2023	2022	2023	2022
Siemens Group	440	502	1,247	1,134

Supply and delivery agreements exist between Siemens Energy and Siemens Group. Siemens Energy is supplied by and delivers to Siemens Group goods and services. In certain countries, the business of the business areas Gas Services, Grid Technologies and Transformation of Industry is carried out under agency and distributorship agreements that were concluded between Siemens Energy Global GmbH & Co. KG and the respective local Siemens Group companies. A preferred financing agreement governs the cooperation in the financing of Siemens Energy customers and their projects by Siemens Group.

During the Carve-Out, some contracts could not be or were not yet legally transferred from Siemens Group to Siemens Energy. These contracts are generally subcontracted from Siemens Group to Siemens Energy with recourse to Siemens Energy in respect of risks. Provisions that Siemens Energy has recognized for warranties, litigations, and other project-related risks relating to such contracts amounted to €843 million as of September 30, 2023 (2022: €904 million).

Contractual arrangements between Siemens Group and Siemens Energy also include mutual compensation obligations for potential tax effects triggered by changes in the shareholder structure of Siemens Energy. Depending on the time of occurrence of the changes as well as on the underlying valuations, this could lead to a cash outflow.

As part of the Spin-Off in fiscal year 2020, Siemens Energy and Siemens Group also entered into an agreement that obliges Siemens Energy to acquire a 40% share in the joint venture Shanghai Electric Power Generation Equipment Co. LTD., Shanghai, China. The Local Equity Transfer Agreement was signed on June 29, 2022. The closing of the transaction took place on April 1, 2023. The purchase price amounted to €304 million.

On August 10, 2023, Siemens Energy entered into an agreement to purchase the local GS, GT, and TI business in Indonesia from Siemens Group. The preliminary purchase price amounted to €102 million. The closing of the transaction took place on September 1, 2023.

In fiscal year 2023, Siemens Energy received central corporate services from Siemens Group resulting in expenses of €477 million (2022: €420 million). Included therein are expenses of €166 million in fiscal year 2023 (2022: €53 million) for the use of the Siemens brand.

Other material relationships with Siemens Group

Guarantees

Siemens Group has issued guarantees and similar declarations of liability for the Siemens Energy business for which Siemens Group has a right of recourse against Siemens Energy in case the guarantees are invoked. As of September 30, 2023, the volume amounted to €5,507 million (2022: €8,784 million); of which €5,064 million

(2022: €8,129 million) related to obligations of Siemens Energy companies and €443 million (2022: €655 million) to obligations of third parties.

Siemens Energy had issued guarantees for Siemens Group entities amounting to €82 million as of September 30, 2023 (2022: €114 million).

Transactions with pension schemes and pension entities

In Switzerland Siemens Energy participates in Siemens Group pension plans.

Receivables, Contract assets, Payables and Contract liabilities from transactions with Siemens Group (excluding Siemens Group joint ventures and associates)

As of September 30, 2023, receivables and contract assets from the Siemens Group amounted to €1,017 million (2022: €801 million). Payables and contract liabilities to the Siemens Group amounted to €371 million (2022: €299 million).

Leasing

As of September 30, 2023, leases with Siemens Group mainly related to real estate. The carrying amounts of the right-of-use assets and lease liabilities recognized amounted to €256 million and €276 million respectively, as of September 30, 2023 (2022: €241 million and €260 million).

Transactions with joint ventures, associates, and their affiliates

Siemens Energy has relationships with Siemens Group joint ventures and associates as well as its own joint ventures and associates, whereby Siemens Energy buys and sells a variety of products and services generally on arm's length terms.

	Sales of goods and services and other income		Purchases of goods and services and other expenses		Receivables and contract assets		Payables and contract liabilities	
	Fiscal year		Fiscal year		Sep 30,		Sep 30,	
(in millions of €)	2023	2022	2023	2022	2023	2022	2023	2022
Siemens Group joint ventures	68	213	9	1	3	37	59	33
Siemens Energy joint ventures	107	84	111	118	13	14	38	35
Siemens Energy associates	99	104	226	270	34	190	78	57
Total	**273**	**401**	**346**	**389**	**50**	**241**	**176**	**125**

Siemens Energy issued guarantees for its own joint ventures and associates amounting to €56 million as of September 30, 2023 (2022: €84 million). Commitments to make capital contributions to associated companies amounted to €143 million as of September 30, 2023 (2022: €7 million).

Related individuals

Siemens Energy is managed by the Executive Board of Siemens Energy AG. In addition, the key management includes the Supervisory Board of Siemens Energy AG.

Disclosures relating to the Executive Board and Supervisory Board of Siemens Energy AG

In fiscal year 2023, the members of the Executive Board received cash compensation of €12 million (2022: €8 million, including members who left during fiscal year 2022). The fair value of share-based payments granted in fiscal year 2023 amounted to €8 million (2022: €5 million) for 734,711 Stock Awards in fiscal year 2023 (2022: 311,295). Pension contributions and pension substitute payments in cash amounted to €1 million in fiscal year 2023 (2022: €1 million). Thus, total compensation and benefits granted within the meaning of Section 314 para. 1 No. 6 a of the German Commercial Code in fiscal year 2023 amounted to €21 million (2022: €13 million). Expenses related to share-based payments in fiscal year 2023 amounted to €3 million (2022: €1 million).

Former members of the Executive Board did not receive any emoluments within the meaning of Section 314 para. 1 No. 6 b of the German Commercial Code for fiscal year 2023 (2022: €1 million).

Compensation attributable to members of the Supervisory Board comprised base compensation and additional compensation for committee work and (including meeting fees) amounted to €5 million in fiscal year 2023 (2022: €5 million).

In fiscal years 2023 and 2022, no other major transactions took place between Siemens Energy and its key management personnel.

NOTE 28 Principal accountant fees and services

Fees in connection with professional services rendered by the Company's principal accountant, Ernst &Young (EY), for fiscal year 2023 were:

	Fiscal year	
(in millions of €)	2023	2022
Audit services	26	24
Other attestation services	2	1
Total	28	25

In fiscal year 2023, 44% (2022: 41%) of the total fees related to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Germany.

Audit services primarily comprised services provided by EY for auditing Siemens Energy's Consolidated Financial Statements, for auditing financial statements of Siemens Energy AG and its subsidiaries as well as for reviews of interim financial statements integrated into the audit. Other attestation services primarily included attestation services related to employee benefit plans, the sustainability reporting, the compensation report, the Group non-financial statement, the EU-taxonomy and other attestation services required under regulatory requirements, contractually agreed or requested on a voluntary basis, among others in connection with the issuance of the Siemens Energy Green Bond.

NOTE 29 Corporate governance

The Executive and Supervisory Boards of Siemens Energy AG provided the declaration required by Section 161 German Stock Corporation Act (AktG) as of September 2023, and made it publicly available under the following link on the Siemens Energy website: **https://www.siemens-energy.com/global/en/company/investor-relations/corporate-governance.html#GermanCorporateGovernanceCode**.

NOTE 30 Subsequent events

On October 11, 2023, Siemens Energy signed an agreement for the sale of the Trench Group ("Trench") to SCUR-Alpha 1646 GmbH, a subsidiary of the investment firm Triton. The business specializes in high-voltage grid components including bushings, instrument transformers and coil products. Trench is part of the GT segment and has locations in Germany, Austria, France, Bulgaria, Italy, China, and Canada. The closing of the transaction is expected for the first half of calendar year 2024 and is anticipated to result in a cash inflow in the low to mid three-digit million euro range.

Siemens Energy intends to sell part of its 24% interest in Siemens Ltd., registered in Mumbai, India, to Siemens Group. The intention is to sell 18% of the interest in Siemens Ltd., India, for a anticipated cash purchase price of €2.1 billion. Consequently, Siemens Energy's interest in the investment, which had a carrying value of €437 million as of September 30, 2023, would be reduced by 75%, leading to a material gain from disposal. The transaction is expected to close in December 2023. In addition, Siemens Energy intends to use its 5% shareholding in Siemens Ltd. India as collateral for guarantees. If the collateral is drawn, Siemens Group would be obligated to buy up to 5% of shares in Siemens Ltd. India for €750 million. Siemens Energy and Siemens Group have also agreed to propose to the Board of Directors of Siemens Ltd. India a demerger of the energy business. Siemens Energy is to ultimately acquire a controlling stake in the demerged energy business.

On October 26, 2023, Siemens Energy announced that the Company was in preliminary talks with different stakeholders, including banking partners and the German government, to ensure access to an increasing volume of guarantees due to the strong growth in order intake which leads to a rising need of guarantees for long-term projects. In mid-November 2023, the German government agreed that it will counter-guarantee €7.5 billion of a total amount of €12 billion of guarantees, of which €11 billion are to be provided to Siemens Energy by a consortium of banks. In return, the federal government will receive a standard market payment from Siemens Energy. The remaining €1 billion will be provided by an additional consortium led by Deutsche Bank. In addition, Siemens Energy and Siemens Group agreed on a structure which covers the bank's theoretical default risk from the guarantees. Up to €1 billion would be covered by a share and cash collateral, the first of which includes the 5% shareholding in Siemens Ltd. India. Siemens Energy considers the signing of the agreements for the additional guarantee lines highly likely. The signing is expected for December 2023.

End of November 2023, Standard & Poor's Global Ratings changed the outlook of the long-term issuer rating of Siemens Energy from "stable" to "negative". The investment grade rating BBB- remains unchanged.

NOTE 31 List of subsidiaries and associated companies pursuant to Section 313 para. 2 German Commercial Code

Siemens Energy Global GmbH & Co. KG, Munich, Germany, and Siemens Energy Management GmbH, Munich, Germany, are exempt from the obligation to prepare, have audited, and publish annual financial statements and a management report in accordance with the provisions applicable to corporations pursuant to Section 264b German Commercial Code and Section 264 German Commercial Code, respectively. The Consolidated Financial Statements of Siemens Energy AG release Siemens Energy Global GmbH & Co. KG and Siemens Energy Management GmbH from the requirement that would otherwise apply.

September 30, 2023 Subsidiaries	Equity interest in %	
Germany (20 companies)		
Adwen Blades GmbH, Stade	100	
Blitz 20-548 GmbH, Munich	100	[7]
Gamesa Wind GmbH, Aschaffenburg	100	[7]
HSP Hochspannungsgeräte GmbH, Troisdorf	100	[7]
SGRE Real Estate GmbH & Co. KG, Hamburg	100	[6]
Siemens Energy Branch Business GmbH, Munich	100	[7]
Siemens Energy Compressors GmbH, Leipzig	100	[7]
Siemens Energy Electrolyzer Manufacturing GmbH, Berlin	100	
Siemens Energy Global GmbH & Co. KG, Munich	100	[6]
Siemens Energy Insulation Center GmbH & Co. KG, Zwönitz	100	[6]
Siemens Energy Insulation Center Verwaltungs-GmbH, Zwönitz	100	[4]
Siemens Energy Management GmbH, Munich	100	[7]
Siemens Energy Power Control GmbH, Langen	100	[7]
Siemens Energy Real Estate GmbH, Munich	100	[7]
Siemens Gamesa Renewable Energy Deutschland GmbH, Bremerhaven	100	[7]
Siemens Gamesa Renewable Energy GmbH & Co. KG, Hamburg	100	[6]
Siemens Gamesa Renewable Energy Management GmbH, Hamburg	100	[4]
Siemens Gamesa Renewable Energy Service GmbH, Hamburg	100	[7]
Trench Germany GmbH, Bamberg	100	[7]
Windkraft Trinwillershagen Entwicklungsgesellschaft mbH i.L., Wiepkenhagen	100	

September 30, 2023 Subsidiaries	Equity interest in %	
Europe (without Germany), Commonwealth of Independent States (C.I.S.), Middle East, Africa (177 companies)		
Siemens Energy Algeria EURL, Algiers/ Algeria	100	[4]
Siemens Energy S.A., Luanda/ Angola	51	
Siemens Energy Austria GmbH, Vienna/ Austria	100	
Siemens Gamesa Renewable Energy GmbH, Vienna/ Austria	100	
Trench Austria GmbH, Leonding/ Austria	100	
Siemens Energy S.A./N.V., Beersel/ Belgium	100	
Siemens Gamesa Renewable Energy NV, Beersel/ Belgium	100	
Siemens Energy EOOD, Sofia/ Bulgaria	100	
Siemens Gamesa Renewable Energy EOOD, Sofia/ Bulgaria	100	
Trench Bulgaria EOOD, Pravets/ Bulgaria	100	[4]
Siemens Energy SARL, Abidjan/ Côte d'Ivoire	100	
Koncar-Energetski Transformatori, d.o.o., Zagreb/ Croatia	51	
PRO INTEGRIS d.o.o., Split/ Croatia	100	
Siemens Energy d.o.o., Zagreb/ Croatia	100	
Siemens Gamesa Renewable Energy d.o.o., Zagreb/ Croatia	100	
Siemens Energy, s.r.o., Brno/ Czech Republic	100	
Siemens Energy A/S, Ballerup/ Denmark	100	
Siemens Gamesa Renewable Energy A/S, Brande/ Denmark	100	
Siemens Gamesa Renewable Energy Djibouti SARL, Djibouti/ Djibouti	100	
NIAT for Wind Energy, New Cairo/ Egypt	100	

[1] Control due to rights to appoint, reassign, or remove members of the key management personnel.
[2] Control due to contractual arrangements to determine the direction of the relevant activities.
[3] Significant influence due to contractual arrangements or legal circumstances.
[4] Not consolidated due to immateriality.
[5] Not accounted for using the equity method due to immateriality.
[6] Exemption pursuant to Section 264 b German Commercial Code.
[7] Exemption pursuant to Section 264 (3) German Commercial Code.
[8] A consolidated affiliated company of Siemens Energy AG is a shareholder with unlimited liability of this company.
[9] Values according to the latest available local GAAP financial statements; the underlying fiscal year may differ from the Siemens Energy fiscal year.
[10] Legal ownership 0%, whereas economic ownership has already been transferred from Siemens Group to Siemens Energy Group.

September 30, 2023 Subsidiaries	Equity interest in %	
Siemens Energy S.A.E., Cairo/ Egypt	90	
Siemens Gamesa Renewable Energy Egypt LLC, New Cairo/ Egypt	100	
Siemens Energy Oy, Espoo/ Finland	100	
Siemens Gamesa Renewable Energy Oy, Helsinki/ Finland	100	
Dresser-Rand SAS, Le Havre/ France	100	
Siemens Energy S.A.S., Courbevoie/ France	100	
Siemens Gamesa Renewable Energy France SAS, Saint-Priest/ France	100	
Siemens Gamesa Renewable Energy S.A.S., Courbevoie Cedex/ France	100	
Société d'Exploitation du Parc Eolien de Bonboillon SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Bouclans SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Champlong SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Champsevraine, SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Chepniers SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Dampierre Prudemanche SAS, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Guerfand SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de la Gartempe SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Mailly-le-Camp SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Maindoie SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Margny SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Messeix SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Orge et Ornain SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Pouilly-sur-Vingeanne SARL, Saint-Priest/ France	100	

September 30, 2023 Subsidiaries	Equity interest in %	
Société d'Exploitation du Parc Eolien de Saint Amand SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Saint-Lumier en Champagne SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Sceaux SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Trépot SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien de Vaudrey SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Eolien d'Omécourt SARL, Saint-Priest/ France	100	
Société d'Exploitation du Parc Photovoltaïque de Messeix SARL, Saint-Priest/ France	100	
Trench France SAS, Saint-Louis/ France	100	
Siemens Energy Oil & Gas Equipment Limited, Accra/ Ghana	90	
Siemens Energy Ltd., Accra/ Ghana	100	
SIEMENS ENERGY SINGLE MEMBER SOCIETE ANONYME, Chalandri/ Greece	100	
Siemens Gamesa Renewable Energy Greece E.P.E., Filothei-Psychiko/ Greece	100	
Siemens Gamesa Renewable Energy MAE, Filothei-Psychiko/ Greece	100	
Siemens Energy Kft., Budapest/ Hungary	100	
Siemens Gamesa Megújuló Energia Hungary Kft, Budapest/ Hungary	100	
Siemens Gamesa Renewable Energy Kft., Budapest/ Hungary	100	
Siemens Energy Iranian SSK, Teheran/ Iran	100	
Siemens Gamesa Energy Tajdidpazir SSK, Teheran/ Iran	100	
Siemens Energy Limited, Dublin/ Ireland	100	
Siemens Gamesa Renewable Energy Ireland Limited, Dublin/ Ireland	100	
Siemens Gamesa Renewable Energy Limited, Dublin/ Ireland	100	
Siemens Energy Ltd., Rosh Ha'ayin/ Israel	100	
Siemens Energy Projects Ltd., Rosh Ha'ayin/ Israel	100	[4]

[1] Control due to rights to appoint, reassign or remove members of the key management personnel.
[2] Control due to contractual arrangements to determine the direction of the relevant activities.
[3] Significant influence due to contractual arrangements or legal circumstances.
[4] Not consolidated due to immateriality.
[5] Not accounted for using the equity method due to immateriality.
[6] Exemption pursuant to Section 264 b German Commercial Code.
[7] Exemption pursuant to Section 264 (3) German Commercial Code.
[8] Legal ownership 0%, whereas economic ownership has already been transferred from Siemens Group to Siemens Energy Group.
[9] No consolidation due to divergent voting rights and ownership interest.
[10] Values according to the latest available local GAAP financial statements; the underlying fiscal year may differ from the Siemens Energy fiscal year.
[11] A consolidated affiliated company of Siemens Energy AG is a shareholder with unlimited liability of this company.

September 30, 2023 Subsidiaries	Equity interest in %	
Siemens Gamesa Renewable Energy Ltd, Tel Aviv/ Israel	100	
Parco Eolico Manca Vennarda S.r.l., Rome/ Italy	100	
Siemens Energy S.r.l., Milan/ Italy	100	
Siemens Energy Transformers S.r.l., Trento/ Italy	100	
Siemens Gamesa Renewable Energy Italy, S.P.A., Rome/ Italy	100	
Siemens Gamesa Renewable Energy Wind S.R.L., Rome/ Italy	100	
Trench Italia S.r.l., Savona/ Italy	100	
Siemens Energy Limited Liability Partnership, Almaty/ Kazakhstan	100	
Siemens Gamesa Renewable Energy Limited, Nairobi/ Kenya	100	
Siemens Electrical & Electronic Services K.S.C.C., Kuwait City/ Kuwait	49	[1]
Siemens Energy Services for Repair and Maintenance of Light and Heavy Equipment WLL, Kuwait City/ Kuwait	100	
Siemens Gamesa Renewable Energy Limited Liability Company, Riga/ Latvia	100	
D-R Luxembourg International SARL, Luxembourg/ Luxembourg	100	
Siemens Energy Protected Cell A22, Mriehel/ Malta	—	[2]
Siemens Gamesa Renewable Energy, SARL, Nouakchott/ Mauritania	100	
Siemens Gamesa Renewable Energy, Ltd, Ebene/ Mauritius	100	
Siemens Energy SARL, Tangier/ Morocco	100	
Siemens Gamesa Renewable Energy Blades, SARL AU, Tangier/ Morocco	100	
Siemens Gamesa Renewable Energy Morocco SARL, Tangier/ Morocco	100	
Siemens Gamesa Renewable Energy SARL, Casablanca/ Morocco	100	
Dresser-Rand B.V., Spijkenisse/ Netherlands	100	
Siemens D-R Holding III B.V., The Hague/ Netherlands	100	
Siemens Energy B.V., Zoeterwoude/ Netherlands	100	
Siemens Energy Finance B.V., Zoeterwoude/ Netherlands	100	

September 30, 2023 Subsidiaries	Equity interest in %	
Siemens Energy Holding B.V., Zoeterwoude/ Netherlands	100	
Siemens Gamesa Renewable Energy B.V., The Hague/ Netherlands	100	
Dresser-Rand (Nigeria) Limited, Lagos/ Nigeria	100	
Siemens Energy Ltd., Lagos/ Nigeria	100	
Dresser-Rand AS, Kongsberg/ Norway	100	
Siemens Energy AS, Oslo/ Norway	100	
SIEMENS GAMESA RENEWABLE ENERGY AS, Oslo/ Norway	100	
Siemens Energy L.L.C., Muscat/ Oman	51	
Siemens Gamesa Renewable Energy (Private) Limited, Karachi/ Pakistan	100	
Siemens Energy Sp. z o.o., Warsaw/ Poland	100	
Siemens Gamesa Renewable Energy Sp. z o.o., Warsaw/ Poland	100	
Siemens Energy Unipessoal Lda., Amadora/ Portugal	100	
Siemens Gamesa Renewable Energy Blades, S.A., Sosa/ Portugal	100	
Siemens Gamesa Renewable Energy, S.A., Oliveira de Frades/ Portugal	100	
Siemens Energy W.L.L, Doha/ Qatar	55	
SIEMENS ENERGY S.R.L., Bucharest/ Romania	100	
Siemens Energy Services S.R.L., Bucharest/ Romania	100	
Siemens Gamesa Renewable Energy Romania S.R.L., Bucharest/ Romania	100	
Gas and Power Limited Liability Company, Moscow/ Russian Federation	100	
Dresser-Rand Arabia LLC, Al Khobar/ Saudi Arabia	50	[1]
Siemens Energy Ltd., Riyadh/ Saudi Arabia	51	
Siemens Energy d.o.o. Beograd, Belgrade/ Serbia	100	
Siemens Gamesa Renewable Energy d.o.o. Beograd - Stari Grad, Belgrade/ Serbia	100	
Siemens Energy, s.r.o., Bratislava/ Slovakia	100	
SIEMENS Energy d.o.o., Ljubljana/ Slovenia	100	
Gamesa Wind South Africa (Proprietary) Limited, Cape Town/ South Africa	100	

[1] Control due to rights to appoint, reassign, or remove members of the key management personnel.
[2] Control due to contractual arrangements to determine the direction of the relevant activities.
[3] Significant influence due to contractual arrangements or legal circumstances.
[4] Not consolidated due to immateriality.
[5] Not accounted for using the equity method due to immateriality.
[6] Exemption pursuant to Section 264 b German Commercial Code.
[7] Exemption pursuant to Section 264 (3) German Commercial Code.
[8] A consolidated affiliated company of Siemens Energy AG is a shareholder with unlimited liability of this company.
[9] Values according to the latest available local GAAP financial statements; the underlying fiscal year may differ from the Siemens Energy fiscal year.
[10] Legal ownership 0%, whereas economic ownership has already been transferred from Siemens Group to Siemens Energy Group.

September 30, 2023 Subsidiaries	Equity interest in %	
Linacre Investments (Pty) Ltd., Kenilworth/ South Africa	—	[2]
S'Energy Employee Share Ownership Trust, Johannesburg/ South Africa	—	[2]
Siemens Energy (Pty) Ltd, Midrand/ South Africa	100	
SIEMENS GAMESA RENEWABLE ENERGY (PTY) LTD, Midrand/ South Africa	70	
The Siemens Gamesa Renewable Energy Employee Share Ownership Trust, Midrand/ South Africa	—	[2]
Adwen Offshore, S.L., Zamudio/ Spain	100	
Estructuras Metalicas Singulares, S.A. Unipersonal, Tajonar/ Spain	100	
Gamesa Electric, S.A. Unipersonal, Zamudio/ Spain	100	
Gamesa Energy Transmission, S.A. Unipersonal, Zamudio/ Spain	100	
Gerr Grupo Energético XXI, S.A. Unipersonal, Barcelona/ Spain	100	
International Wind Farm Developments II, S.L., Zamudio/ Spain	100	
International Wind Farm Developments IX, S.L., Zamudio/ Spain	100	
Parque Eolico Dos Picos, S.L.U., Zamudio/ Spain	100	
Siemens Energy S.A., Madrid/ Spain	100	
Siemens Gamesa Renewable Energy 9REN, S.L., Madrid/ Spain	100	
Siemens Gamesa Renewable Energy Apac, S.L., Sarriguren/ Spain	100	
Siemens Gamesa Renewable Energy Eolica, S.L., Valle de Egues/ Eguesibar/ Spain	100	
Siemens Gamesa Renewable Energy Europa S.L., Zamudio/ Spain	100	
Siemens Gamesa Renewable Energy Innovation & Technology, S.L., Sarriguren/ Spain	100	
Siemens Gamesa Renewable Energy International Wind Services, S.A., Zamudio/ Spain	100	
Siemens Gamesa Renewable Energy Invest, S.A., Zamudio/ Spain	100	
Siemens Gamesa Renewable Energy Latam, S.L., Sarriguren/ Spain	100	

September 30, 2023 Subsidiaries	Equity interest in %	
Siemens Gamesa Renewable Energy S.A.U., Zamudio/ Spain	100	
Siemens Gamesa Renewable Energy Wind Farms, S.A., Zamudio/ Spain	100	
Sistemas Energéticos Argañoso, S.L. Unipersonal, Zamudio/ Spain	100	
Sistemas Energéticos Arinaga, S.A. Unipersonal, Las Palmas de Gran Canaria/ Spain	100	
Sistemas Energéticos Balazote, S.A. Unipersonal, Zamudio/ Spain	100	
Sistemas Energéticos Boyal, S.L., Zaragoza/ Spain	60	
Sistemas Energéticos Cabezo Negro, S.A. Unipersonal, Zaragoza/ Spain	100	
Sistemas Energéticos Cuerda Gitana, S.A. Unipersonal, Sevilla/ Spain	100	
Sistemas Energéticos Cuntis, S.A. Unipersonal, Santiago de Compostela/ Spain	100	
Sistemas Energéticos de Tarifa, S.L. Unipersonal, Zamudio/ Spain	100	
Sistemas Energéticos Fonseca, S.A. Unipersonal, Zamudio/ Spain	100	
Sistemas Energéticos La Cámara, S.L., Sevilla/ Spain	100	
Sistemas Energéticos La Plana, S.A., Villanueva de Gállego/ Spain	90	
Sistemas Energéticos Mansilla, S.L., Villarcayo de Merindad de Castilla la Vieja/ Spain	78	
Sistemas Energéticos Monte Genaro, S.L.U., Zamudio/ Spain	60	
Sistemas Energéticos Sierra de Las Estancias, S.A. Unipersonal, Sevilla/ Spain	100	
Sistemas Energéticos Sierra de Valdefuentes, S.L.U., Zamudio/ Spain	100	
Sistemas Energéticos Siroco, S.L., Zamudio/ Spain	100	
Sistemas Energéticos Venus, S.L., Zamudio/ Spain	100	
Fanbyn2 Vindenergi AB, Stockholm/ Sweden	100	
Siemens Energy AB, Finspång/ Sweden	100	
Siemens Gamesa Renewable Energy AB, Stockholm/ Sweden	100	
SIEMENS GAMESA RENEWABLE ENERGY SWEDEN AB, Stockholm/ Sweden	100	

[1] Control due to rights to appoint, reassign or remove members of the key management personnel.
[2] Control due to contractual arrangements to determine the direction of the relevant activities.
[3] Significant influence due to contractual arrangements or legal circumstances.
[4] Not consolidated due to immateriality.
[5] Not accounted for using the equity method due to immateriality.
[6] Exemption pursuant to Section 264 b German Commercial Code.
[7] Exemption pursuant to Section 264 (3) German Commercial Code.
[8] Legal ownership 0%, whereas economic ownership has already been transferred from Siemens Group to Siemens Energy Group.
[9] No consolidation due to divergent voting rights and ownership interest.
[10] Values according to the latest available local GAAP financial statements; the underlying fiscal year may differ from the Siemens Energy fiscal year.
[11] A consolidated affiliated company of Siemens Energy AG is a shareholder with unlimited liability of this company.

September 30, 2023 Subsidiaries	Equity interest in %	
Dresser Rand Sales Company GmbH, Zurich/ Switzerland	100	
Siemens Energy AG, Zurich/ Switzerland	100	
Siemens Energy Schweiz Holding AG, Zug/ Switzerland	100	
Siemens Enerji Sanayi ve Ticaret Anonim Sirketi, Istanbul/ Türkiye	100	
SIEMENS GAMESA RENEWABLE ENERJI ANONIM SIRKETI, Kartal/ Istanbul/ Türkiye	100	
Dresser-Rand Turkmen Company, Ashgabat/ Turkmenistan	100	
Siemens Energy LLC, Kiev/ Ukraine	100	
Siemens Gamesa Renewable Energy LLC, Kiev/ Ukraine	100	
Dresser-Rand Field Operations Middle East LLC, Abu Dhabi/ United Arab Emirates	49	[1]
Siemens Energy LLC, Abu Dhabi/ United Arab Emirates	49	[1]
Industrial Turbine Company (UK) Limited, Newcastle upon Tyne, Tyne and Wear/ United Kingdom	100	
Materials Solutions Limited, Newcastle upon Tyne, Tyne and Wear/ United Kingdom	100	
Siemens Energy Industrial Turbomachinery Ltd., Newcastle upon Tyne, Tyne and Wear/ United Kingdom	100	
Siemens Energy Limited, Newcastle upon Tyne, Tyne and Wear/ United Kingdom	100	
Siemens Gamesa Renewable Energy Limited, Kingston upon Hull, Yorkshire/ United Kingdom	100	
Siemens Gamesa Renewable Energy Service Limited, Edinburgh, Midlothian/ United Kingdom	100	
Siemens Gamesa Renewable Energy Wind Limited, Kingston upon Hull, Yorkshire/ United Kingdom	100	
Americas (59 companies)		
Artadi S.A., Buenos Aires/ Argentina	100	
Guascor Argentina, S.A., Buenos Aires/ Argentina	100	
Siemens Energy S.A., Buenos Aires/ Argentina	100	
VA TECH International Argentina SA, Buenos Aires/ Argentina	100	
Siemens Energy S.A., Santa Cruz de la Sierra/ Bolivia	100	
Chemtech Servicos de Engenharia e Software Ltda., Rio de Janeiro/ Brazil	100	
Dresser-Rand do Brasil Ltda., Santa Bárbara D'Oeste/ Brazil	100	
Energy Assets do Brasil Ltda., Jundiai/ Brazil	100	
Industrial Turbine Brasil Geracao de Energia Ltda., Macae/ Brazil	100	
Jaguarí Energética, S.A., Jaguari/ Brazil	89	
Junergy Ltda., Jundiai/ Brazil	100	
Siemens Energy Brasil Ltda., Jundiai/ Brazil	100	
Siemens Gamesa Energia Renovável Ltda., Camaçari/ Brazil	100	
Siemens Energy Canada Limited, Oakville/ Canada	100	
Siemens Energy Transformers Canada Inc., Trois-Rivières/ Canada	100	
Siemens Gamesa Renewable Energy Limited, Oakville/ Canada	100	
Trench Limited, Saint John/ Canada	100	
Wheelabrator Air Pollution Control (Canada) Inc., Oakville/ Canada	100	
Siemens Energy SpA, Santiago de Chile/ Chile	100	
Siemens Gamesa Renewable Energy Chile SpA, Santiago de Chile/ Chile	100	
Siemens Energy S.A.S., Tenjo/ Colombia	100	
SIEMENS GAMESA RENEWABLE ENERGY S.A.S., Bogotá/ Colombia	100	
SIEMENS GAMESA RENEWABLE ENERGY, S.R.L., San José/ Costa Rica	100	
Siemens Energy S.R.L., Santo Domingo de Guzmán/ Dominican Republic	100	
SIEMENS GAMESA RENEWABLE ENERGY, S.A.S, Santo Domingo de Guzmán/ Dominican Republic	100	
SIEMENS GAMESA RENEWABLE ENERGY INSTALLATION & MAINTENANCE COMPAÑÍA LIMITADA, Guatemala/ Guatemala	100	
SIEMENS GAMESA RENEWABLE ENERGY, S.A., Tegucigalpa/ Honduras	100	
Central Eólica de México S.A. de C.V., Mexico City/ Mexico	100	

[1] Control due to rights to appoint, reassign, or remove members of the key management personnel.
[2] Control due to contractual arrangements to determine the direction of the relevant activities.
[3] Significant influence due to contractual arrangements or legal circumstances.
[4] Not consolidated due to immateriality.
[5] Not accounted for using the equity method due to immateriality.
[6] Exemption pursuant to Section 264 b German Commercial Code.
[7] Exemption pursuant to Section 264 (3) German Commercial Code.
[8] A consolidated affiliated company of Siemens Energy AG is a shareholder with unlimited liability of this company.
[9] Values according to the latest available local GAAP financial statements; the underlying fiscal year may differ from the Siemens Energy fiscal year.
[10] Legal ownership 0%, whereas economic ownership has already been transferred from Siemens Group to Siemens Energy Group.

September 30, 2023 Subsidiaries	Equity interest in %	
Gesa Oax I Sociedad Anomima de Capital Variable, Mexico City/ Mexico	100	
Gesa Oax II Sociedad de Responsabilidad Limitada de Capital Variable, Mexico City/ Mexico	100	
Gesa Oax III Sociedad Anomima de Capital Variable, Mexico City/ Mexico	100	
Gesacisa Desarolladora, S.A. de C.V., Mexico City/ Mexico	100	
Gesan I S.A.P.I de C.V., Mexico City/ Mexico	100	
Siemens Energy, S. de R.L. de C.V., Mexico City/ Mexico	100	
Siemens Gesa Renewable Energy México, S. de R.L. de C.V., Mexico City/ Mexico	100	
Siemens Gesa Renewable Energy, S.A. de C.V., Mexico City/ Mexico	100	
Siemens Gamesa Renewable Energy, Sociedad Anónima, Managua/ Nicaragua	100	
Siemens Energy S.A., Panama City/ Panama	100	
Siemens Energy S.A.C., Lima/ Peru	100	
Siemens Gamesa Renewable Energy S.A.C., Lima/ Peru	100	
Siemens Energy Limited, Couva/ Trinidad and Tobago	100	
Cedar Cap Wind, LLC, Dover, DE/ United States	100	
Diversified Energy Transmission, LLC, Salem, OR/ United States	100	
Dresser-Rand Global Services, Inc., Wilmington, DE/ United States	100	
EcoHarmony West Wind, LLC, Minneapolis, MN/ United States	100	
Pocahontas Prairie Holdings, LLC, Wilmington, DE/ United States	100	
Pocahontas Prairie Wind, LLC, Dover, DE/ United States	100	
Siemens Energy Demag Delaval Turbomachinery, Inc., Wilmington, DE/ United States	100	
Siemens Energy Generation Services Company, Wilmington, DE/ United States	100	
Siemens Energy Service Company, Ltd., Wilmington, DE/ United States	100	

September 30, 2023 Subsidiaries	Equity interest in %	
Siemens Energy Staffing, Inc., Wilmington, DE/ United States	100	
Siemens Energy, Inc., Wilmington, DE/ United States	100	
Siemens Gamesa Renewable Energy PA, LLC, Wilmington, DE/ United States	100	
Siemens Gamesa Renewable Energy, Inc., Wilmington, DE/ United States	100	
Wheelabrator Air Pollution Control Inc., Baltimore, MD/ United States	100	
Wind Portfolio Memberco, LLC, Dover, DE/ United States	100	
Siemens Energy S.A., Montevideo/ Uruguay	100	
SIEMENS GAMESA RENEWABLE ENERGY S.R.L., Montevideo/ Uruguay	100	
Siemens Energy S.A., Caracas/ Venezuela	100	
Asia, Australia (54 companies)		
Siemens Energy Pty. Ltd., Bayswater/ Australia	100	
Siemens Gamesa Renewable Energy Pty Ltd, Burnley/ Australia	100	
Siemens Energy Bangladesh Ltd., Dhaka/ Bangladesh	100	
Gamesa Blade (Tianjin) Co., Ltd., Tianjin/ China	100	
Inner Mongolia Gamesa Wind Co., Ltd., Wulanchabu/ China	100	
Jilin Gamesa Wind Co., Ltd., Da'an/ China	100	
Siemens Energy (Shenzhen) Co. Ltd., Shenzhen/ China	100	
Siemens Energy Automation (Nanjing) Co., Ltd., Nanjing/ China	100	
Siemens Energy Co., Ltd., Shanghai Pilot Free Trade Zone/ China	100	
Siemens Energy Electric Equipment (Changzhou) Ltd., Changzhou/ China	100	
Siemens Energy Gas Turbine Components (Jiangsu) Co., Ltd., Yixing/ China	100	
Siemens Energy High Voltage Circuit Breaker Co., Ltd. Hangzhou, Hangzhou/ China	51	
Siemens Energy Industrial Turbomachinery (Huludao) Co. Ltd., Huludao/ China	84	
Siemens Energy Surge Arresters Ltd., Wuxi/ China	100	

[1] Control due to rights to appoint, reassign or remove members of the key management personnel.
[2] Control due to contractual arrangements to determine the direction of the relevant activities.
[3] Significant influence due to contractual arrangements or legal circumstances.
[4] Not consolidated due to immateriality.
[5] Not accounted for using the equity method due to immateriality.
[6] Exemption pursuant to Section 264 b German Commercial Code.
[7] Exemption pursuant to Section 264 (3) German Commercial Code.
[8] Legal ownership 0%, whereas economic ownership has already been transferred from Siemens Group to Siemens Energy Group.
[9] No consolidation due to divergent voting rights and ownership interest.
[10] Values according to the latest available local GAAP financial statements; the underlying fiscal year may differ from the Siemens Energy fiscal year.
[11] A consolidated affiliated company of Siemens Energy AG is a shareholder with unlimited liability of this company.

September 30, 2023 Subsidiaries	Equity interest in %	
Siemens Energy Transformer (Guangzhou) Co., Ltd., Guangzhou/ China	63	
Siemens Energy Transformer (Jinan) Co., Ltd, Jinan/ China	90	
Siemens Energy Transformer (Wuhan) Company Ltd, Wuhan/ China	100	
Siemens Gamesa Renewable Energy (Beijing) Co., Ltd., Beijing/ China	100	
Siemens Gamesa Renewable Energy (Shanghai) Co., Ltd., Shanghai/ China	100	
Siemens Gamesa Renewable Energy Technology (China) Co., Ltd., Tianjin/ China	100	
Siemens High Voltage Switchgear Co., Ltd., Shanghai, Shanghai/ China	51	
Trench High Voltage Products Ltd., Shenyang, Shenyang/ China	65	
International Wind Farm Development I Limited, Hong Kong/ Hong Kong	100	
Siemens Energy Limited, Hong Kong/ Hong Kong	100	
Jamkhandi Renewable Private Limited, Chennai/ India	100	
Powerplant Performance Improvement Ltd., New Delhi/ India	50	[2][8]
Rajgarh Windpark Private Limited, Chennai/ India	100	
RSR Power Private Limited, Chennai/ India	100	
SANTALPUR RENEWABLE POWER PRIVATE LIMITED, Gujarat/ India	99	
Siemens Energy Industrial Turbomachinery India Private Limited, Navi Mumbai/ India	100	
SIEMENS GAMESA RENEWABLE ENERGY PROJECTS PRIVATE LIMITED, Chennai/ India	100	
Siemens Gamesa Renewable Power Private Limited, Chennai/ India	100	
PT Dresser-Rand Services Indonesia, Cilegon/ Indonesia	100	
PT Siemens Energy, Indonesia, Jakarta/ Indonesia	67	
PT Siemens Gamesa Renewable Energy, Jakarta/ Indonesia	100	
PT Siemens Industrial Power, Kota Bandung/ Indonesia	100	
Siemens Energy K.K., Tokyo/ Japan	100	

September 30, 2023 Subsidiaries	Equity interest in %	
Siemens Gamesa Renewable Energy K.K., Tokyo/ Japan	100	
Siemens Energy Ltd., Seoul/ Korea, Republic of	100	
Siemens Gamesa Renewable Energy Limited, Seoul/ Korea, Republic of	100	
Siemens Energy Sdn. Bhd., Petaling Jaya/ Malaysia	100	
SIEMENS GAMESA RENEWABLE ENERGY SARL, Nouméa/ New Caledonia	100	
Siemens Energy, Inc., Manila/ Philippines	100	
Siemens Gamesa Renewable Energy, Inc., Makati City/ Philippines	100	
PRO INTEGRIS Pte. LTD, Singapore/ Singapore	100	
Siemens Energy Pte. Ltd., Singapore/ Singapore	100	
Siemens Gamesa Renewable Energy Lanka (Private) Limited, Colombo/ Sri Lanka	100	
Siemens Energy Limited, Taipei/ Taiwan, Province of China	100	
Siemens Gamesa Renewable Energy Offshore Wind Limited, Taipei/ Taiwan, Province of China	100	
Siemens Energy Limited, Bangkok/ Thailand	99	
Siemens Gamesa Renewable Energy (Thailand) Co., Ltd., Bangkok/ Thailand	100	
Siemens Gamesa Renewable Energy Limited, Bangkok/ Thailand	100	
Siemens Energy Limited Company, Ho Chi Minh City/ Viet Nam	100	
Siemens Gamesa Renewable Energy LLC, Ho Chi Minh City/ Viet Nam	100	

September 30, 2023 Associated companies and joint ventures	Equity interest in %	
Germany (4 companies)		
Infineon Technologies Bipolar GmbH & Co. KG, Warstein	40	
Infineon Technologies Bipolar Verwaltungs-GmbH, Warstein	40	[5]
MakerVerse GmbH, Berlin	29	

[1] Control due to rights to appoint, reassign, or remove members of the key management personnel.
[2] Control due to contractual arrangements to determine the direction of the relevant activities.
[3] Significant influence due to contractual arrangements or legal circumstances.
[4] Not consolidated due to immateriality.
[5] Not accounted for using the equity method due to immateriality.
[6] Exemption pursuant to Section 264 b German Commercial Code.
[7] Exemption pursuant to Section 264 (3) German Commercial Code.
[8] A consolidated affiliated company of Siemens Energy AG is a shareholder with unlimited liability of this company.
[9] Values according to the latest available local GAAP financial statements; the underlying fiscal year may differ from the Siemens Energy fiscal year.
[10] Legal ownership 0%, whereas economic ownership has already been transferred from Siemens Group to Siemens Energy Group.

September 30, 2023 Associated companies and joint ventures	Equity interest in %	
Maschinenfabrik Reinhausen GmbH, Regensburg	20	[3][8]
Europe, Commonwealth of Independent States (C.I.S.), Middle East, Africa (without Germany) (12 companies)		
COELME - Costruzioni Elettromeccaniche S.p.A., Santa Maria di Sala/ Italy	25	
EM&SE Syncons PS, Riga/ Latvia	83	[5][9]
Wirescan AS, Trollaasen/ Norway	36	[5]
Energías Renovables San Adrián de Juarros, S.A., San Adrián de Juarros/ Spain	45	
SIGLO XXI SOLAR, SOCIEDAD ANONIMA, Ciudad Real/ Spain	25	[5]
SISTEMAS ENERGETICOS DE TENERIFE, S.A., Santa Cruz de Tenerife/ Spain	20	[5]
Sistemes Electrics Espluga, S.A., Barcelona/ Spain	50	
Tusso Energía, S.L., Sevilla/ Spain	50	[5]
Windar Renovables, S.L., Avilés/ Spain	32	
Ethos Energy Group Limited, Aberdeen, Aberdeenshire/ United Kingdom	49	
RWG (Repair & Overhauls) Limited, Aberdeen, Aberdeenshire/ United Kingdom	50	
Joint Venture Service Center, Chirchik/ Uzbekistan	49	[5]
Americas (6 companies)		
Gas Natural Acu Infraestructura S.A, Rio de Janeiro/ Brazil	7	[3]
UTE GNA II Geração de Energia S.A., Rio de Janeiro/ Brazil	33	
Energia Eólica de Mexico S.A. de C.V., Mexico City/ Mexico	50	
Baja Wind US LLC, Wilmington, DE/ United States	50	[5]
First State Marine Wind, LLC, Newark, DE/ United States	31	[5]
Trumbull Development Partners, LLC, Wilmington, DE/ United States	27	
Asia, Australia (5 companies)		
Beijing Jingneng International Energy Technology Co., Ltd., Beijing/ China	45	
Shanghai Electric Power Generation Equipment Co., Ltd., Shanghai/ China	40	
Siemens Limited, Mumbai/ India	24	
PT Trafoindo Power Indonesia, Jakarta/ Indonesia	49	
Advance Gas Turbine Solutions SDN. BHD., Kuala Lumpur/ Malaysia	43	

September 30, 2023 Other investments [10]	Equity interest in %		Net income in millions of €	Equity in millions of €
Europe, Commonwealth of Independent States (C.I.S.), Middle East, Africa (without Germany) (1 company)				
Uhre Vindmollelaug I/S, Brande/ Denmark	19	[11]	0	1

[1] Control due to rights to appoint, reassign or remove members of the key management personnel.
[2] Control due to contractual arrangements to determine the direction of the relevant activities.
[3] Significant influence due to contractual arrangements or legal circumstances.
[4] Not consolidated due to immateriality.
[5] Not accounted for using the equity method due to immateriality.
[6] Exemption pursuant to Section 264 b German Commercial Code.
[7] Exemption pursuant to Section 264 (3) German Commercial Code.
[8] Legal ownership 0%, whereas economic ownership has already been transferred from Siemens Group to Siemens Energy Group.
[9] No consolidation due to divergent voting rights and ownership interest.
[10] Values according to the latest available local GAAP financial statements; the underlying fiscal year may differ from the Siemens Energy fiscal year.
[11] A consolidated affiliated company of Siemens Energy AG is a shareholder with unlimited liability of this company.

Additional information

4

4.1 Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group Management Report, which has been combined with the Management Report for Siemens Energy AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Munich, November 28, 2023

Siemens Energy AG

The Executive Board

Christian Bruch

Maria Ferraro

Karim Ahmed Amin Aly Khalil

Tim Holt

Anne-Laure Parrical de Chammard

Vinod Philip

4.2 Independent Auditor's Report

To Siemens Energy AG, Munich

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Opinions

We have audited the consolidated financial statements of Siemens Energy AG, Munich, and its subsidiaries (the Group), which comprise the consolidated statements of income and comprehensive income for the fiscal year from October 1, 2022 to September 30, 2023, the consolidated statements of financial position as of September 30, 2023, the consolidated statements of cash flows and changes in equity for the fiscal year from October 1, 2022 to September 30, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Siemens Energy AG, which is combined with the management report of Siemens Energy AG, for the fiscal year from October 1, 2022 to September 30, 2023. In accordance with the German legal requirements, we have not audited the content of the **Corporate Governance Statement pursuant to Secs. 289f and 315d HGB** ["Handelsgesetzbuch": German Commercial Code], which is published on the website stated in the group management report, reproduced in chapter **4.5** of the Annual Report and is part of the group management report, chapter **2.8.1 "Key features of the internal control and risk management system and statement on the appropriateness and effectiveness of these systems"** in the group management report or the content of the **Group non-financial statement** pursuant to Sec. 315b HGB contained in chapter **2.10** of the group management report.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB as well as with full IFRSs as issued by the International Accounting Standards Board (IASB), and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of September 30, 2023 and of its financial performance for the fiscal year from October 1, 2022 to September 30, 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. We do not express an opinion on the content of the Corporate Governance Statement referred to above, chapter **2.8.1 "Key features of the internal control and risk management system and statement on the appropriateness and effectiveness of these systems"** referred to above and the Group non-financial statement referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). In conducting the audit of the consolidated financial statements, we also complied with International Standards on Auditing (ISA). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from October 1, 2022 to September 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Revenue recognition on construction contracts

Reasons why the matter was determined to be a key audit matter: The Group conducts a significant portion of its business under construction contracts. Revenue from long-term construction contracts is recognized in accordance with IFRS 15, Revenue from Contracts with Customers, generally over time under the percentage-of-completion method. We consider the accounting for construction contracts to be an area posing a significant risk of material misstatement (including the potential risk of management override of internal controls) and accordingly a key audit matter, because management's assessments significantly impact the determination of the extent of progress towards completion. These assessments include, in particular, the scope of deliveries and services required to fulfill contractually defined obligations, total estimated contract costs, remaining costs to completion and total estimated contract revenues, as well as contract risks including technical, political, regulatory and legal risks. Revenues, total estimated contract costs and profit recognition may deviate significantly from original estimates based on new knowledge about cost overruns and changes in project scope over the term of a construction contract, leading to the need to recognize onerous loss provisions.

In fiscal year 2023, management had to consider in particular the impact on the project business and the accounting treatment of quality issues, especially in the onshore business, increased product costs and ramp-up challenges in the offshore activities at Siemens Gamesa, the Russia-Ukraine conflict including the sanctions against Russia, supply chain constraints and general price and cost increases.

Auditor's response: As part of our audit, we obtained an understanding of the Group's internally established methods, processes and control mechanisms for project management in the bid and execution phase of construction contracts. In this regard, we tested the design and operating effectiveness of the accounting-related internal controls in the project business by obtaining an understanding of business transactions specific to construction contracts, from the initiation of the transaction through presentation in the consolidated financial statements. We also tested internal controls on management level including project reviews and controls addressing the timely assessment of changes in cost estimates and the capture of warranty costs as well as the timely and complete recognition of such changes in the project calculation.

In this context, in order to assess the appropriateness of revenue recognition (including revenue reversals) for construction contracts, we considered in particular management's assessment of the total expected contract costs as of the reporting date as well as the associated actual costs recorded to assess the percentage of completion as well as the accounting presentation of the associated statement of financial position items (contract assets and liabilities), including the recognition of onerous loss provisions on a sample basis. As part of our substantive audit procedures, we evaluated management's estimates and assumptions based on a risk-based selection of a sample of contracts. Our sample particularly included projects that are subject to significant future uncertainties and risks, such as fixed-price or turnkey projects, projects with new technologies and/or complex technical requirements, projects with quality issues, increased product costs and ramp-up challenges especially at Siemens Gamesa, projects with a large portion of materials and services to be provided by (local) suppliers, subcontractors or consortium partners, cross-border projects and projects with changes in cost estimates (e.g., resulting from an increase in materials prices and logistics costs), delays and/or low or negative margins. Our audit procedures included, among others, the assessment of the impact of the identified quality issues, the increased product costs and the ramp-up challenges on the project costs and the review of the contracts and their terms and conditions including contractually agreed partial deliveries and services, termination rights, warranty commitments, penalties for delay and breach of contract, price escalation clauses and liquidated damages. In order to evaluate whether revenues were recognized on an accrual basis for the selected projects, we analyzed billable revenues and corresponding cost of sales to be recognized in the statement of income in the reporting period considering the extent of progress towards completion, and examined the accounting for the associated items in the statement of financial position, including the recognition of onerous loss provisions.

Based on the requirements of IFRS 15, we also assessed the accounting effects of contract amendments, contractually agreed options and the sanctions imposed against Russia. We further performed inquiries of project management (both commercial and technical project managers) with respect to the development of the projects including the effects of disruptions in supply chains, general increases in prices and costs and quality issues on project execution, the reasons for deviations between planned and actual costs, the current estimated costs to complete the projects, and management's assessments on probabilities that contract risks will materialize (including expected failure rates and repair costs). To identify anomalies in the development of margins throughout the projects' execution, we also applied data analysis procedures. Furthermore, we obtained evidence from third parties for selected projects (e.g., project acceptance documentation, contractual terms and conditions, and legal confirmations regarding alleged breaches of contract and asserted claims).

Due to the large contract volume and risk profile, in particular with respect to the developments of the power generation markets, our audit procedures especially focused on large contracts for the turnkey construction of power plants, high-voltage-direct-current solutions, and the construction of onshore and offshore wind farms.

Our audit procedures did not lead to any reservations relating to revenue recognition on construction contracts.

Reference to related disclosures: With regard to the recognition and measurement policies applied in accounting for construction contracts, refer to **Note 2 "Material accounting policies and critical accounting estimates"** in the notes to the consolidated financial statements. With respect to contract assets and liabilities and contract-related provisions for onerous contracts and risks as well as the quality issues, increased product costs and ramp-up challenges at Siemens Gamesa, refer to **Note 7 "Contract assets, liabilities and revenues"** and **Note 14 "Provisions"** in the notes to the consolidated financial statements.

Accounting for quality issues at Siemens Gamesa

Reasons why the matter was determined to be a key audit matter: In fiscal year 2023, Siemens Gamesa incurred substantial cost increases in connection with quality issues in the onshore wind turbines business.

We consider the accounting for quality issues, especially in the onshore business, and the related warranty provisions as well as corresponding impact on the total estimated costs to determine the percentage of completion for the purposes of revenue recognition to be an area posing a significant risk of material misstatement and accordingly a key audit matter because this area is subject to particular uncertainties and requires estimates by management, which may significantly affect the recognition and measurement of the related provisions and total estimated costs, and thus can affect the Group's financial position and results of operations. The uncertainties and judgments mainly relate to the expected failure rates of individual components of a certain wind turbine model, the population affected by the quality issues (fleet damages), the root cause analyses that has not yet been completed, the expected repair costs, the complexity of the required repair or replacement costs, the expected period of cash outflows, the discount rates and the estimated probability of occurrence as well as the possible scope that are considered in assessing whether and in what amount a provision or risk contingency needs to be recognized to account for the risk. Significant judgments and uncertainties therefore exist in connection with the estimates used as a basis for the recognition of warranty provisions and order-related costs to cover these risks.

As a result of the quality issues that occurred, the failure of components of various wind turbine models was monitored continuously by the Company in the course of the fiscal year, in particular during the ongoing root cause analysis. The observed failures were higher than expected for certain components. The root cause analysis of the quality issues identified in fiscal year 2023 is still ongoing and is expected to be completed during the first half of fiscal year 2024.

The related expenses presented in the consolidated financial statements are based, according to management, on the models updated in the third quarter of fiscal year 2023 and the results obtained to date on failures which, considering the short additional statistical observation period until the date of preparation of the consolidated financial statements, did not lead to an adjustment of the failure rates. Management believes that new results within the next fiscal year might lead to adjustments of the expected failure rates and have material negative effects on net assets, financial position and results of operations.

Auditor's response: We obtained an understanding of the Group's internal control environment, its processes and methods for calculating failure rates and repair costs as well as its recognition of warranty provisions and project-related costs. We tested the design and operating effectiveness of the internal controls over the recognition and measurement of the warranty provisions and project costs, the identification of the contractual obligations and the process for monitoring the identification of technical failures as well as the development of failure rates and repair costs, including a deviation analysis of the assumptions underlying the calculations and their use in the measurement of the provisions and project costs.

In this context, we obtained, inter alia, the report of an independent expert on the design and operating effectiveness of certain controls and on the extended review of certain controls over the determination of the warranty provisions and related project costs by management as audit evidence. The report also related to the relevant processes of the Enterprise Risk Management system. Our audit also included the assessment of the competence, capabilities and objectivity of the independent expert and the suitability of the report commissioned by management as audit evidence.

We evaluated management's methodology for assessing the failure rates and repair costs, considering both the statistical methods related to the prediction of the expected failure rates for certain components of a wind turbine platform over its lifecycle (Availability, Reliability, Maintainability (ARM model)) as well as Data-Driven Project Modeling (DPM model) to determine the expected cost per failure, which is then used by management to determine the expected warranty provisions and project costs based on the expected failure rates from the ARM model.

In addition, with the assistance of our statistics specialists, we performed substantive audit procedures and applied quantitative and risk-based criteria to select a sample of quality issues.

For this sample, we evaluated the Company's relevant project-related accounting memoranda and further audit evidence of failure rates and repair costs and checked their consistency using current internal technical reports and, where available, also against the conclusions of internal and external experts regarding the most significant technical quality issues.

In the course of our audit procedures, we checked in particular the expected failure rates, the population of components and wind turbine models affected by quality issues, the expected repair costs and cash outflows in the fiscal year as well as the discount rates. We compared the expected failure rates and expected average repair costs with the current actual figures, reperformed the calculation of the related warranty provisions and project costs and made inquiries of the project managers and inspected the project calculations to obtain an understanding as to whether the related costs were factored into the project calculation. We interviewed technical experts and accounting employees about the quality issues, including the significant assumptions, during on-site appointments at the service and onshore headquarters of Siemens Gamesa. The focus was on the trigger for the changes in the estimated warranty provisions and the total expected project costs, the discussion of the status and the possible effects of the still ongoing root cause analysis for the components and wind turbine platforms affected by the quality issues as well as the associated measures to rectify them and the status of the related assessments by internal and external experts. We have continuously updated our understanding from the inquiries of the technical experts during the subsequent event period until the completion of our audit.

To assess the completeness of the warranty provisions and project costs related to the quality issues, we inspected the minutes of the Siemens Gamesa subcommittee of Siemens Energy's Supervisory Board and the corresponding task force and made inquiries of the legal and compliance departments of Siemens Energy regarding the existence of information on any matters that also needed to be considered.

In addition, we assessed the disclosures on the quality issues at Siemens Gamesa in the notes to the consolidated financial statements and the presentation in the group management report.

Our procedures did not lead to any reservations relating to the assessment of the accounting for quality issues at Siemens Gamesa.

Reference to related disclosures: With regard to the accounting policies used to recognize the quality issues and the uncertainties due to the ongoing root cause analysis of the quality issues at Siemens Gamesa and the possible effects on net assets, financial position and results of operations within the next fiscal year, refer to **Note 2 "Material accounting policies and critical accounting estimates"** in the notes to the consolidated financial statements. For the provisions, refer to **Note 14 "Provisions"** in the notes to the consolidated financial statements. In addition, refer to management's presentation in chapter **2.3.2.2 "Other events influencing the course of business – Quality issues, higher product costs and ramp-up challenges at Siemens Gamesa"** in chapter **2.7.2 "Strategic development, including solving operational issues"** and in chapter **2.8.4 "Risks"** of the group management report.

Impairment testing of goodwill

Reasons why the matter was determined to be a key audit matter: We consider the impairment test of goodwill to be an area posing a significant risk of material misstatement and accordingly a key audit matter as the determination of the recoverable amount of assets is highly dependent on management's judgment and assessment of future cash flows, the discount rates used and growth rates and thus requires corresponding estimates and assumptions that are subject to uncertainties. Particularly the assumptions related to the long-term development of the underlying earnings contributions are subject to judgment and have a significant impact on the recoverability of goodwill. A further reason why the matter was determined to be a key audit matter was the new organizational and reporting structure introduced at the beginning of fiscal year 2023 for the former Gas and Power segment, the negative impact on earnings in connection with the identified quality issues, the increased product costs and challenges in the ramp-up of offshore activities at Siemens Gamesa in the course of fiscal year 2023 and the volatile development of the market capitalization of Siemens Energy AG in fiscal year 2023.

Auditor's response: In the course of our audit procedures, we analyzed the processes for the preparation of the multi-year plan in the Group and for the new cash-generating units after the introduction of the new organizational and reporting structure as of October 1, 2022 and examined compliance with internal requirements.

With the assistance of internal specialists who have expertise in business valuation, we evaluated the determination of the cash-generating units on the basis of the internal reporting structure and the allocation of the goodwill of the former Gas and Power segment to the new cash-generating units as of October 1, 2022 using relative values (values in use) in line with the new organizational structure and evaluated the methodology for performing the impairment tests as of September 30, 2023. In doing so, we assessed the future cash inflows used for the calculations by, among other procedures, comparing this information with the five and seven-year plans prepared by management as well as by comparing the internal growth and earnings forecasts with general and industry-specific market analyses and analyst expectations regarding Siemens Energy and significant competitors. Furthermore, we assessed the key assumptions and data of the plans, placing a focus on uncertainties regarding the development of the economic and geopolitical environment, the implementation of the measures to remedy the identified quality issues, the increased product costs and the ramp-up challenges at Siemens Gamesa in the current market environment of the wind industry with increased competition and the transformation of energy markets, also with respect to the expected effects of climate change and decarbonization trends, and obtained explanations from management and assessed whether they were consistent, plausible and coherent. In this context, as part of our audit procedures, we also assessed management's assumptions regarding the guarantees available for new orders.

Moreover, we assessed the sustainable earnings contributions and long-term growth rates used after the end of the detailed planning period by referring to market data and market expectations (including market share expectations) and the appropriateness of the methodology used for derivation of the weighted average cost of capital rates.

We also obtained and assessed as audit evidence the opinion, prepared by an independent expert who was engaged by management, on the methodology used for impairment testing of goodwill and for quantification of the plausible range of the recoverable amounts for the assets of the "Wind Turbines" and "Operation and Maintenance" cash-generating units in the Siemens Gamesa segment.

To test the plausibility of the allocation of goodwill to the new cash-generating units as of October 1, 2022, we also made use of the value in use ranges determined by independent experts and assessed the considerations presented to us by the Company in terms of methodology.

Our audit also included the assessment of the competence, capabilities and objectivity of the independent expert and the suitability of the opinions commissioned by management as audit evidence.

Furthermore, we obtained an understanding of and evaluated the methodology of the alternative valuation models used by management to test the plausibility of the impairment test and the value indicators derived therefrom (such as valuations based on peer group multiples, market values derived from estimates by analysts).

To account for the existing forecast uncertainties, we walked through the sensitivity analyses prepared by management and performed supplementary sensitivity analyses of our own in order to estimate an impairment risk associated with a reasonably possible change in a significant assumption used in the valuation.

We also assessed the disclosures on goodwill in the notes to the consolidated financial statements.

Our audit procedures did not lead to any reservations concerning the assessment of impairment testing of goodwill.

Reference to related disclosures: With regard to the recognition and measurement policies applied for the impairment test of goodwill, refer to **Note 2 "Material accounting policies and critical accounting estimates"** and **Note 9 "Goodwill"** in the notes to the consolidated financial statements.

Uncertain tax positions and deferred taxes

Reasons why the matter was determined to be a key audit matter: Siemens Energy operates in numerous countries with different local tax legislation. The accounting for uncertain tax positions as well as deferred taxes requires management to exercise considerable judgment and make estimates and assumptions, and was therefore a key audit matter. In particular, this affects the measurement and completeness of uncertain tax positions, the recoverability of deferred tax assets as well as the measurement and completeness of deferred tax liabilities.

We consider the recoverability of deferred tax assets to be an area posing a significant risk of material misstatement and accordingly a key audit matter. This relates in particular to companies and tax groups with significant deferred tax assets in Germany, the USA and Spain. Due to the changed business outlook at Siemens Gamesa, in particular in connection with the quality issues identified in fiscal year 2023, the increased product costs and challenges in the ramp-up of offshore activities, tax expenses were recognized as a result of the change in management's assessment of the recoverability of deferred tax assets and tax credits.

Auditor's response: With the assistance of internal tax specialists who have knowledge of relevant local tax law, we examined the processes installed by management and obtained an understanding of internal controls for the identification, recognition and measurement of tax positions.

In the course of our audit procedures relating to uncertain tax positions, we evaluated whether management's assessment of the tax implications of significant business transactions or events in fiscal year 2023 was in compliance with the respective local tax law. We involved transfer pricing specialists to examine tax consequences from cross-border transactions, such as determination of transfer prices. In order to assess measurement and completeness, we interviewed management regarding findings from ongoing tax field audits and ongoing reviews of the transfer pricing system with the assistance of external experts and obtained confirmations from external tax advisors. Further, we evaluated management's assessments regarding the prospects of success of appeal and tax court proceedings using confirmations from external tax advisors and by considering current tax case law.

We assessed the recoverability of deferred tax assets using the audit evidence of taxable temporary differences, forecast taxable profits and using tax planning and tax planning strategies. We above all evaluated the Company's analyses of the timing of the reversal of taxable temporary differences, compared the applied forecasts with internal business plans in particular, discussed the assumptions with respect to the operating performance and the effects of economic uncertainties with the appropriate level of management and, among other things, compared the significant tax-free income components used for deriving taxable profits with the applicable legal requirements. In cases of a recent history of losses, we reviewed the assessment by management of the evidence required by IAS 12 of sufficient future taxable profits and assessed this for plausibility (transparency, consistency, coherence). We also analyzed the (negative) tax rate taking into account tax profits or losses in Germany and abroad.

Regarding the realization of tax deductions, we also analyzed any legal restrictions on the use of tax interest and loss carryforwards and tax assets. We assessed the effect of tax planning strategies on the recoverability of deferred tax assets using the status of their implementation and economic impact. For significant changes in operating business development, in particular with regard to the changed business outlook at Siemens Gamesa, we discussed with management the related impact on uncertainties in the expected realization of tax deductions, examined the methodology used for the resulting impairments and considered how they were accounted for in the statement of financial position and statement of income.

In the course of our audit procedures regarding deferred tax liabilities, we examined in particular the assumptions regarding reinvestment of subsidiaries' retained profits for an indefinite period and assessed these taking into account dividend planning.

Our audit procedures did not lead to any reservations relating to the accounting for uncertain tax positions and deferred taxes.

Reference to related disclosures: With regard to the recognition and measurement policies applied in accounting for income taxes, refer to **Note 2 "Material accounting policies and critical accounting estimates"** in the notes to the consolidated financial statements. With respect to disclosures for deferred tax assets and liabilities, refer to **Note 6 "Income taxes"** in the notes to the consolidated financial statements.

Other information

The Supervisory Board is responsible for the **Report of the Supervisory Board** in chapter **4.4** of the Annual Report 2023. Management and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] on the Corporate Governance Code, which is part of the **Corporate Governance Statement** in chapter **4.5**, and for the **Compensation Report pursuant to Sec. 162 AktG** in chapter **4.6.** In all other respects, management is responsible for the other information.

The other information comprises the Corporate Governance Statement, chapter **2.8.1 "Key features of the internal control and risk management system and statement on the appropriateness and effectiveness of these systems"** referred to above and the Group non-financial statement, also referred to above. In addition, the other information comprises parts to be included in the Annual Report, of which we received a version prior to issuing this auditor's report, in particular:

- the chapters »Siemens Energy Group at a glance«, »Letter from the Executive Board«, »Our leadership team« and »About this Report« in the Annual Report 2023;
- the Responsibility Statement in chapter 4.1 of the Annual Report 2023;
- the Report of the Supervisory Board in chapter 4.4 of the Annual Report 2023;
- the Compensation Report pursuant to Section 162 AktG of Siemens Energy AG for fiscal year 2023 in chapter 4.6 of the Annual Report 2023;
- TCFD Index in chapter 4.8 of the Annual Report 2023;

but not the consolidated financial statements, not the group management report disclosures whose content is audited and not our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information, and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Supervisory Board for the Consolidated Financial Statements and the Group management report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB as well as with full IFRSs as issued by the IASB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, management is responsible for such internal control as management has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, management is responsible for financial reporting based on the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as management has considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the Consolidated Financial Statements and of the Group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation as well as in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW and in supplementary compliance with ISA will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of estimates made by the management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB as well as with full IFRSs as issued by the IASB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR THE PUBLICATION PURPOSES IN ACCORDANCE WITH Section. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the file "Siemens_Energy_2023.zip" and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from October 1, 2022 to September 30, 2023 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) (06.2022) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of management and the Supervisory Board for the ESEF documents

The management of the Company is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the management of the Company is responsible for such internal control as it has determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the Annual Shareholders' Meeting on February 7, 2023. We were engaged by the Supervisory Board on February 7, 2023. We have been the group auditor of Siemens Energy AG without interruption since the fiscal year from October 1, 2019 to September 30, 2020.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Unternehmensregister [German Company Register] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Katharina Breitsameter.

Munich, November 28, 2023

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Breitsameter	Oßmann
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

4.3 Independent auditor's report on a limited assurance engagement

To Siemens Energy AG, Munich

We have performed a limited assurance engagement on the group non-financial statement included in the chapter 2.10 "Group non-financial statement" of the combined management report of Siemens Energy AG, Munich (hereinafter the "Company"), including the chapter 2.1.2 "Business Model" of the combined management report incorporated by reference, for the reporting period from October 1, 2022 to September 30, 2023 (hereinafter the "non-financial statement").

MANAGEMENT'S RESPONSIBILITIES

The legal representatives of the Company are responsible for the preparation of the non-financial statement in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB ["Handelsgesetzbuch": German Commercial Code] and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder as well as in accordance with their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as set out in section "EU taxonomy" of the non-financial statement.

These responsibilities of the Company's legal representatives include the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal control as they have considered necessary to enable the preparation of a non-financial statement that is free from material misstatement, whether due to fraud (manipulation of the non-financial statement) or error.

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

INDEPENDENCE AND QUALITY ASSURANCE OF THE AUDITOR'S FIRM

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

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

RESPONSIBILITIES OF THE AUDITOR

Our responsibility is to express a conclusion with limited assurance on the non-financial statement based on our assurance engagement.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's non-financial statement is not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors disclosed in section "EU taxonomy" of the non-financial statement.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

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

- Inquiries of legal representatives and relevant employees involved in the preparation of the non-financial statement about the preparation process, about the internal control system related to this process, and about disclosures in the non-financial statement,
- • Inquiries of employees and inspection of documents regarding the selection of topics for the non-financial statement, the risk assessment and the concepts of the Group for the topics that have been identified as material,

- Inquiries of employees of the Group responsible for data capture and consolidation, about the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the disclosures in the non-financial statement,
- Identification of likely risks of material misstatement in the non-financial statement,
- Analytical procedures on selected disclosures in the non-financial statement,
- Inquiries and inspection of documents relating to the collection and reporting of selected qualitative disclosures and data,
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and combined management report,
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the non-financial statement,
- Evaluation of the presentation of the non-financial statement.

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

ASSURANCE CONCLUSION

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the group non-financial statement of Siemens Energy AG for the period from October 1, 2022 to September 30, 2023 is not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the legal representatives as disclosed in section "EU taxonomy" of the group non-financial statement.

RESTRICTION OF USE

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

GENERAL ENGAGEMENT TERMS AND LIABILITY

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

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

Munich, November 28, 2023

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Breitsameter	Johne
Wirtschaftsprüferin	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

4.4 Report of the Supervisory Board

Munich, December 5, 2023

Dear Shareholders,

Your company Siemens Energy has completed its third year of independence. While the Gas Services, Grid Technologies and Transformation of Industry Business Areas are making excellent progress and are operating with top growth and margins, the Group suffered a severe, unexpected setback with Siemens Gamesa in the past fiscal year. This had a negative impact on the entire company. Considerable startup problems with new products in the onshore sector and significant additional costs in the ramp-up of offshore activities overshadowed the success of the other businesses and resulted in a record loss for Siemens Energy overall.

In view of the scope of the issue and the resulting burden on the entire company, the Supervisory Board immediately set up a special committee to provide management with detailed support in the search for the causes of the quality and productivity problems, and their solutions. The Supervisory Board has asked management to fundamentally revise the strategy and business plan for the wind power business. The Executive Board already presented next steps at the Capital Market Day on November 21.

In contrast to the tense situation in the wind business, Siemens Energy's conventional energy business achieved excellent results in the period under review.

The company is also making good progress in the development of future technologies, such as the hydrogen economy, and has reached another important milestone: on November 8, 2023, Siemens Energy opened the first gigawatt production facility for electrolysers in Berlin together with its partner Air Liquide. By 2025, at least three gigawatts of electrolysis capacity are to be brought onto the market from there every year. With this installed capacity, an average of 300,000 tons of green hydrogen can be produced each year using renewable energies. If this hydrogen is used as a substitute for fossil fuels, it could be possible to save the CO_2 emissions of a major German city like Aachen with around 260,000 inhabitants – a real contribution to greater sustainability.

Siemens Energy also pursues consistent sustainability targets in its own operations: In the past fiscal year, the company was already able to halve its emissions compared to the base year 2019. In the meantime, 100% of the electricity consumed in its own operations is generated from renewable sources. This puts the company fully on track to meet the COP21 targets.

Siemens Energy is very well positioned to make an important contribution to the global energy transition. Our technologies make it possible to reduce emissions and at the same time ensure a sustainable, reliable and competitive energy supply. But it is also true that the wind business, which is very important for the energy transition, has presented the company with its greatest challenge to date. Great focus must be given to solving this task reliably and economically.

In the current fiscal year, it is important to continue the successes in the conventional segment, stabilize Siemens Gamesa's business and limit operating losses. In addition, a strategy must be implemented which, based on manageable risks, enables medium-term earnings that do not dilute the Group's margins. Based on this, the company can play to its strengths in the businesses with conventional and renewable energy technology as well as important future technologies such as hydrogen. This must go hand in hand with above-average value creation for shareholders. The Supervisory Board supports these plans of the Executive Board and shares the view that the core spectrum of Siemens Energy represents a competitive advantage in an attractive industry.

Energy supply is the basis for the success of any economy – anywhere in the world. This development gained further momentum in the past fiscal year due to geopolitical and geostrategic developments. The global energy landscape is changing, and with it the focus in the "energy policy triangle" of security of supply, economic efficiency and environmental impact. Ensuring a stable, environmentally friendly and affordable energy supply remains one of the greatest challenges of our time. At the same time, it offers Siemens Energy a great opportunity to participate in the "energy" supercycle successfully and in a value-creating manner. For shareholders, it opens up attractive potential for appreciation in value.

On behalf of the Supervisory Board, I would like to thank the Executive Board and the approximately 94,000 colleagues at Siemens Energy worldwide for their outstanding commitment in the past fiscal year. Above all, I would also like to thank our customers and partners worldwide. Special thanks also go to our shareholders for their loyalty in what was a particularly challenging year for them.

For the Supervisory Board

Joe Kaeser

Chairman

Monitoring and Advisory Activities of the Supervisory Board

In the reporting period, the Supervisory Board of Siemens Energy AG performed in full the duties incumbent upon it in accordance with the law, the articles of association and the bylaws. In doing so, the Supervisory Board continually advised and monitored the Executive Board in managing the Company, providing advice and assistance especially on issues of strategic importance for the continuing development of the Company. This was based above all on the detailed oral and written reports presented by the Executive Board at meetings of the Supervisory Board and its Committees and on the written reports submitted to the Supervisory Board between meetings. The Executive Board provided the Supervisory Board with ongoing information about the significant business developments seen by the Company and its business areas, the course of business, the situation of the Company, the key financial data, the planned business policy and corporate planning. It also reported regularly about the macroeconomic situation, the Company's profitability and liquidity situation, the revenue and order position, trends in sales and procurement markets, developments on the capital markets and share price performance. On an ongoing basis, the Executive Board reported on the risk exposure, the audit activities conducted by Internal Audit, compliance issues and the latest developments in significant legal disputes. Regular features of reporting included the economic and political environment, the status of occupational safety at the Company and the corporate structure (Project Volt) introduced on October 1, 2022.

In the past fiscal year, the Supervisory Board focused particularly on the situation and performance capabilities of Siemens Gamesa, as well as on the purchase of the shares held by the remaining Siemens Gamesa shareholders and the associated financing issues. These matters were discussed in detail at almost all Supervisory Board meetings. The Supervisory Board discussed the strategic alignment of the Company in depth, especially in respect of the wind business. Moreover, deep dives were included at all meetings to provide the Supervisory Board with detailed insights into the various business areas of Siemens Energy and the regions in which the Company is active.

The Supervisory Board and its Committees were involved in all decisions of fundamental importance at an early stage. To the extent that Supervisory Board approval of decisions and measures of Company management was required by law, the articles of association or the bylaws, the members of the Supervisory Board issued such approval – in some cases prepared by the Committees – after intense review and discussion. The meetings of the Supervisory Board and its Committees were characterized by an open and constructive exchange of views between the members of the Supervisory Board and also between the Supervisory Board and the Executive Board. The Supervisory Board critically reviewed the reports and proposed resolutions of the Executive Board, ensuring in this process the lawfulness, fitness for purpose and compliance of the Company's management.

The Chairman of the Supervisory Board and the Chair of the Audit Committee were in regular contact with the Executive Board outside the Supervisory Board meetings. The Chairman of the Executive Board provided information on events that are significant to the Company without delay, regardless of the schedule of meetings. The Supervisory Board also met regularly without the Executive Board in attendance. At such meetings, it discussed in particular matters concerning the Executive Board itself or internal Supervisory Board matters. Prior to the ordinary meetings of the Supervisory Board, separate preparatory meetings were held with both the shareholder and employee representatives.

In addition, the Chairman of the Supervisory Board held virtual and face-to-face meetings with institutional investors and proxy advisors in order to discuss current governance and sustainability issues being dealt with by the Supervisory Board. These discussions focused on the acquisition of Siemens Gamesa, the format of the Shareholders' Meeting and resolutions in respect of capital measures. The Chairman of the Supervisory Board presented a summary of his discussions with investors to the plenary meetings of the Supervisory Board.

Focus of Activities at Plenary Meetings of the Supervisory Board

The Supervisory Board held six regular meetings during the reporting period. In addition, the Supervisory Board passed two resolutions via electronic boardroom.

At the meeting on November 15, 2022, the key financial data for the fourth quarter and for fiscal year 2022 were discussed and the budget for 2023 was approved. The Executive Board explained the status of the tender offer for the outstanding shares in Siemens Gamesa. The Supervisory Board received information about the status of the still open Carve-Out projects following the Spin-Off from Siemens AG in 2020. It adopted a resolution to extend the terms of office of Ms. Ferraro and Mr. Holt as ordinary members of the Executive Board to the end of November 30, 2027. In line with the recommendation from the Presiding Committee, the Supervisory Board defined the compensation for the members of the Executive Board on the basis of their attainment of the key performance criteria for fiscal year 2022 and adopted a resolution on the target and maximum compensation for the members of the Executive Board as well as on the targets for the key performance criteria for fiscal year 2023.

On December 9, 2022, the Supervisory Board discussed the financial statements and the Combined Management Report for Siemens Energy AG and the Group effective September 30, 2022, including the non-financial statement for the Group, the 2022 Annual Report, including the Report of the Supervisory Board, the Corporate Governance Statement and the Compensation Report, and the agenda for the Shareholder's Meeting on February 7, 2023. The Supervisory Board also concerned itself with the Annual Report from the Group Compliance Officer.

At the Supervisory Board meeting on February 6, 2023, the Executive Board reported on the current course of business and the financial position at the end of the first quarter and explained the ad hoc announcement of January 19, 2023. The Executive Board reported on the status of the acquisition and the planned integration of Siemens Gamesa. The quality issues in the onshore business of Siemens Gamesa were discussed in detail. The Executive Board provided also an outlook for the forthcoming Shareholders' Meeting. Moreover, the Supervisory Board approved an Executive Board decision on financial measures.

The members of the Supervisory Board attended the Annual Shareholders' Meeting of Siemens Energy AG on February 7, 2023 at the place of the Shareholders' Meeting in Munich.

In the circulation procedure via electronic data room initiated on March 13, 2023, the Supervisory Board approved a financial measure.

At the meeting on May 12, 2023, the Executive Board explained the key financial data for the second quarter. The situation at Siemens Gamesa, in particular the quality issues in the onshore business and the difficulties of the ramp-up in the offshore business, were discussed intensively. The Executive Board further explained the status of the acquisition of Siemens Gamesa. The Supervisory Board also approved a resolution taken by the Executive Board in respect of a financing measure. Other issues discussed at the meeting were the review of the Shareholders' Meeting, the engagement of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft to conduct the substantive audit of the Compensation Report and personnel matters relating to the Executive Board.

In the circulation procedure via electronic data room initiated on June 29, 2023, the formation of the Siemens Gamesa Special Committee of the Supervisory Board was approved.

At the meeting on August 4, 2023, the Executive Board reported on the current course of business and the financial position at the end of the third quarter and the ad hoc release that was published on June 22, 2023. The Supervisory Board discussed in detail the quality issues with the 4.X and 5.X turbines at Siemens Gamesa, their causes and the ramp-up problems in Offshore, as well as the measures that have been planned and already implemented. It also concerned itself with the Annual Reports by the Head of Cybersecurity and the Head of M&A.

The meeting on September 28, 2023, focused on an in-depth discussion of the future strategy of Siemens Energy and Siemens Gamesa, as well as on the current status of the quality issues at Siemens Gamesa and their remediation. In addition, the Supervisory Board concerned itself with corporate governance matters, especially the most recent Declaration of Conformity with the German Corporate Governance Code. It approved amendments to the bylaws for the Executive Board and the Supervisory Board, including the dissolution of the Related Party Transactions Committee. Thus, effective October 1, 2023, the responsibility for decisions to approve related-party transactions within the meaning of Sections 107 and 111a to 111c of the German Stock Corporation Act ("Aktiengesetz") lies with the full Supervisory Board. In line with the recommendation from the Presiding Committee, the Supervisory Board adopted a resolution concerning the target and maximum compensation for the members of the Executive Board and the definition of the key performance criteria for fiscal year 2024. It also addressed the appropriateness of Executive Board compensation. Another matter discussed at the meeting was the self-assessment of the activities of the Supervisory Board and its Committees.

Work in the Supervisory Board Committees

In the year under review, the Supervisory Board had seven committees: the Presiding Committee, the Audit Committee, the Sustainability and Finance Committee, the Nomination Committee, the Related Party Transactions Committee, the Special Committee Siemens Gamesa (since July 4, 2023) and the Mediation Committee that must be established pursuant to Section 27 (3) of the German Codetermination Act ("Mitbestimmungsgesetz"). At its meeting on September 28, 2023, the Supervisory Board resolved to dissolve the Related Party Transactions Committee effective the end of fiscal year 2023.

The Committees prepare resolutions and matters for discussion at the plenary meetings of the Supervisory Board. To the extent permitted by law, the Supervisory Board has transferred decision-making powers to its Committees. The Chairs of the Committees regularly provide comprehensive reports to the Supervisory Board on the work in the Committees. The tasks and members of the Committees are set out in detail in chapter **4.5 Corporate Governance pursuant to Sections 289f and 315d of the German Commercial Code.**

The **Presiding Committee** convened ten times in the past fiscal year. Between meetings, the Chairman of the Supervisory Board discussed issues of special significance with the Presiding Committee members. The Presiding Committee received regular information from the Chief Executive Officer about current issues concerning the Company. It dealt with personnel matters and succession planning for the Executive Board and coordinated with the Chief Executive Officer on this. It prepared Supervisory Board resolutions concerning the definition of the performance criteria and targets for variable compensation, the determination of target attainment, the definition of Executive Board compensation and the review of its appropriateness, the approval of the Compensation Report and the appointment of the auditor of the Compensation Report for fiscal year 2023. In addition, the Presiding Committee dealt with corporate governance issues, the preparation of the corporate governance report in the Corporate Governance Statement and the Report of the Supervisory Board, the acceptance by Executive Board members of positions in other companies and institutions and the preparation of the self-assessment of the Supervisory Board. The Presiding Committee was informed of, or approved, matters relating to key personnel within the specified legal framework.

The **Audit Committee** held six regular meetings and, in connection with the assessment of various matters concerning Siemens Gamesa, one extraordinary meeting in the reporting period. Depending on the agenda item concerned, the heads of corporate departments attended and made themselves available for questions from the members of the Audit Committee. In the presence of the independent auditor as well as the Chief Executive Officer and Chief Financial Officer, the Committee dealt with the financial statements and the Combined Management Report for Siemens Energy AG and the Group, including the non-financial statement. The Audit Committee also discussed the Half-year Financial Report and the quarterly statements with the Executive Board and the auditor. It furthermore discussed, in the presence of the auditor, the report on the review of the Condensed Interim Consolidated Financial Statements and Interim Group Management Report for the first six months of 2023. The Committee awarded the audit engagement to the independent auditor elected for fiscal year 2023 by the Shareholders' Meeting, determined the key audit areas and specified the auditor's fee. It monitored the selection, independence and qualify-cation of the auditor and assessed the quality of the audit and the auditor's performance, including the additional services rendered. Against the background of the Wirecard case, it asked the auditor to provide ongoing reports on the latest development in the role of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as the auditor of Wirecard AG. The Audit Committee questioned the auditor about matters including the ruling made by the ruling chamber of the German statutory auditors' supervisory authority (APAS) and about the measures the independent auditor has already taken or is planning to take to restore the confidence of the public and of stakeholders, which had been shaken by the Wirecard case. The Chair of the Audit Committee was also in regular contact with the auditor, including between meetings.

The Audit Committee conducted a selection procedure in accordance with Art. 16 para. 3 of Regulation (EU) No. 537/2014 and submitted its recommendation and its preference for the audit engagement for fiscal year 2024 to the Supervisory Board. The preference of the Audit Committee was to recommend that the Shareholders' Meeting elect KPMG AG Wirtschaftsprüfungsgesellschaft as the independent auditor of the Annual and Consolidated Financial Statements and to review the Half-year Interim Report for fiscal year 2024.

The Committee also concerned itself with the audit of the accounts and oversight over the accounting process, the effectiveness of the internal control system, the risk management system and the internal auditing system, the reports on compliance matters and imminent or pending material legal disputes, as well as the tax position of the Company, and inquired about related party transactions exceeding certain thresholds. The Audit Committee requested reports on the status of the processes necessary to meet the reporting requirements of the EU Taxonomy. It intensively discussed the additional charges incurred at Siemens Gamesa in connection with certain quality issues, and their implications for the Group, with the Company's management and the auditor, in its regular meetings and in an extraordinary meeting held after the ad-hoc announcement of June 22, 2023. In that context, the Committee initiated additional internal audits and obtained expert opinions on certain aspects from external advisors. The practice of closed sessions without the Executive Board in attendance at the end of each meeting, which had been adopted as normal practice at the Committee's constituent meeting on November 9, 2020, was retained and the confidential communication between the Committee and the auditor promoted.

The **Nominating Committee** convened once in fiscal year 2023. In particular in light of the regular elections to the Supervisory Board that will take place in 2025, the Nominating Committee concerned itself with succession planning for the Supervisory Board and the topics for its work in the years ahead and examined the regulatory framework for the composition of the Supervisory Board.

The **Sustainability and Finance Committee** convened three times in the reporting period. The main focuses of the Committee's work were its recommendations for the 2023 budget, the resolutions in connection with the cash capital increase by way of the accelerated book-building process and the discussion of sustainability/ESG matters. Regarding the latter, the Committee concerned itself with the Company's sustainability program, especially decarbonization and responsible business practices, and with the Sustainability Report. On the topic of decarbonization, the reduction of greenhouse gas emissions in the company's own operations and the opportunities for reducing Scope 3 downstream emissions were discussed. Other topics discussed by the Committee were the Company's pension system and brand strategy.

The **Related Party Transactions Committee** met once during the reporting period. It dealt with the question of whether a transaction required approval and discussed the proposal to dissolve the Committee at the end of the fiscal year.

The **Special Committee Siemens Gamesa** was established by the Supervisory Board effective July 4, 2023, and met five times before the end of the fiscal year. In addition, two resolutions were adopted via the electronic boardroom. The focus of the Special Committee was on discussing and investigating the technical difficulties at Siemens Gamesa, especially in respect of the issues that resulted in the publication of the ad hoc release on June 22, 2023. The Special Committee consulted external experts for support, in particular for the technical analysis and assessment of the quality issues and possible remedial measures.

The **Mediation Committee** did not have to be convened in fiscal year 2023.

The composition of the Committees and information about the respective Chairs can be found in the **Corporate Governance Statement** and online at **https://www.siemens-energy.com/global/en/home/company/about/supervisory-board/committees**.

Corporate Governance

In September 2023, the Executive Board and the Supervisory Board approved the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz). The most recent Declaration of Conformity and further information on corporate governance can be found in the **Corporate Governance Statement** pursuant to Sections 289f and 315d of the German Commercial Code. The wording of the Declaration of Conformity for 2023 and past declarations of conformity are made permanently available to shareholders on the Company's website at **www.siemens-energy.com/global/en/company/investor-relations/corporate-governance.html#GermanCorporateGovernanceCode** .

Self-Assessment of the Supervisory Board

The Supervisory Board regularly assesses how effectively the body as a whole and its Committees perform their duties. Its meeting in September 2023 dealt specifically with the question of increasing the efficiency of the work of the full Supervisory Board and its committees; following the meeting, written suggestions for improvement were invited. Moreover, some meetings included an open feedback session to discuss the efficiency of the Supervisory Board. No major deficits were identified. Detailed proposals for optimization will inform the work of the Supervisory Board in the future.

Review of Potential Conflicts of Interest

The members of the Supervisory Board of Siemens Energy AG are obliged to disclose to the Supervisory Board as a whole any conflicts of interest, especially those arising as a result of an advisory or governing body function at customers, suppliers and lenders of Siemens Energy AG or at other third parties. No conflicts of interest were reported during the reporting period.

Training and Development

Generally speaking, the members of the Supervisory Board make use of the training and development measures required to discharge their duties under their own responsibility with support from the Company. Deep dives are held during meetings of the Supervisory Board to provide specific training and enhance Company-related expertise. Other internal information events are organized to provide specific training, as necessary. On August 3, 2023, an information event on the subject of ESG was provided for the full Supervisory Board by an external provider in collaboration with employees of the Sustainability department. On September 7 and 15, 2023, internal training events were held on the subject of the German Act on Corporate Due Diligence in Supply Chains ("Lieferkettensorgfaltsgesetz"). With the involvement of the members of the Executive Board and the managers of specialist central functions, onboarding events tailored to their interests and needs are held for new Supervisory Board members in order to familiarize them with the Company's business areas and, especially, provide them with more detailed information about the governance structures of the Siemens Energy Group and the key issues addressed by the Supervisory Board. As required, the Supervisory Board members are also provided with information about the regulatory environment that is relevant to the work of the Supervisory Board and other pertinent legal developments.

INDIVIDUAL DISCLOSURE OF MEETING ATTENDANCE

In the past fiscal year, one meeting of the Supervisory Board was held as a face-to-face meeting; the remaining five meetings were held in hybrid form, i.e. as face-to-face meetings with the option of virtual attendance. None of the meetings were held as conference calls. Most Committee meetings were also held in hybrid form. Six meetings of the Presiding Committee and one meeting of the Special Committee were held as face-to-face meetings, while three meetings of the Presiding Committee, two meetings of the Special Committee and one meeting each of the Audit Committee and Sustainability and Finance Committee were held as entirely virtual video conferences. The attendance rate of members at the meetings of the Supervisory Board and its Committees was 98.1%. The attendance record of each individual member at the meetings of the Supervisory Board and its Committees in fiscal year 2023 was as follows:

(Number of meetings / % attendance)	Supervisory Board plenary meetings		Presiding Committee		Audit Committee		Sustainability and Finance Committee		Nomination Committee		Related Party Transactions Committee		Special Commit-tee Sie-mens Gamesa	
	Num-ber	%	Num-ber	%	Num-ber	%	Num-ber	%	Num-ber	%	Num-ber	%	Num-ber	%
Joe Kaeser Chairman	6/6	100	10/10	100	7/7	100	3/3	100	1/1	100				
Robert Kensbock 1st Deputy Chairman	6/6	100	10/10	100	6/7	86	3/3	100			1/1	100	4/5	80
Dr. Hubert Lienhard 2nd Deputy Chairman	6/6	100	10/10	100			3/3	100	1/1	100			5/5	100
Günter Augustat	6/6	100					3/3	100						
Manfred Bäreis	6/6	100			7/7	100								
Manuel Bloemers	6/6	100												
Dr. Christine Maria Bortenlänger	6/6	100			7/7	100					1/1	100		
Dr. Andrea Fehrmann	6/6	100			7/7	100								
Dr. Andreas Feldmüller	6/6	100									1/1	100		
Nadine Florian	6/6	100			7/7	100							5/5	100
Sigmar Gabriel	6/6	100									1/1	100		
Horst Hakelberg	6/6	100									1/1	100	5/5	100
Jürgen Kerner	6/6	100	10/10	100			3/3	100					5/5	100
Thomas Pfann	5/6	83					3/3	100						
Hildegard Müller	6/6	100									1/1	100		
Laurence Mulliez	6/6	100			7/7	100							5/5	100
Matthias Rebellius	5/6	83					3/3	100					5/5	100
Prof. Dr. Ralf Thomas	6/6	100			7/7	100			1/1	100				
Geisha Jimenez Williams	6/6	100					2/3	67	1/1	100				
Randy Zwirn	6/6	100											4/5	80
		98		**100**		**98**		**96**		**100**		**100**		**95**

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS DISCUSSED IN DETAIL

The independent auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, (EY) audited the financial statements, Consolidated Financial Statements and Combined Management Report for Siemens Energy AG and the Group for the fiscal year ending September 30, 2023, and issued an unqualified opinion. EY has served as the independent auditor of the Siemens Energy Group since fiscal 2020. Katharina Breitsameter and Johannes Oßmann have signed as auditors since fiscal 2023. The financial statements of Siemens Energy AG and the Combined Management Report for Siemens Energy AG and the Group were issued in accordance with German legal requirements. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as applicable in the European Union (EU), and the additional requirements of German law pursuant to Section 315e (1) of the German Commercial Code (Handelsgesetzbuch). The Consolidated Financial Statements also comply with IFRS as published by the International Accounting Standards Board (IASB). The auditor conducted the audit in accordance with Section 317 of the German Commercial Code and the EU Auditor Directive, taking into account the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW), and in supplementary compliance with the International Standards on Auditing (ISA). The Executive Board distributed the documents specified and the Executive Board's proposal for the appropriation of net income to us in advance. The preliminary dividend proposal was discussed in detail at the meeting of the Audit Committee on November 13, 2023; the financial statements, the Consolidated Financial Statements and the Combined Management Report at the meeting of the Audit Committee on December 4, 2023. The Audit Committee addressed in particular the key audit matters described in the respective audit opinion, including the audit procedures performed. The audit by the Audit Committee also included the separate non-financial statement for the Group. The reports of the independent auditor, including the audit report on the Compensation Report, were available to all members of the Supervisory Board and were discussed at length in the presence of the auditor at the Supervisory Board's meeting to approve the financial statements on December 5, 2023. The auditor reported on the scope, focus and main results of its audit and in particular addressed the key audit matters and the audit procedures performed. No significant weaknesses of the internal control system and the risk management system were reported. At this meeting, the Executive Board explained the financial statements of Siemens Energy AG and the Consolidated Financial Statements of the Group, as well as the risk management system.

The Supervisory Board agrees with the results of the audit. No objections are to be raised following the final results of the audit by the Audit Committee and our own review. The Compensation Report was compiled by the Executive Board and the Supervisory Board, and the annual financial statements and the Consolidated Financial Statements were prepared by the Executive Board. We have approved the financial statements and Consolidated Financial Statements. The financial statements are therefore adopted. The Executive Board proposes that the unappropriated net income of Siemens Energy AG for the fiscal year that ended on September 30, 2023, shall be carried forward to the next fiscal year. We have consented to this proposal.

CHANGES TO THE SUPERVISORY BOARD AND EXECUTIVE BOARD

Vinod Philip has been an ordinary member of the Executive Board since October 1, 2022. Effective November 1, 2022, Anne-Laure de Chammard was appointed as an ordinary member of the Executive Board. Both of these members of the Executive Board were appointed for a term of three years.

For the Supervisory Board

Joe Kaeser

Chairman

4.5 Corporate Governance pursuant to Sections 289f and 315d of the German Commercial Code

In this statement, the Executive Board and Supervisory Board report on the corporate governance of the Company and the Group in accordance with Sections 289 f and 315 d German Commercial Code and Principle 23 of the German Corporate Governance Code 2022 (Code). The Compensation Report can be found in chapter **4.6 Compensation Report of Siemens Energy AG for fiscal year 2023 pursuant to Section 162 of the German Stock Corporation Act**. It is, along with the independent auditor's statement according to s. 162 of the Stock Corporation Act ("Aktiengesetz"), the current compensation system according to s. 87a para. 1 and 2 sentence 1 of the Stock Corporation Act, and the latest shareholders' resolution on compensation according to s. 113 para. 3 of the Stock Corporation Act, also available on our website at **www.siemens-energy.com/corpoprate-governance/remuneration-system**. More information on corporate governance is available online at **www.siemens-energy.com/corporate-governance**.

Declaration of conformity with the German Corporate Governance Code

The Executive Board and the Supervisory Board of Siemens Energy AG approved the following Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz):

"Declaration of Conformity by the Executive Board and the Supervisory Board of Siemens Energy AG with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act

Since submission of the last Declaration of Conformity in September 2022, Siemens Energy AG has complied with all the recommendations of the Government Commission on the German Corporate Governance Code in the version dated April 28, 2022 ("2022 Code"), published by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger), and will continue to comply with them in the future, with the following exceptions:

- Recommendations C.4 and C.5 are not complied with. According to recommendation C.4, a Supervisory Board member who is not a member of any Executive Board of a listed company shall not accept more than five Supervisory Board mandates at non-group listed companies or comparable functions, with an appointment as chair of a Supervisory Board being counted twice. According to recommendation C.5, members of the Executive Board of a listed company shall not accept more than two Supervisory Board mandates in non-group listed companies or comparable functions, and shall not serve as the chair of a Supervisory Board in a non-group listed company.
  Rather than regarding the recommended maximum number of mandates for Executive Board and Supervisory Board members as a fixed upper limit, a judgment on whether the number of relevant mandates is appropriate as defined by the Code should be made on a case-by-case basis. This assessment should consider the anticipated workload arising from the accepted mandates, which may differ from case to case.
- Recommendation C.2 is not complied with. As per recommendation C.2, an age limit shall be specified for members of the Supervisory Board and disclosed in the Corporate Governance Statement.
  The individual suitability of a particular candidate depends on numerous factors that are taken into account on a case-by-case basis. It is the Supervisory Board's opinion that a candidate's age is not, per se, a criterion that would rule out the candidate's suitability. Further, the Supervisory Board believes that highly experienced members contribute to the Board's diversity.

Munich, September 2023

Siemens Energy AG

The Executive Board The Supervisory Board"

The latest Declaration of Conformity is available on the Siemens Energy AG website at **www.siemens-energy.com/german-corporate-governance-code**.

Corporate constitution (Unternehmensverfassung)

The term "Siemens Energy Group" refers to Siemens Energy AG and its Group companies. As a German stock corporation (Aktiengesellschaft), Siemens Energy AG, domiciled in Munich, registered at the commercial register at the district court of Munich under registry number HRB 252581, has three governing bodies: the Executive Board, the Supervisory Board, and the Shareholders' Meeting. Their duties and powers are derived primarily from the Stock Corporation Act and the articles of association of Siemens Energy AG, as well as from the bylaws.

Composition and operation of the Executive Board

As of September 30, 2023, the Executive Board of Siemens Energy AG was composed of six members. The members of the Executive Board and their memberships to be disclosed in accordance with Section 285 No. 10 German Commercial Code can be found on page 168.

As the top management body, the Executive Board is bound to serving the interests of the Company and achieving sustainable growth in company value. The members of the Executive Board are jointly responsible for the entire management of the Company and decide on the Basic issues of business policy and corporate strategy as well as on the Company's annual and multi-year plans.

The Executive Board prepares the Company's quarterly statements and half-year financial report, the financial statements and Consolidated Financial Statements, and the Combined Management Report of Siemens Energy AG and the Group. In addition, the Executive Board ensures that the Company adheres to statutory requirements, official regulations and internal Company policies and works to achieve compliance with these provisions and policies within the Group. The Executive Board has established a comprehensive compliance management system. Protection is offered to employees and third parties who provide information on unlawful behavior within the Company. Details on the compliance management system are available on the Company's website at: **www.siemens-energy.com/global/en/company/about/compliance.html.**

The Supervisory Board has issued Bylaws for the Executive Board that contain the rules for cooperation both within the Executive Board and between the Executive Board and the Supervisory Board. Without prejudice to the principle of the Executive Board members' joint responsibility and their obligation to peer cooperation, the Supervisory

Board has issued a business allocation plan that, most recently effective as of October 1, 2022, specifies the Executive Board portfolios and the individual Executive Board members' responsibilities. The Labor Director (Arbeitsdirektor) is appointed in accordance with the requirements of Section 33 of the German Codetermination Act (Mitbestimmungsgesetz). As a rule, first-time appointments to the Executive Board should not exceed three years. Members of the Executive Board shall, as a rule, not be over 63 years of age. Executive Board committees have not been set up.

As a rule, a portfolio assigned to an individual member is that member's own responsibility. Activities and transactions in a particular Executive Board portfolio that are considered to be extraordinarily important for the Company or associated with an extraordinary economic risk require the prior consent of the full Executive Board.

The same applies to activities and transactions for which the President or another member of the Executive Board demands a prior decision by the Executive Board. The President is responsible for the coordination of all Executive Board portfolios. Further details are available in the Bylaws for the Executive Board at: **www.siemens-energy.com/articles-of-association-&-bylaws**.

The Executive Board and the Supervisory Board cooperate closely for the benefit of the Company. The Executive Board informs the Supervisory Board regularly, comprehensively, and without delay on all issues of importance to the entire Company with regard to strategy, planning, business development, financial position and results of operations, compliance, and entrepreneurial risks. At regular intervals, the Executive Board also discusses the status of strategy implementation with the Supervisory Board.

The members of the Executive Board are subject to a comprehensive prohibition on competitive activity for the period of their employment at Siemens Energy AG. They are bound to serving the interest of the Company. When making their decisions, they may not be guided by personal interests nor may they exploit for their own advantage business opportunities offered to the Company. Executive Board members may conduct additional activities of material nature outside the company – in particular, Supervisory Board positions outside the Siemens Energy Group – only with the approval of the Presiding Committee of the Supervisory Board. The Supervisory Board is responsible for decisions regarding any adjustments to Executive Board compensation that are necessary in order to take account of possible compensation for secondary activities. Every Executive Board member is under an obligation to disclose conflicts of interest without delay to the Chair of the Supervisory Board and to the President of the Executive Board, and to inform the other members of the Executive Board thereof.

Information on the areas of responsibility and the curricula vitae of the members of the Executive Board are available on the Company's website at: **www.siemens-energy.com/global/en/company/about/executive-board.html**.
Information on the compensation paid to the members of the Executive Board is provided in chapter **4.6 Compensation Report of Siemens Energy AG for fiscal year 2023 pursuant to Section 162 of the German Stock Corporation Act.**

Composition and operation of the Supervisory Board

The Supervisory Board consists of 20 members and comprises an equal number of ten shareholder representatives and ten employee representtatives in accordance with the German Codetermination Act.

The members of the Supervisory Board representing shareholders are elected by simple majority by the Shareholders' Meeting. Elections to the Supervisory Board are conducted, as a rule, on an individual basis. The Supervisory Board's employee representatives are elected in accordance with the provisions of the German Codetermination Act. The members of the Supervisory Board and their memberships to be disclosed in accordance with Section 285 No. 10 German Commercial Code can be found on page 169.

The Supervisory Board oversees and advises the Executive Board in its management of the Company's business. At regular intervals, the Supervisory Board discusses business development, planning, strategy, including the innovation strategy, and strategy implementation. It reviews the financial statements and Consolidated Financial Statements, the Combined Management Report of Siemens Energy AG and the Group, and proposal for the appropriation of Net income. It approves the financial statements of Siemens Energy AG as well as the Consolidated Financial Statements, based on the results of the preliminary review conducted by the Audit Committee and taking into account the reports of the independent auditors. The Supervisory Board decides on the Executive Board's proposal for the appropriation of Net income and the Report of the Supervisory Board to the Shareholders' Meeting. In addition, the Supervisory Board and the Audit Committee of the Supervisory Board monitor the Company's adherence to statutory provisions, official regulations and internal Company policies (compliance) and addresses the non-financial statement.

The Supervisory Board also appoints the members of the Executive Board and determines each member's portfolios. The Supervisory Board approves – on the basis of a proposal by the Presiding Committee – the compensation system for Executive Board members and defines their concrete compensation in accordance with this system. It sets the individual targets for the variable compensation and the total compensation of each individual Executive Board member, reviews the appropriateness of total compensation, and regularly reviews the Executive Board compensation system. Important Executive Board decisions – such as those regarding major acquisitions, divestments, fixed asset investments, or financial measures – require Supervisory Board approval unless the bylaws for the Supervisory Board specify that such authority be delegated to the Sustainability and Finance Committee of the Supervisory Board.

The Supervisory Board conducts regular reviews – either internally or with the involvement of external consultants – in order to determine how effectively the Supervisory Board and its committees perform their duties. Already in fiscal year 2021, the Supervisory Board had performed an internal self-assessment on the basis of a comprehensive online questionnaire, the results of which had been discussed in detail by the Supervisory Board at its meeting on September 21, 2021. The results of the assessment confirmed the professional and constructive cooperation within the Supervisory Board and with the Executive Board. Since fiscal year 2022, in furtherance of this process, the effectiveness of the Supervisory Board's and its Committees' work has been regularly discussed in an open forum at the end of the Supervisory Board meetings and suggestions were acted upon. In the meeting of September 28, 2023, specific questions on increasing efficiency were on the agenda. After the meeting, the Supervisory Board members were consulted in writing regarding proposals for improvement measures.

Separate preparatory meetings of the shareholder representatives and of the employee representatives are held regularly in order to prepare the Supervisory Board meetings. The Supervisory Board also meets regularly without the Executive Board in attendance. Every Supervisory Board member is under an obligation to disclose conflicts of interest to the Supervisory Board. In that regard, the Supervisory Board in particular takes into account that some of its members are at the same time board members at the Company's largest shareholder. Information regarding any conflicts of interest that have arisen and their handling, for example by way of abstaining or not attending the deliberations, is provided in the Report of the Supervisory Board. Special informational (onboarding) events are held in order to familiarize new Supervisory Board members with the Company's business model and the structures of the Siemens Energy Group.

Details regarding the work of the Supervisory Board are provided in chapter **4.4 Report of the Supervisory Board**. The curricula vitae of the members of the Supervisory Board are published on the Company's website at **www.siemens-energy.com/global/en/company/about/supervisory-board.html** and are updated annually. Information on the compensation paid to the members of the Supervisory Board is provided in chapter **4.6 Compensation Report of Siemens Energy AG for fiscal year 2023 pursuant to Section 162 of the German Stock Corporation Act**.

Supervisory Board committees

The Supervisory Board has established five standing committees: the Presiding Committee, the Audit Committee, the Sustainability and Finance Committee, the Nominating Committee and the Mediation Committee in accordance with Section 27 para. 3 of the German Codetermination Act. Their duties, responsibilities, and procedures fulfill the requirements of the German Stock Corporation Act and the Code. The chairs of these committees provide the Supervisory Board with regular reports on their committees' activities. In addition, with effect from July 4, 2023, the Supervisory Board established the Special Committee Siemens Gamesa. The Related Party Transaction Committee, which had existed until 30 September 2023, was dissolved with effect from October 1, 2023. Consequently, with effect from October 1, 2023, the Supervisory Board assumed responsibility for resolving on the approval of transactions with related parties in accordance with Sections 107 and 111a to 111c of the German Stock Corporation Act.

The **Presiding Committee** coordinates the work of the Supervisory Board; it also prepares the Supervisory Board meetings and the self-assessment of the effectiveness of the Supervisory Board and its committees. It discusses the long-term succession planning for the Executive Board, makes proposals regarding the appointment and dismissal of Executive Board members, and is responsible for concluding, amending, extending, and terminating employment contracts with members of the Executive Board. When making recommendations for first-time appointments, the Presiding Committee takes into account that these appointments should not exceed an initial term of three years. In preparing recommendations regarding the appointment of Executive Board members, the Presiding Committee takes into account the statutory provisions and the profile of requirements defined by the Supervisory Board, along with the diversity concept, and considers the age limit for Executive Board members defined by the Supervisory Board, the statutory minimum participation requirement, and the stipulated targets for the percentage of women. The Presiding Committee prepares the proposals for decisions at the Supervisory Board's plenary meetings regarding the system of Executive Board and Supervisory Board compensation, including the implementation of this system in Executive Board contracts, the definition of the targets for variable Executive Board compensation and the determination of whether these targets have been achieved, the determination and review of the appropriateness of the total compensation of individual Executive Board members, and the resolution on the annual Compensation Report, including the appointment of the auditor. The Presiding Committee concerns itself with questions regarding the Company's corporate governance and prepares the resolutions to be approved by the Supervisory Board regarding the Declaration of Conformity with the Code – including the explanation of deviations from the Code – and the Report of the Supervisory Board to the Shareholders' Meeting. Furthermore, the Presiding Committee submits recommendations to the Supervisory Board for the composition of the Supervisory Board committees and for the positions of their chairs, as well as for the position of the chair of the Supervisory Board, and decides whether to approve contracts and business transactions with Executive Board members and parties related to them. Ultimately, the Presiding Committee is responsible for the decision if the Executive Board requires the approval of the Presiding Committee for the appointment or dismissal of management positions determined under its bylaws.

As of September 30, 2023, the Presiding Committee had the following members: Joe Kaeser (Chairman), Robert Kensbock, Jürgen Kerner and Dr. Hubert Lienhard.

The **Audit Committee** attends to auditing the accounts and overseeing the accounting process, the effectiveness of the internal control system and the risk management system, including the coverage of sustainability targets, the effectiveness of the internal auditing system and the internal process for related-party transactions. It is responsible for preparing the Supervisory Board's audit of the financial statements, the Consolidated Financial Statements, and Combined Management Report of Siemens Energy AG and the Siemens Energy Group and for the audit of the Executive Board's proposal for the appropriation of Net income by the Supervisory Board. On the basis of the independent auditors' report on their audit of the financial statements, the Audit Committee makes, after its preliminary review, recommendations regarding Supervisory Board approval of the financial statements of Siemens Energy AG and the Consolidated Financial Statements. The Audit Committee discusses the quarterly statements and the half-year financial report with the Executive Board and the independent auditors and deals with the auditors' reports on the review of the half-year Consolidated Financial Statements and interim group management report. The Audit Committee attends to monitoring the Company's adherence to statutory provisions, official regulations, and internal Company policies (compliance), as well as the Group's separate non-financial statement. The Audit Committee receives regular reports from the Internal Audit Department.

It prepares the Supervisory Board's recommendation to the Shareholders' Meeting concerning the election of the independent auditors and submits the corresponding proposal to the Supervisory Board. It awards the audit contract to the independent auditors elected by the Shareholders' Meeting and monitors the independent audit of the financial statements, particularly the selection, independence, rotation and qualification of the auditor, as well as the quality of the audit, the auditor's performance and the additional services rendered. In doing so, it observes the applicable statutory provisions, particularly the requirements under Regulation (EU) 537/2014 regarding statutory audit. Outside its meetings, the Supervisory Board is also in regular communication with the independent auditors via the Chair of the Audit Committee.

As of September 30, 2023, the Audit Committee had the following members: Laurence Mulliez (Chair), Manfred Bäreis, Dr. Christine Bortenlänger, Dr. Andrea Fehrmann, Nadine Florian, Joe Kaeser, Robert Kensbock and Prof. Dr. Ralf Thomas. The members of the Audit Committee are, as a group, familiar with the sector in which the Company operates. Pursuant to the German Stock Corporation Act, at least one member of the Audit Committee must have expertise in the field of accounting and at least one other member must have expertise in auditing. As per the Code, expertise in the field of accounting shall consist of special knowledge and experience in the application of accounting principles and internal control and risk management systems, and expertise in the field of auditing shall consist of special knowledge and experience in the auditing of financial statements, whereby accounting and auditing also comprise sustainability reporting and its audit. The chair of the audit committee shall have appropriate expertise in at least one of the two areas and shall be independent. The Audit Committee in its current composition meets these requirements. The chair of the Audit Committee, Ms. Laurence Mulliez, has more than five years of experience as audit committee chair at an international company listed in the European Union, and has served as a member on other audit committees; she therefore achieved special knowledge and experience both in accounting and in auditing, including mandatory sustainability reporting, through her professional activities. As per the Supervisory Board's assessment, Ms. Mulliez is also independent. Moreover, with Prof. Dr. Ralf P. Thomas the Audit Committee comprises at least one further member, who, through his years of work as Chief Financial Officer at a DAX (German Share Index) company, has obtained the required special knowledge and expertise in both areas.

The **Sustainability and Finance Committee** is in particular tasked with addressing, subject to other committees' competencies, sustainability matters (Environmental, Social, Governance – ESG). In addition, the Committee discusses and prepares the negotiations and resolutions of the Supervisory Board on the financial situation and resources of the Company, including the annual budget, as well as investments in tangible assets and financial measures, and resolves in lieu of the Supervisory Board on the approval of transactions that require Supervisory Board approval and that do not exceed a volume of €600 million. Moreover, the Committee deals with the corporate, brand and design image of the Company.

As of September 30, 2023, the Sustainability and Finance Committee had the following members: Joe Kaeser (Chairman), Günter Augustat, Robert Kensbock, Jürgen Kerner, Dr. Hubert Lienhard, Thomas Pfann, Matthias Rebellius and Geisha Williams. The Chair of the Audit Committee attends the meetings of the Sustainability and Finance Committee if there are overlaps to items of the Audit Committee.

The **Nominating Committee** is responsible for making recommendations to the Supervisory Board on suitable candidates for election by the Shareholders' Meeting as shareholder representatives on the Supervisory Board. It is to be ensured that, besides possessing the necessary knowledge, skills, and expertise, the proposed candidates are familiar with the sector in which the Company operates. The objectives defined by the Supervisory Board for its composition should be taken into consideration, as should diversity and expertise in the sustainability issues of importance to the Company, and the fulfillment of the profile of required skills and expertise developed by the Supervisory Board.

As of September 30, 2023, the Nominating Committee had the following members: Joe Kaeser (Chairman), Dr. Hubert Lienhard, Prof. Dr. Ralf Thomas, and Geisha Williams.

The **Mediation Committee** to be established in accordance with Section 27 para. 3 of the Co-Determination Act makes proposals to the Supervisory Board for the appointment of members of the Executive Board, if the majority of two thirds of the Supervisory Board members' votes as required by Section 31 para. 2 of the Co-Determination Act is not reached. As of September 30, 2023, the Mediation Committee, besides the Chair and the first Deputy Chair of the Supervisory Board, comprised of Jürgen Kerner and Dr. Hubert Lienhard.

The **Special Committee Siemens Gamesa** is responsible for advising, supporting and monitoring the Executive Board on certain matters at Siemens Gamesa. As of September 30, 2023, it comprised of Dr. Hubert Lienhard (Chairman), Nadine Florian, Horst Hakelberg, Robert Kensbock, Jürgen Kerner, Laurence Mulliez, Matthias Rebellius and Randy Zwirn. The Chairman of the Supervisory Board, Joe Kaeser, is a regular guest at the committee.

Until September 30, 2023, the **Committee on Related Party Transactions** had the task of resolving instead of the Supervisory Board on the approval of transactions with related parties within the meaning of Sections 107 and 111a to 111c of the German Stock Corporation Act. As of September 30, 2023, the Committee on Related Party Transactions had the following members: Hildegard Müller (Chairwoman), Dr. Christine Bortenlänger, Dr. Andreas Feldmüller, Sigmar Gabriel, Horst Hakelberg and Robert Kensbock. With effect from October 1, 2023, the Supervisory Board assumed responsibility for resolving on the approval of transactions with related parties in accordance with Sections 107 and 111a to 111c of the German Stock Corporation Act and dissolved the Related Party Transactions Committee.

More details are available in the bylaws for the Supervisory Board at: **www.siemens-energy.com/articles-of-association-&-bylaws**.

Share transactions by members of the Executive and Supervisory Boards

Pursuant to Article 19 of EU Regulation No. 596/2014 of the European Parliament and Council of April 16, 2014, on market abuse (Market Abuse Regulation), members of the Executive Board and the Supervisory Board are legally required to disclose all transactions conducted on their own account relating to the shares or debt instruments of Siemens Energy AG or to the derivatives or financial instruments linked thereto if the total value of such transactions entered into by a board member or any closely associated person reaches or exceeds € 20,000 in any calendar year. All transactions reported to Siemens Energy AG in accordance with this requirement are duly published and are available on the Company website at: **www.siemens-energy.com/managers-transactions**.

Details regarding transactions with members of the Executive and Supervisory Boards as related individuals are available in **3.6 Notes to Consolidated Financial Statements** in **Note 27 Related party transactions.**

Shareholders' Meeting and investor relations

Shareholders exercise their rights at the Shareholders' Meeting. An annual ordinary Shareholders' Meeting normally takes place within the first five months of each fiscal year. The Shareholders' Meeting decides, among other things, on the appropriation of Net income, the ratification of the acts of the Executive and Supervisory Boards, and the appointment of the independent auditors. Amendments to the articles of association and measures that change the Company's capital stock are approved at the Shareholders' Meeting and implemented by the Executive Board. The Executive Board facilitates shareholder participation in this meeting through electronic communications – in particular, via the internet – and enables shareholders who are unable to attend the meeting to vote by proxy. Proxies can also be reached during the Shareholders' Meeting. Furthermore, shareholders may exercise their right to vote in writing or by means of electronic communications (absentee voting). The Executive Board may enable shareholders to participate in the Shareholders' Meeting without the need to be present at the venue and without a proxy and to exercise some or all of their rights fully or partially by means of electronic communications.

The Company enables shareholders to follow the entire Shareholders' Meeting via the internet. Shareholders may submit proposals regarding the proposals of the Executive and Supervisory Boards and may contest decisions of the Shareholders' Meeting. Shareholders owning stock with an aggregate notional value of € 100,000 or more may also demand the judicial appointment of special auditors to examine specific issues. The reports, documents, and information required by law for the Shareholders' Meeting, including the Annual Report, can be downloaded from the Company website. The same applies to the agenda for the Shareholders' Meeting and to any counterproposals or shareholders' nominations that may require disclosure. For the election of shareholder representatives on the Supervisory Board, a detailed curriculum vitae of every candidate is published.

As per resolution by the Executive Board and with the approval of the Supervisory Board, the ordinary Shareholders' Meeting on February 7, 2023, was held as a virtual Shareholders' Meeting without the physical attendance of the shareholders or their proxy representatives as per Art. 26n para. 1 of the Act introducing the Stock Corporation Act and Section 118a of the German Stock Corporation Act. The entire meeting was broadcast via audio and video. Shareholders were able to exercise their voting rights by way of electronic communication or by proxy representation, and to, within the limits of the statutory provisions by way of electronic communication, exercise their right to information and submit statements. Shareholders who participated electronically in the meeting were, by way of electronic communication and within the limits of the statutory provisions, able to file motions, make proposals for elections and exercise their right to speak, and by way of electronic communication to file an objection against a shareholders' resolution.

In the ordinary Shareholders' Meeting on February 7, 2023, the Executive Board was authorized by way of an amendment to the Articles of Association to provide for the Shareholders' Meeting to be held without the shareholders or their proxy representatives being physically present at the place where the Shareholders' Meeting is held (virtual Shareholders' Meeting) for a period of up to two years after entry of the amendment to the Articles of Association in the Company's commercial register. During the two-year term of the authorization, the Executive Board will decide anew in respect of each Shareholders' Meeting whether and under which conditions it shall be convened as a virtual Shareholders' Meeting. In doing so, it will take into account the relevant specific circumstances of the individual case, applying due care in the best interest of the Company and the shareholders. The Executive Board will also take into account in its decision the appropriate protection of the shareholders' participation rights.

As part of investor relations activities, investors are informed comprehensively about developments within the Company. For communication purposes, Siemens Energy AG makes extensive use of the Internet. We publish quarterly statements, half-year financial reports and Annual Reports, earnings releases, ad hoc announcements, analyst presentations, letters to shareholders, as well as the financial calendar for the current year, which contains the publication dates of significant financial communications and the date of the Shareholders' Meeting, at: **www.siemens-energy.com/investorrelations**. The Chairman of the Supervisory Board regularly attends Corporate Governance Roadshows and discusses Supervisory-Board-specific topics with investors.

Further information on corporate governance practices

Suggestions of the Code

Siemens Energy AG voluntarily complies with the Code's suggestions, with the following exception:

Pursuant to suggestion A.8 of the Code, in the case of a takeover offer, the Executive Board should convene an extraordinary Shareholders' Meeting at which shareholders will discuss the takeover offer and may decide on corporate actions. The convening of a Shareholders' Meeting, including where such meeting is held virtually – even taking into account the shortened time frames stipulated in the German Securities Acquisition and Takeover Act ("Wertpapiererwerbs- und Übernahmegesetz") – is an organizational challenge for large publicly listed companies. It appears doubtful whether the associated effort is justified in cases where no relevant decisions by the Shareholders' Meeting are intended. The convening of an extraordinary Shareholders' Meeting should therefore be decided on a case-by-case basis.

Business Conduct Guidelines

The Business Conduct Guidelines provide the ethical and legal framework within which Siemens Energy AG and its group companies want to conduct their activities and remain on course for success. They contain the basic principles and rules for the conduct within the Company and in relation to our external partners and the general public. They set out how Siemens Energy AG and its group companies meet their ethical and legal responsibility as a Company.

Equal participation of men and women in management positions

During the reporting period, the composition of the Supervisory Board complied with the statutory requirements for the minimum participation of men and women.

The current composition of Siemens Energy AG's Executive Board complies with the requirements of Section 76 para. 3a AktG, according to which there is an obligation on stock-listed companies that are subject to parity co-determination and whose Executive Board comprises more than three members, to have at least one female and one male member on the executive board,

The target of at least 25% for the proportion of women on the Executive Board by August 31, 2025, set by the Supervisory Board, remains in place.

During the reporting period, Siemens Energy AG as the parent company of the Siemens Energy Group, and being a pure holding company, had no independent organizational structure. On the basis of a position evaluation system that is applied Group-wide, the Executive Board has therefore defined one management level for employees directly employed at Siemens Energy AG and has set a target of at least 25% for the proportion of women for this management level by September 30, 2025. The Executive Board takes diversity into account when filling management positions. Further information is available in the **Sustainability Report**.

Statutory provisions on equal participation of men and women in management positions that may be applicable to group companies other than Siemens Energy AG remain unaffected.

Diversity concept for the Executive Board

In November 2020, the Supervisory Board approved the following diversity concept for the composition of the Executive Board:

When making an appointment to a specific Executive Board position, the Supervisory Board's decision must be guided by the Company's best interest, taking into consideration all circumstances in the individual case. In the view of the Supervisory Board, the decisive criteria for the selection of members of the Executive Board are in particular their personal suitability, expertise in their prospective areas of responsibility, convincing leadership qualities, achievements to date, international experience, knowledge of the Company, and the ability to adjust business models and processes in a changing global environment. It must be ensured that the members of the Executive Board collectively have the knowledge, skills, and experience, as is required to optimally fulfill their duties as Executive Board members for a company active in the field of energy and technology, such as Siemens Energy.

When considering which personality would best complement the Executive Board, the Supervisory Board also pays attention to aspects of diversity, in particular age, gender, educational and professional background, and internationality. The aim is to achieve a composition that is diverse and comprises individuals who complement one another in an Executive Board that brings different perspectives to the management of the Company.

- The Supervisory Board considers it helpful if different age groups are represented on the Executive Board. In accordance with the recommendation of the German Corporate Governance Code, the Supervisory Board has defined an age limit for the members of the Executive Board. Accordingly, the members of the Executive Board shall, as a rule, not be older than 63 years of age.
- Diversity also means gender diversity. When selecting individuals for Executive Board positions, the targets set by the Supervisory Board for the proportion of women on the Executive Board must be taken into account. The Supervisory Board has established as a target that 25% of the Executive Board positions are to be held by women by August 31, 2025.
- In addition to the expertise and management and leadership experience required for their specific tasks, the Executive Board members are to have a broad range of knowledge and experience and wide educational and professional backgrounds.
- Collectively, the Executive Board shall have experience in the business areas that are important for Siemens Energy, namely energy generation, energy transmission, engineering and construction.
- The Executive Board shall collectively possess knowledge of, and experience in, the areas of technology, strategy, innovation, manufacturing and production, marketing and sales, finances, corporate social responsibility, law and compliance, as well as the development and management of human resources.
- Siemens Energy operates globally with a workforce stemming from numerous countries and global customer and supplier bases. Therefore, the composition of the Executive Board should take into account internationality of its members in the sense of different cultural backgrounds or international experience. The aim is to ensure that there is intercultural openness and the corresponding understanding and ability to assess international issues and contexts within the Executive Board.

Status of implementation of the diversity concept for the Executive Board

The diversity concept for the Executive Board is implemented as part of the process for making appointments to the Executive Board by the Supervisory Board. When selecting candidates and/or making proposals for the appointment of Executive Board members, the Supervisory Board and the Presiding Committee of the Supervisory Board take into account the requirements defined in the diversity concept for the Executive Board.

The current composition of the Executive Board fulfills the diversity concept adopted by the Supervisory Board. The members of the Executive Board cover a broad spectrum of knowledge and experience and exhibit diversity with regard to professional and educational background in the Executive Board's current composition. The Executive Board has all the knowledge and experience that is considered essential in view of the activities of Siemens Energy. All Executive Board members have international experience. The various career paths and personalities within the Executive Board reflect the complex tasks it faces.

At the end of fiscal year 2023, the Executive Board comprised two women and four men. The proportion of women on the Executive Board thus met the target of 25% set by the Supervisory Board and the minimum participation requirement specified by Germany's Second Management Positions Act. The average age of the Executive Board members stood at 49 years at the end of fiscal year 2023, whereby the youngest member was 41, and the oldest member 54 years old. No Executive Board member was older than 63 years of age during the reporting period.

Jointly with the Executive Board and with the support of the Presiding Committee, the Supervisory Board conducts long-term succession planning for the Executive Board. In the process, the Supervisory Board considers the target it has defined for the proportion of women on the Executive Board and the criteria set out in the diversity concept it has approved for the Executive Board's composition as well as the requirements of the German Stock Corporation Act, the Code and the bylaws for the Supervisory Board. Taking account of the specific qualification requirements and the aforementioned criteria, the Presiding Committee develops an ideal profile on the basis of which it compiles a short-list of available candidates.

Objectives for the composition of the Supervisory Board, Profile of Required Skills and Expertise, Diversity Concept

The diversity concept for the Supervisory Board, together with the objectives regarding the Supervisory Board's composition and the profile of required skills and expertise for the Supervisory Board, were approved by the Supervisory Board most recently in September 2022:

The Supervisory Board of Siemens Energy AG shall be composed so as to ensure that it is able to effectively monitor and advise the Executive Board.

- **Personality and integrity**
  Each member of the Supervisory Board shall have the personality and integrity needed to perform their duties properly. He or she shall put the interests of the Company at the heart of all their activities at all times and be aware of and comply with their statutory duty of confidentiality in particular.

- **Individual professional abilities**
  Each member of the Supervisory Board must have the knowledge, skills, and experience necessary to carry out the functions of a

Supervisory Board member in a multinational publicly traded company. Members of the Supervisory Board must be familiar with conditions on the capital markets and with the specific features of a company listed on the stock exchange. Each member of the Supervisory Board should know and understand the main product groups, customer groups, and sales markets of the Company and its strategy.

- **Availability**
  Each member of the Supervisory Board must have sufficient time to exercise the mandate with the necessary regularity and diligence. Consideration should be given to the fact that,
- six Supervisory Board meetings are generally held every year;
- sufficient time should be allowed for preparation of the meetings and, in particular for the detailed inspection of documents pertaining to the Annual and Consolidated Financial Statements;
- members are required to attend the Annual Shareholders' Meeting;
- depending on any membership of further Supervisory Board committees, additional time and effort may be required to participate in and prepare committee meetings;
- additional extraordinary Supervisory Board and/or committee meetings may be necessary.

  As a rule, a member of the Supervisory Board shall not accept more than five Supervisory Board mandates at listed companies or companies with comparable requirements; anyone who is an Executive Board member of such a company shall not accept more than two Supervisory Board mandates at listed companies or companies with comparable requirements. Serving as chair of a Supervisory Board counts twice. Mandates at companies domiciled abroad shall be considered equivalent to mandates within Germany. A judgment on whether the number of mandates is appropriate should be made on a case-by-case basis, considering the anticipated individual workload.

- **Limit restricting the number of terms on the Supervisory Board**
  Recommendation for election by the Shareholders Meeting shall take into account that the Supervisory Board has resolved, as a rule, to limit membership on the Supervisory Board to three full terms of office. The Supervisory Board considers it important to regularly exchange its members, while at the same time maintaining continuity within the Board, as long-standing board membership ensures that significant experience and knowledge is acquired and promotes trustful cooperation within the Supervisory Board, and with the Executive Board.

- **Professional diversity**
  With regard to the composition of the Supervisory Board, care shall be taken to ensure that its members collectively possess the professional skills required to fulfill their duties and that they have knowledge and experience in the business areas that are important for Siemens Energy, in particular those of energy generation, transmission, distribution, and storage. As a group, the members of the Supervisory Board must be familiar with the sector in which the Company operates.

  In acting in the interests of the Company, the Supervisory Board as a whole shall be able to include the interests of all relevant stakeholders such as employees, customers, investors, and the general public, and actively support organizational and technical change.

  Technological competence shall be appropriately represented on the Supervisory Board; in addition, it shall also possess expertise in those areas that are considered essential in view of the activities of Siemens Energy, in particular in the areas of strategy, innovation, manufacturing and production, marketing and sales, law, in particular corporate governance and compliance, and human resources.

  Expertise in the sustainability issues of importance to the Company shall also be represented on the Supervisory Board; significant topics in this respect include decarbonization and climate protection, as well as responsible operations.

  It must be ensured that the Supervisory Board possesses the necessary financial competence. At least one member of the Audit Committee must have expertise in the area of accounting and at least one further member of the Audit Committee must have expertise in the area of auditing. The expertise in the area of accounting shall comprise special knowledge of and experience in the application of accounting principles and internal control and risk management systems, and the expertise in the area of auditing shall comprise special knowledge of and experience in auditing. Accounting and auditing also include sustainability reporting and the auditing thereof. The Chair of the Audit Committee should have the appropriate expertise in at least one of these two areas.

  The Supervisory Board shall also include members who have management or supervision experience as senior executives or members of a Supervisory Board or comparable body at a medium-sized or large company with international operations.

- **Diversity/internationality**
  Siemens Energy is an open and innovative company that operates globally with a workforce stemming from numerous countries and a global customer and supplier base. With regard to the composition of the Supervisory Board, attention shall accordingly be paid to achieving sufficient diversity. In particular, this includes diversity in terms of cultural background and differences in educational and professional backgrounds, experience and ways of thinking. Having this in mind, the Supervisory Board shall include an appropriate number of members possessing international experience, so as to ensure that there is intercultural openness and the corresponding understanding, as well as the ability to assess international issues and contexts.

  Diversity also includes the appropriate representation of the genders on the Supervisory Board. Pursuant to the German Stock Corporation Act, a Supervisory Board that is subject to co-determination must be made up of at least 30% women and at least 30% men. The Nomination Committee shall include at least one female member.

- **Independence**
  The Supervisory Board shall include an appropriate number of members representing the shareholders who are independent as determined by the shareholder representatives on the Supervisory Board. At least six shareholder representatives shall be independent of the Company and the Executive Board. The Chair of the Supervisory Board and the Chair of the Audit Committee shall be independent. Supervisory Board members shall not be members of governing bodies of, or exercise advisory functions at significant competitors and shall not hold a personal relationship with a significant competitor. No more than two former members of the Executive Board of Siemens Energy AG shall belong to the Supervisory Board.

Implementation of the objectives regarding the Supervisory Board's composition as well as the profile of required skills and expertise and the diversity concept for the Supervisory Board; independent Supervisory Board members

In the process of selecting suitable candidates, the Nominating Committee of the Supervisory Board takes into account the objectives regarding the Supervisory Board's composition and the requirements defined in its diversity concept. Most recently, the Supervisory Board and the Nominating Committee have considered the relevant objecttives, including the skills profile and the diversity concept, when proposing the candidates for the election of the shareholder representatives at the 2021 Shareholders' Meeting.

When proposing new Supervisory Board members for election by the Shareholders' Meeting, the Nominating Committee of the Supervisory Board will make sure that the candidates have sufficient time to perform their duties.

The Supervisory Board is of the opinion that, with its current composition, it meets the objectives for its composition and fulfills the profile of required skills and expertise as well as the diversity concept.

The Supervisory Board members have the specialist and personal qualifications considered necessary. As a group, they are familiar with the sector in which the Company operates and have the knowledge, skills, and experience essential for Siemens Energy. A considerable number of Supervisory Board members are engaged in international activities and/or have many years of international experience. Appropriate consideration has been given to diversity in the Supervisory Board. In fiscal year 2023, the Supervisory Board comprised six women, four of which among the shareholder representatives and two among the employee representatives. That results in a ratio of 30% female members on the Supervisory Board. Geisha Williams is a member of the Nominating Committee.

The implementation status is shown in detail in the below qualification matrix.

In the assessment of the Supervisory Board, at least eight of the Supervisory Board members representing the shareholders are independent and there are thus an appropriate number of independent members within the meaning of the Code. These Supervisory Board members are: Dr. Christine Bortenlänger, Joe Kaeser, Dr. Hubert Lienhard, Hildegard Müller, Laurence Mulliez, Sigmar Gabriel, Geisha Williams and Randy Zwirn. The regulation restricting the number of terms on the Supervisory Board is complied with.

Qualification Matrix

on the implementation status of the objectives regarding the Supervisory Board's composition, including the profile of required skills and expertise and the diversity concept

		Joe Kaeser	Robert Kensbock	Dr. Hubert Lienhard	Günter Augustat	Manfred Bäreis	Manuel Bloemers	Dr. Christine Bortenlänger	Dr. Andrea Fehrmann	Dr. Andreas Feldmüller	Nadine Florian
Duration of Membership	Member since	25/09/20	10/11/20	25/09/20	10/11/20	10/11/20	01/09/22	25/09/20	10/11/20	10/11/20	10/11/20
Personal ability	Personality and integrity	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Individual professional abilities	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Availability	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Independence*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Diversity / Internationality	Gender	male	male	male	male	male	male	female	female	male	female
	Year of birth	1957	1971	1951	1968	1962	1980	1966	1970	1962	1976
	Nationality	German	German	German	German	German	German	German	German	German	German
	International experience	✓	✓	✓	✓	✓				✓	✓
	Educational background	Business Administration	Technical Drawer	Studies of Chemistry	Chartered Engineer (TU) Energy and process Engineering	High School Diploma, Technician	Chemical Laboratory Technician, Economist	Banker, Certified Economist	Studies of Sociology, Doctorate (Dr. Phil)	Certified Mechanical Engineer, Doctorate (Dr.-Ing.)	Prof. Training as Office Administrator
Professional ability	Important business areas (esp. Energy generation, transmission, distribution)	✓	✓	✓	✓	✓		✓		✓	
	Stakeholder Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Change Management	✓		✓	✓	✓	✓	✓	✓	✓	✓
	Technological competence		✓	✓	✓	✓				✓	
	Strategy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Innovation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Manufacturing and production		✓	✓	✓	✓				✓	✓
	Marketing and sales	✓		✓	✓	✓		✓		✓	
	Law, esp. Corporate Governance and Compliance	✓	✓[1]	✓	✓[1]	✓[1]	✓[1]	✓	✓[1]	✓[1]	✓[1]
	Human resources (including Leadership Development, Personnel Development, Talent Management)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Sustainability, in particular decarbonization, climate protection and responsible operations	✓	✓[2]	✓	✓[2]	✓[2]	✓[2]	✓	✓[2]	✓	✓[2]
	Management or supervision experience	✓	✓	✓	✓	✓	✓	✓		✓	✓
Financial competence	Expert accounting	✓									
	Expert auditing	✓						✓			

		Sigmar Gabriel	Horst Hakelberg	Jürgen Kerner	Hildegard Müller	Laurence Mulliez	Thomas Pfann	Matthias Rebellius	Prof. Dr. Ralf Thomas	Geisha Williams	Randy Zwirn
Duration of Membership	Member since	25/09/20	10/11/20	10/11/20	25/09/20	25/09/20	01/09/22	25/09/20	25/09/20	25/09/20	25/09/20
Personal ability	Personality and integrity	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Individual professional abilities	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Availability	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Independence*	✓	✓	✓	✓	✓	✓			✓	✓
Diversity / Internationality	Gender	male	male	male	female	female	male	male	male	female	male
	Year of birth	1959	1967	1969	1967	1966	1966	1965	1961	1961	1954
	Nationality	German	German	German	German	French / UK	German	German / Swiss	German	U.S.	U.S.
	International experience	✓	✓	✓	✓	✓		✓	✓	✓	✓
	Educational background	Studies of German, Literature, Politics and Sociology	Chartered Engineer (TH) Electrical Engineering	Information Electronics Technician	Banker, Certified Economist	MBA	Professional Machine Fitter	Chartered Engineer (FH) Electrical Engineering	Business Administration	BSc Engineering, Master Business Administration	B.S. Economics, Brooklyn College, New York, USA
Professional ability	Important business areas (esp. Energy generation, transmission, distribution)	✓	✓		✓	✓	✓	✓	✓	✓	✓
	Stakeholder Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Change Management		✓	✓	✓	✓		✓	✓	✓	✓
	Technological competence		✓				✓	✓		✓	✓
	Strategy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Innovation		✓	✓	✓	✓	✓	✓	✓	✓	✓
	Manufacturing and production			✓		✓	✓	✓	✓		✓
	Marketing and sales		✓		✓	✓		✓	✓	✓	✓
	Law, esp. Corporate Governance and Compliance	✓	✓[1]	✓[1]	✓	✓	✓[1]	✓	✓		✓
	Human resources (including Leadership Development, Personnel Development, Talent Management)	✓	✓	✓	✓		✓	✓	✓		✓
	Sustainability, in particular decarbonization, climate protection and responsible operations	✓	✓	✓	✓	✓	✓[2]	✓	✓	✓	✓
	Management or supervision experience	✓	✓	✓	✓	✓	✓	✓	✓		✓
Financial competence	Expert accounting					✓			✓		
	Expert auditing					✓			✓		

✓ means that the criterion is met. The statements relating to professional ability are based on the Supervisory Board's self-assessment. A check equals at least "good knowledge" and accordingly the ability to well understand the facts of a matter and to make informed decisions, based on already existing qualification and additional trainings undergone by the Supervisory Board members. On a scale from 1 (highest) to 5 (lowest), this corresponds to a rating of at least 2.

*In accordance with the criteria specified by the German Corporate Governance Code.

[1] Law of co-determination (German Co-Determination Act, Works Constitution Act).

[2] Labor relations and social matters.

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

In fiscal year 2023, the following members served on the **Executive Board**:

Name	Date of birth	First appointed	Term expires	Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises: External positions (as of September 30, 2023)	Group company positions (as of September 30, 2023)
Dr.-Ing. Christian Bruch President and Chief Executive Officer	April 7, 1970	May 1, 2020	April 30, 2025	Positions outside Germany: • Lenzing AG, Austria[1]	Positions outside Germany: • Siemens Gamesa Renewable Energy S.A.U., Spain (Chair)
Karim Ahmed Amin Aly Khalil (called Karim Amin)	July 8, 1977	March 1, 2022	February 28, 2025	-	• Siemens Energy Ltd., Saudi Arabia (since February 21, 2023) • Siemens Energy W.L.L., Qatar (since December 21, 2022)
Maria Ferraro	May 21, 1973	May 1, 2020	November 30, 2027	Positions outside Germany: • Capgemini SE, France[1]	Positions outside Germany: • Siemens Gamesa Renewable Energy S.A.U., Spain (until February 14, 2023)
Tim Holt	September 1, 1969	April 1, 2020	November 30, 2027	Positions outside Germany: Siemens Ltd., India[1]	Positions outside Germany: • Siemens Energy Ltd., Saudi Arabia (until February 21, 2023) • Siemens Energy W.L.L., Qatar (until December 22, 2022)
Anne-Laure Parrical de Chammard (called Anne-Laure de Chammard)	June 8, 1982	November 1, 2022	October 31, 2025	Positions outside Germany[4]: • Léon Grosse SA, France (until January 5, 2023)	• Siemens Energy Co. Ltd., China (Company Supervisor, since February 1, 2023)
Vinod Mohan Philip	August 7, 1974	October 1, 2022	September 30, 2025	-	-

[1] Listed Company

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

In fiscal year 2023, the **Supervisory Board** had the following members:

Name	Occupation	Date of birth	Member since	Term expires	Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises (as of September 30, 2023)
Joe Kaeser **Chairman**	Chairman of the Supervisory Board of Siemens Energy AG and Chairman of the Supervisory Board of Daimler Truck Holding AG	June 23, 1957	September 25, 2020	2025[1]	German positions: • Daimler Truck AG, Stuttgart (Chair) • Daimler Truck Holding AG, Stuttgart (Chair)[2] • Siemens Energy Management GmbH, Munich (Chair) Positions outside Germany: • Linde plc., Ireland[2]
Robert Kensbock* **1. Deputy Chairman**	Chairman of the Central Works Council of Siemens Energy Global GmbH & Co. KG	March 13, 1971	November 10, 2020	Appointed by court until regular elections acc. to Co-determination Act	German positions: • Siemens Energy Management GmbH, Munich (Deputy Chair)
Dr. Hubert Lienhard **2. Deputy Chairman**	Supervisory Board Member of various German enterprises	January 12, 1951	September 25, 2020	2025[1]	German positions: • EnBW Energie Baden-Württemberg AG, Karlsruhe[2] • Heraeus Holding GmbH, Hanau • Kaefer Management SE, Bremen • Siemens Energy Management GmbH, Munich • SMS GmbH, Düsseldorf • SMS group GmbH, Düsseldorf
Günter Augustat*	Chairman of the Group Works Council Siemens Energy AG, Member of the Central Works Council Siemens Energy Global GmbH & Co. KG, Chairman of the Works Council Berlin-Huttenstraße	June 1, 1968	November 10, 2020	Appointed by court until regular elections acc. to Co-determination Act	German positions: • Siemens Energy Management GmbH, Munich
Manfred Bäreis*	Chairman of the Works Council, Siemens Energy Global GmbH & Co. KG	August 24, 1962	November 10, 2020	Appointed by court until regular elections acc. to Co-determination Act	German positions: • Siemens Energy Management GmbH, Munich
Manuel Bloemers*	Trade Union Secretary at the Managing Board of IG Metall – Branch Office Düsseldorf	July 25, 1980	September 1, 2022	Appointed by court until regular elections acc. to Co-determination Act	German positions: • Aluminium Norf GmbH, Neuss (until May 1, 2023) • Salzgitter AG, Salzgitter[2] • Siemens Energy Management GmbH, Munich • Speira GmbH, Grevenbroich (Deputy Chair, until May 1, 2023)
Dr. Christine Bortenlänger	Managing Director, Deutsches Aktieninstitut e.V.	November 17, 1966	September 25, 2020	2025[1]	German positions: • Covestro AG, Leverkusen[2] • Covestro Deutschland AG, Leverkusen • MTU Aero Engines AG, Munich[2] • Siemens Energy Management GmbH, Munich • TÜV Süd AG, Munich

Name	Occupation	Date of birth	Member since	Term expires	Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises (as of September 30, 2023)
Dr. Andrea Fehrmann*	Trade Union Secretary, IG Metall Regional Office for Bavaria	June 21, 1970	November 10, 2020	Appointed by court until regular elections acc. to Co-determination Act	German positions: • Airbus Defence and Space GmbH, Taufkirchen • Siemens AG, Berlin und Munich[2] • Siemens Energy Management GmbH, Munich
Dr. Andreas Feldmüller*	Expert Community Manager and Chairman of the Central Committee of Spokespersons of Siemens Energy Global GmbH & Co. KG	April 24, 1962	November 10, 2020	Appointed by court until regular elections acc. to Co-determination Act	German positions: • Siemens Energy Management GmbH, Munich
Nadine Florian*	Chairwoman of the European Works Council of Siemens Energy, member of the Central Works Council of Siemens Energy Global GmbH & Co. KG and Chairwoman of the Works Council Duisburg	August 23, 1976	November 10, 2020	Appointed by court until regular elections acc. to Co-determination Act	German positions: • Siemens Energy Management GmbH, Munich
Sigmar Gabriel	Former German Federal Minister, Author, Publicist	September 12, 1959	September 25, 2020	2025[1]	German positions: • Deutsche Bank AG, Frankfurt am Main[2] • Heristo AG, Bad Rothenfelde (Deputy Chair) • Siemens Energy Management GmbH, Munich • Thyssenkrupp Steel Europe AG, Duisburg (Chair)
Horst Hakelberg*	Chairman of the Central Works Council and Chairman of the Works Council Hamburg of Siemens Gamesa Renewable Energy GmbH & Co. KG	October 4, 1967	November 10, 2020	Appointed by court until regular elections acc. to Co-determination Act	German positions: • Siemens Gamesa Renewable Energy Management GmbH, Hamburg (until March 8, 2023) • Siemens Gamesa Renewable Energy Deutschland GmbH, Bremerhaven (Deputy Chair, since February 20, 2023)
Jürgen Kerner*	Chief Treasurer and Executive Member of the Managing Board of IG Metall	January 22, 1969	November 10, 2020	Appointed by court until regular elections acc. to Co-determination Act	German positions: • Airbus GmbH, Hamburg (previously: Premium Aerotec GmbH, Augsburg) • MAN Truck & Bus SE, Munich (Deputy Chair) • Siemens AG, Berlin und Munich[2] • Siemens Energy Management GmbH, Munich • ThyssenKrupp AG, Essen (Deputy Chair)[2] • Traton SE, Munich[2]
Hildegard Müller	President of the Managing Board of Verband der Automobilindustrie (VDA) e.V.	June 29, 1967	September 25, 2020	2025[1]	German positions: • RAG-Stiftung, Essen • Siemens Energy Management GmbH, Munich • Vonovia SE, Bochum[2]

Name	Occupation	Date of birth	Member since	Term expires	Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises (as of September 30, 2023)
Laurence Mulliez	Chair of the Board of Voltalia SA and Chair of the Board of Globeleq Ltd.	February 6, 1966	September 25, 2020	2025[1]	German positions: • Siemens Energy Management GmbH, Munich Positions outside Germany: • Globeleq Ltd., United Kingdom (Chair) • Morgan Advanced Materials plc, United Kingdom[2] • Voltalia SA, France (Chair)[2]
Thomas Pfann*	Chairman of the Works Council Nuremberg K, Deputy Chairman of the Group Works Council of Siemens Energy AG, Deputy Chairman of the Central Works Council of Siemens Energy Global GmbH & Co. KG	February 1, 1966	September 1, 2022	Appointed by court until regular elections acc. to Co-determination Act	German positions: • Siemens Energy Management GmbH, Munich
Matthias Rebellius	Member of the Managing Board of Siemens AG and CEO Smart Infrastructure	January 2, 1965	September 25, 2020	2025[1]	German positions: • Siemens Energy Management GmbH, Munich Positions outside Germany: • Arabia Electric Ltd. (Equipment), Saudi Arabia (Deputy Chair)[3] • Siemens Ltd., India[2,3] • Siemens Ltd., Saudi Arabia (Deputy Chair)[3] • Siemens W.L.L., Qatar[3] • Siemens Schweiz AG, Switzerland (Chair)[3]
Prof. Dr. rer. pol. Ralf P. Thomas	Chief Financial Officer and Member of the Managing Board of Siemens AG	March 7, 1961	September 25, 2020	2025[1]	German positions: • Siemens Energy Management GmbH, Munich • Siemens Healthcare GmbH, Munich (Chair)[3] • Siemens Healthineers AG, Munich (Chair)[2,3] Positions outside Germany: • Siemens Proprietary Limited, South Africa (Chair)[3]
Geisha Jimenez Williams	Independent Board member of various U.S. based companies	July 21, 1961	September 25, 2020	2025[1]	German positions: • Siemens Energy Management GmbH, Munich Positions outside Germany: • Artera Services LLC, U.S.A. • Osmose Utility Services, Inc., U.S.A. (Chair)
Randy Zwirn	Member of the Board of Babcock Power Inc.	February 11, 1954	September 25, 2020	2025[1]	German positions: • Siemens Energy Management GmbH, Munich Positions outside Germany: • Babcock Power Inc., U.S.A.

* Supervisory Board member of the employees
[1] The term ends at the end of the ordinary Shareholders' Meeting
[2] Listed company
[3] Group mandate of Siemens AG

4.6 Compensation Report of Siemens Energy AG for fiscal year 2023 pursuant to Section 162 of the German Stock Corporation Act

Munich, December 5, 2023

Dear Shareholders,

In fiscal year 2023, the Supervisory Board and in particular the Presiding Committee of the Supervisory Board devoted considerable attention to the Executive Board's compensation. This work focused on reviewing and setting target compensation for members already serving on the Executive Board as well as for new members, while also evaluating the Executive Board's targets for fiscal year 2023.

In November 2022, Maria Ferraro and Tim Holt were reappointed ahead of time for further five-year terms as members of the Executive Board. Concurrent with the reappointment, the Supervisory Board reviewed their compensation. After evaluating typical market compensation for chief financial officers, the Supervisory Board approved a moderate adjustment for Maria Ferraro, who has taken on a greater role as CFO in general and specifically with the integration of Siemens Gamesa in Siemens Energy and the Company's organizational structure introduced from October 1, 2022. More than half of the adjustment was made in the long-term compensation component, Siemens Energy Stock Awards. For Tim Holt, whose place of employment is in the United States, the Supervisory Board agreed on a target compensation denominated in US Dollars to mitigate currency risks both for the Company and for him.

Further, the Supervisory Board reviewed Dr.-Ing. Christian Bruch's compensation – which had been unchanged since his initial appointment on May 1, 2020 – and approved a moderate adjustment oriented towards the long term. The newly appointed members of the Executive Board received market-appropriate target compensation that reflects their first-time appointment to the Executive Board.

With the organizational structure introduced from October 1, 2022, each of Siemens Energy's Business Areas, apart from Siemens Gamesa, is led by a member of the Executive Board. To guarantee a causal link between compensation and the performance of each Business Area, members of the Executive Board with direct business responsibility received financial targets in their short-term variable compensation for fiscal year 2023 for which one half depended on the performance of the respective Business Area.

The Business Areas Gas Services, Grid Technologies and Transformation of Industry continued the positive trend from the previous year and again achieved solid progress toward meeting their mid-term goals. Each Business Area achieved or exceeded their communicated guidance for profitability. Generation of free cash flow was substantially better than expected in these Business Areas – and consequently also at the Group level. The outstanding performance in this area could even more than compensate for Siemens Gamesa substantially missing its target.

The Business Areas' strong financial results are reflected in the target attainment for Tim Holt, Karim Amin and Anne-Laure de Chammard's short-term variable compensation. The Supervisory Board also sees the Business Areas, apart from Siemens Gamesa, on a positive or even very positive track with regard to operational performance and other key aspects like customer satisfaction.

By contrast, Siemens Gamesa faced serious setbacks. In fiscal year 2023, by fully acquiring Siemens Gamesa and initiating its integration, the Executive Board set the necessary strategic course to successfully turn around the business. However, following this, significant quality issues and ramp-up challenges came to light, which the Executive Board is addressing with a package of measures and the Supervisory Board is supporting through a special committee created specifically for this purpose. Nevertheless, substantially due to Siemens Gamesa, fiscal year 2023 was not a satisfying year for our shareholders. This has a particularly strong impact on the long-term component of the Executive Board's compensation. For example, the value of Siemens Energy Stock Awards tranches 2021, 2022 and 2023 is currently estimated at well under the target value. The setbacks owing to Siemens Gamesa are also acutely felt in short-term variable compensation for fiscal year 2023, most notably in the component Group Profit margin before Special Items, where target attainment is 0%.

For fiscal year 2024, the Supervisory Board will continue to ensure that the Executive Board's compensation reflects the performance of individual members and also as a group. Further, the Supervisory Board will be engaged with reviewing and improving the compensation system for the members of the Executive Board, with the goal of creating an even stronger alignment between performance and variable compensation. This will be accompanied a review of whether the compensation system should be addressed by a separate compensation committee. The compensation system will be presented to the Annual General Meeting 2025 for approval.

This report should allow you, the shareholders, to have a transparent view of compensation for the Executive and Supervisory Boards. Like all of my colleagues on the Supervisory Board, in these challenging times I particularly value continued dialogue with you on this important issue.

For the Presiding Committee of the Supervisory Board

Joe Kaeser

Chairman

This combined report by the Executive and Supervisory Boards is based on the requirements of Section 162 of the German Stock Corporation Act (Aktiengesetz) as well as relevant requirements in International Financial Reporting Standards (IFRS) and recommendations and suggestions in the German Corporate Governance Code. The compensation report includes individualized disclosure of compensation awarded or due to the members of the Executive Board and members of the Supervisory Board in fiscal year 2023 (October 1, 2022 to September 30, 2023) and fiscal year 2022 (October 1, 2021 to September 30, 2022) as well as other disclosures required by the German Stock Corporation Act. The content of the report was subject to an audit by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft.

The compensation report will be presented for approval to the Annual Shareholders' Meeting on February 26, 2024. The compensation report for fiscal year 2022 was approved by 96.68% by the Annual Shareholders' Meeting on February 7, 2023.

4.6.1 Compensation of the members of the Executive Board

This report explains how the compensation system in effect for the members of the Executive Board since October 1, 2020 was applied in fiscal year 2023. The compensation system was approved by the Annual Shareholders' Meeting of Siemens Energy AG on February 10, 2021 with 96.70% of the votes cast ("Say on Pay"). Shareholders will be asked to again approve the compensation system in the event of significant changes or, at the latest, at the Annual Shareholders' Meeting in 2025. A full description of the compensation system for the members of the Executive Board can be found in Siemens Energy AG's Notice of Annual Shareholders' Meeting 2021, which is available for download on the Company's internet site.

Each of the Executive Board members in office as of September 30, 2023 receive their compensation based on an employment contract with Siemens Energy AG that runs parallel to their appointment to the Executive Board. Dr.-.Ing. Christian Bruch, Maria Ferraro, Anne-Laure de Chammard and Vinod Philip receive their compensation exclusively from Siemens Energy AG. Karim Amin and Tim Holt receive a portion of their compensation from Siemens Energy Group companies. For fiscal year 2023, Karim Amin received approximately 56% of his total target compensation from Siemens Energy LLC (United Arab Emirates), and Tim Holt received around 33% of his total target compensation from Siemens Energy Inc. (United States). Karim Amin received approximately 44% and Tim Holt approximately 67% of their respective total target compensation from Siemens Energy AG. The additional employment relationships with Siemens Energy Group companies thus do not lead to any additional compensation. In accordance with Section 162 para. 1 of the German Stock Corporation Act, the table "Compensation awarded or due" discloses the total compensation from all group companies.

Consideration of Siemens Gamesa in compensation for Siemens Energy's Executive Board

A significant portion of variable compensation for the members of Siemens Energy's Executive Board (approximately 60% for members of the Executive Board with direct responsibility for a Business Area and 75% for other members) is linked to financial performance criteria that are measured on the Siemens Energy Group level, which includes Siemens Gamesa. In the short-term variable compensation (Bonus) this is Profit Margin before Special Items as well as Free cash flow (pre-tax) and in the long-term variable compensation (Siemens Energy Stock Awards) relative total shareholder return and earnings per share. In addition, individual qualitative targets relating to the full acquisition and integration of Siemens Gamesa were set for Dr.-Ing. Christian Bruch and Maria Ferraro in their Bonus for fiscal year 2023.

For fiscal year 2023, the target compensation for Dr.-Ing. Jochen Eickholt, the CEO of Siemens Gamesa, was set based on Siemens Gamesa's existing compensation practices. This included targets in his short-term variable compensation that relate exclusively to Siemens Gamesa. Dr.-Ing. Jochen Eickholt is not a member of Siemens Energy's Executive Board and thus is not subject to reporting requirements according to Section 162 para 1 of the German Stock Corporation Act.

Key elements of Executive Board compensation

The compensation of the Executive Board in fiscal year 2023 complies with all applicable recommendations and suggestions in the version of the German Corporate Governance Code dated April 28, 2022. Executive Board compensation is based on the following principles:

Key principles of Executive Board compensation

Contribution to the Company's strategy	The compensation system for members of the Executive Board should contribute to implementing the Company's strategy by setting appropriate incentives.
Sustainable orientation of compensation	Within the variable compensation, a substantial portion is determined based on performance measurement over a multi-year period. The focus on sustainability is further strengthened by anchoring performance criteria reflecting environmental, social and governance (ESG) factors in the long-term equity-based compensation.
Focus on industry-specific requirements	Executive Board compensation can be structured to reflect the Company's specific challenges, for example, by way of differentiation in compensation levels based on a specific function, or via the flexibility to adjust relative performance measurement in line with growing business segments.
Alignment of performance and pay	Exceptional performance should be rewarded appropriately in compensation. Performance under the established targets should lead to an appreciable reduction in compensation.
Consideration of Executive Board members' collective and individual performance	The compensation system offers the Supervisory Board the possibility to, on the one hand, consider Executive Board members' individual responsibilities and, on the other hand, their overall performance as a governing body.
Consistency of compensation systems throughout the organization	The compensation system for members of the Executive Board is compatible with compensation systems for the management and employees of the Group.
Appropriateness of compensation	Executive Board members' compensation is appropriate for the market and takes consideration of the Company's size, complexity, and economic situation.

Overview of Executive Board compensation in fiscal year 2023

Compensation element	Description		Purpose/Link to strategy
Fixed components			
Base salary	Twelve monthly installments (exceptions permitted for place of employment outside of Germany)		Market-aligned base pay for carrying out Executive Board responsibilities
Fringe benefits	Benefits such as a company car, subsidies for insurance policies, tax advisory fees and housing and relocation expenses (first time appointment or change of place of employment), including any tax gross-ups covered by the Company		Costs covered up to an appropriate level
Retirement benefits	Pension substitute in the form of an unrestricted cash payment		Allows members to build up an appropriate level of retirement savings on their own while minimizing risks for the Company
Variable components			
Short-term variable compensation (Bonus)	Main features: Performance period: one year Performance corridor: 0-150%		Incentives for excellent operational performance in line with the strategy
	Performance criteria	Profit margin before Special Items: 1/3 • CEO, CFO, EVP Global Functions[1]: 100% Siemens Energy Group • EVPs of the Business Areas[1]: 50% Siemens Energy Group, 50% Business Area	• Recognition for continuous improvement to profitability and thereby alignment with the long-term strategy
		Free cash flow (“FCF”) pre tax: 1/3 • CEO, CFO, EVP Global Functions[1]: 100% Siemens Energy Group • EVPs of the Business Areas[1]: 50% Siemens Energy Group, 50% Business Area	• Assurance the necessary cash is generated at the Siemens Energy Group level
		Individual targets: 1/3	• Allows consideration of individual contributions in addition to the Board’s collective performance; focused on strategically important areas
Long-term variable compensation (Stock Awards)	Main features: Vesting period: four years Performance corridor: 0-200% Payout cap: 250% of the target amount Settlement: in shares		Orientation of Executive Board compensation toward sustainability; alignment between the performance of Siemens Energy’s share price and Executive Board compensation
	Performance criteria	Relative Total Shareholder Return (“TSR”): 40% • STOXX Global 1800 Industrial Goods & Services (50%) • S&P Global Clean Energy Index (50%)	• Alignment of compensation with a comparison of shareholder return versus relevant competitors on the capital market • Rewards successes on the path to becoming the world’s most valued energy technology company, in particular in the clean energy sphere
		Earnings per share ("EPS"; undiluted): 40%	• Incentivization of generating profits over the medium term, which is a central strategic value driver and reflects sustainable improvements to operations
		Environmental, Social & Governance ("ESG"): 20% • CO_2 emissions (1/3) • Employee Engagement (1/3) • Share of women in leadership positions (1/3)	• Promotion of sustainability as an integral part of the Company’s strategy • Possibility to use quantitative metrics to incentivize elements of sustainability over a multi-year period
Other			
Share Ownership Guidelines	CEO: 300% of base salary Other members: 200% of base salary Adherence after a build-up phase of around 4.5 years; purchase requirement if share price falls		Aimed at fostering long-term commitment to the Company by the members of the Executive Board and orientation of their approach toward the Company’s success

[1] EVP: Executive Vice President

Criteria for assessing the appropriateness of Executive Board compensation

The review of the appropriateness of Executive Board compensation generally is conducted based on a comparison with German companies of similar size and complexity. As of September 30, 2023, Siemens Energy is a constituent of the DAX index, which comprises 40 of the largest publicly listed German companies. Given its relative positioning on the basis of revenue and number of employees around the median of the DAX, the Supervisory Board believes that this index represents a suitable peer group for Siemens Energy, which serves as the basis for the market assessment of the appropriateness of compensation.

In addition, the Supervisory Board takes account of Executive Board compensation in proportion to compensation for the workforce of Siemens Energy in Germany excluding Siemens Gamesa, including any changes over time. For this vertical comparison, the Supervisory Board determines the ratio of the Executive Board's compensation to the compensation of top executives (Senior Management contract group) and the rest of the workforce (employees covered by the collective bargaining agreement as well as professionals outside of the collective bargaining agreement) in Germany excluding Siemens Gamesa.

Composition of Executive Board compensation in fiscal year 2023

Executive Board compensation comprises both fixed and variable components. Target compensation represents the level of compensation that is realized if all targets are met and the price of Siemens Energy's shares remains constant. Target compensation thereby sets incentives for strong performance by the Company, the Executive Board as a whole and by each member. Failing to reach targets can lead to a substantial reduction in compensation, as each member of the Executive Board's target compensation is comprised mostly of variable compensation.

For fixed compensation as well as short- and long-term variable compensation, the compensation system for the members of the Executive Board defines ranges for each component as a percentage of total target compensation. The share of each compensation element was within the defined ranges for fiscal year 2023, as shown in the following table "Total target compensation fiscal year 2023". The share of each compensation element disclosed in the table "Compensation awarded or due" can deviate from these figures according to the actual level of target attainment and the first transfer of Siemens Energy shares as part of the long-term variable compensation in fiscal year 2025. For the period up until the first transfer of a Stock Awards tranche, the relative share of variable compensation as a part of compensation awarded or due will remain lower than its share of total target compensation.

Changes to Executive Board target compensation for fiscal year 2023

The Supervisory Board strives to set target compensation for members of the Executive Board that is appropriate for the market and attractive, in order to attract and retain the best executives for Siemens Energy. In fiscal year 2023, in addition to the appointment of two new members of the Executive Board, Anne-Laure de Chammard and Vinod Philip, the appointments of Maria Ferraro and Tim Holt were extended ahead of time. In this context, the Supervisory Board reviewed whether Executive Board members' target compensation reflected the importance and scope of their respective roles. This also included a review of market appropriateness by the Supervisory Board. Target compensation for Dr.-Ing. Christian Bruch, Maria Ferraro and Tim Holt had not been changed since their initial appointment on May 1, 2020 (Dr.-Ing. Bruch, Ferraro) and April 1, 2020 (Holt).

The Supervisory Board approved the following adjustments:

- **Dr.-Ing. Christian Bruch**: Increase of total target compensation by approximately 7.5% in line with a positioning of target compensation around the median of the DAX. To further strengthen long-term incentives, approximately 62% of the increase was conducted in the form of an increase to the target value for Siemens Energy Stock Awards.
- **Maria Ferraro**: Increase of total target compensation by approximately 15% in connection with the extension of her appointment to the Executive Board until November 30, 2027. With the organizational structure for Siemens Energy introduced with effect from October 1, 2022 and the acquisition of Siemens Gamesa, the Chief Financial Officer's role took on increased strategic importance and added operational responsibilities. This elevated role is reflected in target compensation for Maria Ferraro that is differentiated at a market-typical level. Approximately 55% of the adjustment to her compensation was made in the target value for Siemens Energy Stock Awards.
- **Tim Holt**: The United States is Tim Holt's place of employment, and his area of responsibility includes Siemens Energy Inc., a subsidiary of Siemens Energy in the United States. In connection with his reappointment as a member of the Executive Board until November 30, 2027, his compensation was contractually set in US Dollars. Target compensation for fiscal year 2023 (in US Dollars) was increased by approximately 1% compared with his total target compensation in 2021 and 2022 (in US Dollars). Due to exchange rate fluctuations, the value of his compensation in Euros can deviate from year to year.
- **Karim Amin**: Increase in base salary of 5%. This corresponds to an increase in total target compensation (on a full-year basis) of approximately 1%.

The following table shows the contractually agreed total target compensation for fiscal year 2023.

Total target compensation Fiscal year 2023 Members of the Executive Board in office as of September 30, 2023	(in k €)	**Fixed compensation** Base salary	Pension substitute	Fringe benefits[1]	**Sum**	**Variable compensation** Bonus	Stock Awards Tranche 2023	**Sum**	**Total**
Dr.-Ing. Christian Bruch[2]	**Target**	**1,515**	**500**	**54**	**2,069**	**1,503**	**2,128**	**3,631**	**5,699**
	Share (%)	27%	9%	1%	36%	26%	37%	64%	100%
	Minimum	1,515	500	54	2,069	0	0	0	2,069
	Maximum	1,515	500	54	2,069	2,254	5,321	7,575	9,643
Maria Ferraro	**Target**	**810**	**250**	**23**	**1,083**	**810**	**1,180**	**1,990**	**3,073**
	Share (%)	26%	8%	1%	35%	26%	38%	65%	100%
	Minimum	810	250	23	1,083	0	0	0	1,083
	Maximum	810	250	23	1,083	1,215	2,950	4,165	5,248
Tim Holt[3]	**Target**	**833**	**276**	**48**	**1,157**	**796**	**1,085**	**1,881**	**3,038**
	Share (%)	27%	9%	2%	38%	26%	36%	62%	100%
	Minimum	833	276	48	1,157	0	0	0	1,157
	Maximum	833	276	48	1,157	1,194	2,713	3,907	5,064
Karim Amin[4]	**Target**	**693**	**150**	**60**	**903**	**660**	**880**	**1,540**	**2,443**
	Share (%)	28%	6%	2%	37%	27%	36%	63%	100%
	Minimum	693	150	60	903	0	0	0	903
	Maximum	693	150	60	903	990	2,200	3,190	4,093
Anne-Laure de Chammard (since November 2022)[5]	**Target**	**605**	**138**	**119**	**861**	**605**	**807**	**1,412**	**2,273**
	Share (%)	27%	6%	5%	38%	27%	35%	62%	100%
	Minimum	605	138	119	861	0	0	0	861
	Maximum	605	138	119	861	908	2,017	2,924	3,785
Vinod Philip	**Target**	**660**	**150**	**42**	**852**	**660**	**880**	**1,540**	**2,392**
	Share (%)	28%	6%	2%	36%	28%	37%	64%	100%
	Minimum	660	150	42	852	0	0	0	852
	Maximum	660	150	42	852	990	2,200	3,190	4,042

[1] The respective target amounts for fringe benefits equal the value of benefits received in fiscal year 2023.

[2] Disclosed values for Dr.-Ing. Christian Bruch represent his target compensation for the entire fiscal year 2023. An adjusted target compensation took effect for him from December 1, 2022. This amounts to €1,515,000 for base salary, €1,515,000 for his Bonus and €2,170,000 for Siemens Energy Stock Awards.

[3] Beginning with fiscal year 2023, Tim Holt's target compensation is agreed upon in US Dollars. Base salary = $890,000; Pension Substitute for fiscal year 2023 = $295,000; Bonus = $850,000; Siemens Energy Stock Awards = $1,130,000. Conversion into Euros is conducted for the base salary and fringe benefits using the respective monthly average Euro-US Dollar exchange rate. The Bonus and Pension Substitute are converted using the average exchange rate during fiscal year 2023 (€1 = $1.0676). Conversion of the target value for Siemens Energy Stock Awards is conducted on the basis of the Euro-US Dollar exchange rate on the grant date for the tranche (for tranche 2023, 1 € = 1,0412 $). Any contributions to retirement plans that Tim Holt receives as part of his employment with Siemens Energy Inc. are offset against the pension substitute. The value of contributions owed to these retirement plans for fiscal year 2023 amounted to $181,079 (€169,614 at the average exchange rate during fiscal year 2023 (€1 = $1.0676).

[4] With exception of base salary paid by Siemens Energy LLC (UAE), Karim Amin's compensation is paid out in Euros. Base salary paid by Siemens Energy LLC (UAE) is paid in UAE dirham in accordance with local regulations. A correction is performed at the end of the fiscal year to ensure that the compensation paid out in UAE dirhams corresponds to the target compensation in Euros. The average monthly Euro-Dirham exchange rate is applied for conversions.

[5] Pro-rata target compensation for fiscal year 2023 (11/12 months). At the beginning of her appointment as a member of the Executive Board, Anne-Laure de Chammard received a payment of €1,872,064 to compensate for forfeited remuneration from her previous employer. Anne-Laure de Chammard contractually agreed to immediately invest the entire net proceeds from this compensatory payment in Siemens Energy shares. On December 12, 2022, Anne-Laure de Chammard conducted this investment by purchasing 58,850 Siemens Energy shares at an average price of €16.75.

Limits on individual compensation elements

At the beginning of the fiscal year the Supervisory Board sets a maximum value in Euro for each compensation element. Base salary and pension substitute are defined as a fixed amount and can therefore not amount to a higher value. Short-term and long-term variable compensation are capped at 150% and 250% of the target value in Euro, respectively.

For fringe benefits, the Supervisory Board sets a maximum monetary value – based on a percentage of base salary – at the beginning of the fiscal year for each member of the Executive Board. The Supervisory Board set maximum value of 8% of base salary for fiscal year 2023. According to the compensation system, this limit can be increased, in particular in the event of an Executive Board member having their place of employment outside of Germany.

For Tim Holt and Karim Amin, whose places of employment are in the United States and the United Arab Emirates, respectively, the Supervisory Board increased the maximum value by $450,000 and €450,000, respectively, to account for additional benefits like tax equalization payments and expenses for tax advisory services, including any tax gross-ups covered by the Company. The maximum value for Anne-Laure de Chammard was increased by €450,000 to account for benefits granted in connection with the maintenance of a second residence. Further, the Supervisory Board approved an increase of the maximum value of benefits for Maria Ferraro by €50,000 to account for benefits granted to her on an individual basis prior to the Spin-Off of Siemens Energy. These are typical benefits for an Executive Board member working internationally, for example, reimbursement of tax advisory expenses.

Compliance with maximum compensation as defined by Section 87a German Stock Corporation Act

The Supervisory Board sets a binding annual maximum compensation amount for each member of the Executive Board, in line with Section 87a para. 1 s. 2 No. 1 of the German Stock Corporation Act. The final value of compensation for a particular fiscal year can only be determined after vesting occurs for the Stock Awards tranche granted for that fiscal year. Consequently, this will be possible for the tranche of Stock Awards granted in fiscal year 2023 in November 2026. For Anne-Laure de Chammard, the Supervisory Board made use of the provision described in Section E of the compensation system to increase the maximum compensation for the first year of appointment to the Executive Board in order to account for the grant of a compensatory payment for forfeited compensation from her previous employer. Maximum compensation for Anne-Laure de Chammard for fiscal year 2023 thus amounts to €6.2 million.

The following table shows that the maximum possible value of compensation for fiscal year 2023 for each member of the Executive Board – which would result in the event of a payout from the Stock Awards tranche 2023 at 250% of the target value (“payout cap”) – amounts to less than the respective applicable maximum compensation. Compliance with maximum compensation according to Section 87a of the German Stock Corporation Act for fiscal year 2023 is thus assured.

Compliance with maximum compensation as defined under Section 87a of the German Stock Corporation Act for fiscal year 2023

(in k €)

Executive Board members in office as of September 30, 2023	Compensation awarded or due FY 2023 excluding Stock Awards Tranche 2023		Maximum value of the Stock Awards-Tranche 2023[1]		Maximum value of compensation for FY 2023		Maximum compensation as defined by Section 87a para. 1 s. 2 No. 1 German Stock Corporation Act
Dr.-Ing. Christian Bruch	3,333	+	5,321	=	8,654	<	9,950
Maria Ferraro	1,812	+	2,950	=	4,762	<	4,950
Tim Holt	1,971	+	2,713	=	4,684	<	4,950
Karim Amin	1,583	+	2,200	=	3,783	<	4,950
Anne-Laure de Chammard (from November 2022)[2]	3,405	+	2,017	=	5,422	<	6,200
Vinod Philip	1,429	+	2,200	=	3,629	<	4,950

[1] The maximum value represents the value of the Stock Awards Tranche 2023 in Euros in the event that the value of the Stock Awards equals 250% of the target amount (“cap”). The vesting period for the Stock Awards Tranche 2023 ends in November 2026; if target attainment is greater than 0%, Siemens Energy shares will be transferred to the respective member of the Executive Board. A final review of compliance with the maximum compensation will occur at this time.

[2] Compensation awarded or due for Anne-Laure de Chammard includes a compensatory payment of €1,872,064 to compensate for the forfeiture of remuneration owed by her previous employer.

Variable compensation elements in fiscal year 2023

Short-term variable compensation (Bonus)

A substantial portion of Executive Board members' compensation is tied to the Siemens Energy Group's annual performance (Bonus). The final payout amount depends on the attainment of financial and non-financial targets. However, the overall payout amount is limited to 150% of the target amount (cap). Targets are divided into three equally-weighted components: two financial performance criteria – for fiscal year 2023 Profit margin before Special Items and Free cash flow (FCF) pre-tax – as well as individual targets, which can be either financial or non-financial in nature. Profit margin before Special Items and FCF pre-tax reflect the short-term financial performance of the Siemens Energy Group.

For fiscal year 2023, members of the Executive Board with direct responsibility for a Business Area received corresponding Business Area targets for the financial performance criteria. The Bonus for Karim Amin (Gas Services), Tim Holt (Grid Technologies), Anne-Laure de Chammard (Transformation of Industry) thus depends on Siemens Energy Group Profit margin before Special Items (16.67% weighting), Business Area Profit margin before Special Items (16.67% weighting), Siemens Energy Group FCF pre-tax (16.67% weighting) and Business Area FCF pre-tax (16.67% weighting). No targets were set at the Siemens Gamesa segment level due to the CEO of Siemens Gamesa, Dr.-Ing. Jochen Eickholt, not being a member of the Executive Board of Siemens Energy AG. Dr.-Ing. Jochen Eickholt's Bonus for fiscal year 2023 was structured according to existing compensation practices at Siemens Gamesa and included targets exclusively focused on Siemens Gamesa's performance. The financial performance criteria applicable for the Bonus for Dr.-Ing. Christian Bruch, Maria Ferraro and Vinod Philip are measured only at the Siemens Energy Group level.

The Supervisory Board approved the following target setting and target attainment levels for fiscal year 2023:

Bonus for fiscal year 2023 – Performance criteria					
	33.34%		**33.33%**		**33.33%**
President and CEO (Bruch) Chief Financial Officer (Ferraro) EVP Global Functions (Philip)	Profit margin before Special Items (Siemens Energy)		Free cash flow (pre-tax) (Siemens Energy)		Individual targets
	16.67%	**16.67%**	**16.67%**	**16.67%**	**33.33%**
EVP Gas Services (Amin) EVP Grid Technologies (Holt) EVP Transformation of Industry (de Chammard)	Profit margin before Special Items (Siemens Energy)	Profit margin before Special Items (Business Area)	Free cash flow (pre-tax) (Siemens Energy)	Free cash flow (pre-tax) (Business Area)	Individual targets

Bonus for fiscal year 2023 – Target attainment and amounts paid out		Performance corridor			Determination of target attainment	
Performance criteria		0 % target	100 % target	150 % target	Actual	Target attainment
1/3	Profit margin before Special Items[1]					
	Siemens Energy Group	0.00%	3.07%	4.61%	(8.92)%	0.00%
	Gas Services (Amin)	6.80%	9.80%	11.30%	9.47%	89.00%
	Grid Technologies (Holt)	3.60%	7.60%	9.60%	7.54%	98.50%
	Transformation of Industry (de Chammard)	0.90%	3.90%	5.40%	5.14%	141.33%
1/3	Free cash flow (pre-tax)[2] in m €					
	Siemens Energy Group	(977)	(227)	148	784	150.00%
	Gas Services (Amin)	0.00	600	900	943	150.00%
	Grid Technologies (Holt)	0.00	381	572	1,225	150.00%
	Transformation of Industry (de Chammard)	(215)	35	160	191	150.00%
1/3	Individual targets	Qualitative target setting (see the following table)			-	40-140%

	Payout range			Results for fiscal year 2023	
Executive Board members in office as of September 30, 2023	0% target amount (k €)	100% target amount (k €)	150%-target amount (k €)	Overall target attainment	Amount paid out (k €)
Dr.-Ing. Christian Bruch	0	1,503	2,254	84.16%	1,265
Maria Ferraro	0	810	1,215	89.99%	729
Tim Holt[3]	0	796	1,194	102.24%	814
Karim Amin	0	660	990	103.16%	681
Anne-Laure de Chammard (since Nov. 2022)	0	605	908	111.05%	672
Vinod Philip	0	660	990	87.49%	577

1 To calculate the Profit margin before Special items, Profit before Special items is divided by total revenue. Profit is defined as income (loss) before income taxes, interest income and expenses, and other financial income (expenses), net, adjusted for amortization of intangible assets acquired in business combinations and goodwill impairments. To increase comparability year-on-year, we use Profit before Special items. Special items refer to the following topics: 1) Restructuring and integration costs: Restructuring costs refer to personnel measures leading to severance charges, including costs for terminating service contracts with Siemens Group (Siemens AG and its subsidiaries). Due to the further integration of Siemens Gamesa and the objective of a consistent presentation within the Group, only personnel-related measures for restructuring will be included for Siemens Gamesa from fiscal year 2023, in contrast to the past. Integration costs that occur at Siemen Gamesa are related to the integration of companies as well as in the course of the integration of Siemens Gamesa into the Group and the corresponding transaction costs. 2) Stand-alone costs relate to the separation from Siemens Group and the formation of Siemens Energy as an independent enterprise. 3) Major asset impairments and write-downs (as well as any subsequent reversals) related to strategic portfolio decisions.

2 Free cash flow (FCF) pre tax of the Group is defined as cash flows from operating activities before income taxes paid, less additions to intangible asset and property, plant and equipment. Free cash flow of the segments (Business Areas) constitutes cash flows from operating less additions to intangible assets and property, plant and equipment.

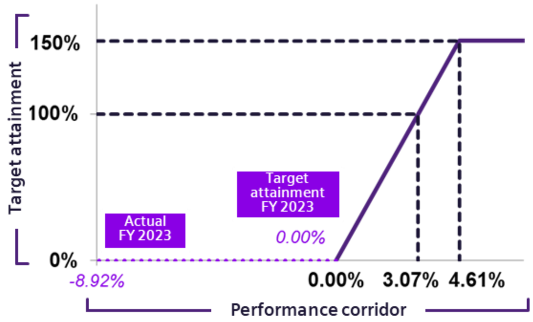
3 The amount paid out for Tim Holt was determined in US Dollars ($869,040) and converted into Euros for purposes of disclosure (conversion according to the average Euro-US Dollar exchange rate during fiscal year 2023: €1 = $1.0676).

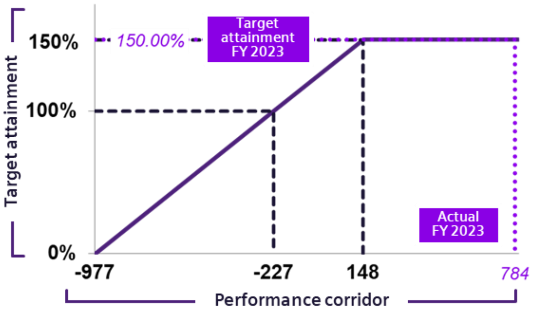
The performance corridors for the financial performance criteria are structured as linear increases between target values that correspond to a target attainment of 0%, 100% and 150%:

Bonus for fiscal year 2023 – Target corridors

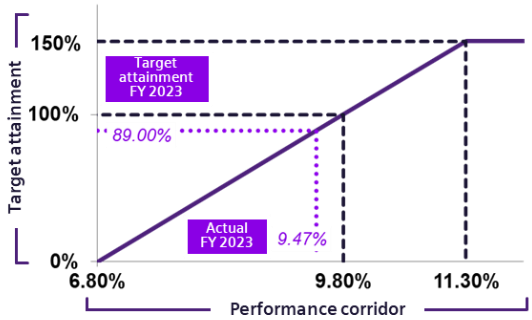
	Profit margin before Special Items	Free cash flow (pre-tax)

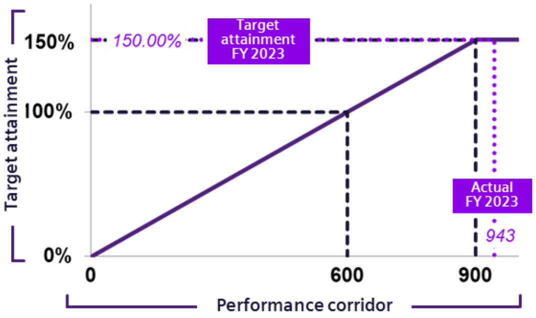
Siemens Energy Group



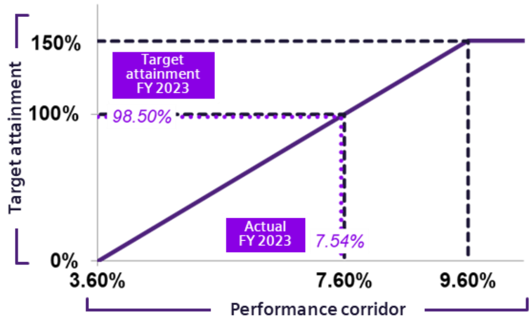


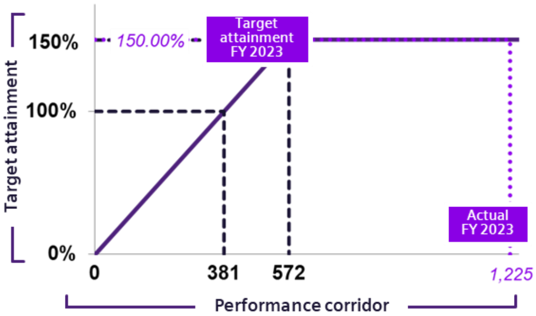
Business Area:
Gas Services



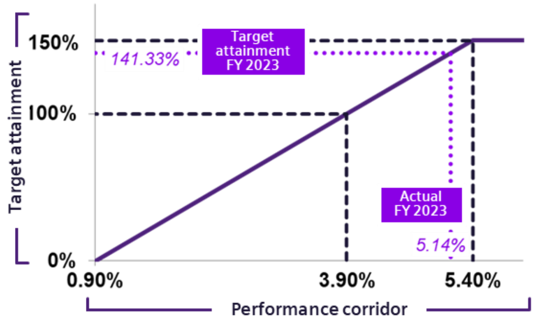


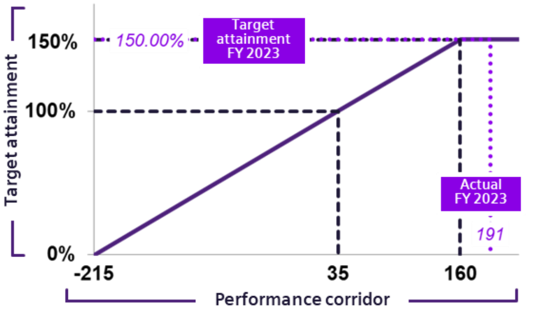
Business Area:
Grid Technologies





Business Area:
Transformation of Industry





The Supervisory Board uses individual, non-financial targets to set incentives for progress on strategically relevant topics. For fiscal year 2023, the Supervisory Board placed a focus on two important aspects of sustainable management: health & safety and customer satisfaction. Additionally, the members of the Executive Board received two targets reflecting the current priorities of their respective portfolios. Non-financial individual targets, which are weighted within the individual targets at 25% each (that is, within the Bonus as a whole a weighting of 8.33% each), were determined at the beginning of the fiscal year. The Supervisory Board evaluated the attainment of these targets in a multi-step process. First, each member of the Executive Board submitted a detailed self-evaluation. In the next step, the Chairman of the Presiding Committee conducted a preliminary evaluation based on these self-evaluations and an assessment of the Executive Board's work prepared by the President and CEO. With this as a foundation, the Presiding Committee of the Supervisory Board discussed the Executive Board's performance against the targets that had been set and proposed recommendations to the Supervisory Board.

Bonus for fiscal year 2023 – Individual targets		Evaluation – Sustainability targets		Target attainment
	Target	**Customer service (1)**	**Health & safety (2)**	
Dr.-Ing. Christian Bruch	Improvement within the responsibilities and scope of influence of the respective EBM (customer satisfaction) and living and driving the six "Zero Harm" behaviors (health and safety)	Improvement in customer satisfaction at the Siemens Energy Group level in FY 2023	Increase in TRIR[1] at the Siemens Energy Group level in FY 2023; TRIR target for FY 2023 not achieved	(1) 130% (2) 80%
Maria Ferraro		Improvement in customer satisfaction at the Siemens Energy Group level in FY 2023	Increase in TRIR[1] at the Siemens Energy Group level in FY 2023; TRIR target for FY 2023 not achieved	(1) 130% (2) 80%
Tim Holt		Improvement in customer satisfaction at Grid Technologies and Hubs North America and Latin America in FY 2023	Increase in TRIR[1] at Grid Technologies in FY 2023; TRIR target for FY 2023 not achieved	(1) 130% (2) 40%
Karim Amin		Improvement in customer satisfaction at Gas Services and Hubs Europe, Middle East and Africa in FY 2023	Increase in TRIR[1] at Gas Services in FY 2023; TRIR target for FY 2023 not achieved	(1) 140% (2) 60%
Anne-Laure de Chammard		Improvement in customer satisfaction at Transformation of Industry and Hubs Asia Pacific and China in FY 2023	TRIR[1] at Transformation of Industry below Group level in FY 2023 (also excluding Siemens Gamesa); reduction in reportable events	(1) 130% (2) 100%
Vinod Philip		Improvement in customer satisfaction at the Siemens Energy Group level and in the project execution unit in FY 2023	Reduction in TRIR[1] in the project execution unit; TRIR target for Global Functions for FY 2023 overachieved	(1) 120% (2) 80%

	Further individual targets	Target setting	Evaluation	Target attainment
Dr.-Ing. Christian Bruch	Implementation of strategic priorities	Siemens Gamesa: Successful integration of structures; review and potential reformulation of strategy; reform of governance structures; effective oversight and implementation of Mistral cost savings program	Siemens Gamesa transaction completed, including squeeze out of minority shareholders; strategy reviewed, but reformulation still required; board structure simplified with high frequency of meetings	60%
	Personnel development	Establish strategic workforce planning; reset succession planning in the new organizational structure (VOLT); strengthen senior leadership pool/Executive Board succession planning	Strategic workforce concepts successfully developed; new leadership development landscape prepared; succession planning strengthened	140%
Maria Ferraro	Organizational development	Implementation of VOLT; D1R[1] for new segmentation from Q1 2023; increased efficiency in reporting	D1R[1] achieved and VOLT successfully implemented for CFO functions; multiple efficiency measures in progress	140%
	Implementation of important projects	Siemens Gamesa: Successful completion of transaction, including integration activities and financing needs	Successful delisting closely accompanied; successful leadership of all necessary financing measures	130%
Tim Holt	Operational excellence	Implementation of excellence program at GT; acceleration of US growth; reduction of NCC[1]; implementation of capacity increase program	Improved margin & transparency in factories; sale of Trench signed; measures to reduce NCC introduced; capacity ramp up on track	130%
	Implementation of important projects	Implementation of VOLT: Go-to-market, project execution, procurement; create draft of international labor framework agreement	Sales margin increased for order intake; resource ramp up for projects; draft framework agreement negotiated	130%
Karim Amin	Operational excellence	Service resilience and excellence, including via cross-qualification of service personnel; reduction of NCC[1]	Strong financial performance; successful cross-business service; NCC[1] near previous year's level	130%
	Implementation of important projects	Implementation of VOLT: Go-to-market, project execution, procurement	Overachieved goal for cross-business opportunities in regional hubs; efficient collaboration with project execution unit; strong procurement CNI[1]	130%
Anne-Laure de Chammard	Operational excellence	Continuous improvement of NCC[1] and increase in profitability in all four IMBs[1], in particular turnaround at CP[1] and STG[1]	Profitability increased across the IMBs[1]; NCC[1] near previous year's level	120%
	Implementation of important projects	Define overarching strategy for Transformation of Industry; analysis of decision options for portfolio transformation	Overarching strategy established; portfolio analysis concluded	100%
Vinod Philip	Organizational development	Set up and successfully kick off new innovation organization; implementation of innovation strategy with set targets	Soft Launch of Innovation Center Berlin in late 2022; Abu Dhabi planned shortly; successful buildup of resources; KPIs introduced	130%
	Implementation of important projects	Implementation VOLT: Overall steering, operationalize project execution unit, establish KPIs	Steering office set up and running; majority of KPIs positive; high CNI[1] from Global Functions	120%

[1] CNI: Contribution to Net Income; CP: Compression (one of four IMBs under TI); D1R: Day one readiness; IMB: Independently Managed Business; NCC: Non-compliance costs; STG: Industrial Steam Turbines & Generators (one of four IMBs under TI); TI: Transformation of Industry (Business Area); TRIR: Total Recorded Injury Rate

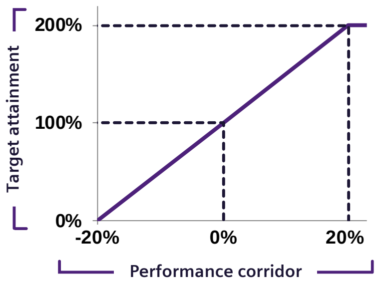
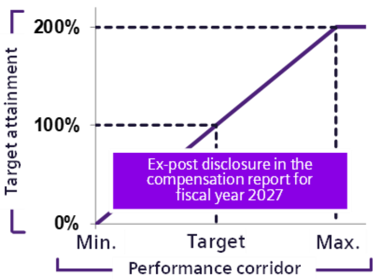
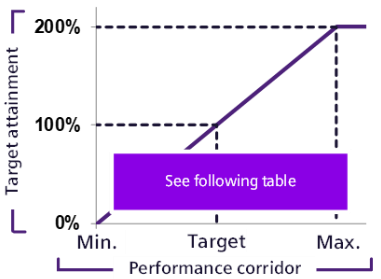
Long-term variable compensation (Siemens Energy Stock Awards)

At the beginning of fiscal year 2023, the members of the Executive Board were granted long-term variable compensation in the form of Siemens Energy Stock Awards (Stock Awards Tranche 2023). Each Stock Award confers the right to receive one Siemens Energy share. Stock Awards vest after a period of approximately four years, contingent upon attaining pre-defined performance targets. The vesting period for the Tranche 2023 begins in November 2022 and ends in November 2026. The number of Stock Awards to be granted is calculated by multiplying the maximum level of target attainment – 200% – by the target amount and then dividing this number by the price of Siemens Energy shares in Xetra trading on the grant date, less estimated discounted dividends during the approximately four-year vesting period ("grant price").

At the end of the vesting period, members of the Executive Board are entitled to receive one Siemens Energy share at no cost for each Stock Award. The final number of Stock Awards is determined by the degree to which the established targets are achieved during the performance period. If the monetary value of the final number of Stock Awards exceeds 250% of the target amount (cap), a corresponding number of Stock Awards for the amount exceeding the cap will be forfeited without replacement.

The following strategically relevant performance criteria are employed in the long-term variable compensation:

Stock Awards – Performance criteria Tranche 2023

Performance criterion	Total Shareholder Return ("TSR")	Earnings per Share ("EPS"), undiluted	Environmental, Social & Governance ("ESG")
Weighting	40%	40%	20%
Target setting	For Siemens Energy and the comparison indices, change in share price plus dividends during the reference period (12 months) is compared to the corresponding value for the performance period (36 months). The difference in percentage points for Siemens Energy and respective index determines target attainment.	The Supervisory Board defines a 100% target value for the average EPS from continuing operations over the four fiscal years of the vesting period, as well as EPS values representing 0% and 200% target attainment.	Three equally weighted performance criteria for the ESG component are set at the beginning of the Tranche. The Supervisory Board also sets quantitative target values that correspond to a target attainment of 0%, 100% and 200%.
Performance corridor			

ESG targets, which each have a weighting of 1/3 within the performance criterion ESG (that is, a weighting within the Stock Awards overall of 6.67% each), were set as follows by the Supervisory Board for the 2023 Stock Awards tranche:

Stock Awards Tranche 2023–
ESG performance criteria

Targets		Target setting
1/3	Environmental ("E")	CO_2 emissions: Direct greenhouse gas emissions that arise from sources in the Company's ownership or under its control (Scope 1) and consumption of purchased electricity and district heating (Scope 2).
1/3	Social ("S")	Employee engagement based on the Employee Net Promoter Score (eNPS), which is determined based on a global survey of Siemens Energy's employees.
1/3	Governance ("G")	Target for share of women in leadership positions (defined according to functional value) based on the Company's long-term communicated target of 25% by 2025 and 30% by 2030.

Siemens Energy Stock Awards – Target setting ESG-performance criteria (all current tranches):

			Target values (Assessment conducted at the end of the last fiscal year of the vesting period)								
			FY 2024			FY 2025			FY 2026		
	Performance criteria	Baseline value	0%	100%	200%	0%	100%	200%	0%	100%	200%
Environmental ("E")											
Tranche 2021	CO_2 Scope 1+2 (kt)[1]	304	252	236	220	-	-	-	-	-	-
Tranche 2022	CO_2 Scope 1+2 (kt)[1]	244	-	-	-	220	195	170	-	-	-
Tranche 2023	CO_2 Scope 1+2 (kt)[1]	181	-	-	-	-	-	-	190	160	130
Social ("S")											
Tranche 2021	eNPS (points)	(1.9)	0	10	20	-	-	-	-	-	-
Tranche 2022	eNPS (points)	(10.4)	-	-	-	0	5	10	-	-	-
Tranche 2023	Engagement Factor (%)	72%	-	-	-	-	-	-	68%	73%	78%
Governance ("G")											
Tranche 2021	Share of women in management (PC 64-72)[2]	22.4%	22%	25%	28%	-	-	-	-	-	-
Tranche 2022	Share of women in management (PC 63-72)[2]	20.5%	-	-	-	22%	25%	28%	-	-	-
Tranche 2023	Share of women in management (PC 63-72)[2]	21.5%	-	-	-	-	-	-	23%	26%	29%

1. Target setting for Siemens Energy excluding Siemens Gamesa. These baseline values served as the basis for target setting by the Supervisory Board and may slightly deviate from the figures reported in the Sustainability Report due to delays in internal reporting. In the compensation report for fiscal year 2022, the values under "Baseline value" represented the respective CO_2 emissions including Siemens Gamesa (Tranche 2021: 292 kt; Tranche 2022: 273 kt).

2. The relevant population for measuring the share of women in management includes functions defined based on functional value, which is represented by a function's position classes (PC). The population PC 64-72 comprises approximately 125 of the highest-rated functions in the former Gas & Power (GP) segment, The population PC 63-72 comprises approximately 180 of the highest-rated functions in the Siemens Energy Group, excluding Siemens Gamesa. For Tranche 2022, the population was changed in order to bring the basis for measurement in line with external and internal reporting.

Disclosures on equity-based compensation in fiscal year 2023

The following table shows the Stock Awards "granted", that is, Stock Awards that were contractually granted to members of the Executive Board but are not yet due because of performance and vesting conditions, as well as Siemens Energy shares "awarded", that is, shares transferred to a member of the Executive Board. Because Siemens Energy Stock Awards were granted for the first time in November 2020, the first transfer of Siemens Energy shares will take place in November 2024, conditional upon the performance criteria described above being met. The fair market value at grant is determined according to "IFRS 2 – share-based compensation." The grant price for all grants amounted to €15.61.

Equity-based compensation granted and awarded FY 2023

Members of the Executive Board in office as of September 30, 2023	Stock Awards-Tranche	Grant date	Number of Stock Awards granted[1]	Fair Market Value at grant (€)[2]	Vesting date[3]	Number of shares awarded in FY 2023	Value of shares awarded in FY 2023 (€)	Number of Stock Awards as of Sept. 30, 2023
Dr.-Ing. Christian Bruch	2023	Nov. 16, 2022	320,943	2,400,029	Nov. 2026	0	0	320,943
	2022	Nov. 10, 2021	157,120	1,714,965	Nov. 2025	0	0	157,120
	2021	Nov. 10, 2020	194,530	2,554,373	Nov. 2024	0	0	194,530
Maria Ferraro	2023	Nov. 16, 2022	177,938	1,330,629	Nov. 2026	0	0	177,938
	2022	Nov. 10, 2021	78,560	857,482	Nov. 2025	0	0	78,560
	2021	Nov. 10, 2020	97,265	1,277,199	Nov. 2024	0	0	97,265
Tim Holt	2023	Nov. 16, 2022	163,657	1,223,843	Nov. 2026	0	0	163,657
	2022	Nov. 10, 2021	78,560	857,504	Nov. 2025	0	0	78,560
	2021	Nov. 10, 2020	97,265	1,277,199	Nov. 2024	0	0	97,265
Karim Amin	2023	Nov. 16, 2022	132,700	992,364	Nov. 2026	0	0	132,700
	2022	March 1, 2022	51,905	244,738	Nov. 2025	0	0	51,905
Anne-Laure de Chammard	2023	Nov. 16, 2022	121,642	909,647	Nov. 2026	0	0	121,642
Vinod Philip	2023	Nov. 16, 2022	132,700	992,331	Nov. 2026	0	0	132,700

1 At the beginning of the vesting period of approximately four years, the maximum possible number of Stock Awards are conditionally granted. If target attainment is less than 200%, the number of Stock Awards is adjusted downward accordingly.

2 To determine the fair market value, target attainment of 200% is assumed for the Total Shareholder Return (TSR) component and 100% target attainment for the Earnings per Share (EPS) and Environmental, Social & Governance (ESG) components. The fair market value at grant is calculated based on the date on which the terms and conditions of the grant were agreed upon. For the Tranche 2023, the relevant date for all members was December 13, 2022. For the Tranche 2022, the relevant date was December 10, 2021 for Dr.-Ing. Christian Bruch, Maria Ferraro and Tim Holt, and for September 20, 2022 for Karim Amin. For Tranche 2021, December 14, 2020 was the relevant date for all members of the Executive Board.

3 The vesting period of the Stock Awards Tranche 2023 [2022] (2021) ends on the day in November 2026 [2025] (2024) on which the financial results for fiscal year 2026 [2025] (2024) are published.

Malus and clawback rules for variable compensation

In certain cases, the Supervisory Board has the option of withholding (malus) or reclaiming (clawback) the short-term and long-term variable compensation, for example in the event of severe breaches of duty, compliance violations, and (or) severely unethical behavior, or in the event that variable compensation was paid out based on incorrect data.

In its meeting in November 2023, the Supervisory Board determined that it had no indication of circumstances that could lead to the application of malus or clawback rules. Consequently, the Supervisory Board did not make use of its authority to withhold or reclaim short-term variable compensation in fiscal year 2023.

Executive Board compensation levels in fiscal year 2023

Compensation awarded or due

The following table offers individual disclosure of compensation "awarded" or "due" to the members of the Executive Board according to the definition in Section 162 para. 2 s. 1 of the German Stock Corporation Act. These definitions have been added to the Stock Corporation Act with the entry into force of the Second Shareholder Rights Directive (SRD II) and supplant the definitions for compensation laid out in the German Corporate Governance Code. The Code no longer recommends use of the "sample tables" that were previously employed since 2014.

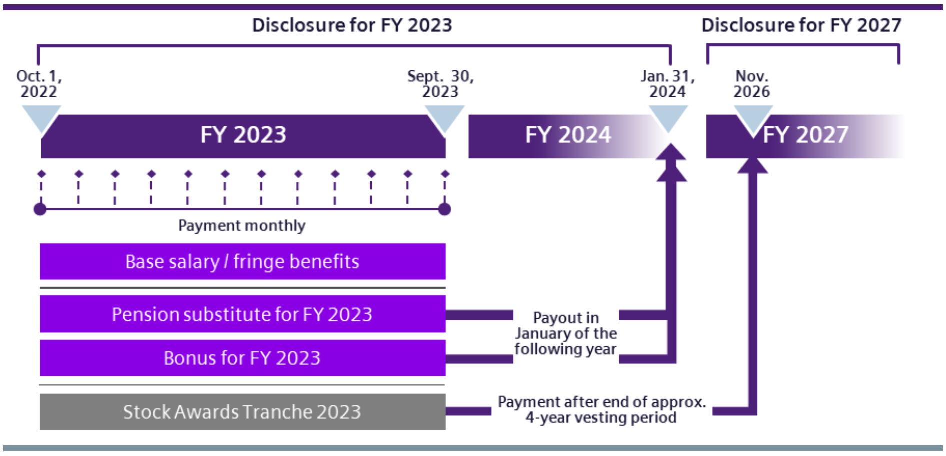
Compensation awarded covers compensation that was paid out to the member of the Executive Board during a fiscal year, that is, became the Executive Board member's personal assets. Compensation due refers to compensation that is owed but has not yet been paid out. For

Siemens Energy's Executive Board compensation system, this means that short-term variable compensation that will be paid out in January 2024 is classified as "due" and disclosed as compensation for fiscal year 2023.

On the other hand, long-term variable compensation can only be potentially paid out after the end of a Stock Awards tranche's vesting period with the transfer of Siemens Energy shares to the member of the Executive Board. Disclosure as compensation awarded or due occurs therefore at the time at which this transfer takes place.

Payout from the Stock Awards tranche 2023, which was granted in November 2022 and will be transferred in November 2026 after determination of the level of target attainment, will consequently be disclosed for fiscal year 2027. For clarity: compensation awarded or due in fiscal year 2023 is disclosed in summary as follows:

Disclosure of compensation elements for fiscal year 2023



Compensation awarded or due Members of the Executive Board in office as of September 30, 2023		Dr.-Ing. Christian Bruch President and CEO (Appointed May 2020)				Maria Ferraro Chief Financial Officer (CFO) (Appointed May 2020)			
Fiscal year		2022		2023		2022		2023	
		k €	Share (in %)	k €	Share (in %)	k €	Share (in %)	k €	Share (in %)
Fixed compensation	Base salary	1,440	40.9	1,515	45.4	720	41.9	810	44.7
	Fringe benefits[1]	95	2.7	54	1.6	36	2.1	23	1.3
	Pension substitute[2]	500	14.2	500	15.0	250	14.5	250	13.8
	Sum	**2,035**	**57.7**	**2,069**	**62.1**	**1,006**	**58.5**	**1,083**	**59.8**
Variable compensation	**Short-term variable compensation**								
	Bonus	1,489	42.3	1,265	37.9	715	41.5	729	40.2
	Long-term variable compensation								
	(first transfer Nov. 2024)	-	-	-	-	-	-	-	-
	Sum	**1,489**	**42.3**	**1,265**	**37.9**	**715**	**41.5**	**729**	**40.2**
	Other compensation		-	-	-	-	-	-	-
	Total compensation	**3,524**	**100**	**3,333**	**100**	**1,720**	**100**	**1,812**	**100**

1 For Dr.-Ing. Christian Bruch, the disclosed values for fiscal year 2022 include the value of security installations in regularly used homes and rental properties for the members of the Executive Board, including any tax gross-ups covered by the Company. These were carried out by Siemens Energy in accordance with the Company's current executive security policy. The monetary value of these installations, including tax gross-ups covered by the Company, are excluded from the maximum value of fringe benefits defined at the beginning of the fiscal year. For fiscal year 2022, these amounted to €53,697 for Dr.-Ing. Christian Bruch.

2 The Supervisory Board decided to grant Dr.-Ing. Christian Bruch and Maria Ferraro a pension substitute in cash for fiscal year 2022 as well as fiscal year 2023. This is typically paid out in January of the following year.

Compensation awarded or due Members of the Executive Board in office as of September 30, 2023 (*continued*)		**Tim Holt** **Member of the Executive Board** (Appointed April 2020)[1]				**Karim Amin** **Member of the Executive Board** (Appointed March 2022)			
Fiscal year		2022		2023		2022		2023	
		k €	Share (in %)	k €	Share (in %)	k €	Share (in %)	k €	Share (in %)
Fixed compen-sation	Base salary	784	41.2	833	42.3	386	43.3	693	43.8
	Fringe benefits[2]	57	3.0	48	2.4	34	3.8	60	3.8
	Pension substitute[3]	271	14.3	276	14.0	88	9.8	150	9.5
	Sum	**1,112**	**58.5**	**1,157**	**58.7**	**507**	**56.8**	**903**	**57.0**
Variable compen-sation	**Short-term variable compensation**								
	Bonus	789	41.5	814	41.3	385	43.2	681	43.0
	Long-term variable compensation								
	(first transfer Nov. 2024)	-	-	-	-	-	-	-	-
	Sum	**789**	**41.5**	**814**	**41.3**	**385**	**43.2**	**681**	**43.0**
	Other compensation	-	-	-	-	-	-	-	-
	Total compensation	**1,901**	**100**	**1,971**	**100**	**892**	**100**	**1,583**	**100**

1 Starting with fiscal year 2023, Tim Holt's target compensation is contractually agreed in US Dollars. Conversion into Euros for disclosure purposes is done for base salary ($890,000) and fringe benefits ($51,118) using the respective monthly average Euro-US Dollar exchange rate. The Bonus ($869,040) is converted according to the average exchange rate during the fiscal year (€1 = $1.0676). For fiscal year 2022, Tim Holt's target compensation was defined in Euros and converted into US Dollars using the average Euro-US Dollar exchange rate in August 2021 (€1 = $1.1772). Compensation awarded or due to Tim Holt for fiscal year 2022 was converted into Euros using the respective monthly average Euro-US Dollar exchange rate (base salary, fringe benefits) or according to the average exchange rate during the fiscal year (€1 = $1.0841) (Bonus).

2 For Tim Holt, the disclosed values for fiscal year 2022 include the value of security installations in regularly used homes and rental properties, including any tax gross-ups covered by the Company. These were carried out by Siemens Energy in accordance with the Company's current executive security policy. The monetary value of these installations, including tax gross-ups covered by the Company, are excluded from the maximum value of fringe benefits defined at the beginning of the fiscal year. For fiscal year 2022 these amounted to €4,072.

3 The Supervisory Board decided for fiscal year 2022 and for fiscal year 2023 to grant Tim Holt and Karim Amin a pension substitute in cash. This is typically paid out in January of the following year. Tim Holt accrued the right to receive contributions to retirement plans in connection with his Group employment as Chairman of Siemens Energy Inc. (USA) amounting to $181,079 (€169,614) for fiscal year 2023 (€1 = $1.0676) and $159,049 (€146,710) for fiscal year 2022 (€1 = $1.0841). For fiscal year 2023, contributions to US retirement plans were subtracted from the pension substitute granted ($295,000), such that the difference of €113,921 (€106,707) was paid out. For fiscal year 2022, contributions were converted into Euros according to the average exchange rate for August before the beginning of fiscal year 2022 (€1 = $1.772), subtracted from the pension substitute granted, and finally converted back into US Dollars; the difference of $135,251 (€124,759; €1 = $1.0841) was paid out.

Compensation awarded or due Members of the Executive Board in office as of September 30, 2023 (*continued*)		Anne-Laure de Chammard Member of the Executive Board (Appointed November 2022)[1]				Vinod Philip Member of the Executive Board (Appointed October 2022)			
Fiscal year		2022		2023		2022		2023	
		k €	Share (in %)	k €	Share (in %)	k €	Share (in %)	k €	Share (in %)
Fixed compen-sation	Base salary	-	-	605	17.8	-	-	660	46.2
	Fringe benefits[1]	-	-	119	3.5	-	-	42	2.9
	Pension substitute[2]	-	-	138	4.0	-	-	150	10.5
	Sum	**-**	**-**	**861**	**25.3**	**-**	**-**	**852**	**59.6**
Variable compen-sation	**Short-term variable compensation**								
	Bonus	-	-	672	19.7	-	-	577	40.4
	Long-term variable compensation								
	(first transfer Nov. 2024)	-	-	-	-	-	-	-	-
	Sum	**-**	**-**	**672**	**19.7**	**-**	**-**	**577**	**40.4**
	Other compensation[3]	-	-	1,872	55.0	-	-	-	-
	Total compensation	**-**	**-**	**3,405**	**100**	**-**	**-**	**1,429**	**100**

[1] For Anne-Laure de Chammard, fringe benefits include reimbursement of moving expenses, expenses in connection with maintaining a second residence at her place of employment and the reimbursement of trips home.

[2] The Supervisory Board decided to grant Anne-Laure de Chammard and Vinod Philip a pension substitute in cash for fiscal year 2023. This is typically paid out in January of the following year.

[3] To compensate for forfeited remuneration entitlements from her former employer, Anne-Laure de Chammard was granted a compensatory payment at the beginning of her appointment amounting to €1,872,064. Anne-Laure de Chammard contractually agreed to immediately invest the entire net proceeds from this compensatory payment in Siemens Energy shares. On December 12, 2022, Anne-Laure de Chammard conducted this investment by purchasing 58,850 Siemens Energy shares at an average price of €16.75.

Compensation awarded or due Executive Board member who left in fiscal year 2022		Dr.-Ing. Jochen Eickholt Member of the Executive Board (Member of the Executive Board until February 2022)			
Fiscal year		2022		2023	
		k €	Share (in %)	k €	Share (in %)
Fixed compen-sation	Base salary	300	14.2	-	-
	Fringe benefits	29	1.4	-	-
	Pension substitute[1]	104	4.9	-	-
	Sum	**433**	**20.5**	**-**	**-**
Variable compen-sation	**Short-term variable compensation**				
	Bonus	280	13.3	-	-
	Long-term variable compensation				
	(first transfer Nov. 2024)	-	-	-	-
	Sum	**280**	**13.3**	**-**	**-**
	Other compensation[2]	1,399	66.2	-	-
	Total compensation	**2,112**	**100**	**-**	**-**

[1] The Supervisory Board decided to grant Dr.-Ing. Jochen Eickholt a pension substitute in cash for fiscal year 2022. This was paid out on a pro-rata basis concurrently with his departure from the Executive Board in February 2022.

[2] With his departure from the Executive Board of Siemens Energy and in order to maintain his independence in the role as CEO of Siemens Gamesa Renewable Energy S.A., all unvested Siemens Energy Stock Awards for Dr.-Ing. Jochen Eickholt were settled in cash (tranches 2021 and 2022). A target attainment of 100% and the average price of the Siemens Energy share during January 2022 (€21.52) were used for the calculation of the cash settlement. The cash settlement amounted to €1,398,800.

Additional disclosures on Executive Board compensation in fiscal year 2023

Retirement benefits

For fiscal year 2023, the Supervisory Board elected to make use of its option to grant the members of the Executive Board an unrestricted cash payment ("pension substitute"). Alternatively, the compensation system provides the option for the members of the Executive Board to participate in the Company's pension plan ("BSAV"), under which the Company can grant contributions – defined as a fixed amount in Euro – to a member's pension account.

Maria Ferraro has a pension commitment under the BSAV that was transferred from Siemens AG to Siemens Energy in connection with the Company's Spin-Off. The Company has not made any contributions to Maria Ferraro's pension account since it was transferred. Her pension account is credited with an annual interest payment (guaranteed interest) on January 1st of each year. The guaranteed interest rate is currently 0.25%.

As of September 30, 2023, the defined benefit obligation for Maria Ferraro's pension obligation according to IFRS amounted to €0.1 million.

Share Ownership Guidelines

According to Siemens Energy's Share Ownership Guidelines, members of the Executive Board are required to hold Siemens Energy shares equal in value to a multiple of their base salary – 300% for the President and CEO and 200% for all other members. Base salary is defined as the respective member's annual base salary for the month of September preceding the respective measurement date. Members of the Executive Board are allowed a build-up phase of approximately 4.5 years in order to acquire the required number of shares. If the value of the acquired shares falls below the holding requirement due to fluctuations in Siemens Energy's share price, the members of the Executive Board must purchase additional shares.

The first review of compliance with the requirements under the Share Ownership Guidelines will take place in March 2025 for Dr.-Ing. Christian Bruch, Maria Ferraro and Tim Holt, in October 2026 for Karim Amin, and in March 2027 for Anne-Laure de Chammard and Vinod Philip, each following the completion of the approximately 4.5-year build-up phase.

Commitments in connection with early termination of the Executive Board mandate

If an Executive Board member leaves the Executive Board during the fiscal year, the Bonus is paid out on a pro-rata basis on the regular payout date. The number of Stock Awards granted at the beginning of the fiscal year in which the member of the Executive Board exits is reduced on a pro-rata basis. Depending on the circumstances of the departure from the Executive Board, unvested Stock Award grants can remain in place, be forfeited without replacement or be settled in cash.

A severance payment is typically made in the event of mutually agreed termination without cause. In line with the German Corporate Governance Code, this payment is limited to two years of annual compensation or the remaining value of the contract ("severance cap").

There are no special provisions for the event that a change of control event occurs, that is, neither special rights to terminate the contract nor severance payments. Further, Executive Board members' employment contracts do not include any post-contractual non-competition clause and therefore also do not foresee any compensation for this case.

Temporary deviations from the compensation system

In exceptional circumstances, the Supervisory Board may deviate from the elements defined in the compensation system if this is deemed necessary for the Company's long-term wellbeing. There were no deviations from the compensation system in fiscal year 2023.

Additional disclosures on variable compensation for fiscal years 2021, 2022 and 2023

Due to currently challenging situation, in particular at Siemens Gamesa, it is important to the Executive and Supervisory Boards that a "pay for performance" approach is guaranteed in the Executive Board's compensation. Siemens Gamesa's performance, which has not met expectations, is visible on the one hand in the short-term variable compensation (Bonus) but has an even larger impact on long-term variable compensation. The first transfer of Siemens Energy Stock Awards will take place in November 2024 and will therefore be disclosed in the compensation report for fiscal year 2025. In order to presently guarantee a high level of transparency, the table below employs Dr.-Ing. Christian Bruch as a representative example to demonstrate the course of target attainment in the Bonus over time as well as the "notional" value of unvested Siemens Energy Stock Awards tranches at transfer. Target attainment and notional value as a percentage of the target value apply to all members of the Executive Board who received a grant under the respective tranches, with the exception of the 2022 tranche for Karim Amin. The notional value as a percentage of target value for this grant is slightly higher due a lower fair market value at grant.

The notional value represents the estimated monetary value of an unvested Siemens Energy Stock Awards tranche based on preliminary estimated target attainment (as of October 31, 2023) and the closing price of Siemens Energy's shares as of October 31, 2023 (€8,37). For all three unvested Siemens Energy Stock Awards tranches, the notional value at transfer is substantially below the respective target value.

Variable compensation for fiscal years 2021-2023: Bonus payout amounts and notional value of unvested Siemens Energy Stock Awards tranches

Representative example: Dr.-Ing. Christian Bruch

	Bonus			Siemens Energy Stock Awards				
	Target value	Target attainment	Amount paid out	Target value	Fair market value at grant (FMV)	Target attainment (estimate)[1]	Notional value[2] (share price €8.37)	Notional value as a % of target value
Fiscal year 2023	€1,502,500	84%	€1,264,504	€2,128,333	€13.26	72%	€961,693	45%
Fiscal year 2022	€1,440,000	103%	€1,489,104	€1,920,000	€24.44	81%	€530,530	28%
Fiscal year 2021	€1,140,000	83%	€1,199,520	€1,920,000	€19.74	35%	€281,681	15%

[1] Target attainment is calculated using a "best estimate" approach. For relative total shareholder return (TSR), target attainment is estimated for the respective pro-rata performance period (e.g. for the 2021 tranche of Siemens Energy Stock Awards, Siemens Energy's TSR is compared with the two relevant comparison indices for the 24 months of the performance period already elapsed as of October 31, 2023). For earnings per share, the target value (Ø of four fiscal years) is compared to an estimate comprising actuals for past fiscal years, the most recent forecast for the current fiscal year and budget values for the following fiscal year(s). For targets on environmental, social and governance (ESG) metrics, the progress toward reaching targets is measured using linear interpolation (e.g. if the employee net promoter score over four years should improve from -5 to +5, a value of 0 after two fiscal years would correspond to an estimated target attainment of 100%).

[1] The notional value of a Stock Awards tranche is calculated based on the number of Siemens Energy Stock Awards granted, multiplied by the estimated target attainment as of October 31, 2023 and as well as Siemens Energy's share price on October 31, 2023 (€8.37). For all unvested tranches, the difference between the cumulative target values for Dr.-Ing. Christian Bruch and the estimated notional values amounts to €4,194,429.

Preview of Executive Board compensation for fiscal year 2024

The Supervisory Board annually selects performance criteria for the variable compensation for the upcoming fiscal year and also sets corresponding targets. In addition, the Supervisory Board continually reviews potential for improvement within the compensation system according to Section 87a of the German Stock Corporation Act that was approved by shareholders.

For fiscal year 2024, the Supervisory Board did not make any changes to the applicable performance criteria. Target values and target attainment for the respective performance criteria will be disclosed ex-ante (target setting Stock Awards – ESG) or ex-post (target setting Bonus, Stock Awards – EPS; all target attainment).

The compensation system for Executive Board members will be subject to approval by the Annual Shareholders' Meeting in 2025, pursuant to Section 120a of the German Stock Corporation Act. During the course of fiscal year 2024, the Supervisory Board intends to assess the current compensation system and – if necessary – prepare adjustments. This process will be accompanied by intensive discussions with shareholder representatives, proxy advisors and other stakeholders.

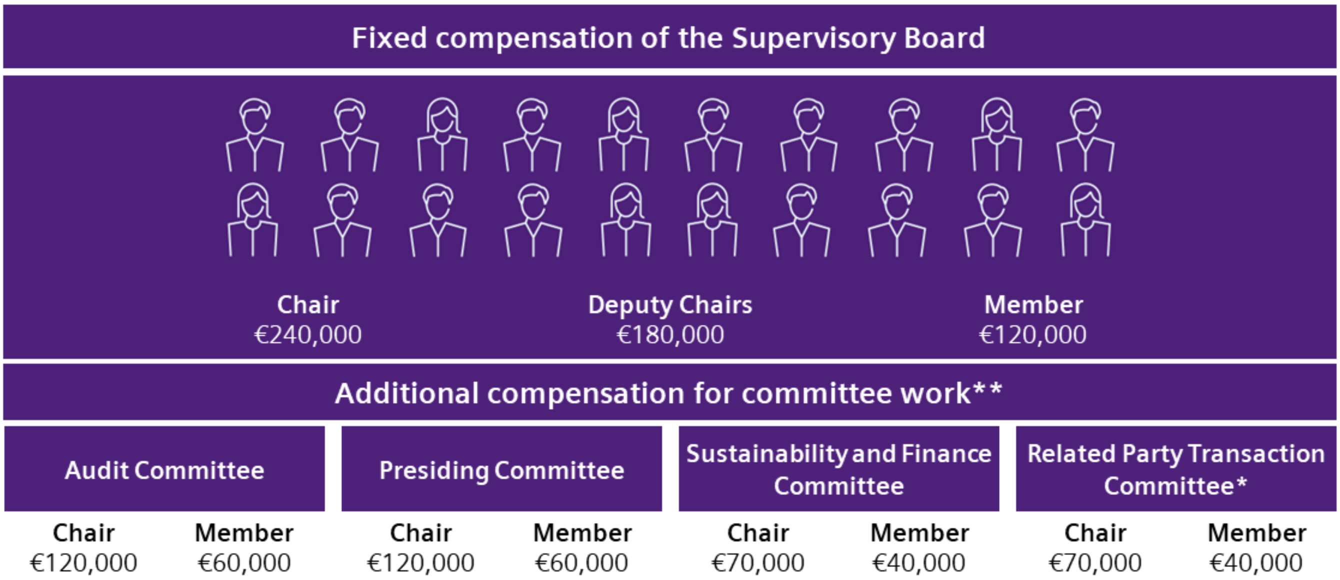
On November 15, 2023, Siemens Energy announced that the German government agreed to provide counter-guarantees for €7.5 billion in guarantees issued by a consortium of banks. Should the agreements with the German government and other parties have any impact on the compensation of the Executive Board, this will be disclosed transparently in the compensation report for fiscal year 2024 as well as on the Company's internet site.

4.6.2 Supervisory Board compensation

The compensation of the Supervisory Board is set by Section 12 of the Company's Articles of Association and was confirmed by the Annual Shareholders' Meeting on February 10, 2021 with 98.9% of the votes cast. Supervisory Board compensation consists solely of fixed compensation and reflects the level of responsibility and scope of activities required of members. The Chairman, Deputy Chairmen, as well as the Chair and Members of the Presiding Committee, Audit Committee, Sustainability and Finance Committee and Related Party Transactions Committee receive additional compensation. For participation in Supervisory Board meetings and committee meetings, each member receives €1,500 per meeting but no more than €3,000 per day in case more than one of such meetings is held on the same day.

Members of the Special Committee Siemens Gamesa do not receive any compensation for membership in the committee but are paid attendance fees. Members of the Supervisory Board and (or) its committees who have held office for less than a full fiscal year receive their compensation on a pro-rata temporis basis. Members of the Supervisory Board are reimbursed for expenses incurred in the course of performing their duties, including any taxes applicable on those expenses. The Chair of the Supervisory Board is also provided an office with administrative support.

Compensation of members of Supervisory Board and committees



* Dissolved with effect from October 1, 2023.
** Members of the Special Committee Siemens Gamesa do not receive compensation for their work on that committee.

For fiscal years 2023 and 2022, the members of the Supervisory Board received the following compensation:

Compensation awarded or due

Supervisory Board members in office as of September 30, 2023		Base compensation		Committee compensation		Attendance fees		Sum
	FY	In €	Share (in %)	In €	Share (in %)	In €	Share (in %)	In €
Joe Kaeser (Chair)	2023	240,000	45.6	250,000	47.5	36,000	6.8	526,000
	2022	240,000	44.9	250,000	46.7	45,000	8.4	535,000
Robert Kensbock[1] (1st Deputy Chair)	2023	180,000	43.0	200,000	47.7	39,000	9.3	419,000
	2022	180,000	42.2	200,000	46.9	46,500	10.9	426,500
Dr. Hubert Lienhard (2nd Deputy Chair)	2023	180,000	57.0	100,000	31.6	36,000	11.4	316,000
	2022	180,000	56.7	100,000	31.5	37,500	11.8	317,500
Günter Augustat[1]	2023	120,000	69.2	40,000	23.1	13,500	7.8	173,500
	2022	120,000	68.0	40,000	22.7	16,500	9.3	176,500
Manfred Bäreis[1]	2023	120,000	60.2	60,000	30.1	19,500	9.8	199,500
	2022	120,000	59.7	60,000	29.9	21,000	10.4	201,000
Manuel Bloemers[1,2] (since September 2022)	2023	120,000	93.0	0	0	9,000	7.0	129,000
	2022	10,000	87.0	0	0	1,500	13.0	11,500
Dr. Christine Maria Bortenlänger	2023	120,000	49.8	100,000	41.5	21,000	8.7	241,000
	2022	120,000	49.5	100,000	41.2	22,500	9.3	242,500
Dr. Andrea Fehrmann[1]	2023	120,000	60.2	60,000	30.1	19,500	9.8	199,500
	2022	120,000	59.7	60,000	29.9	21,000	10.4	201,000
Dr. Andreas Feldmüller	2023	120,000	70.4	40,000	23.5	10,500	6.2	170,500
	2022	120,000	69.8	40,000	23.3	12,000	7.0	172,000
Nadine Florian[1]	2023	120,000	58.0	60,000	29.0	27,000	13.0	207,000
	2022	120,000	59.7	60,000	29.9	21,000	10.4	201,000
Sigmar Gabriel	2023	120,000	70.4	40,000	23.5	10,500	6.2	170,500
	2022	120,000	69.8	40,000	23.3	12,000	7.0	172,000
Horst Hakelberg[1]	2023	120,000	67.4	40,000	22.5	18,000	10.1	178,000
	2022	120,000	69.8	40,000	23.3	12,000	7.0	172,000
Jürgen Kerner[1]	2023	120,000	46.9	100,000	39.1	36,000	14.1	256,000
	2022	120,000	47.2	100,000	39.3	34,500	13.6	254,500
Hildegard Müller	2023	120,000	59.9	70,000	34.9	10,500	5.2	200,500
	2022	120,000	59.4	70,000	34.7	12,000	5.9	202,000
Laurence Mulliez	2023	120,000	44.9	120,000	44.9	27,000	10.1	267,000
	2022	120,000	47.8	110,000	43.8	21,000	8.4	251,000
Thomas Pfann[1,2] (since September 2022)	2023	120,000	69.8	40,000	23.3	12,000	7.0	172,000
	2022	10,000	67.4	3,333	22.5	1,500	10.1	14,833
Matthias Rebellius	2023	120,000	66.9	40,000	22.3	19,500	10.9	179,500
	2022	120,000	68.6	40,000	22.9	15,000	8.6	175,000
Prof. Dr. Ralf P. Thomas	2023	120,000	59.7	60,000	29.9	21,000	10.4	201,000
	2022	120,000	55.6	75,000	34.7	21,000	9.7	216,000
Geisha Jimenez Williams	2023	120,000	69.2	40,000	23.1	13,500	7.8	173,500
	2022	120,000	68.0	40,000	22.7	16,500	9.3	176,500

Compensation awarded or due

Supervisory Board members in office as of September 30, 2023		Base compensation		Committee compensation		Attendance fees		Sum
	FY	In €	Share (in %)	In €	Share (in %)	In €	Share (in %)	In €
Randy Zwirn	2023	120,000	88.9	0	0	15,000	11.1	135,000
	2022	120,000	92.0	0	0	10,500	8.0	130,500
Supervisory Board members who left in fiscal year 2022								
Rüdiger Groß[1] (until September 2022)	2022	110,000	68.7	36,667	22.9	13,500	8.4	160,168
Hagen Reimer[1] (until September 2022)	2022	110,000	92.4	0	0	9,000	7.6	119,000
Sum	**2023**	**2,640,000**	58.5	**1,460,000**	32.3	**414,000**	9.2	**4,514,000**
	2022	2,640,000	58.3	1,465,000	32.4	423,000	9.3	4,528,000

[1] These employee representatives on the Supervisory Board as well as representatives of the labor unions on the Supervisory Board have elected to transfer their compensation to the Hans Boeckler Foundation, in line with the guidelines of the Confederation of German Trade Unions.

[2] These employee representatives were appointed to the Supervisory Board of Siemens Energy AG by a resolution of the Munich District Court on August 2, 2022, effective from September 1, 2022. Their base compensation for fiscal year 2022 is determined on a pro-rata temporis basis, rounded up to the next full month (fiscal year 2022 = 1/12 months).

4.6.3 Other

The Company provides a directors' and officers' liability group insurance policy for Supervisory and Executive Board members and certain other employees of the Siemens Energy Group. The policy is taken out for and renewed one year at a time. It covers the personal liability of the insured individuals in cases of financial loss associated with their activities on behalf the Company. With effect from their appointment as members of the Executive Board, these individuals are subject to a mandatory deductible that complies with the requirements of the German Stock Corporation Act.

4.6.4 Comparative presentation

In accordance with Section 162 para. 1 s. 2 No. 2 of the German Stock Corporation Act, the following table shows the change in compensation for members of the Executive Board and members of the Supervisory Board in comparison to the workforce in Germany on a full-time equivalent basis. Further, change over time in the Company's financial performance is reported on the basis of two performance criteria that are used for managing the Group. The comparative presentation is affected by exceptional effects in connection with the Spin-Off of Siemens Energy from the Siemens Group. None of the members of the Executive Board were in office for the entirety of fiscal year 2020, but rather Dr.-Ing. Christian Bruch, Maria Ferraro, Dr.-Ing. Jochen Eickholt and Tim Holt were appointed with effect from April 1, 2020 or May 1, 2020.

The members of the Supervisory Board who received compensation for fiscal year 2020 were appointed with effect from September 25, 2020 and thus received base compensation and compensation for work on board committees on a pro-rata temporis basis, rounded up to the next full month. In order to ensure comparability between fiscal years 2020 and 2021 and with compensation paid to the workforce in Germany, the compensation awarded or due to the members of the Executive and Supervisory for fiscal year 2020 was extrapolated for the full year. Only two Supervisory Board committees were constituted in fiscal year 2020, the Presiding Committee and the Audit Committee. As a result, compensation for the members of the Sustainability and Finance Committee and the Related Party Transaction Committee – which were constituted on December 3, 2020 – increased in fiscal year 2021 solely due to their work on committees that had not yet been formed in fiscal year 2020. No adjustments were made to the Supervisory Board compensation laid out in Section 12 of the Company's Articles of Association.

Comparative presentation – Change in the compensation of the members of governing bodies, the average compensation of employees and the profit situation of the Company[1]

		In k €	2020	2021	In %	2022	In %	2023	In %
Compensation comparison	Executive Board members in office as of September 30, 2023 [2]	Dr.-Ing. Christian Bruch (President & CEO)[3]	3,311	3,418	3%	3,524	3%	3,333	(5)%
		Maria Ferraro	1,646	1,671	1%	1,720	3%	1,812	5%
		Tim Holt	1,426	1,610	13%	1,901	18%	1,971	4%
		Karim Amin	-	-	-	892	-	1,583	77%
		Anne-Laure de Chammard	-	-	-	-	-	3,405	-
		Vinod Philip	-	-	-	-	-	1,429	-
	Executive Board member who left during fiscal year 2022	Dr.-Ing. Jochen Eickholt	1,607	1,715	7%	2,112	23%	-	-
	Supervisory Board members in office as of September 30, 2023[4]	Joe Kaeser (Chair)	438	508	16%	535	5%	526	(2)%
		Robert Kensbock (1st Deputy Chair).	-	357	-	427	19%	419	(2)%
		Dr. Hubert Lienhard (2nd Deputy Chair)	258	299	16%	318	6%	316	0%
		Günter Augustat	-	154	-	177	15%	174	(2)%
		Manfred Bäreis	-	175	-	201	15%	200	(1)%
		Manuel Bloemers	-	-	-	12	-	129	1,022%
		Dr. Christine Maria Bortenlänger	198	234	18%	243	3%	241	(1)%
		Dr. Andrea Fehrmann	-	175	-	201	15%	200	(1)%
		Dr. Andreas Feldmüller	-	154	-	172	12%	171	(1)%
		Nadine Florian	-	175	-	201	15%	207	3%
		Sigmar Gabriel	-	165	20%	172	4%	171	(1)%
		Horst Hakelberg	-	154	-	172	12%	178	3%
		Jürgen Kerner	-	213	-	255	20%	256	1%
		Hildegard Müller	138	190	38%	202	6%	201	(1)%
		Laurence Mulliez	198	200	1%	251	26%	267	6%
		Thomas Pfann	-	-	-	15	-	172	1,060%
		Matthias Rebellius	138	165	20%	175	6%	180	3%
		Prof. Dr. Ralf P. Thomas	258	261	1%	216	(17)%	201	(7)%
		Geisha Jimenez Williams	138	168	22%	177	5%	174	(2)%
		Randy Zwirn	138	131	(5)%	131	0%	135	3%
	Supervisory Board members who left in September 2022	Rüdiger Groß	-	152	-	160	5%	-	-
		Hagen Reimer	-	119	-	119	0%	-	-
	Workforce[5]	Total workforce in Germany	100	104	4%	107	3%	111	4 %
Development of the Company's profit situation	Siemens Energy AG: Net profit (in m €)		200	172	(28)	(6)	(177)	48	53
	Siemens Energy Group: Adjusted EBITA margin before Special items (until FY 2022) / Profit margin before Special Items (from FY 2023)		(0.1)%	2.3%	2.4 PP	1.3%	(1.0) PP	(8.9)%	(10.2) PP
	Siemens Energy Group: Undiluted Earnings per Share (EPS; in €)		(2.21)	(0.63)	1.58	(0.65)	(0.02)	(5.47)	(4.82)

[1] Due to the Spin-Off of the Siemens Energy Group from Siemens AG on September 25, 2020, the change over time is only shown beginning with fiscal year 2020.

[2] To ensure comparability with compensation awarded or due to the members of the Executive Board in fiscal year 2020, two compensation elements in connection with the mid-year appointment of the members of the Executive Board in April/ May 2020 and with the Spin-Off of Siemens Energy from the Siemens Group in September 2020 are not included in the compensation awarded or due in fiscal year 2020 disclosed above. First, Maria Ferraro, Dr.-Ing. Jochen Eickholt and Tim Holt received grants of Siemens Stock Awards at the beginning of fiscal year 2020 as part of their functions at the time within the Siemens Group. These grants were – along with all other Siemens equity awards for employees of Siemens Energy and in accordance with the applicable plan rules for Siemens Stock Awards – settled in cash following the Spin-Off of Siemens Energy from the Siemens Group. A portion of the value of these cash settlements is attributable to the period in fiscal year 2020 during which the members of the Executive Board were in office: for Maria Ferraro this amounted to €151,087, for Dr.-Ing Jochen Eickholt €205,162 and for Tim Holt €254,684. Further, the members of the Executive Board received cash payments in fiscal year 2020 in lieu of (additional) grants of Siemens Stock Awards. For the partial term of office in fiscal year 2020, this payment amounted to €800,000 for Dr.-Ing. Christian Bruch, €251,668 for Maria Ferraro, €271,908 for Dr.-Ing. Jochen Eickholt and €230,000 for Tim Holt. If the cash settlements for Siemens Stock Awards and the cash payments in lieu of (additional) Siemens Stock Awards grants are included, compensation awarded or due in fiscal year 2020 – adjusted to a full-year basis – would amount to €5.2 million for Dr.-Ing. Christian Bruch (Δ fiscal year 2021 = -35%), €2.6 million for Maria Ferraro (Δ fiscal year 2021 = -35%), €2.4 million for Dr.-Ing. Jochen Eickholt (Δ fiscal year 2021 = -28%) and €2.4 million for Tim Holt (Δ fiscal year 2021 = -33%).

[3] In fiscal year 2020, Dr.-Ing. Christian Bruch was awarded a compensatory payment in the amount of €3.2 million for forfeited compensation claims with his previous employer. A corresponding adjustment was made to Dr.-Ing. Christian Bruch's compensation awarded or due for fiscal year 2020. If the compensatory payment is considered, Dr.-Ing. Christian Bruch's compensation in fiscal year 2020 on a full-year basis amounts to €6.5 million. From this baseline, compensation for Dr.-Ing. Christian Bruch in fiscal year 2021 fell by 48%.

[4] Shareholder representatives were appointed as members of the Supervisory Board of Siemens Energy AG via resolution of the Extraordinary Shareholders' Meeting on August 20, 2020 with effect from September 25, 2020. Manuel Bloemers and Thomas Pfann, who are employee representatives, were appointed to the Supervisory Board of Siemens Energy AG by a resolution of the Munich District Court on August 2, 2022, effective from September 1, 2022. Their base compensation for fiscal year 2022 is determined on a pro-rata temporis basis, rounded up to the next full month (fiscal year 2022 = 1/12 months). The remaining employee representatives were appointed to the Supervisory Board of Siemens Energy AG effective November 10, 2020.

[5] The disclosed total workforce in Germany comprises employees (full time equivalent as of September 30 of the fiscal year) of Siemens Energy excluding Siemens Gamesa in Germany (fiscal year 2023: 21,921; fiscal year 2022: 21,882; fiscal year 2021: 22,424). This figure excludes interns, working students, doctoral students and trainees. Compensation for the workforce is calculated based on personnel expenses recorded for fiscal year 2022, less expenses for the Executive Board's compensation. In order to maintain comparability with compensation for the Executive and Supervisory Boards, the disclosed average compensation of the workforce consists of the following elements: wages and salaries, variable compensation elements, capital accumulation benefits, one-off payments, specific allocations, employer contributions to social insurance plans, statutory accident insurance, employer allowance for health and invalidity insurance for privately insured and voluntarily publicly insured individuals, employer contributions to the public pension system, as well as expenses for shares that were transferred to employees as part of the Direct Match Program, an employee share purchase plan. One-off Stock Awards and share awards to managers and employees under special share-based compensation programs in connection with the Spin-Off of Siemens Energy from the Siemens Group granted in fiscal year 2021 are not included since the Executive Board did not receive any similar payments or equity grants. If these programs were considered, the average compensation for the workforce in Germany for fiscal year 2021 would be €1,984 higher than disclosed above. No such awards were granted in fiscal years 2022 and 2023 .

Siemens Energy AG

The Executive Board The Supervisory Board

4.7 Independent auditor's report on the audit of the compensation report prepared to comply with Sec. 162 AktG ["Aktiengesetz": German Stock Corporation Act]

To Siemens Energy AG, Munich

We have audited the attached compensation report of Siemens Energy AG, Munich prepared to comply with Sec. 162 AktG ["Aktiengesetz": German Stock Corporation Act] for the fiscal year from October 1, 2022 to September 30, 2023 and the related disclosures.

Responsibilities of the executive directors and the supervisory board

The executive directors and supervisory board of Siemens Energy AG are responsible for the preparation of the compensation report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, the executive directors and supervisory board are responsible for such internal control as they determine is necessary to enable the preparation of a compensation report and the related disclosures that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

Auditor's responsibility

Our responsibility is to express an opinion on this compensation report and the related disclosures based on our audit. We conducted our audit in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report and the related disclosures are free from material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts in the compensation report and the related disclosures. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the compensation report and the related disclosures, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the compensation report and the related disclosures in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the accounting policies used and the reasonableness of accounting estimates made by the executive directors and supervisory board, as well as evaluating the overall presentation of the compensation report and the related disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the compensation report for the fiscal year from October 1, 2022 to September 30, 2023 and the related disclosures comply, in all material respects, with the financial reporting provisions of Sec. 162 AktG.

Other matter – formal audit of the compensation report

The audit of the content of the compensation report described in this auditor's report comprises the formal audit of the compensation report required by Sec. 162 (3) AktG and the issue of a report on this audit. As we are issuing an unqualified opinion on the audit of the content of the compensation report, this also includes the opinion that the disclosures pursuant to Sec. 162 (1) and (2) AktG are made in the compensation report in all material respects.

Limitation of liability

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungs¬gesellschaften [German Public Auditors and Public Audit Firms]" as issued by the IDW on January 1, 2017 are applicable to this engagement and also govern our responsibility and liability to third parties in the context of this engagement (**www.de.ey.com/general-engagement-terms**).

Munich, December 5, 2023

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Breitsameter	Oßmann
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

4.8 TCFD Index

We are following the recommendations developed by the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) to provide transparency about our climate actions, especially how we address the risks and opportunities arising from climate change. The TCFD Index connects our publicly available publications with the corresponding TCFD disclosure recommendations. The referenced documents are the latest versions available on **www.siemens-energy.com** as of the date of issue of the TCFD Index and included in Siemens Energy's Annual Report 2023 and Sustainability Report 2023 available in English.

TCFD core elements	TCFD disclosure recommendations	TCFD disclosure	References containing information and data representing our fiscal year 2023 ending on September 30, 2023	
Governance	Disclose the organization's governance around climate related risks and opportunities.	a. Disclose the board's oversight of climate related risks and opportunities.	**Annual Report 2023:** • Corporate Governance pursuant to Sections 289f and 315d of the German Commercial Code **Group Non-Financial Statement 2023:** • Basis of Preparation	**Sustainability Report 2023:** • Strategic focus • Annex - Task Force on Climate-Related Financial Disclosures (TCFD) (see Climate Change Governance)
		b. Describe management's role in assessing and managing climate-related risks and opportunities.	**Annual Report 2023:** • Risk Management* **Group Non-Financial Statement 2023:** • Basis of Preparation *(* covering only short-term climate related risks)*	**Sustainability Report 2023:** • Strategic focus • Annex - Task Force on Climate-Related Financial Disclosures (TCFD) (see Climate Change Governance, Management approach to climate-related risks and opportunities)
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	**Annual Report 2023:** • Risk Management* *(* covering only short-term climate related risks)*	**Sustainability Report 2023:** • Strategic Focus • Annex - Task Force on Climate-Related Financial Disclosures (TCFD) (see Table Climate-related Risks and Opportunities)
		b. Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	**Annual Report 2023:** • Risk Management* *(* covering only short-term climate related risks*	**Sustainability Report 2023:** • Strategic focus • Decarbonization • Customers and innovation • Annex - Task Force on Climate-Related Financial Disclosures (TCFD) (see Table Climate-related Risks and Opportunities)
		c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a two degrees Celsius or lower scenario.		**Sustainability Report 2022:** • Decarbonization • Annex - Task Force on Climate-Related Financial Disclosures (TCFD) (see Strategic response, strategy resilience and climate scenario analysis)

TCFD core elements	TCFD disclosure recommendations	TCFD disclosure	References containing information and data representing our fiscal year 2023 ending on September 30, 2023	
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.	a. Describe the organization's processes for identifying and assessing climate-related risks.	**Annual Report 2023:** • Risk Management* *(* covering only short-term climate related risks)*	**Sustainability Report 2023:** • Strategic Focus • Annex - Task Force on Climate-Related Financial Disclosures (TCFD) (see Management Approach to Climate Related Risk and Opportunities)
		b. Describe the organization's processes for managing climate-related risks.	**Annual Report 2023:** • Risk Management* *(* covering only short-term climate related risks)*	**Sustainability Report 2023:** • Decarbonization • Annex - Task Force on Climate-Related Financial Disclosures (TCFD) (see Management Approach to Climate Related Risk and Opportunities)
		c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	**Annual Report 2023:** • Risk Management* *(* covering only short-term climate related risks)*	**Sustainability Report 2023:** • Strategic focus • Decarbonization • Annex - Task Force on Climate-Related Financial Disclosures (TCFD) (see Management Approach to Climate-Related Risk and Opportunities)
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	**Group Non-Financial Statement 2023:** • Environmental matters	**Sustainability Report 2023:** • Decarbonization • Annex - Task Force on Climate-Related Financial Disclosures (TCFD) (see Strategic response, strategy resilience and climate scenario analysis, Metrics and targets)
		b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	**Group Non-Financial Statement 2023:** • Environmental matters	**Sustainability Report 2023:** • Decarbonization • Annex - Task Force on Climate-Related Financial Disclosures (TCFD) (see Metrics and targets)
		c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	**Annual Report 2023:** • Compensation Report **Group Non-Financial Statement 2023:** • Environmental matters	**Sustainability Report 2023:** • Decarbonization • Annex - Task Force on Climate-Related Financial Disclosures (TCFD) (see Metrics and targets)

Published by

Siemens Energy AG
Otto-Hahn-Ring 6

81739 München

Media Relations: press@siemens-energy.com
Investor Relations: investorrelations@siemens-energy.com

siemens-energy.com