Annual Report 2023

siemens-healthineers.com

SIEMENS Healthineers

Table of Contents*

A. Combined management report

B. Consolidated financial statements

C. Additional information

* The format of this disclosure does not comply with the requirements of the European Single Electronic Format (ESEF). The legally required rendering of the report sections that are subject to publication requirements is filed with the operator of the German Company Register in ESEF format and published in the German Company Register.

A. Combined management report

A.1 Business principles

A.1.1 Business description

Organization

Siemens Healthineers is a global provider of healthcare products, solutions and services, with activities in numerous countries around the world. Siemens Healthineers Group (hereinafter "Siemens Healthineers," the "company," "we," or the "Group") comprises the parent company Siemens Healthineers AG, a stock corporation under the laws of the Federal Republic of Germany, and its subsidiaries. Siemens Healthineers AG is registered in the commercial register in Munich, Germany. As of September 30, 2023, the Siemens Group held just over 75% of the shares in Siemens Healthineers AG, unchanged from the prior year. Siemens Healthineers had about 71,000 employees as of September 30, 2023 (September 30, 2022: about 69,500).

Siemens Healthineers has a strong presence and market position in growth markets and is directly represented in more than 70 countries worldwide. Our main production and development sites are in Germany, the United States, China, India, Great Britain, and Slovakia. With holistic system competence, we develop, manufacture, and sell a diverse range of innovative diagnostic and therapeutic products and services to healthcare providers in more than 180 countries. We also provide clinical consulting services as well as an extensive range of training and service offerings. This comprehensive portfolio supports customers along the entire care continuum, from prevention and early detection through to diagnosis, treatment, and follow-up care.

Delivering high-quality, affordable healthcare requires scalable solutions to meet the needs of a broad spectrum of healthcare providers and related organizations. Siemens Healthineers is strongly positioned relative to this spectrum, which ranges from public and private healthcare providers, including hospitals and hospital systems, public and private clinics and laboratories, universities, physicians/joint medical practices, public health agencies, public and private health insurers, through to pharmaceutical companies and clinical research institutes. We offer different solutions tailored to the customers' needs in all our markets.

Our business operations are divided into four segments: Imaging, Diagnostics, Varian, and Advanced Therapies. In all these segments, we are a leading global provider.

Our Imaging segment provides imaging products, services, and solutions as well as digital offerings. Our most important products in this segment are devices for magnetic resonance imaging, computed tomography, X-ray, molecular imaging, and ultrasound. All our imaging and therapy systems are supported by shared software platforms. We offer a broad and scalable range of software solutions to support the reading and structured reporting of diagnostic images from different modalities. We generate a significant amount of recurring revenues from our customer services business (services and spare parts) due to a strong installed base and long-term service relationships. These provide a stable business base. The Cancer Therapy business (imaging for radiation therapy) was assigned to the Varian segment on October 1, 2022.

The portfolio of our Diagnostics segment comprises in-vitro diagnostic products and services that we offer to healthcare providers in the fields of laboratory diagnostics and point-of-care diagnostics. Serving a broad selection of diagnostic test settings – from centralized reference and hospital laboratories to critical care, emergency departments, and physician office laboratories – our comprehensive portfolio covers a range of testing disciplines, including immunochemistry, hematology, coagulation, urinalysis, blood gas analysis, and molecular tests. Siemens Healthineers still provides laboratories and points of care with a range of antigen, PCR, and antibody tests designed to specifically identify the presence of the SARS-CoV-2 respiratory pathogen in human bodies, though on a much smaller scale. Diagnostics' product range also includes efficient workflow solutions for laboratories and informatics products that are integrated with our offerings to improve the productivity of our customers. Diagnostics generates profits mainly from long-term contracts that include an initial instrument placement followed by ongoing reagent sales, which result in a predictable and resilient revenue stream.

The Varian segment provides innovative, multi-modality cancer care technologies based on integrated, advanced imaging, along with solutions and services to oncology departments in hospitals and clinics globally. Its portfolio is designed to enable clinicians to perform new, innovative radiotherapy and other oncology treatments. Varian's Radiation Oncology Solutions business serves the end-to-end needs of customers with integrated equipment and digital solutions, and with applications that are designed to enable increased access to quality care as well as improved treatment planning and delivery. High-quality imaging and digital solutions and applications enable higher-precision image-guided cancer treatments. The Proton Solutions business serves the field of proton therapy, which is an advanced method of radiotherapy. Effective at the beginning of fiscal year 2023, this business was transferred to Central Items, under the management responsibility of Varian, given that, in the future, the business will no longer pursue new sales of proton therapy systems. The Proton Solutions business will concentrate on maintenance of equipment already ordered or installed, thereby enhancing system reliability and stability, and providing a high level of service for existing customers and their proton centers. The Multi-Disciplinary Oncology business comprises technology-enabled optimized workflows, clinical services as well as innovative digital solutions and applications for managing treatment and therapy. With a large installed base in its Radiation Oncology Solutions business, Varian generates recurring revenue from services and spare parts. The Cancer Therapy business was transferred from the Imaging segment to the Varian segment on October 1, 2022.

Our Advanced Therapies segment's portfolio consists of highly integrated products, services and solutions across multiple clinical fields used in the treatment of diseases. Our Advanced Therapies products are designed to support image-guided minimally invasive treatments, in areas such as cardiology, interventional radiology, and surgery. The most important products in this segment are angiography systems and mobile C-arms. In the field of endovascular robotics, we focus exclusively on the development of solutions used for neurovascular interventions. We are withdrawing from the business of robotic-assisted endovascular cardiology. Advanced Therapies generates recurring revenues from its strong installed base and customer services business (service and spare parts).

Within these four segments we provide comprehensive services all along the customer value chain. Our range of services includes essential technical customer service such as maintenance and repair, medical equipment performance management, training, clinical education and e-learning, planning and design, financing, asset management, and managed departmental services for laboratories and healthcare facilities, as well as digital healthcare consulting, products, and services. We offer many of these services to our customers under so-called value partnerships, in which we develop comprehensive solutions in long-term partnerships and actively address the most important trends such as the trend of consolidation among healthcare providers ➔ ***A.1.2 Business environment*** Because these partnerships with customers last for several years, we generate recurring revenues on a regular basis.

Siemens Healthineers Strategy 2025

Against the backdrop of the healthcare trends described in ➔ ***A.1.2 Business environment***. Siemens Healthineers has defined strategic priorities to ensure its competitiveness beyond 2025. As reported in the Annual Report 2022, we have successfully completed the first two phases, known as Reinforcing and Upgrading, respectively, as part of the Siemens Healthineers Strategy 2025. The transformational business combination of Siemens Healthineers and Varian, for instance, enabled us to expand into adjacent markets. At the same time, we have expanded our core business and strengthened our role as a holistic partner for our customers. In fiscal year 2023, we completed the first half of the third phase, known as "New Ambition". During the second half of New Ambition phase, Siemens Healthineers' seeks to achieve average annual comparable revenue growth of 6–8% and average annual growth in adjusted basic earnings per share of 12–15% for fiscal years 2024 and 2025, excluding contributions from rapid COVID-19 antigen tests. The outlook for fiscal year 2024 is presented in the chapter ➔ ***A.5.2 Expected business development***.

As a global healthcare leader, our high-level focus in the New Ambition phase is to fight dangerous non-communicable diseases such as cancer, stroke, and heart attack worldwide, enable efficient workflows in hospitals, and improve access to modern medical care in low- or medium-income countries. The New Ambition phase focuses on five growth priorities or vectors (see below), and our segments and regions are executing the plans and programs they have developed for pursuing these priorities.

In the Comprehensive Cancer Care vector, we want to expand our leading position in oncology by addressing additional customer segments along the entire disease pathway. To this end, we intend to enhance and strongly integrate our radiotherapy and imaging products, build a strong portfolio in interventional oncology, expand our multidisciplinary software solutions and technology-enabled services, and expand our cancer decision support for better therapy guidance.

In the Cardiovascular and Neurovascular Care vector, we focus on coronary heart disease and stroke. We are addressing this growth sector in three dimensions: the transformation of clinical pathways by providing, for example, comprehensive solutions to improve the clinical workflows of our customers; the improvement of the solution portfolio to enhance image guidance and automation with disease-specific functions and provide therapy solutions to meet previously unmet clinical needs; and positioning Healthineers as a preferred partner for clinical solutions as part of lighthouse projects.

The Networked Care & Digitally Enabled Services vector addresses the biggest operational challenges our customers are currently facing, such as staff shortages, rising labor costs, increasing demand, and rapid technological and scientific progress. The Networked Care sub-vector is dedicated to healthcare services provided at facilities other than a central hospital or laboratory, as part of a network. The ambition of the Digitally Enabled Services is to put healthcare providers in position to provide more patients with better care by enabling them to improve and automate manual workflows that have previously drained significant resources and given rise to inefficiencies.

The China Healthcare growth vector concentrates on what is expected to be world's largest national market in medical technology by the year 2030 and to make the greatest growth contribution in the med-tech sector worldwide. As part of its 14th

Five-Year Plan, China intends to adapt its own healthcare and medical technology sector to new economic and social developments. Our ambition is to strengthen our role as a trusted partner of the Chinese healthcare system and its patients by tackling the key societal challenges in healthcare in the fields of cancer therapy, digital healthcare, and diagnostics and through new local business models. To further enhance our ability to achieve the goals of New Ambition and to reflect the strategic priority placed on healthcare in China, a new "China" region was implemented at the start of fiscal year 2023.

In the Access to Care vector, we will be focusing on the approximately about four billion people worldwide who still do not have access to adequate healthcare today. The main obstacles here are a lack of infrastructure, affordability of treatment, and a lack of health awareness. As non-communicable diseases become more prevalent in the coming years, affordable healthcare will need to cover a broader base than before. We have already initiated steps toward this end, including in the areas of digitalization, financing, partnerships, and training of medical personnel, which will enable us to implement our strategy in the coming years.

In alignment with the Siemens Healthineers Strategy 2025, we aim to enhance healthcare products, services, and solutions for the benefit of patients, medical professionals, and society as a whole. Thereby, Siemens Healthineers embraces a responsibility not only to advance healthcare delivery and accessibility, but also to promote environmental stewardship and embrace diversity and employee engagement to improve well-being in the workplace as well as in the surrounding communities. Our dedication to sustainability revolves around three main pillars, reinforcing our positive social impact and setting high benchmarks for our environmental aspirations. These three main pillars—Healthcare Access, Resource Preservation, and Diverse and Engaged Employees —mirror our commitment to the United Nations Sustainable Development Goals (SDGs), particularly SDG 3: Good Health and Well-Being, SDG 12: Responsible Consumption and Production, and SDG 5: Gender Equality. To emphasize our commitment and show how closely we tie sustainability to our strategy, sustainability is now also embedded in our purpose: *We pioneer breakthroughs in healthcare. For everyone. Everywhere. Sustainably.* The enhancement of our purpose shows that we take our responsibility as a global company seriously and that we will deeply integrate sustainability into our business processes throughout the entire value chain.

Research and development

Our research and development ("R&D") activities are of crucial importance for the development of our products and healthcare portfolio. They should enable us to offer our customers innovative and sustainable solutions for diagnostics and therapy, while also ensuring and enhancing our competitiveness as a company.

Artificial intelligence ("AI"), sensors, and robotics are focal points of our R&D activities. AI has been an integral part of key innovations developed by Siemens Healthineers for several years. In our portfolio of products and solutions, we employ AI successfully for data analysis and interpretation, decision-making, intelligent robot control, and automation. We are strongly motivated by the vision of the "digital twin," which holds the promise of great opportunities for new healthcare solutions.

In the Imaging segment, we use AI in our latest magnetic resonance imaging ("MRI") scanners for clinical and scientific applications: the Magnetom Cima.X with a magnetic field strength of 3 tesla and the Magnetom Terra.X with a field strength of 7 tesla. And now, for the first time, these high-end scanners are making amongst others use of our AI-based image reconstruction technology known as Deep Resolve. Deep Resolve can bring about a significant reduction of scan times with improved image quality. For example, AI algorithms can reduce scan times by up to 70 percent while also doubling the image resolution. The shorter scan time should allow a significant improvement in patient comfort. Thanks to their high field strengths and powerful gradient performance, both the Magnetom Cima.X and the Magnetom Terra.X are suited for imaging the finest structures within the body with greater clarity. Because of the strong gradients render microstructures are much more visible, allowing for earlier therapeutic treatment and thus improvement in the patient's outlook. Furthermore, both scanners feature assistance systems that support the preparation and execution of scans, making it easier to operate the scanners. This should minimize training costs and makes it possible to seamlessly integrate new scanners into a customer's existing fleet.

A growing share of our R&D activities is devoted to improving the sustainability of our products. To this end, we have entered a research partnership with the University of California, San Francisco, in which we have proven that medical centers can achieve significant savings in emissions and costs by turning off MRT systems that are not in direct use or placing them in the mode with the lowest energy consumption. Turning off MRT systems overnight for 12 hours lowers energy consumption by 25%-33% and the activation of an additional energy-saving mode, a new energy function in the newer MRT scanners of Siemens Healthineers, lowers the energy consumption of the turned-off scanners by another 22-28%. These results, which have been outlined in a new study, can help the healthcare sector, which accounts for 4.4% of worldwide CO2 emissions, reduce its CO2 footprint. We also support our customers by developing and providing regular system updates and upgrades throughout the product lifecycle. By lengthening the lifecycle in this way and maintaining our installed base of refurbished systems, we contribute to the goals of the circular economy and enhance sustainability in the healthcare sector.

In the field of computed tomography, we have also introduced new and innovative features for the established dual-source family SOMATOM Drive and SOMATOM Force. For example, the new "FAST Bolus" function allows for an automated and dynamic scan trigger delay, which can be adapted to suit individual patients, leading to improved image quality when contrast media are administered, depending on the individual patient's constitution.

In the area of ultrasound, Siemens Healthineers has introduced the new flagship series consisting of Acuson Sequoia Crown Edition and Acuson Sequoia Select Edition, both of which are based on the bio-acoustic imaging architecture of Siemens Healthineers, which delivers leading performance in image improvement and extended applications. The two systems also feature innovations in the areas of platform design, display technologies, and improved ergonomics and workflows.

In the area of mammography, Siemens Healthineers has introduced the Mammomat B.brilliant, a newly developed mammography system utilizing wide-angle tomosynthesis. In this device, the x-ray tube rotates around the breast in a 50° angle. Coupled with a scan time of around five seconds, this feature makes it the world's fastest wide-angle tomosynthesis system, generating a 3-D image with very high depth resolution in the shortest time.

The latest addition to our laboratory diagnostics portfolio in the Diagnostics segment is the Atellica CI Analyzer, a compact analysis system for laboratories. The Atellica CI Analyzer enables both independent laboratories and the satellite laboratories of larger healthcare networks to work with the same reagents, consumable supplies, and smart software as for the flagship Atellica Solution, but condensed into a 1.9 square meter footprint. The standardization and improvement of workflows made possible by this new device counteracts against the scarcity of skilled workers and helps laboratories achieve shorter and more plannable throughput times and less time spent on reporting tasks, enabling personnel to focus their attention on more critical tasks.

In the Varian segment, Siemens Healthineers has launched RADIATE-VT, the first international, multi-center, randomized controlled trial involving the treatment of cardiac arrhythmias that evaluates the safety and efficacy of cardiac radioablation (CRA) compared with catheter ablation for patients with high-risk, refractory ventricular tachycardia (VT). Cardiac radioablation treatments are being planned and conducted on the basis of the CRA system of Siemens Healthineers. The cardiac radioablation treatment planning and delivery process requires close collaboration between electrophysiologists, who specialize in treating cardiac arrhythmias, and radiation oncologists, who specialize in treating cancer and other conditions with radiation therapy. The CRA system of Siemens Healthineers, which was designated a "breakthrough device" by the U.S. Food and Drug Administration (FDA), is a non-invasive, end-to-end solution designed to facilitate interdisciplinary clinical collaboration.

In the Advanced Therapies segment, Siemens Healthineers has introduced the ARTIS icono ceiling system for cardiological applications. This ceiling-mounted angiography system with specially developed features for cardiological and cardiovascular care offers innovative functions to aid in the diagnosis and treatment of cardiac arrhythmias, coronary heart diseases, and structural heart diseases. The goal of this system is to optimize clinical workflows while also ensuring excellent image quality with minimal radiation exposure. Moreover, early diagnosis and precise treatment decisions are critical to the ability to deliver the most targeted interventions possible.

Furthermore, the systems of Siemens Healthineers regularly receive extensive software releases to improve user friendliness and add innovative applications. In fiscal year 2023, for example, the software application syngo DynaCT Bone Removal was developed and released for the ARTIS icono and ARTIS pheno systems. This application is an AI-supported solution that automatically detects and eliminates bone structures in order to improve the depiction of blood vessels during the procedure. It supports interventional radiologists in a large number of procedures, particularly in areas with considerable bone substance (rib cage, hip area), saving time compared to the formerly manual image processing and also optimizing workflow.

Siemens Healthineers also opened its new Innovation Center at the Erlangen site, in the heart of Germany's "Medical Valley" medical technology research cluster. A chief feature of the center's approach is open innovation, meaning collaboration with outside partner enterprises, start-ups, and academic and clinical facilities to improve the quality of healthcare worldwide. The network of innovation centers is part of an established ecosystem of centers in Shanghai, China, and Bengaluru, India. Thus, Siemens Healthineers has created an infrastructure that facilitates collective innovation within the region; promotes openness and collaboration in research, development, and production; and makes it possible to develop solutions that are more perfectly suited to meet the needs of healthcare customers and markets.

In addition to expanding our portfolio, our R&D teams strive for continuous improvement of existing products and solutions. Our R&D workforce already exceeds 13,000 employees at fiscal yearend 2023 and operates at a number of R&D sites around the world, mainly in Germany, the U.S., China, and India. The distribution of our R&D workforce across an international network of sites enables us to meet the needs of local markets and gives us access to local job markets, allowing us to hire the best employee for the respective job. We supplement our internal capabilities through our relationships with strategic partners.

In fiscal year 2023, we reported R&D expenses of €1,866 million (2022: €1,785 million). The resulting R&D intensity, defined as the ratio of R&D expenses to revenue, was 9% (2022: 8%). Additions to capitalized development expenses amounted to €244 million (2022: €212 million). Therefore, the ratio of capitalized development expenses to total R&D expenses was 13% (2022: 12%). The scheduled amortization of capitalized development expenses totaled €94 million (2022: €123 million).

As of September 30, 2023, we had about 24,000 technical intellectual property rights. This figure includes about 15,000 granted patents, slightly above the level of fiscal year 2022.

A.1.2 Business environment

We operate in growth markets characterized by long-term stability, which are supported by the major trends described below. Within the market's long term development, there may also be short term fluctuations arising from macroeconomic and health political developments, such as changes in health policy, regulation or reimbursement systems. Because a substantial portion of Siemens Healthineers' revenue stems from recurring business, we pursue our growth opportunities from a stable foundation of profit.

Healthcare market trends

Healthcare markets worldwide are influenced by four sustained major, lasting trends. These trends remain unchanged, with little effect from short-term developments such as the COVID-19 pandemic, inflation, and recent geopolitical events. Nevertheless, such developments have strengthened some of these trends while also presenting new opportunities and challenges in the last few years.

The first trend is demographic developments, especially the world's growing and aging population. This trend poses major challenges for global healthcare systems, in both developed and in emerging and developing economies. In many economies, combating COVID-19 increased healthcare costs unexpectedly, and the resulting debt created additional cost pressure and limited the flexibility to make new investments. However, these challenges also present an opportunity for healthcare providers by increasing the demand for cost-efficient healthcare solutions. The second trend is economic development in emerging countries, which is improving access to healthcare for many people. Nonetheless, about four out of eight billion people still do not have adequate access to medical care. The extent of this problem was made clear by the pandemic, which disproportionately affected vulnerable population groups. Significant investments will persist, driving overall demand for healthcare products and services and hence market growth. The third trend is the increase in non-communicable diseases as a consequence of an aging population in combination with, environmental and lifestyle-related changes. This trend results in far more patients with multiple morbidities, increasing the need for new ways to detect and treat diseases in a timely manner. The fourth global trend with a significant impact on our business development is the transformation of healthcare providers such as hospitals and laboratories. A combination of societal and market forces is driving healthcare providers to operate and organize their businesses differently. This trend is amongst others driven by the shortage of skilled healthcare professionals, society's increasing resistance to growing healthcare costs, the growing professionalization of health insurance and governmental healthcare systems, burdens from chronic diseases, and rapid scientific progress. The pandemic only increased the pressure to which healthcare providers were already exposed particularly by exacerbating the shortage of skilled workers and boosting labor costs. Digitally supported solutions, among other forms of technology, are being employed as a means of coping with staff shortages resulting from significantly higher workloads. Digitalization, automation of workflows, and artificial intelligence (AI) continue to play a crucial role in the quest to optimize a holistic patient experience, improve treatment outcomes, and reduce overall treatment costs. The COVID-19 pandemic highlighted the importance of these issues and accelerated their ascendance as key factors for healthcare providers. For example, telemedicine proved to be invaluable as a means of maintaining social distancing as patients increasingly used such services as an alternative to in-person doctor visits. The growing cost pressure will continue to drive new remuneration models for healthcare services such as value-based reimbursement instead of treatment-based reimbursement. The pandemic and the associated increase in healthcare costs, as well as the changed economic environment caused by inflation and rising interest rates, further bolstered the trend of consolidation of healthcare providers into networks to address these factors. The goal of these larger hospital and laboratory chains, which often operate internationally, and increasingly also in the manner of large corporations, is to systematically lowering costs while improving the quality of medical care. This development has increased the demand for standardized and scalable systems and solutions, as well as new business models such as Managed Equipment Services (MES) as a customer-specific solution to manage all the medical equipment in a hospital.

Developments in health policy

Driven by the need in many countries to deliver better treatment outcomes at lower costs, regulators are increasingly seeking to change their reimbursement models to place greater emphasis on the quality of healthcare. Consequently, the reimbursement paid for healthcare services is increasingly geared to treatment outcomes rather than quantity of services alone. To this end, pilot projects involving value-based healthcare are already being implemented in most industrialized nations.

The COVID-19 pandemic outbreak impacted regulatory environments and practices, presenting governments and healthcare providers with unprecedented challenges. Regulatory authorities have utilized targeted methods to bring diagnostic products to market faster. These include changes to existing reimbursement structures, emergency approvals, and accelerated regulatory processes for some products such as rapid COVID-19 PCR tests and antigen tests. Now that the health emergency caused by COVID-19 has ended, these methods have been set aside in the United States, the EMEA, and China. In response to the COVID-19 pandemic, governments have also created and kept in place legal frameworks conducive to the deployment of telehealth technology and reimbursement for digital solutions such as telehealth services in countries including China, the United States, and Germany. Thus, the pandemic underscored and increased the importance and value of such technologies. Electronic medical records for patients, coupled with the possibility of remote medical treatment, are already of great importance, particularly at hospitals in China, for example.

In the coming years, three of our most important markets – the United States, China, and Europe – will face additional uncertainties when it comes to health policy and financing. Lawmakers in the United States continue to debate legislative changes to the healthcare system with the primary goals of increasing price transparency and lowering costs for patients, which have bipartisan support. The U.S. Congress had not enacted any cuts to hospital reimbursement during the COVID-19 pandemic. It is now considering proposals to equalize the reimbursements paid to hospital outpatient departments and freestanding medical centers.

In its 14th Five-Year Plan covering the years 2021 to 2025, China set the following priorities for its healthcare sector: innovation, industrial modernization, digitalization, and a "healthy China". China's tiered hospital system is one of the key points of focus of that country's healthcare reform. To even out social and geographic disparities in the provision of health services, the country continues to build out and modernize primary care while expanding higher-quality medical centers. China intends to continue to ramp up its "dual-circulation" economic model with the aim of reducing external dependencies and expanding domestic consumption. On the one hand, China has said it wants to continue opening its markets in order to spur growth and make progress with globalization and integrative development. On the other hand, the government's support for the modernization of local manufacturing and an enhanced policy of local preferment should increase competition between multinationals and local providers. Reform of the healthcare system is intended to be further stepped up in order to improve quality and efficiency. To achieve a lower price through a larger purchasing volume and thus lower healthcare costs, the centralized volume-based public procurement system is being expanded both geographically and with regard to specific products in the in-vitro and in-vivo segments. Reform of the reimbursement system, flat-rate-per-case billing (known as Diagnosis-Related Groups or DRGs), and a new health insurance reimbursement method (known as Diagnosis Intervention Packet or DIP) should cover inpatient services in all relevant hospitals by the end of 2025. In addition, the procurement of new medical equipment by hospitals has been simplified by expanding the range of medical equipment that does not require government approval. This step should create growth potential in the coming years.

In Europe, the European Commission has responded forcefully to the COVID-19 pandemic via its Recovery and Resilience Facility (RRF), providing member states with significant funds to strengthen the resilience of their healthcare systems. We can already observe that these funds are having a positive effect on our markets. The company's operating environment could be affected in the medium term by an increasingly complex regulatory framework at the European level, as new laws on the subject of digitalization and sustainability are being regulated. The European Parliament and Council have reached an agreement on regulations to promote a fair and innovative data economy as part of a new Data Act requiring medical technology companies to share information with third parties. We expect that the Data Act will have both negative and positive impacts on medical technology provider and market growth. Now that healthcare policy initiatives in Germany are no longer focused on COVID-19, we see an increased interest in policy reforms aimed at the digitalization of healthcare. We also see a shift towards more outpatient care and increased specialization in inpatient care as a result of the stabilization of COVID-19 infection rates. The German Federal Health Ministry has initiated multiple legislative processes: reform of the reimbursement and planning structure of inpatient hospital care in Germany, a new regulation on the use of health data and a new law to accelerate the pace of digitalization in the healthcare system. The latter two bills could give rise to market opportunities. At the same time, the continuing war in Ukraine and its consequences for the national economies – including inflation such as higher energy and raw-material prices – are putting additional pressure on publicly funded healthcare systems throughout Europe.

Political and macroeconomic developments

The business environment is influenced not only by regulatory framework, which healthcare companies and providers must comply with in order to sell their products and deliver health services, but also by non-tariff barriers to trade such as forced localization, licensing requirements, and particularly protectionism, which have increased significantly in recent years. Trade barriers are becoming more widespread, affecting all our segments' markets and placing additional financial burdens on companies. The trade conflict between the United States and China continues to hamper the flow of goods between these countries and across the global economy. This trade policy dispute has led to the introduction of new tariffs and higher rates of existing tariffs, as well as export restrictions. These measures could especially affect trade in critical economic sectors, key technologies such as AI technology, 5G mobile networks, and other high-tech segments. Ongoing differences between the two nations will continue to pose challenges for trade. The war in Ukraine has accelerated the fragmentation of the global geopolitical landscape and widened the divide between the Western world and China. Confronted with these tensions, Western companies may opt to pursue a strategy of risk prevention, which could lead to a reduction of dependency on China as a means of mitigating the risk of adverse effects on production and technology. They could shift their operations to nearby countries or even to their home countries to enhance the resilience of their production processes, supply chains, and logistics. It may also be necessary to diversify the supplier base and maintain higher stocks of critical components to increase supply security. They could also reduce their trading ties with China by trading with other countries instead. Besides geopolitical events, macroeconomic developments are also impacting the business environment and creating uncertainties throughout the world. The war in Ukraine and the resulting sanctions against Russia have created energy shortages and driven energy prices higher. Since then, however, prices have begun to fall in the energy markets. However, the resurgence of conflict in the Gaza Strip threatens to worsen the situation on the energy markets once again. In the face of stubbornly higher inflation across the world, central banks have continued to raise their benchmark lending rates. The resulting increase in borrowing costs has exerted strong pressure on the economic output of industrialized nations. Both medical equipment manufacturers and their customers are facing higher costs, also as a result of increased shipping and logistical expenses. However, the supply chain logjams caused by the COVID-19 pandemic have already begun to ease now that the pandemic has ended and corresponding downstream effects have subsided.

Segment markets

The following fundamental trends can be observed in the Imaging market: personalized precision medicine and increased utilization of imaging devices in screening, non-invasive therapy, and invasive intervention. These trends are driving broader application of imaging procedures and digitalization and therefore increasing demand for imaging technology. Moreover, developments in AI, big data, and machine learning continue to shape the future of population health management. Intelligent imaging ("smart imaging value chain") will remain critical to care management and delivery, productivity growth, and value creation. A moderate level of consolidation is one of the key characteristics of the global imaging market, in which Siemens Healthineers, GE HealthCare, and Philips Healthcare are the top three players.

The burgeoning population in developing countries and the constantly rising demand for diagnostic tests are spurring growth of the Diagnostics market. A major influence on the growth of the Diagnostics market is, for example, the introduction of centralized, volume-based public procurement in China, which has intensified price pressure in the market. As in prior years, healthcare providers continue to consolidate their operations to cut laboratory costs while also industrializing their testing processes in order to improve efficiency through automation and digitalization. Increased digitalization will further enhance laboratory productivity and enable better integration of diagnostic test results into clinical decision-making. Immunochemistry is one the largest and fastest growing segments of the Diagnostics market. Whether in acute or non-acute situations, point-of-care tests offer advantages that have gained in significance as a result of the COVID-19 pandemic. Such tests can deliver reliable results in just a few minutes, which can improve patient care. Diagnostics is a fragmented market, with a variety of global, regional, and specialized providers competing with each other across market segments. Together with Roche Diagnostics and Abbott Laboratories, Siemens Healthineers is a major player in this market.

There are numerous growth factors in the market of the Varian's segment. Long-term global demand for radiation oncology, advanced oncological services, multi-modal imaging for radiotherapy, and interventional oncology is being driven by the rising number of cancer patients worldwide, demand for multi-modal precision care pathways in cancer therapy, and the need for value-based care. New cancer incidences are projected to rise from about 19 million (in 2020) to 30 million annually by 2040. Faster growth of new incidences in low- and middle-income countries, which lack adequate infrastructure and human capital to address this growing cancer burden, is accelerating demand for cost-effective, high-quality cancer care modalities. Technological advances with optimized and automated clinical tools to improve accuracy in radiotherapy and radiosurgery continue to drive global demand for new devices that offer digital solutions and applications to treat a broader range of cases, reduce treatment time, and increase patient throughput. The shortage of trained clinical personnel in emerging markets and a focus on operational efficiencies and cost reduction in developed markets are driving demand for more automated products and services that can be integrated into clinical workflows to make treatments more rapid and cost-effective. The radiotherapy and radiosurgery markets are highly consolidated. They are mainly served by Siemens Healthineers, Elekta AB, and Accuray Inc.

One of the main factors driving growth in the market for Advanced Therapies is advancing innovation in clinical procedures. Minimally invasive procedures as well as the growing complexity of procedures that require sophisticated technological devices and advanced imaging are key market drivers. In particular, technological innovations in imaging, robotics, medical devices and IT result in minimally invasive procedures with lower risks of complications, faster recovery times, less post-operative pain, shorter hospital stays, and lower costs. The global Advanced Therapies market can be described as consolidated, with three top players: Siemens Healthineers, Philips Healthcare and GE HealthCare.

A.2 Financial performance system

Most significant financial key performance indicators

Comparable revenue growth

Comparable revenue growth is our most significant financial key performance indicator for managing and monitoring the growth of Siemens Healthineers. It shows the development of adjusted revenue, net of currency translation effects, which are beyond our control, and portfolio effects, which involve business activities that are either new to our business or no longer a part of it.

Currency translation effects are the difference between adjusted revenue for the current period calculated using the exchange rates of the current period and adjusted revenue for the current period calculated using the exchange rates of the comparison period. For calculating the percentage change year-over-year, this absolute difference is divided by adjusted revenue for the comparison period. A portfolio effect arises in the case of an acquisition or a disposition and is calculated as the change year-over-year in adjusted revenue related to the transaction. For calculating the percentage change, this absolute change is divided by adjusted revenue for the comparison period. Any portfolio effect is excluded for the 12 months following the relevant transaction after which both current and past reporting periods fully reflect the portfolio change.

For Siemens Healthineers, revenue is defined as consolidated revenue reported in the company's consolidated statements of income. Adjusted revenue, which is key to calculating comparable revenue growth, is adjusted for effects in line with the revaluation of contract liabilities from IFRS 3 purchase price allocations.

Adjusted basic earnings per share

Performance of Siemens Healthineers is measured using adjusted basic earnings per share (EPS). The following adjustments are made:

- expenses for mergers, acquisitions, disposals and other portfolio-related measures, in particular
    - amortization, depreciation and other effects from IFRS 3 purchase price allocation adjustments,
    - transaction, integration, retention and carve-out costs,
    - gains and losses from divestments,
- severance charges, and
- other expenses in connection with restructuring measures within the meaning of IAS 37 (as of fiscal year 2024).

The adjustments (including revenue) relate to income and expenses that do not reflect operating performance and therefore adversely affect the comparability of financial results between periods. For this reason, other restructuring expenses will also be adjusted as of fiscal year 2024.

The adjustments are made after tax. Accordingly, this includes the adjustment of material valuation effects on deferred taxes, which arise from changes in tax law and are associated with the above adjustment items.

Tax effects on the adjustments are determined based on the income tax rate for the reporting period. Determination of adjusted basic EPS is based on the average weighted number of outstanding shares in the reporting period.

Additional performance indicators

The most significant financial key performance indicators are supplemented by additional performance indicators, which are used in particular to manage the operating segments. Because they directly influence the most significant financial key performance indicators, the additional performance indicators are included as assumptions for the assessment of the expected development.

Comparable revenue growth

We also use comparable revenue growth as a performance indicator to manage and monitor the growth of the segments. It shows the development of total adjusted revenue. At the segment level, revenue is defined as total revenue and corresponds to the sum of external and intersegment revenue. Total adjusted revenue of the segments, which is key to calculating comparable revenue growth, is adjusted for effects in line with the revaluation of contract liabilities from IFRS 3 purchase price allocations.

Adjusted EBIT margin

We use adjusted EBIT (earnings before interest and taxes) margin for managing the operating performance. Adjusted EBIT is defined as income before income taxes, interest income and expenses, and other financial income, net, adjusted for non-operating items.

EBIT is adjusted for the following items:

- expenses for mergers, acquisitions, disposals and other portfolio-related measures, in particular
    - amortization, depreciation and other effects from IFRS 3 purchase price allocation adjustments,
    - transaction, integration, retention and carve-out costs,
    - gains and losses from divestments,
- severance charges,
- other expenses in connection with restructuring measures within the meaning of IAS 37 (as of fiscal year 2024), and
- centrally carried pension service and administration expenses.

The adjustments (including revenue) relate to income and expenses that do not reflect operating performance and therefore adversely affect the comparability of financial results between periods. For this reason, other restructuring expenses will also be adjusted as of fiscal year 2024.

Adjusted EBIT margin is defined as the adjusted EBIT of the particular segment divided by its adjusted total revenue.

Dividend

We aim to provide an attractive return to our shareholders. Therefore, we intend to pay an annual dividend in the amount of 50% to 60% of the net income of the respective prior fiscal year. To this end, net income – the calculation basis for the dividend – may be adjusted for selected exceptional non-cash items.

A.3 Business development

A.3.1 Market development

Our global addressable markets, excluding COVID-19 antigen rapid tests and molecular diagnostics, exhibited moderate growth overall on a revenue basis in fiscal year 2023. The global addressable market for the Imaging segment (equipment sales and product-related services) grew to approximately € 34 billion in fiscal year 2023. The size of the worldwide market for the Diagnostics segment (including reagents, consumables, and product-related services, but excluding point-of-care antigen rapid tests and molecular diagnostics) was approximately € 36 billion. The size of the global addressable market for the Varian segment (linear accelerators, software solutions and services, radiotherapy imaging, and product-related services) was approximately € 6 billion in fiscal year 2023. Services account for the majority of recurring revenues in Varian's markets. The addressable market for Advanced Therapies (angiography systems, mobile C-arms, and product-related services) was slightly less than € 7 billion.

Global economic growth weakened on a broad basis in fiscal year 2023, especially in the European Union. However, the healthcare sector is more independent from the normal business cycle than other sectors and therefore more resilient against cyclical fluctuations. Nonetheless, the uncertainty associated with macroeconomic and geopolitical challenges has been persistent. Economic activity has been weighed down by hikes in the key interest rates by central banks to combat high inflation resulting in increased borrowing costs. The ongoing war in Ukraine has caused further economic uncertainties. Although supply chains have now largely recovered, they were still impacted in the first half of fiscal year 2023. Competition between the leading medical technology companies remained at high levels.

While long-term market tends ➔ ***A.1.2 Business environment*** generally remained intact, the COVID-19 pandemic and inflation reinforced some of these trends by raising, for example, the already intense cost pressure on healthcare systems and customers to unprecedented levels. The already serious shortage of medical personnel worsened, leading to considerable delays in the delivery of care at many hospitals, which temporarily overwhelmed healthcare systems. The trend of consolidation among hospitals continued as a result of increasing healthcare costs, aimed at improving the quality of care for patients and countering the shortage of skilled personnel. Among the positive consequences of the COVID-19 pandemic were heightened demand for cost-efficient healthcare solutions, increased innovation, and an accelerated paced adoption of digital technology.

The Imaging segment's market generally experienced strong growth in fiscal year 2023. Stabilization of supply chains gradually reduced lead times for equipment delivery and installation, making it possible to fill orders to the accustomed extent again. Higher revenues were generated on sales of both equipment and product-related services thanks to the high level of order backlogs in the market resulting from demand catch-up effects, on the one hand, and increased investment in diagnostic imaging equipment in reaction to announced price hikes. Another factor contributing to revenue growth in Europe was increased government spending in countries such as Spain and Italy to kick-start the economy after the COVID-19 pandemic and bolster the resilience of healthcare systems.

Excluding rapid COVID-19 tests and molecular diagnostics, the market for the Diagnostics segment experienced moderate growth overall in fiscal year 2023. Demand for rapid COVID-19 antigen tests declined sharply after the COVID-19 pandemic ceased to be a global health emergency and the incidence of COVID-19 infections subsided. Higher demand for such tests is not expected in the absence of serious flare-ups. Laboratory diagnostics includes routine, specialty, and critical care tests performed primarily in hospital and laboratory settings, while point-of-care applications bring testing to patients in primary and urgent care locations. Supply chain disruptions were still evident at the start of fiscal year 2023, delaying the delivery of products and associated revenue generation. Furthermore, the overall demand for routine tests continued to normalize as the pandemic subsided.

The global market for the Varian segment experienced very strong growth. Overall market growth, especially in the United States and Western Europe, was boosted by the introduction of new innovations, which led to increased investments by customers, replacement of ageing equipment, and growing sales of services. Continued improvements in access to radiotherapy for underserved population groups and regions, especially in the Asia-Pacific region and in low- to medium-income countries, boosted demand in these regions. The macroeconomic recovery and stabilization of supply chains, have further supported the recovery of the market.

The overall market for the Advanced Therapies segment experienced strong growth, due in part to pent-up demand from the prior year and the associated work-off of high order backlogs. The revenue performance of Advanced Therapies in the fiscal year was positively influenced by government subsidy programs, including lending incentives enacted as part of an economic stimulus package in China aimed at helping hospitals modernize their medical equipment, along with EU investment programs. Available budgets at levels similar before the COVID-19 pandemic had the effect of increasing investments in image-based applications, especially in surgery and cardiology. Moreover, technological innovations and advances in the field of artificial intelligence expanded the range of clinical applications and the performance of increasingly complex minimally invasive procedures.

Effective October 1, 2022, the company's regional structure was modified to include four regions (instead of the previous three): "Europe, CIS, Africa, Middle East (EMEA)", "Americas", "Asia, Pacific, Japan" and "China".

The revenues generated in the Imaging segment's market were sharply higher in the EMEA region. Whereas the region's revenue performance was positively influenced by continuing EU investment programs, the war in Ukraine continued to exert a negative influence. The market for the Diagnostics segment generated modest growth in the EMEA region in fiscal year 2023 (excluding antigen rapid tests and molecular diagnostics). Growth-inhibiting factors included the further consolidation of healthcare providers, persistently high price pressure, adverse developments in reimbursement structures, and strict regulations imposing specific safety and performance requirements before products can placed on the market. Varian's market experienced very strong growth. National investment programs in Spain and Italy fostered the growth. Even though growth in the global economy, especially in the European Union, weakened on a broad basis, the market benefited from the positive development in production, among other things. The Advanced Therapies market experienced very strong growth in the EMEA region, thanks in part to national investment programs in some countries such as Spain.

The healthcare market in the United States, the largest market in the Americas region, had to contend with challenges such as heightened inflation and worsening shortages of clinical staff in fiscal year 2023. The overall Imaging market experienced very strong growth both in the Americas region and in the United States. High order backlogs resulting from pent-up demand from the prior fiscal year led to higher revenues from sales of both equipment and product-related services. In the market for the Diagnostics segment, the slight growth observed in the prior year continued in fiscal year 2023. Weakening demand for coagulation tests, which had been used to a greater extent in connection with COVID-19, weighed on growth in the field of hematology. The markets for the Varian segment experienced significant growth on the strength of rising investments in product and service innovations and the adoption of advanced techniques including stereotactic treatments and adaptive radiotherapy, which accelerated the pace of replacement purchases. Market growth was also supported by progress made in closing the radiotherapy access gap in Latin America. The market for the Advanced Therapies segment experienced significant growth both in the Americas region and in the United States, thanks in part to higher revenues resulting from strong pent-up demand from the prior year and in part from stronger demand for equipment used for outpatient care as the shift towards outpatient care, which is more efficient than inpatient care, continued at an accelerated pace. This trend is mainly driven by improved reimbursement rates for outpatient interventions.

Although Japan is the largest market in the Asia, Pacific, Japan region, it is also a saturated market with little potential for growth, due in part to the general decrease in the number of hospitals and diminishing support from government programs after the easing of the COVID-19 pandemic. Growth in this region is driven by the developed countries Australia and Korea and by several developing countries such as India, Indonesia, and Thailand. In these countries, positive economic development and the growth of a prosperous middle class, which has also expanded the private healthcare market, are the main regional growth drivers. In some countries including India, for example, changing lifestyles have led to an increase in non-communicable diseases (e.g., cancer and cardiovascular diseases). Many governments in this region are pursuing special government programs to counteract this trend and above all reduce the economic burden of the growing incidence of such diseases. In the Imaging segment, the overall market of the Asia, Pacific, Japan region experienced a slight contraction in fiscal year 2023. While markets recovered in fiscal year 2022, supporting revenue growth in fiscal year 2023, this was largely offset by a decrease in the growth of product-related services because growth in product-related services typically occurs with a time lag relative to growth in product and system sales. The market for the Varian segment in the region expanded slightly after recovering. Market growth in this region is being driven by continuous improvement in access to radiotherapy. Another factor supporting growth is the stable market for equipment replacement purchases and the growing direct service presence of equipment manufacturers. The market for the Diagnostics segment in this region expanded slightly, as growth in developing countries such as India offset slight market contraction in Japan. Market growth in India was crimped by the increasing consolidation of laboratories and as associated adverse impact on market prices. The market for the Advanced Therapies segment in the Asia, Pacific, Japan region experienced moderate growth, thanks in part to sharp growth in India and Korea.

At the beginning of the fiscal year, the China region was still adversely impacted by strict lockdown restrictions and related effects on trade, and industry. The strict lockdown restrictions associated with from the zero-COVID strategy were lifted in January 2023. The implementation of the "Healthy China" initiative and the 14th Five-Year Plan, coupled with a targeted subsidy program to finance medical equipment, had a positive effect on product sales in the markets for the segments Imaging and Advanced Therapies and fueled strong growth in the Imaging segment. The market for the Diagnostics segment (excluding molecular diagnostics and antigen rapid tests) experienced moderate growth in fiscal year 2023. The volume of tests used in routine examinations returned to normal levels after the strict COVID-19 measures were lifted. In addition, the amount of point-of-care laboratory tests in outpatient care for blood gas measurements and cardiological diagnostics increased. The continued implementation of volume-based procurement, the government's price control policy, and rising import restrictions continued to have an adverse effect on pricing and market access both in the laboratory market and the point-of-care market. The market for the Varian segment remained flat as market growth was adversely affected by the COVID-19 pandemic and the related restictions in the first half of fiscal year 2023 and the related restrictions. The credit incentive program under the economic stimulus package in China had a positive effect on investment by healthcare providers, leading to strong equipment sales in the market for the Advanced Therapies segment. However, the market for product-related services grew at a weaker rate in fiscal year 2023 than in the prior year. The net effect of these developments was moderate growth in the market for the Advanced Therapies segment in China.

Our market development expectations are based on the market model of Siemens Healthineers, which is based on external sources (including Signify Research, IQVIA Ltd., KLAS, IMV, Clearstate, and The Lancet Oncology), market information from med-tech industry associations (including COCIR, NEMA, JIRA, and MedTech Europe), and estimates of the Siemens Healthineers management. In the case of Varian, the forecasts are based in part on data from regulatory authorities (including ASTRO, ESTRO, the Global Task Force on Radiotherapy for Cancer Control (GTFRCC), which is part of the Union for International Cancer Control (UICC), the International Atomic Energy Agency (IAEA), and publicly available financial reports). All statements on market development refer to the actual data for the first three quarters of fiscal year 2023 because market data for the full fiscal year was not available as of the publication of the annual report. Market development in the fourth quarter is therefore included as a forecast. The market data is based on sales of products and product-related services.

A.3.2 Results of operations

A.3.2.1 Revenue by segment and region

(in millions of €)[1]	Fiscal year 2023	Fiscal year 2022	%-Change Act.	%-Change Comp.[2]
Siemens Healthineers	**21,680**	21,714	**–0.2%**	**1.2%**
Therein:				
Imaging[3]	11,842	10,867	9.0%	10.9%
Diagnostics	4,528	6,065	–25.3%	–24.2%
Varian[3]	3,561	3,130	13.8%	14.8%
Advanced Therapies	2,019	1,920	5.2%	7.8%

[1] Siemens Healthineers: revenue according to IFRS; segments: total adjusted revenue.
[2] Year-over-year on a comparable basis, excluding currency translation and portfolio effects as well as effects in line with revaluation of contract liabilities from IFRS 3 purchase price allocations.
[3] Comparable based on the organizational structure effective October 1, 2022.

Revenue by region (location of customer)[1]

(in millions of €)	Fiscal year 2023	Fiscal year 2022	%-Change Act.	%-Change Comp.[2]
Europe, C.I.S., Africa, Middle East (EMEA)	6,988	7,093	–1.5%	–0.2%
Therein: Germany	1,062	1,434	–25.9%	–26.1%
Americas	8,863	8,788	0.9%	–0.6%
Therein: United States	7,506	7,589	–1.1%	–2.5%
Asia Pacific Japan[3]	3,009	3,048	–1.3%	4.7%
China	2,821	2,785	1.3%	7.1%
Siemens Healthineers	**21,680**	21,714	**–0.2%**	**1.2%**

[1] Regional reporting is based on four regions (previously three regions) starting fiscal year 2023: prior year figures comparable based on the new regional structure.
[2] Year-over-year on a comparable basis, excluding currency translation and portfolio effects as well as effects in line with revaluation of contract liabilities from IFRS 3 purchase price allocations.
[3] Including India.

Siemens Healthineers

On a comparable basis, revenue increased by 1.2% compared to the very good prior-year figure. Excluding the rapid COVID-19 antigen test business, which ended in the fourth quarter and caused a significant drop in revenue in the Diagnostics segment, comparable revenue growth for Siemens Healthineers was 8.3% in fiscal year 2023, driven by double-digit growth in the Varian and Imaging segments. This revenue growth was supported by positive effects from price increases. In nominal terms, revenue amounted to €21,680 million and was on a par with the previous year's. Currency translation effects exerted a negative effect of approximately 2 percentage points on revenue growth. The 1.15 equipment book-to-bill ratio[1] in fiscal year 2023 was excellent, but lower than the outstanding prior-year ratio of 1.23.

Segments

On a comparable basis, the adjusted revenue of the Imaging segment increased by 10.9%. Molecular Imaging generated a sharp growth, Magnetic Resonance significant growth. From a geographical perspective, the EMEA and Asia Pacific Japan regions generated significant revenue growth on a comparable basis, while the China and Americas regions generated very strong comparable revenue growth. In nominal terms, adjusted revenue rose by 9.0% to €11,842 million.

On a comparable basis, the adjusted revenue of the Diagnostics segment declined by 24.2%. The EMEA, Americas, and Asia Pacific Japan regions registered a clear decline in revenue due to the rapid COVID-19 antigen test business, which ended in the fourth quarter. Excluding rapid COVID-19 antigen tests, revenue decreased by 1.2% on a comparable basis. The developments contributing to this result included a very strong decline in revenue in the China region due to lockdowns and increased COVID-19 infection rates at the beginning of the fiscal year, which is why fewer routine tests were performed. In addition, the volume of tests for routine examinations in the China region recovered more slowly than in the prior year after COVID-19 restrictions were eased. In nominal terms, adjusted revenue declined by 25.3% to €4,528 million. This figure includes revenue of €121 million from sales of rapid COVID-19 antigen tests (prior year: almost €1,550 million).

Varian's adjusted revenue increased by 14.8% on a comparable basis. While the Americas and EMEA regions generated sharp comparable revenue growth, the China region generated significant growth and the Asia Pacific Japan region very strong growth compared with the prior year. In nominal terms, the segment generated revenue of €3,561 million, and thus recorded a growth of 13.8%.

The adjusted revenue of Advanced Therapies increased by 7.8% on comparable basis. From a geographical perspective, the China region generated sharp comparable revenue growth, the EMEA region very strong, the Asia Pacific Japan region strong, and the Americas region slight comparable revenue growth. In nominal terms, adjusted revenue rose by 5.2% to €2,019 million.

Regions

In the EMEA region, revenue declined by 0.2% on a comparable basis. This decline was due to the business with rapid COVID-19 antigen tests, which ended and which resulted in clearly lower adjusted revenue compared to the prior year in the Diagnostics segment. By contrast, Varian generated sharp comparable revenue growth, Imaging significant comparable revenue growth, and Advanced Therapies very strong comparable revenue growth.
On a comparable basis, Germany sustained a 26.1% revenue decline compared to the prior year. This result was also affected by the business with rapid COVID-19 antigen tests, which ended in the fourth quarter in the Diagnostics segment. Varian's comparable revenue growth was moderate, that of Advanced Therapies slightly negative. Imaging generated moderate growth.

The 0.6% decline in comparable revenue in the Americas region was likewise due to clearly lower revenue in the Diagnostics segment, particularly due to the business with rapid COVID-19 antigen tests, which ended in the fourth quarter. In this region, Varian generated sharp comparable revenue growth, Imaging very strong, and Advanced Therapies slight comparable revenue growth.
In the United States, revenue declined by 2.5% on a comparable basis. This development was influenced by the clear decline in revenue at Diagnostics due to the business with rapid COVID-19 antigen tests, which ended in the fourth quarter. By contrast, Varian generated sharp comparable revenue growth, Imaging strong, and Advanced Therapies slight comparable revenue growth.

In the Asia Pacific Japan region, revenue increased by 4.7% on a comparable basis, particularly thanks to significant comparable revenue growth in the Imaging segment. Varian and Advanced Therapies also generated very strong and strong growth, respectively, over the respective prior-year figures. A countervailing development was the clear revenue decline in the Diagnostics segment due to the business with rapid COVID-19 antigen tests, which ended in the fourth quarter.

[1] Equipment-book-to-bill-ratio is defined as the ratio between equipment orders and equipment revenue, where equipment refers to all businesses except Diagnostics and product-based services.

On a comparable basis, the revenue generated in the China region increased by 7.1%. This increase was driven by sharp comparable revenue growth in the Advanced Therapies segment and by significant and very strong revenue growth at Varian and Imaging, respectively. Also in this region, the Diagnostics segment sustained a clear decline in revenue. This was due to lockdowns and increased COVID-19 infection rates at the beginning of the fiscal year, for which reason fewer routine tests were performed. Towards the end of fiscal year 2022, however, the segment benefited from higher test volumes for routine examinations after the COVID-19 restrictions were eased.

A.3.2.2 Adjusted EBIT

(Adjusted EBIT in millions of €, margin in %)	Fiscal year 2023	Fiscal year 2022
Adjusted EBIT Siemens Healthineers	**3,081**	**3,655**
Therein:		
Imaging[1]	2,569	2,221
Diagnostics	–117	933
Varian[1]	538	499
Advanced Therapies	311	240
Adjusted EBIT margin Siemens Healthineers	**14.2%**	**16.8%**
Therein:		
Imaging[1]	21.7%	20.4%
Diagnostics	–2.6%	15.4%
Varian[1]	15.1%	15.9%
Advanced Therapies	15.4%	12.5%

[1] Comparable based on the organizational structure effective October 1, 2022.

Siemens Healthineers

Adjusted EBIT declined by 16% from the prior year to €3,081 million in fiscal year 2023, yielding an adjusted EBIT margin of 14.2%, as compared to 16.8% in the prior year. This decline was mainly caused by clearly lower earnings contributions from the business with rapid COVID-19 antigen tests, which ended in the fourth quarter of fiscal year 2023. Furthermore, costs for the transformation of the Diagnostics segment had a negative impact. Moreover, the prior year's result was supported by below-average expenses for performance-related remuneration components in all segments. The earnings contributions from revenue development, and currency effects, had a positive impact in the current fiscal year.

Research and development expenses increased by €81 million, or approximately 5%. Adjusted for currency translation, they rose moderately from the prior-year level. Research and development intensity was around 9% (prior year: around 8%).

Selling and general administrative expenses increased by €199 million or almost 6%. Adjusted for currency translation, these expenses rose by a mid-single digit percentage from the prior-year level.

Segments

Against the backdrop of the positive revenue development, the Imaging segment's adjusted EBIT margin was 21.7%, and therefore higher than the prior-year level of 20.4%. Furthermore, currency effects had a positive impact. Adjusted EBIT rose to €2,569 million.

The adjusted EBIT margin of the Diagnostics segment was –2.6%, below the prior-year level of 15.4%, mainly due to the clearly lower earnings contributions from sales of rapid COVID-19 antigen tests, which ended in the fourth quarter. Furthermore, transformation costs of €152 million had an impact, mainly related to expenses connected with the derecognition of assets as a result of measures to optimize the cost efficiency of the existing product range as well as expenses connected with agreements to realign our relationships with business partners. In addition, currency effects as well as lockdowns and increased COVID-19 infection rates in China at the beginning of the fiscal year had a negative impact. This was partially offset by initial cost reductions in connection with the transformation program. The adjusted EBIT margin of Diagnostics excluding the business with rapid COVID-19 antigen tests and excluding transformation costs was –0,8%. Adjusted EBIT amounted to €–117 million.

Varian's adjusted EBIT margin of 15.1% was below the prior-year level of 15.9% due to negative currency effects. Earnings contributions from the positive revenue development strengthened the margin. Adjusted EBIT rose to €538 million.

Against the backdrop of the very strong revenue development, the adjusted EBIT margin of Advanced Therapies of 15.4% was above the prior-year level of 12.5%. Positive currency effects also contributed to this result. Adjusted EBIT rose to €311 million.

Reconciliation to consolidated financial statements

The reconciliation from adjusted EBIT to net income is shown in the following table:

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Adjusted EBIT	**3,081**	**3,655**
Amortization, depreciation and other effects from IFRS 3 purchase price allocation adjustments	–393	–609
Transaction, integration, retention and carve-out costs	–37	–49
Gains and losses from divestments	-	1
Severance charges	–167	–71
Expenses for other portfolio-related measures	–349[1]	-
Total adjustments	–946	–728
EBIT	**2,135**	**2,927**
Financial income, net	–207	–127
Income before income taxes	**1,928**	**2,800**
Income tax expenses	–403	–746
Net income	**1,525**	**2,054**

[1] Including expenses for impairment of other intangible assets in the amount of €244 million.

The line item amortization, depreciation and other effects from IFRS 3 purchase price allocation adjustments decreased to €393 million. The prior-year period included higher effects in connection with the Varian acquisition.

Severance charges increased by €96 million to €167 million. This was mainly due to higher severance charges in connection with the transformation of the Diagnostics business.

Expenses for other portfolio-related measures were €349 million. This was due to the focusing of the endovascular robotics solution exclusively on neurovascular interventions, and the associated withdrawal from the robotic-assisted endovascular cardiology business, in the Advanced Therapies segment.

The financial income, net changed by €80 million to €–207 million, in particular due to higher interest expenses for loans related to the financing of the Varian acquisition.

Income tax expenses decreased by €343 million to €403 million. The effective income tax rate in fiscal year 2023 was at 20.9%, well below the prior-year level of 26.6%. This was due to the release of tax provisions and further positive tax effects, including from new insights and assessments of discrete items. Please refer to ➔ ***Note 5 Income taxes*** in the notes to the consolidated financial statements for additional information on this subject.

Based on the effects described above, net income decreased by 26% to €1,525 million.

(in €)	Fiscal year 2023	Fiscal year 2022
Basic earnings per share	**1.35**	**1.81**
Amortization, depreciation and other effects from IFRS 3 purchase price allocation adjustments	0.35	0.54
Transaction, integration, retention and carve-out costs	0.03	0.04
Severance charges	0.15	0.06
Expenses for other portfolio-related measures	0.31	-
Transaction-related costs within financial income	-	-
Tax effects on adjustments[1]	–0.18	–0.17
Adjusted basic earnings per share	**2.02**	**2.29**

[1] Calculated based on the income tax rate of the respective reporting period.

Compared with the percentage decline in net income mentioned above, adjusted basic earnings per share declined by only 12% to €2.02 in fiscal year 2023 because the expenses for the withdrawal from the robotic-assisted endovascular cardiology business in particular were herein adjusted as expenses for other portfolio-related measures. These expenses were especially responsible for the higher adjustments compared to the prior year. A countervailing effect was contributed by lower adjustments resulting from amortization, depreciation and other effects from IFRS 3 purchase price allocation adjustments.

A.3.3 Net assets and financial position

A.3.3.1 Net assets and capital structure

Net assets and capital structure are described by the following line items, which can be reconciled to the consolidated statements of financial position, as shown in the table:

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Operating net working capital	4,598	3,651
Remaining current assets	1,115	1,096
Remaining non-current assets	31,516	33,614
Net debt (including pensions)	–13,667	–12,699
Remaining current liabilities	–3,116	–3,111
Remaining non-current liabilities	–2,313	–2,701
Total equity	**18,133**	**19,852**

Operating net working capital

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Trade and other receivables	4,492	4,287
Contract assets	1,629	1,412
Inventories	4,294	4,009
Trade payables	–2,203	–2,315
Contract liabilities	–3,627	–3,749
Receivables from and payables to the Siemens Group from operating activities	12	8
Operating net working capital	**4,598**	**3,651**

Operating net working capital increased by €947 million to €4,598 million, despite net negative currency translation effects. This increase resulted mainly from strong revenue growth in the fourth quarter of fiscal year 2023, in particular in the Varian and Imaging segments, and in anticipation of a continued increase in business activity. Corresponding increases in trade and other receivables and in contract assets amounted to €205 million and €217 million, respectively. Inventories increased by €285 million, due in particular to the expected growth of business activities in coming quarters and as well as last time buys. Trade payables and contract liabilities decreased due primarily to currency translation effects.

Remaining current assets

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Other current financial assets[1]	224	289
Current income tax assets	244	73
Other current assets	645	619
Remaining current receivables from the Siemens Group	2	114
Remaining current assets	**1,115**	**1,096**

[1] Excluding fair value of forwards for hedging of foreign currency liabilities from financing activities.

Remaining current assets in the amount of €1,115 million were nearly on the level of the prior year. The increase in current income tax assets of €171 million resulted mainly from prepayments for the current fiscal year as these are determined on the basis of the previous year's higher net income. This was offset by a decline of remaining current receivables from the Siemens Group of €112 million, which was primarily related to the settlement of receivables in connection with the pre-initial public offering group taxation with the Siemens Group in the United States. The amounts resulted from expanded options for tax loss carry-backs due to the CARES Act, which were aimed at mitigating the financial impact of the COVID-19 pandemic in fiscal year 2020.

Remaining non-current assets

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Goodwill	18,118	19,061
Other intangible assets	7,726	8,712
Property, plant and equipment	4,210	4,273
Investments accounted for using the equity method	35	32
Other financial assets[1]	530	517
Deferred tax assets	416	575
Other non-current assets	480	444
Remaining non-current assets	**31,516**	**33,614**

[1] Excluding fair value of forwards for hedging of foreign currency liabilities from financing activities.

Remaining non-current assets decreased by €2,099 million, to €31,516 million. Therein, currency translation effects had a negative impact, particularly in the line items goodwill and other intangible assets.

In addition to currency translation effects, the decrease in other intangible assets was attributable to an impairment in connection with the focusing of the endovascular robotics solution exclusively on vascular interventions in neurology and the associated withdrawal from the endovascular cardiology business in the Advanced Therapies segment. Furthermore, there were asset derecognitions in connection with the transformation of the Diagnostics business. For further information, please refer to ➔ ***Note 13 Other intangible assets and property, plant and equipment*** in the notes to the consolidated financial statements. In addition, deferred tax assets decreased by €159 million, mainly due to increased netting of deferred tax assets and deferred tax liabilities.

The acquisition of Block Imaging and Medical Physics (Aspekt Solutions) had an offsetting effect, in particular in the line items other intangible assets and goodwill. For further information, please refer to ➔ ***Note 3 Acquisitions*** in the notes to the consolidated financial statements.

Net debt (including pensions)

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Cash and cash equivalents	–1,642	–1,436
Current receivables from the Siemens Group from financing activities	–622	–690
Non-current receivables from the Siemens Group from financing activities	–2	–2
Current liabilities to the Siemens Group from financing activities	4,197	2,608
Non-current liabilities to the Siemens Group from financing activities	11,821	13,347
Fair value of forwards for hedging of foreign currency liabilities from financing activities	–1,260	–2,494
Short-term financial debt and current maturities of long-term financial debt	198	234
Long-term financial debt	437	464
Net debt	**13,128**	**12,031**
Provisions for pensions and similar obligations	539	668
Net debt (including pensions)	**13,667**	**12,699**

Net debt

The line items cash and cash equivalents and current receivables from and current liabilities to the Siemens Group from financing activities, particularly include, in addition to current loans, Siemens Healthineers' cash pooling with the Siemens Group. Changes were attributable to income and expenditures from operations and to short-term investment or borrowing of liquidity. Together with the credit facilities, these line items collectively make up the company's funds available at short notice.

As of September 30, 2023, net debt amounted to €13,128 million, an increase of €1,097 million compared to the prior year.

Along with currency translation effects related to U.S. dollar loans, the changes in current and non-current liabilities to the Siemens Group from financing activities resulted particularly from the following activities:

- Two loans granted by the Siemens Group in the amount of US$1.5 billion and US$ 1.0 billion maturing in fiscal year 2024, were reclassified as short term.
- Two loans granted by the Siemens Group in the total amount of US$ 2.0 billion were repaid in fiscal year 2023. For partial refinancing the Siemens Group provided two new fixed interest loans totaling €1.4 billion, maturing in fiscal years 2030 and 2032.
- An additional loan for general corporate purposes of Siemens Healthineers was granted by the Siemens Group in the amount of €0.3 billion, maturing in fiscal year 2026.
- As of September 30, 2023, the credit facilities granted by the Siemens Group were utilized in an amount of €1,267 million (September 30, 2022: €200 million).

Furthermore, the positive fair value of forward contracts for hedging of foreign currency liabilities from financing activities decreased by about €1.2 billion as a result of the exchange rate development between U.S. dollar and the Euro. These derivatives were entered into to hedge the foreign currency risks of loans denominated in U.S. dollars. For further information regarding derivatives, please refer to ➔ ***Note 26 Financial instruments and hedging activities*** in the notes to the consolidated financial statements.

Pensions

Provisions for pensions and similar obligations decreased due mainly to increased discount rates in countries with significant pension commitments. In aggregate, the line item decreased by €129 million. For additional information, please refer to ➔ ***Note 22 Provisions for pensions and similar obligations*** in the notes to the consolidated financial statements.

Financing management

Overall, loans with the Siemens Group were mainly denominated in U.S. dollars and euros. As of September 30, 2023, the structure of the U.S. dollar-denominated loans, which were mainly provided in connection with the acquisition of Varian, was as follows:

- US$1.0 billion maturing in fiscal year 2024 (variable interest rate),
- US$1.5 billion maturing in fiscal year 2024 (contractual interest rate: 0.8%),
- US$1.7 billion maturing in fiscal year 2026 (contractual interest rate: 1.4%),
- US$1.7 billion maturing in fiscal year 2027 (contractual interest rate: 2.5%),
- US$1.2 billion maturing in fiscal year 2028 (contractual interest rate: 1.9%),
- US$1.7 billion maturing in fiscal year 2031 (contractual interest rate: 2.3%),
- US$1.5 billion maturing in fiscal year 2041 (contractual interest rate: 3.0%), and
- US$1.0 billion maturing in fiscal year 2046 (contractual interest rate: 3.4%).

Except for the loan maturing in fiscal year 2046, which was held by an U.S. entity, the U.S. dollar-denominated loans were held by an entity located in Germany. The resulting foreign currency risks were hedged by forward exchange contracts and by foreign exchange swaps. As a result, the loans with fixed interest rates were effectively converted into synthetic euro-denominated loans, and actual interest expenses decreased due to positive forward elements of the forward exchange contracts and foreign exchange swaps. For the variable interest loan, only the nominal amount was hedged. In total, the actual current volume-weighted average interest rate of the U.S. dollar-denominated loans amounts to approximately 0.6%.

As of September 30, 2023, material euro-denominated loans were as follows:

- €0.7 billion maturing in fiscal year 2025 (variable interest rate),
- €0.3 billion maturing in fiscal year 2026 (contractual interest rate: 3.7%),
- €0.9 billion maturing in fiscal year 2029 (contractual interest rate: 3.6%),
- €0.7 billion maturing in fiscal year 2030 (contractual interest rate: 3.6%), and
- €0.7 billion maturing in fiscal year 2032 (contractual interest rate: 3.8%).

As of September 30, 2023, Siemens Healthineers continued to participate in the cash pooling of the Siemens Group, which included the short-term investment of excess liquidity and the borrowing of short-term funds within the Siemens Group. Currently excluded therefrom are the entities that were acquired as part of the acquisition of Varian in fiscal year 2021. Siemens Healthineers intends to set up its own cash pooling in the medium term to (partially) replace participation in the cash pooling of the Siemens Group.

In addition, local bank facilities are in place to ensure the funding needs of some Siemens Healthineers entities that have no access to direct funding within Siemens Healthineers.

In fiscal year 2023, the credit facilities granted by the Siemens Group were increased and extended until January 31, 2026. Consequently, as of September 30, 2023, financing arrangements of Siemens Healthineers with Siemens AG consisted of a multicurrency revolving credit facility of up to €2.5 billion (September 30, 2022: €1.1 billion). This serves to finance net working capital and as a short-term credit facility, as well as a multicurrency revolving credit facility of up to €2.0 billion (September 30, 2022: €1.0 billion) as a backup facility. As of the reporting date both credit facilities were utilized, as mentioned above, in the amount of €1.267 million (September 30, 2022: €200 million).

Please refer to ➔ ***Note 16 Financial debt*** in the notes to the consolidated financial statements for further information on financial debt. For more information on financial risk management responsibilities and objectives, please refer to ➔ ***Note 27 Financial risk management*** in the notes to the consolidated financial statements.

Remaining current liabilities

(in millions of €)	**Sept 30, 2023**	**Sept 30, 2022**
Other current financial liabilities[1]	252	343
Current provisions	409	358
Current income tax liabilities	462	609
Other current liabilities	1,990	1,799
Remaining current liabilities to the Siemens Group	2	2
Remaining current liabilities	**3,116**	3,111

[1] Excluding fair value of forwards for hedging of foreign currency liabilities from financing activities.

Remaining current liabilities in the amount of €3,116 million were nearly on the level of the prior year. Other current liabilities increased by €191 million mainly due to higher accruals related to performance-related remuneration components. The lower amount in the fiscal year 2022 was due to below-average accruals for performance-related remuneration in all segments. This was partly offset by a decrease in other current financial liabilities of €91 million, mainly due to a decline in the negative market values of forward contracts for hedging of operational foreign currency risks. In addition, current income tax liabilities decreased by €147 million, particularly in connection with payment of income taxes from the prior fiscal year.

Remaining non-current liabilities

(in millions of €)	**Sept 30, 2023**	**Sept 30, 2022**
Deferred tax liabilities	1,663	2,110
Non-current provisions	172	173
Other non-current financial liabilities[1]	29	13
Other non-current liabilities	450	405
Remaining non-current liabilities	**2,313**	2,701

[1] Excluding fair value of forwards for hedging of foreign currency liabilities from financing activities.

Remaining non-current liabilities decreased by €388 million to €2,313 million. In particular, deferred tax liabilities decreased by €447 million, due to amortization and impairments of intangible assets, currency translation effects, and an increased netting of deferred tax assets and deferred tax liabilities.

Total equity

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Issued capital	1,128	1,128
Capital reserve	15,839	15,861
Retained earnings	1,381	894
Other components of equity	339	2,357
Treasury shares	–607	–405
Total equity attributable to shareholders of Siemens Healthineers AG	**18,081**	**19,836**
Non-controlling interests	52	16
Total equity	**18,133**	**19,852**

Equity decreased by €1,718 million to €18,133 million. Retained earnings increased by €487 million, mainly due to net income of €1,525 million for fiscal year 2023. This was partly offset by dividend payments of €1,066 million. Other components of equity decreased by €2,018 million, due in particular to currency translation differences. In fiscal year 2023, an increased number of treasury shares was repurchased to fulfill share-based payment programs based on shares of Siemens Healthineers AG. Thus, treasury shares increased by €202 million to €607 million. Please refer to ➔ ***Note 24 Equity*** in the notes to the consolidated financial statements for further information regarding equity.

A.3.3.2 Cash flows

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Net income	1,525	2,054
Change in operating net working capital	–1,105	–178
Other reconciling items to cash flows from operating activities	1,699	628
Cash flows from operating activities	**2,119**	**2,504**
Cash flows from investing activities	**–1,069**	**–868**
Cash flows from financing activities	**–690**	**–1,644**

Operating activities

Cash flows from operating activities decreased by €385 million to €2,119 million. The change in operating net working capital had a negative impact on cash flows from operating activities of €1,105 million, €927 million more than in the previous fiscal year. This includes, in particular, a lower release of funds, compared to the prior fiscal year, in connection with contract liabilities and trade payables in the amounts of €403 million and €267 million, respectively. This was partly offset by the change in other reconciling items to cash flows from operating activities, mainly related to other assets and liabilities. This resulted mainly from the fact that, in contrast to the previous fiscal year, non-cash expenses for performance-related income components were significantly higher than the cash payouts.

Investing activities

Cash outflows from investing activities increased by €200 million to €1,069 million. The increase compared to fiscal year 2022 was due to payments for acquisitions of businesses. For further information regarding the acquisition of Block Imaging and Medical Physics (Aspekt Solutions), please refer to ➔ ***Note 3 Acquisitions*** in the notes to the consolidated financial statements.

Financing activities

Cash flows from financing activities decreased by €955 million to €–690 million. This was mainly a result of increased utilization of credit facilities provided by the Siemens Group. There was an offsetting effect from the increase of €111 million in payouts for dividends to shareholders of Siemens Healthineers AG amounting to €1,066 million, as well as from payouts for the repurchase of treasury shares to fulfill share-based payment programs, which increased by €112 million.

Free cash flow

Siemens Healthineers reports free cash flow as a supplemental liquidity measure:

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Cash flows from operating activities	**2,119**	2,504
Additions to intangible assets and property, plant and equipment	–838	–852
Free cash flow	**1,281**	1,652

A.3.3.3 Additions to intangible assets and property, plant and equipment

Siemens Healthineers' investments were aimed mainly at enhancing competitiveness and innovation capability. The main capital expenditures were for additions to intangible assets, including capitalized development expenses, as well as for replacements and enhancements of property, plant and equipment in the ordinary course of business. The investments were also made taking into account aspects of climate protection and the continuous improvement of the sustainability standards of our sites.

The segments' additions to intangible assets and property, plant and equipment focused especially on the following:

Imaging: In fiscal year 2023, additions mainly included capacity expansions, acquisition of special tooling and machinery, and automation solutions.

Diagnostics: In fiscal year 2023, additions to intangible assets were primarily attributable to product developments within the Atellica product line. Additions to property, plant and equipment mainly related to production facilities in China and the United States.

Varian: In fiscal year 2023, additions mainly comprised capacity increases and business expansions as well as replacements.

Advanced Therapies: In fiscal year 2023, additions were made primarily to equip training centers with equipment for the Artis Icono product family.

Siemens Healthineers had contractual obligations as of September 30, 2023, to purchase property, plant and equipment totaling €160 million (September 30, 2022: €173 million). These are mainly future payments related to real estate and will be financed mainly through the cash pooling of the Siemens Group.

A.3.4 Overall assessment of the economic position

With respect to our outlook provided in the Annual Report 2022, we expected for fiscal year 2023:

- For Siemens Healthineers: comparable revenue growth of between –1% and 1% and adjusted basic earnings per share between €2.00 and €2.20.
- For the Imaging segment: comparable revenue growth of between 7% and 9% and an adjusted EBIT margin of between 21% and 22.5%.
- For the Diagnostics segment: comparable revenue growth of between –21% and –19% and an adjusted EBIT margin of between 0% and 3%.
- For the Varian segment: comparable revenue growth of between 9% and 12% and an adjusted EBIT margin of between 16% and 18%.
- For the Advanced Therapies segment: comparable revenue growth of between 6% and 9% and an adjusted EBIT margin of between 13% and 15%.

We updated the segment-level expectations for Diagnostics communicated in the Annual Report 2022 in our Half Year Financial Report and for Varian after the third quarter (see the table below). With respect to Diagnostics, these adjustments were due to a COVID-19-related revenue decline in the China region, where fewer routine tests were performed, which could not be fully made up in the further course of the fiscal year. With respect to Varian, they were due to higher expected costs. The comments below refer to the last updated outlook.

In the outlook updated after the third quarter of fiscal year 2023 (hereinafter "the outlook Q3 2023"), we expected comparable revenue growth of between –1% and 1% compared to fiscal year 2022 and adjusted basic earnings per share of between €2.00 and €2.20, both unchanged from the Annual Report 2022. This outlook was based on several assumptions, including assumptions regarding the development of exchange rates, which had been updated from the outlook provided in the Annual Report 2022. A clear change in exchange rates had produced a negative effect of more than €0.10 on the expected adjusted basic earnings per share for fiscal year 2023. At the end of the fiscal year, this effect even increased to almost €0.20.

The comparable revenue growth of Siemens Healthineers in fiscal year 2023 was 1.2%, and therefore slightly higher than the upper end of the range we had anticipated.

On a comparable basis, the total adjusted revenue of Imaging increased by 10.9% and that of Varian by 14.8%, surpassing our expectations for comparable revenue growth in these segments. The comparable revenue growth of Diagnostics was –24.2%, within the expected corridor of the outlook Q3 2023. The comparable revenue growth of Advanced Therapies was likewise within the expected corridor, at 7.8%.

The adjusted EBIT margin of Imaging was 21.7%, within the forecast range. The adjusted EBIT margin of Diagnostics was –2.6% and thus also within the expected range of the outlook Q3 2023. Varian's adjusted EBIT margin of 15.1% was at the upper end of the target corridor of the outlook Q3 2023. The adjusted EBIT margin of Advanced Therapies came to 15.4%, slightly higher than expected.

Net income decreased by 26% to €1,525 million, mainly as a result of the lower EBIT. The lower net income led to a 12% decrease in adjusted basic earnings per share, to €2.02. Thus, adjusted basic earnings per share came out within the target corridor we had anticipated.

Overall, we fulfilled our outlook at group level for Siemens Healthineers in fiscal year 2023.

The Managing Board and the Supervisory Board will propose to the Annual Shareholders' Meeting the distribution of a dividend of €0.95 per share entitled to the dividend. This amount, which is the same as in the prior year, corresponds to an expected total payout of approximately €1,060 million. This corresponds to a dividend payout percentage of approximately 70%.

		Development of outlook FY 2023			
		Annual Report 2022	**Half Year Financial Report**	**Quarterly Statement Q3**	**Results FY 2023**
Siemens Healthineers	Comparable revenue growth	–1% to 1%	–1% to 1%	–1% to 1%	1.2%
	Adjusted basic earnings per share	€2.00 to €2.20	€2.00 to €2.20	€2.00 to €2.20	€2.02
Segments					
Imaging	Comparable revenue growth	7% to 9%	7% to 9%	7% to 9%	10.9%
	Adjusted EBIT margin	21% to 22.5%	21% to 22.5%	21% to 22.5%	21.7%
Diagnostics	Comparable revenue growth	–21% to –19%	–26% to –23%	–26% to –23%	–24.2%
	Adjusted EBIT margin	0% to 3%	–4% to 0%	–4% to 0%	–2.6%
Varian	Comparable revenue growth	9% to 12%	9% to 12%	9% to 12%	14.8%
	Adjusted EBIT margin	16% to 18%	16% to 18%	14% to 15%	15.1%
Advanced Therapies	Comparable revenue growth	6% to 9%	6% to 9%	6% to 9%	7.8%
	Adjusted EBIT margin	13% to 15%	13% to 15%	13% to 15%	15.4%

A.4 Nonfinancial matters

Siemens Healthineers is exempted from submitting the nonfinancial group declaration pursuant to Section 315b (2) of the German Commercial Code (hereinafter "HGB") and refers to the combined nonfinancial group declaration, which is integrated in the combined management report of the annual report of Siemens Group for fiscal year 2023. Siemens Group's annual report will be published on the Internet at ➔ ***www.siemens.com/investor/en/publications_calendar.php***.

A.5 Report on expected developments

The following outlook is based on the financial performance system that will be effective from fiscal year 2024 ➔ ***A.2 Financial performance system***. On this basis, the additional adjustment for other expenses incurred in connection with restructuring measures within the meaning of IAS 37 would have had a positive effect of 3.3 percentage points on the adjusted EBIT margin for the Diagnostics segment for the fiscal year 2023, resulting in an adjusted EBIT margin for the Diagnostics segment of 0.8% (definition until the 2023 financial year: -2.6%). There is no material impact on the adjusted EBIT margin for the other segments. Furthermore, the additional adjustment for other expenses incurred in connection with restructuring measures within the meaning of IAS 37 would have had an effect of €0.12 on adjusted basic earnings per share for the fiscal year 2023, resulting in adjusted basic earnings per share of €2.14 (definition until the 2023 financial year: €2.02).

A.5.1 Expected market development

The international COVID-19 health emergency was declared over by the World Health Organization (WHO) on 5 May, 2023. Based on the developments during the fiscal year and the lifting of pandemic restrictions almost everywhere in the world, we do not expect any further significant effects on our markets. Nonetheless, the markets for all our segments are being influenced by other geopolitical and macroeconomic factors. The medical technology sector could be adversely affected by factors such as the ongoing instability and uncertainty in Ukraine and the attendant consequences, as well as further developments in the trade conflict between the United States and China. We are closely monitoring the escalating conflict in the Middle East, especially the potential adverse effects on monetary policy, energy prices, and our markets. It is expected that inflation, which also affects our markets, will continue to weaken. The already serious shortage of hospital staff will remain in effect and worsen even further. Higher wages are putting additional pressure on strained healthcare budgets. Debt accumulated in the course of combating COVID-19 could further restrict the flexibility needed to make new investments. Any resulting budget reallocations and heightened price sensitivity in the markets of our individual businesses could have mixed effects on our business. Many healthcare systems across the world are still planning to bolster their resilience while also improving the quality of healthcare delivered to their populations. The government spending programs adopted on this basis also include larger investments in national healthcare systems and measures to stimulate innovation. The positive effects on relevant market segments within the medical technology sector and on certain digital technologies (e.g. telemedicine, artificial intelligence, and big data) could continue in the coming fiscal years.

The effects of the above-mentioned geopolitical and macroeconomic risks on our addressable markets and on our ability to reliably assess the future development of our markets remain challenging, nevertheless. We are constantly evaluating the development of these risks however, including potential measures to reform national healthcare systems and the further course of inflation. Now that the pandemic has ended, though, the usual patterns of past development in the markets of Siemens Healthineers can serve as a more reliable basis for forecasts. Generally speaking, we believe that the underlying trends described in Chapter ➔ ***A.1.2 Business environment*** remain intact.

Moderate growth overall is expected in the Imaging segment's markets in fiscal year 2024, driven mainly by pent-up demand for the major imaging modalities. Additional demand will also come from digital growth fields such as AI-based clinical decision support and telemedicine. These fields are also becoming increasingly relevant precisely because automation of workflows and technologies such as remote control of imaging equipment are being used as a way of coping with the shortage of personnel in the healthcare sector. Increasing price sensitivity could become a challenge for the market.

Slight growth is expected for the Diagnostics market (excluding COVID-19 tests and molecular diagnostics) in fiscal year 2024. The anticipated slowdown of global market growth is primarily the result of lower growth expectations in China. The continuing, staggered roll-out of volume-based procurement across all market segments and the government's ongoing price control measures are expected to have an adverse impact on the healthcare market in China.

Strong growth is expected in the market of the Varian segment, driven by easing of supply chain disruptions and resumption of oncology investments. In the developed markets, such investments are expected to be driven by customers' demand for new products, a healthy replacement market, and services that allow for the implementation of advanced oncology therapies and treatment solutions. In developing markets, investments will be driven by the need to improve the still inadequate access to basic oncology equipment and services for many patients.

The trend of strong growth in the market for the Advanced Therapies segment is expected to continue in fiscal year 2024. Market growth will be supported by higher levels of worldwide replacement purchases and government support programs. Market growth will also be supported by continuing investments in surgery and cardiology and the need for new equipment associated with the rising number of outpatient centers for surgical applications.

Our market development expectations are based on the market model of Siemens Healthineers, which is based on external sources (including Signify Research, IQVIA Ltd., KLAS, IMV, EIU Clearstate, and The Lancet Oncology), market information from med-tech industry associations (including COCIR, NEMA, JIRA, and MedTech Europe), and estimates of the Siemens Healthineers management. In the case of Varian, the forecasts are based in part on data from regulatory authorities (including ASTRO, ESTRO, the Global Task Force on Radiotherapy for Cancer Control (GTFRCC), which is part of the Union for International Cancer Control (UICC), the International Atomic Energy Agency (IAEA), and publicly available financial reports.

A.5.2 Expected business development

In fiscal year 2024, as in the prior year, comparable revenue growth and adjusted EBIT margin for the segments directly influence the most significant financial key performance indicators used to monitor and control Siemens Healthineers. The following assumptions are based on the definition of the adjusted EBIT margin effective from fiscal year 2024 ➔ ***A.2 Financial performance system.***

Development in the Imaging segment will be based primarily on recent and planned launches of new products and platforms along with sales of imaging products and services from our existing portfolio. In fiscal year 2024, we expect comparable revenue growth of between 6.0% and 8.0% in the Imaging segment and an adjusted EBIT margin of between 21.0% and 22.5%.

Our business expectations for the Diagnostics segment are based on new products and an improvement in diagnostic techniques as well as an anticipated increased demand from emerging markets and an anticipated rise in awareness regarding preventive health checks (wellness testing). The outlook is based on the assumption that we will not generate revenues from rapid COVID-19 antigen tests anymore. In fiscal year 2024, we expect comparable revenue for the Diagnostics segment to be approximately on a par with the prior fiscal year. Excluding rapid COVID-19 antigen tests, we expect comparable revenue growth in the Diagnostics segment of between 2.0% and 4.0%. We expect an adjusted EBIT margin of between 2.5% and 4.5%.

Development in the Varian segment will be determined by sales of comprehensive multi-modality cancer care technologies, services, and digital solutions and applications. Continued portfolio expansion will support our growth expectations. In fiscal year 2024, we expect comparable revenue growth of between 8.0% and 10.0% in the Varian segment and an adjusted EBIT margin of between 15.0% and 17.0%.

Our growth expectations for the Advanced Therapies segment are based on a sustainable development of the business environment in all addressed clinical areas and the megatrend of minimally invasive interventions. In fiscal year 2024, we expect comparable revenue growth of between 5.0% and 8.0% in the Advanced Therapies segment and an adjusted EBIT margin of between 15.0% and 17.0%.

A.5.3 Overall assessment of the expected development

Based on the aforementioned assumptions about development of the segments in chapter ➔ ***A.5.2 Expected business development***, we expect comparable revenue growth for fiscal year 2024 to be in the range of 4.5% to 6.5% compared with fiscal year 2023. Excluding revenue from rapid COVID-19 antigen tests, this corresponds to comparable revenue growth of between 5.0% and 7.0%. We expect adjusted basic earnings per share to be between €2.10 and €2.30.

We are exposed to exchange rate effects, particularly involving the U. S. dollar, the Chinese yuan and the currencies of emerging markets. We expect volatility in global currency markets to continue in fiscal year 2024. Siemens Healthineers is still a net exporter from the euro zone into the rest of the world, which means that in terms of absolute values a weak euro is generally favorable for our business and a strong euro is in principle unfavorable. We use derivative financial instruments to hedge currency risks in our business. We expect this measure to help us limit effects on income related to exchange rate fluctuations in fiscal year 2024.

Additionally, the outlook is based on further assumptions: This includes the expectation that the current macroeconomic environment, including the current level of interest rates, will remain largely unchanged. Furthermore, from today's point of view we expect the market in China will pick up by the end of the second quarter of fiscal year 2024. In addition, the outlook is based on assumptions about exchange rate developments, which currently lead to a negative currency effect of around €0.08 on the expected adjusted basic earnings per share for fiscal year 2024 compared with fiscal year 2023. Furthermore, this outlook excludes potential portfolio measures. In addition, the outlook is based on the assumption that developments related to the war in Ukraine and tensions in the Middle East will not have a material impact on our business activities. The outlook is based on the number of shares outstanding at the end of fiscal year 2023. This outlook also excludes charges from legal, tax and regulatory issues and framework conditions.

The actual development for Siemens Healthineers and the segments may vary, positively or negatively, from our outlook due to the opportunities and risks described in the following chapter or if our expectations and assumptions do not materialize.

A.6 Report on material risks and opportunities

A.6.1 Risk management

Basic principles of risk management

For us, diligent handling of risks and opportunities is part of responsible corporate governance and supports our pursuit of sustainable growth and thereby increased company value. Hence it is essential to manage risks and opportunities appropriately. Our risk management is therefore an integral part of the planning and implementation of our business strategies. The risk management policy is set by the Managing Board. In accordance with our organizational and accountability structure, the respective management of a business, region or function is obliged to implement a comprehensive risk management system. This is tailored to their specific area and its responsibilities, while at the same time being consistent with the overall policy.

Company-wide risk management process and organization (Enterprise Risk Management Process)

We make use of a coordinated set of risk management and control systems. These support us in the early recognition of developments that could jeopardize the continuity of our business. The most important of these systems include our company-wide procedures for strategic planning and management reporting. Strategic planning is intended to support us in assessing potential risks and opportunities well in advance of major business decisions. Management reporting is intended to enable us to monitor such risks more closely as our business progresses. Our risk management and its contributing elements are regularly subject to audit activities by our internal audit function. Accordingly, if deficits are detected, it is possible to adopt appropriate measures to eliminate them. This coordination of processes and procedures is intended to help ensure that the Managing Board and the Supervisory Board are fully informed about significant risks in a timely manner.

Risk management at Siemens Healthineers builds on a comprehensive, interactive and management-oriented Enterprise Risk Management (ERM) approach. This approach is integrated into the organization and addresses both risks and opportunities. It is based on the globally accepted COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework "Enterprise Risk Management – Integrating with Strategy and Performance" (2017) as well as the ISO (International Organization for Standardization) Standard 31000 (2018), and is adapted to Siemens Healthineers' requirements. The frameworks connect the ERM process with our financial reporting process, our internal control system and compliance management system. They consider the company's strategy, the efficiency and effectiveness of its business operations, the reliability of its financial reporting and compliance with relevant laws and regulations to be equally important.

Our ERM process aims for early identification and evaluation of, and response to, risks and opportunities that could materially affect the achievement of our strategic, operational, financial and compliance objectives. The time horizon within the ERM approach is typically three years, and based on a net approach, addressing risks and opportunities remaining after the execution of existing and effective control measures. If risks or opportunities have already been considered in plans, budgets, forecasts or the financial statements (for example as a provision or risk contingency), they have been incorporated, with their financial impact, in the entity's business objectives. As a consequence, only additional risks or opportunities arising from the same subject (for example deviations from business objectives, different impact perspectives) should be considered for the ERM. In order to provide a comprehensive view of our business activities, risks and opportunities including social and environmental factors are identified in a structured procedure. This combines elements of both top-down and bottom-up approaches. While reporting generally follows a quarterly cycle, this regular reporting process is complemented by an ad hoc reporting process that 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 matters. The bottom-up identification and prioritization process is supplemented by workshops with the respective management of the Siemens Healthineers businesses and regions. This top-down element ensures that potential new risks and opportunities are discussed at the management level and are included in the subsequent reporting process, if found to be relevant. Reported risks and opportunities are analyzed for their potential cumulative effects and are aggregated within and for each of the organizational levels mentioned above.

Responsibilities are assigned for all relevant risks and opportunities. The hierarchical assignment of responsibility depends on the significance of the risk or opportunity. In a first step, assuming responsibility involves choosing one of our general response strategies. The general response strategies with respect to risks are to avoid, transfer, reduce, retain or watch the relevant risk.

The general response strategy for opportunities is to pursue the opportunity concerned. In a second step, responsibilities involve developing, initiating and monitoring appropriate response measures according to the chosen response strategy, within an appropriate time frame. To allow for effective risk management, these response measures must be specifically tailored to relevant circumstances. Accordingly, we have developed a variety of response measures.

In order to allow for a meaningful discussion at the Company level, individual risks and opportunities of similar cause-and-effect nature are aggregated into risk and opportunity themes. This aggregation naturally results in a mixture of risks, including those with a primarily qualitative assessment and those with a primarily quantitative assessment. Accordingly, we do not adopt a purely quantitative assessment of risk themes. The same applies for opportunities. The quarterly risk and opportunity assessments as well as our bi-annual risk-bearing capacity assessment then form the basis for the evaluation of the company-wide risk and opportunity situation.

A.6.2 Risks

Hereafter we describe risks that could have a material adverse effect on our business objectives, net assets, 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 four categories reflects the current assessment of the relative risk exposure for Siemens Healthineers and thus provides an indication of the risks' current importance to us. Additional risks not known to us or that we currently consider immaterial may also negatively impact our business objectives and operations. Unless otherwise stated, the risks described below relate to all our segments.

A.6.2.1 Strategic risks

Economic, Political and Geopolitical Developments

We operate production, development and service facilities in a number of countries and market our products, solutions and services worldwide. Global or regional economic, political and geopolitical instability as well as continuing uncertainties and challenging conditions in some markets may result in significant adverse business impacts including non-sustainable business development, diverted management attention or less competitive strength. There is an increase in governmental protectionism in recent years due to shifts in the geopolitical landscape, weakness of the World Trade Organization (WTO) and growing populism, among other things. We could be confronted with increasing protectionist trade policies and barriers such as import and export controls, tariffs, environmental taxes, and non-refundable taxes on foreign value added. Other protectionist measures could include the imposition of localization requirements or local ownership and shareholder regulations as well as other regulatory burdens. Those policies and measures could negatively affect our business and market share. They could also reduce our profits if we cannot pass additional costs along to customers. In addition, we might be exposed to penalties and sanctions or have a worse competitive position in bidding processes. Furthermore, the United States and China are important markets, and the trade conflict between the two countries burdens our business. In addition to punitive tariffs, the trade conflict also carries the risk that free market access will be impaired. Additional governmental influences and regulations in key countries, such as China's five-year plans, could negatively affect our development in such countries and result in a loss of market share. Further risks stem from geopolitical tensions (for example concerning Russia, Ukraine, China, Taiwan, Iran, Syria, North Korea, Serbia, Kosovo and Israel) and conflicts that are already ongoing or may potentially arise. Especially the war in Ukraine and its broad geopolitical and macroeconomic consequences could continue to adversely impact our business. We also see some uncertainty regarding the current European political environment and growth of populism across European countries. This affects unity in foreign policy, stability of fiscal policy and further debates regarding national independence. Besides, a slowdown or decline of global macroeconomic growth could lead to adverse effects on our business. Healthcare markets, especially in emerging countries, might not achieve the growth we anticipated. In addition, we might face higher costs for the sourcing of materials, parts and components if inflation persists or increases. We might not be able to successfully adapt our production and cost structure to changes in our markets which could result in margin erosion. If we do not meet market requirements, we might experience declining demand for our products and lose market share to our competitors. In some sectors in which we operate, consolidation on the customer side is increasing. If our customers combine through mergers and acquisitions, join group purchasing organizations or otherwise collectively enter our markets, it could result in lower sales volumes and higher price pressure. To counter these risks and identify critical cases, we constantly monitor economic, political and geopolitical developments and their indicators. Based on this we adapt our processes and business model to possible changes arising from protectionism, ensure compliance with legal requirements, and educate our organization about these changes. In addition, we set up dedicated task forces and coordinate local response plans where necessary. We also maintain an exchange of information within industrial associations and take advantage of opportunities to engage in discussions with local authorities. Other measures include strategic and sales push initiatives, the implementation of productivity measures, projects to achieve target costs, optimization of our product portfolio or price increases. Siemens Healthineers' global setup, with operations in almost all relevant economies, together with the variety of our products and services, can contribute to offset the impact of an unfavorable development in a single market. Due to the volatile situation and uncertainty of the full extent of current developments the worldwide effects and consequences cannot be fully anticipated. We continue to observe these on an ongoing basis in order to quickly identify changes, evaluate potential impacts, assess risks, adjust our measures accordingly and strengthen our resilience.

Competitive Environment

The worldwide markets for our products, solutions and services are highly competitive in terms of pricing, product and service quality, product development and introduction time, customer service and financing terms. Market demand might vary, partly due to rapid and significant changes resulting from the introduction of innovative and disruptive technologies. There could be increasing competition from existing competitors that want to expand their business with new portfolio elements, introduce new business models, or expand their global presence. Against the backdrop of rapid technological progress, new companies previously outside the industry, such as IT companies or AI start-ups might also become competitors for our digital portfolio. Besides that, there could also be new competition such as medical technology companies in the low-price segment or niche markets, as well as independent service organizations. Some of our competitors may have more experience or greater resources in certain fields. Moreover, some of our products address markets that are still developing and characterized by rapidly evolving technology, varying degrees of market acceptance, and pricing pressure. We are also impacted by the pricing decisions of our competitors, the timing of their product introductions, and the rate of market penetration by competitive products, which could render our products less competitive. If we cannot successfully provide technically superior, proven products that deliver more precise, cost-effective, high-quality clinical capabilities, in a complete package of products and services, ahead of our competitors, we might lose market share and be forced to adapt our prices. New competitors may also delay the purchasing decisions of customers if they decide to evaluate the products of such competitors along with ours, potentially extending our sales cycle and adversely affecting our orders and revenues. Furthermore, some of our competitors may not be subject to the same standards, regulatory and/or other legal requirements that we are subject to, and thus, they could have a competitive advantage in developing, manufacturing and marketing products and services while we might be slower to the market and face reduced sales. Competing companies could receive preferential treatment in the countries in which they are domiciled. In addition, new regulations such as the EU Data Act may enable competitors who are able to use the regulations to their advantage to undermine our competitive position, resulting in increased price pressure and loss of market share. We counter these risks by constantly monitoring existing competitors, known potential competitors, and barriers to market entry, as well as by adapting our strategies and measures accordingly. Other measures include benchmarking, strategic initiatives, sales push initiatives, lobbying and the implementation of productivity measures and projects to achieve target costs. We achieve this for instance by adjustment of operational structures, outsourcing, mergers and establishment of joint ventures, as well as by exporting from low-cost countries to price-sensitive markets and optimizing our product portfolio.

Diagnostics Transformation

This transformation program announced in November 2022 focuses on optimizing the existing product portfolio and footprint as well as further organizational and functional optimization in the Diagnostics segment. It carries an execution risk due to the complexity of the undertaking and its ambitious timeline. We rely on product launches of strategically relevant analyzers to subsequently be able to reduce the total number of active platforms, thereby establishing a healthy product portfolio and related, optimized go-to-market approach. Launches of strategic relevance are associated with inherent technical and market risk. Furthermore, in connection with the establishment of a leaner organization and the verticalization of customer-facing operations in the individual regions, there is a risk of losing institutional and procedural knowledge if we do not manage to accompany this with successful change management. In addition, necessary right-sizing of our organization and footprint is conducted in partnership with the respective codetermination councils in order to implement them swiftly and minimize disruption to our business. While in most cases this is agreed directly between the company and local codetermination councils, in some countries, such as Germany, the severance of employees takes place on a voluntary basis. This entails the risk that personnel and associated site adjustments may take longer than planned. To manage these risks, we have implemented a number of measures, such as regular reviews in the management team to improve the maturity of each key measure and drive progress towards specific KPIs. In addition, major product launches are implemented with a controlled rollout phase to identify and address issues prior to full commercial launch. Other portfolio transformation measures are prepared with product testing. Systematic knowledge transfer and the further development of our corporate culture are also planned. All this will be accompanied by support from internal experts in collaboration with external consultants and a clear execution plan for the organizational changes.

Transactional Risks (M&A)

Our business strategy includes the acquisition of companies and business activities that expand or complement our existing business, among others. Successful growth through acquisitions is dependent upon our ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favorable terms, and ultimately complete such transactions, as well as to integrate the acquired companies successfully. Mergers and acquisitions (M&A) are generally associated with risks due to the difficulties that may arise when integrating people, operations, technologies and products. Our assessments and assumptions regarding acquisition targets may not prove to be correct and actual developments may differ significantly from our expectations. This could mean that the expected synergies such as cost savings may not be fully realized. In addition, it is possible that the intended combination of companies, processes and employees will be more complex than expected and cannot be completed within the planned time frame. Acquisitions could lead to an increased and unsustainable workload for employees as well as affect employee engagement and well-being. If we cannot successfully integrate newly acquired companies including their corporate culture into our existing operations, then additional expenses, delays and difficulties such as the loss of employees in key roles and higher staff turnover could occur. This could negatively impact our know-how and our ability to innovate as well as our relations with customers, suppliers, partners licensors or other stakeholders. Furthermore, unforeseen acquisition, administrative, tax and other expenditures may incur in connection with these transactions, including costs related to integration of acquired businesses. Should the business performance of the acquired company be below our expectations on a lasting basis, this could lead to impairment losses, in particular on goodwill and intangible assets, which could adversely affect our net assets and results of operations. We counter these risks by carefully selecting the companies to be acquired and by conducting thorough due diligence. We also create detailed integration plans, set up integration projects and strive to implement them in a way that countermeasures can be initiated in a timely manner. Moreover, we support the integration of corporate cultures and change management by providing clarity about organizational structures to employees and developing and executing clear communication plans. In addition, we strive to achieve and maintain employee loyalty through adequate incentive and compensation programs as well as access to additional benefits.

A.6.2.2 Operational risks

Cybersecurity

We observe a global increase of cybersecurity threats and higher levels of sophistication in cybercrime in the healthcare industry, intensified by current geopolitical crises. With our business in healthcare, the products, solutions, and services of Siemens Healthineers are therefore exposed to a particularly high cyber risk. Disruption of our critical information systems, significant cyberattacks or security breaches of our products may adversely affect our business and customer relations. As an example, ransomware attacks against healthcare providers have major impacts on the provision of healthcare services and continue to be a significant risk to healthcare providers, threatening both patient treatment and the security of sensitive patient data. There are increasingly large volumes of information, including patient data, being generated that need to be securely processed and stored by the healthcare organizations involved. In the event of cyber-attacks, the security of the data and the privacy of the patients treated with the help of our products and solutions could be at risk. In addition, in the event of an attack our supply chains could also be at risk and interruptions could have a negative impact on our business. Although we have implemented security measures to protect our hardware and software products from unauthorized access, these measures may not be sufficiently effective in securing these products, particularly because techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until they are launched against a target. A security breach could have serious negative consequences, including regulatory action, fines, penalties and damages, reduced demand for our products and solutions, an unwillingness of our customers to use our products and solutions, and harm to our reputation and brand. The number and criticality of attacks against Siemens Healthineers, however, have not changed significantly. Besides that, we operate across different jurisdictions and observe an increasing number of cybersecurity regulations. Amongst other regulations the NIS2 (Network and Information Security) directive may amplify actions by regulatory bodies regarding data privacy and cybersecurity. To address the risk, we have a global cybersecurity organization which engages all relevant areas of our company and integrates cybersecurity resources, expertise, and competence. The cybersecurity organization is governed and supported by a central team which is responsible for cybersecurity strategy, governance, and assurance. Our cybersecurity management system is certified under ISO 27001 and 27701 standards. In addition, we are committed to security and privacy by design and default, for both products and internal operations. Besides our established technical and organizational controls, we continuously strengthen the awareness of our employees so they can detect attacks at an early stage and respond even more effectively. This is particularly important as the number of employees working remotely is expected to remain on a high level. Moreover, we support business resilience with a focus on expanding, adapting and improving established security controls across the organization and the supply chain. Cybersecurity has a strategic relevance for sustainable business which is why that it is an essential part of our sustainability program. Furthermore, cybersecurity is a shared responsibility of all involved parties, and therefore we are also continually developing our ability to support our customers to protect themselves from cyberattacks. We have expanded our collaborations with healthcare providers, industry, partners, regulators and security researchers in line with the Charter of Trust principles for a secure digital world, through customer advisory boards, development of internal standards and exchanges of threat intelligence.

Supply Chain Management (SCM)

We purchase parts, components, services and materials from third parties, contract manufacturers and service providers all over the world. Therefore, we may be exposed to the risk of delays and interruptions in the supply chain as a consequence of global economic and geopolitical dynamics, extreme events (including for example extreme weather and pandemics), cyber incidents or suppliers' financial difficulties, particularly if we are unable to establish alternative sources of supply or means of transportation in a timely manner or at all. In addition, we rely upon the supplies of certain resources such as raw materials and energy. Worldwide demand, availability and pricing of these resources have been volatile recently, and we expect that they will continue to fluctuate in the future. Changes in customer demand and market fluctuations for critical parts and components might lead to difficulties in meeting our quality requirements while also purchasing in sufficient quantities at competitive market prices. Delays, restrictions, shortages or unavailability of supplies of important resources could lead to unanticipated price increases and could constrain our production of affected products, which could in turn reduce our profit margins or otherwise adversely affect our performance. If we are not able to offset increased prices for certain materials and components, reduce reliance on them, or find suitable alternatives, this could result in additional costs and affect our customer relationships. Some of the components included in our products are obtained from a limited group of suppliers or from a sole-source supplier. We are also dependent on our own production and distribution sites. If a supplier's operations are disrupted, if we lose a critical supplier, or if one of them no longer meets performance or quality specifications, we may be required to obtain and qualify one or more replacement suppliers. Such an event may then also require us to redesign or modify our products to incorporate new parts and/or further require us to obtain clearance, qualification, certification or other applicable regulatory approvals of these products. Events such as these could significantly increase costs for the affected product and cause material delays in delivery of our products, which could have an adverse effect on our financial position and results of operations. To counter these risks, we address them at an early stage of the product life cycle when developing new products. Besides that, we work closely with reliable and competent suppliers to ensure consistent supplies and minimize disruptions to our supply chain. We also conduct screenings and audits of our suppliers with regard to delivery capabilities, among other things, in order to proactively establish relevant measures. In addition, we retain certain safety stocks and qualify second-source suppliers for essential components. We also manage procurement and pricing through measures such as long-term contracts and hedging as well as bundling of demands across units within our company and the Siemens Group. Moreover, we actively monitor price developments to be able to react early to market changes. Furthermore, we review and adjust our footprint and design our value-added structures to be more resilient and agile.

Product Development and Introduction

We develop, produce and sell a comprehensive portfolio of products, solutions and services (including accessories and software products) to a wide range of healthcare providers. With many of our products, solutions and services we are an industry-wide technology leader. Our results of operations depend to a significant extent on our technological leadership, as well as our ability to anticipate changes in our markets and to adapt the costs of producing our products to those changes. Our products, solutions, services and their enhancements often have long cycles of development and government approval. As a result, this requires us to maintain early and accurate anticipation of relevant changes in the marketplace, in technology and in customer demands. Introducing new products and technologies requires a significant commitment to research and development. We may need to spend more time and money than anticipated to develop and introduce new products, product enhancements or services, and may not be able to recover all or a meaningful part of our investments. Our results of operations could be negatively impacted if we invest in technologies that do not operate as expected or cannot be integrated as planned, or that do not find the expected market acceptance. The same applies if our products, solutions or services are not introduced to the market at the targeted margins or in a timely manner, particularly compared to our competitors, or even become obsolete. If we are not able to meet clinical needs and provide operational as well as financial benefits to customers, we might not achieve anticipated growth and cash flows. This might lead to negative financial impacts such as the potential recognition of an impairment loss. Furthermore, errors in the design of our products or operational disruptions in our value chain could result in quality problems or potential product, labor safety, regulatory or environmental risks. The correction of errors could lead to unforeseen costs, at the same time resulting in guarantee or warranty claims, and, moreover, adversely impact our reputation. Our patents and other intellectual property rights may not prevent competitors from independently developing or selling products and services that resemble or replicate our own. If we are unable to protect or effectively enforce our intellectual property rights against third parties, we might lose our technological leadership position and market share which could result in negative financial impact, loss of reputation or loss of customers. To counter these risks, we continuously initiate and implement measures for quality improvement, project risk management and claim prevention that contribute to the mitigation of existing risks. In addition, we closely monitor market developments and are in regular exchange with customers and governments in order to identify and react to new demands early on, for example by jointly co-creating solutions with them especially in the area of digitalization. We constantly apply for new patents and actively manage our intellectual property portfolio to safeguard our leading technological position.

A.6.2.3 Financial risks

Risks from Pension Obligations

Siemens Healthineers provides post-employment benefits for the majority of its employees, partly resulting in provisions for pensions. An increase of provisions for pensions due to an adverse development of plan assets or the defined benefit obligation is considered a significant risk. The funded status can be affected by changes in actuarial assumptions, primarily the discount rate, as well as by movements in financial markets. In order to comply with local pension regulations in selected foreign countries, we may face increasing cash outflows to reduce an underfunding of our pension plans in these countries. Regular asset liability studies are performed for major pension plans to implement an investment strategy to reduce liability risks and funded status volatility.

Market Price Risks

We are exposed to fluctuations in exchange rates, especially between the U.S. dollar (and other currencies whose movements are positively correlated with the U.S. dollar) and the euro. Depending on our hedging activities, devaluation of the U.S. dollar against the euro may result in material adverse effects on our profit. Other currencies of significance from the viewpoint of foreign currency effects include the Chinese yuan, Japanese yen, Korean won and British pound. In addition, increasing exchange rate fluctuations may result in significant volatility risk for earnings and cash flows. We are also exposed to risks resulting from fluctuations in interest rates. In order to optimize the allocation of financial resources across our segments and entities, as well as to achieve our objectives, we identify, analyze and manage the associated financial market risks. We seek to manage and control these risks primarily through our regular operating and financing activities and use derivative financial instruments when deemed appropriate.

Tax Risks

Siemens Healthineers has global operations in a number of countries and is thus subject to multiple national tax regimes. At most Siemens Healthineers entities, the tax authorities in the respective jurisdictions carry out regular tax audits. Tax risks can arise from legal interpretations by tax authorities that diverge from ours, and from changes in legal provisions as well as in case law and their implementation, especially in cross-border transactions involving various jurisdictions. This can result in additional tax expenses and additional tax payments, double taxation and the imposition of penalties and interest payments, which would have a negative impact on the company’s profit and cash flow. In addition, there might be tax increases in certain countries which could negatively affect our financial position and results of operations. Tax-related risks are identified, regularly monitored and assessed by the tax department, and necessary measures are taken.

Liquidity and Financing Risk

Our treasury and financing activities could face negative developments related to financial markets, such as limited availability of funds and hedging instruments, a change in assessment of our solvency or of our ESG performance (Environmental, Social, Governance), particularly from rating agencies, impacts arising from more restrictive regulation of the financial sector, central bank policy or financial instruments, termination of financing from Siemens AG or other Siemens Group entities or a deterioration in the financial situation of our main financial partner, Siemens AG. Widening credit spreads due to uncertainty and risk aversion in the financial markets might lead to adverse changes in the fair values of our financial assets and liabilities, particularly our derivative financial instruments.

For further information related to the financial risks described above, especially derivative financial instruments and hedging activities, financial risk management, provisions for pensions and similar obligations and income taxes, please see ➔ ***Note 26 Financial instruments and hedging activities,*** ➔ ***Note 27 Financial risk management,*** ➔ ***Note 22 Provisions for pensions and similar obligations*** and ➔ ***Note 5 Income taxes*** in the notes to the Consolidated Financial Statements.

A.6.2.4 Compliance risks

Regulatory Environment

As a globally operating and diversified medical technology company, we are exposed to various and increasingly complex product- and country-specific regulations, laws and policies that influence our business activities and processes. A failure to comply with existing, new or changed regulatory requirements could result in governmental fines and other sanctions, temporary or permanent shutdown of production facilities, third-party claims, import restrictions and negative publicity. This could affect our ability to deliver, our time to market for certain products or product life cycles and thus lead to unforeseen costs and have a negative impact on our financial position. Further, our business may be affected by new laws and regulations, in particular by those that may govern innovative products and business activities, including services and solutions, such as the use of artificial intelligence. For emerging subject areas, regulatory requirements are often not yet defined, or they may undergo future changes whose effects cannot yet be estimated. Regulatory authorities that are especially relevant for the commercialization of our products and services include the Food and Drug Administration (FDA) and the Nuclear Regulatory Commission (NRC) in the United States, the National Medical Product Administration (NMPA) in China and regulations including the Medical Device Regulation (MDR) and In-Vitro Diagnostics Regulation (IVDR) in Europe. However, there are numerous other regulatory schemes in practically all jurisdictions worldwide to which we are subject. Risks could also arise from effects of regulations in the area of product-related environmental protection including the Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and other sustainability regulations. We need to comply with and safeguard requirements that will ensure product safety and regulatory market access. To counter the risks mentioned above, we monitor the political and regulatory landscape in all our key markets to anticipate potential problem areas with the objective of quickly adjusting our business activities and processes to changed conditions. Furthermore, we issue internal regulations and guidance, conduct continuous training and communication as well as synchronized implementation actions. In addition, internal and external audits of compliance with laws and regulations are performed.

Compliance with Laws

In connection with our global business activities, we must ensure compliance with antitrust and competition law, anti-corruption legislation, data protection regulations and other laws. We have established compliance and risk management systems to ensure compliance with requirements. Nevertheless, there is no guarantee that these systems will enable us to avoid all risks in every jurisdiction. There are risks, for example, regarding data privacy violations in the processing of personal data of our employees, customers, patients, or other business partners. Moreover, in our business environment, there are risks regarding antitrust or corruption law violations and other violations of law. Consequences of violations of the law could under certain circumstances also affect us if they relate to violations by our indirect sales channels or business partners. In addition, a significant portion of our business involves governments and companies with public shareholders. We are also involved in various projects funded by government agencies and intergovernmental and supranational organizations. This may pose risks from a compliance perspective. Furthermore, we may face compliance risks in connection with acquired companies that are still in the integration process. There could also be risks related to violations of other laws and legislation such as export control and embargo regulations and intellectual property rights. All these risks could result in violations of law with severe consequences and can have a negative impact on our business, net assets, financial position, and results of operations. They could also result in claims for damages, fines or penalties, the exclusion of direct or indirect participation in certain types of transactions and public tenders, and reputational damage. Consequently, we are constantly countering these risks with targeted measures. The foundation for our governance framework is provided by our globally applicable directives. In addition to measures such as general compliance training, our Antitrust Compliance Program, requirements of our Business Conduct Guidelines and Data Protection Program, we have established a global compliance organization. This organization conducts, among other things, audits to identify compliance risks at an early stage. Moreover, by providing whistleblower hotlines and establishing internal and external points of contact, we enable the timely reporting of potential deficiencies or violations to us, authorities or other stakeholders as appropriate. With regard to our business partners, we have established a global business partner management system. This includes, among other measures, a careful selection process, a structured onboarding process as well as training, monitoring and a close exchange during our visits to the customer's site as well as regular audits with consistent implementation and monitoring of measures taken. To meet the legal and internal requirements for data protection, we have implemented an information security and data protection management system whose mechanisms meet the high requirements of the ISO 27001 standard extended by 27701, under which we are certified.

Assessment of the overall risk situation

The order in which the risks are presented in each of the four categories above – strategic, operational, financial and compliance risks – reflects the current assessment of the relative risk exposure. The most significant risks we are currently exposed to are ➔ ***Economic, Political and Geopolitical Developments***, ➔ ***Cybersecurity*** and ➔ ***Regulatory Environment***. As in the prior year and already described in the half-year financial report ➔ ***Economic, Political and Geopolitical Developments*** constitutes the most significant risk. We consider all other risks mentioned above not as high as the three most significant risks. At present, no risks have been identified that in their known form either individually or in combination could endanger our ability to continue as a going concern.

A.6.3 Opportunities

Below we describe our significant opportunities. Unless indicated otherwise, the opportunities described below relate to all our segments.

Efficiency Gains

Our comprehensive approach to our internal digital transformation and related investments could potentially support our growth, improve our cost position and increase our attractiveness as employer. The leverage of our digital skills, infrastructure, tools and data could enable us to achieve a significant increase in our economic performance across the entire value chain of the company. Further investments into efficiency measures, and the use of new technologies such as machine learning, digital twins and artificial intelligence, could potentially drive additional improvements in our processes and cost structures. Increased harmonization, collaboration and transparency throughout the entire organization could create synergies, lead to faster decision-making processes and reduce redundant efforts. In supply chain management and product lifecycle management, opportunities for improvement could arise from further implementing an integrated digital tool landscape. Improvements could also include further efficiency gains from using standardized platform elements across multiple applications. Utilizing these synergies could further increase our flexibility and speed in adjusting our innovative solution portfolio to the needs of the market while optimizing product lifecycle costs and reducing internal complexity. The evaluation of certain internal processes and systems can help us to identify potential for productivity and operational excellence. We realize this potential by consolidating and reducing the complexity of existing processes and by streamlining and modernizing them. Localizing certain value-chain activities, such as procurement, production, logistics, maintenance and service, for example in emerging markets, could enable us to reduce costs and strengthen our global competitive position, in particular compared to competitors based in countries with more favorable cost structures.

Growth Fields

Innovation, digital offerings and new business models form the core of our company in shaping the future of the healthcare industry. We invest significantly in research and development in order to develop innovative offerings for our customers. In doing so, we aim at the same time to safeguard our competitiveness. Our goal is to enable healthcare providers to create added value by expanding precision medicine, transforming care delivery and improving patient experience by leveraging digital technologies. We expect to be able to meet future demands arising from fundamental trends. These trends include demographic change and global population growth as well as the increasing burden of chronic diseases. In addition, the provision of funds by aid organizations such as the World Health Organization (WHO) or the EU as well as the provision of national funds, for example in the form of subsidies, could further increase. This could expand investment and spending in hospitals, for example in the Middle East and Africa, Asia and Europe. This in turn could generate additional growth in these markets, especially for standard and basic products and services. Moreover, we aim to expand our business through sales growth programs. Higher reimbursement for innovative products might allow us to leverage additional sales opportunities. Greater sales coverage and improved identification of unserved or underserved market opportunities can help us win larger deals as well as prolonged contracts which can generate additional revenue. Furthermore, we see the opportunity to generate additional sales volume and profit from new and innovative digital products, services and solutions, including additional cybersecurity for our customers, preventive maintenance and data analytics. Furthermore, additional business opportunities could also arise from long-term value partnerships with healthcare providers, supporting our customers in setting up centers of excellence and jointly co-creating on solutions. We continuously strive to grow and expand our business in established markets, open up new markets for existing portfolio elements and strengthen our installed base in order to gain a higher market share and improved profitability. In addition, we aim to further develop our product portfolio and also expand into adjacent fields, especially in high-growth customer segments. This is achieved through various measures, such as targeted product development (for example entry-level systems), the expansion of our consulting competencies to strengthen our position as a trusted partner, the assessment of new market entry strategies, and M&A activities. We also tackle opportunities to contribute the know-how and technology of our company and its employees in adjacent areas for the benefit of patients and healthcare providers and thus generate additional business growth.

Assessment of the overall opportunity situation

The order in which they are presented reflects the current assessment of the relative exposure for Siemens Healthineers associated with these opportunities. The described opportunities are not necessarily the only ones we encounter. In addition, our assessment of opportunities is subject to change, as Siemens Healthineers, our markets and technologies are constantly developing. It is also possible that opportunities we foresee today will never materialize.

A.6.4 Significant characteristics of the internal control and risk management system

A.6.4.1 Internal Control and Risk Management System

Our Internal Control System (ICS) and Enterprise Risk Management (ERM) are based on the principles, guidelines and measures introduced by the Managing Board, which are aimed at the organizational implementation of the Managing Board's decisions. Our ICS and ERM include the management of risks and opportunities relating to the achievement of business goals, the correctness and reliability of internal and external accounting, and compliance with the laws and regulations relevant to Siemens Healthineers. Sustainability aspects are covered as well and are continuously developed based on the regulatory requirements.

Our ICS and ERM are based on the globally accepted COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). Our ERM approach is based on the COSO Standard "Enterprise Risk Management - Integrating with Strategy and Performance" (2017) and the ISO (International Organization for Standardization) Standard 31000 (2018), and is adapted to Siemens Healthineers requirements. Our ICS is based on the internationally recognized "Internal Control – Integrated Framework" (2013) also developed by COSO. The framework defines the elements of a control system and sets the standard for assessing the adequacy and effectiveness of the ICS. The frameworks connect the ERM process with our financial reporting process and our ICS, both systems are complementary.

All Siemens Healthineers entities are part of our ICS and ERM. The scope of activities to be performed by each entity is different, depending, among others, on the entity's impact on the Consolidated Financial Statements and the specific risks associated with the entity. The management of each entity is obliged to implement an adequate and effective ICS and ERM within their area of responsibility, based on the group-wide mandatory methodology.

Overall responsibility for our ICS and ERM lies with the Managing Board. The Siemens Healthineers Risk and Internal Control (RIC) organization bundles and integrates the internal control and ERM processes and supports the Managing Board in designing and maintaining adequate and effective processes for implementing, monitoring and reporting on internal control and ERM activities. It consists of the central RIC departments and those responsible in the businesses, regions and functions. The central RIC departments are responsible for monitoring and coordinating the entire processes in order to ensure an adequate and effective ICS and ERM within the Group.

We also have an overarching, integrated ICS and ERM methodology (RIC methodology) with a standardized procedure under which necessary controls are defined, documented in accordance with uniform standards, and tested regularly for their adequacy and effectiveness. For more information on ERM, see chapter ➔ ***A.6.1 Risk management***.

Our ICS and ERM and their contributing elements are regularly subject to audit activities by our internal audit function. These are carried out either as part of the risk-based annual audit plan or as part of audits scheduled during the year upon request.

At the end of each fiscal year, our Managing Board performs an evaluation of the adequacy and effectiveness of the ICS and ERM. This evaluation is based primarily on the Siemens Healthineers "In Control" Statement and quarterly Managing Board meetings. The purpose of the "In Control" Statement is to provide an overview of the key elements of the ICS and ERM of Siemens Healthineers AG and its affiliated companies at the end of the fiscal year, to summarize the activities undertaken to review its adequacy and effectiveness and report any critical control weaknesses identified as part of these activities. The information contained in this statement is provided to the Audit Committee of the Supervisory Board of Siemens Healthineers AG to report on the effectiveness of the ICS and ERM. The Siemens Healthineers "In Control" Statement is supported by certifications at various corporate levels and by all affiliated companies. In the quarterly Managing Board meetings, the company-wide risk and opportunity situation is evaluated, the results of the internal control process are explained and once a year an overall conclusion is made about the adequacy and effectiveness of our ICS and ERM. Based on this, the Managing Board has no indication that our ICS or ERM in their respective wholes have not been adequate or effective as of September 30, 2023.

Nevertheless, there are inherent limitations on the effectiveness of any risk management and control system. For example, and no system, – even if deemed to be adequate and effective – can guarantee that all risks that will actually occur will be identified in advance or that any process violations will be ruled out under all circumstances.

The Audit Committee is systematically integrated into our control system. In particular, it oversees the accounting and accounting process and the effectiveness of the ICM and ERM and the internal audit system. Furthermore, we have set up a disclosure committee which is responsible for reviewing certain financial and nonfinancial information prior to publication.

The integration of Varian into our ICS, which began in fiscal year 2021 after the acquisition, continued in fiscal year 2023 and was completed to a very large extent with regard to all Varian entities. The integration measures are planned to be completely finalized in fiscal year 2024.

A.6.4.2 Compliance Management System

The ICS and ERM are supplemented by a Compliance Management System (CMS) geared to the company's risk situation. Our CMS is based on three pillars: prevent, detect and respond and includes the legal risk areas of corruption, antitrust law, data protection, money laundering, export controls and respect for human rights. It is based on an extensive internal set of rules: The Siemens Healthineers Business Conduct Guidelines ("BCG") define the basic principles and standards of behavior that must be observed by all employees in the company units and in relation to customers, external partners and the public. In addition, there are extensive internal compliance regulations, including associated controls, which oblige all Siemens Healthineers employees to ensure the implementation of the CMS. They contain topic-specific implementation regulations for the individual risk areas with regard to compliance processes and tools as well as additional guidelines and information. The compliance operating model contains binding specifications for the employees of the compliance organization and describes responsibilities and how the CMS works.

Compliance risk management and compliance reviews as part of the CMS aim to identify compliance risks at an early stage and to take appropriate and effective measures to avoid or minimize risks. The risk assessment is also integrated into individual business processes and tools in order to initiate appropriate risk minimization measures. The results of compliance risk management that are relevant to the Group are taken into account as part of the company-wide ERM.

The Compliance Control Program aims to ensure compliance and implementation of the CMS and processes used worldwide. It is part of the ICS and is continuously being further developed and adapted to the current Siemens Healthineers guidelines. In addition, current compliance issues are discussed at management level on a regular basis.

The entire CMS is continually adapted to business-specific risks and various local legal requirements. The findings from compliance risk management and compliance controls and audits are used to derive measures for further development of the CMS.

A.6.4.3 Significant characteristics of the accounting-related ICS and ERM

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

Our ICS and ERM are based on the globally recognized COSO framework (Committee of Sponsoring Organizations of the Treadway Commission), for further information see ➔ ***A.6.4.1 Internal Control and Risk Management System***.

At the end of each fiscal year, our management performs an evaluation of the effectiveness of the accounting-related ICS. Siemens Healthineers has a standardized procedure under which necessary controls are defined, documented in accordance with uniform standards, and tested regularly for their effectiveness. Nevertheless, there are inherent limitations on the effectiveness of any control system, and no control system, including one determined to be effective, may prevent or detect all misstatements.

Our Consolidated Financial Statements according to IFRS are prepared on the basis of a centrally provided conceptual framework which primarily consists of uniform financial reporting guidelines and a chart of accounts. They are issued centrally by the Siemens Group and complemented by additional Siemens Healthineers guidelines for business-specific financial reporting topics. Siemens Healthineers AG and other entities within Siemens Healthineers are required to prepare financial statements in accordance with the German Commercial Code; the conceptual framework is complemented by mandatory regulations specific to the German Commercial Code. The need for adjustments in the conceptual framework due to regulatory changes is analyzed on an ongoing basis. Accounting departments are informed regularly about current topics and deadlines from an accounting and closing process perspective.

The base data used in preparing our financial statements consist of the closing data reported by Siemens Healthineers AG and its subsidiaries. Governance and monitoring activities relating to accounting activities are usually bundled on a regional level. In particular cases, such as valuations relating to post-employment benefits, we engage external service providers. The reported closing data are 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 regular training. As a fundamental principle, based on materiality considerations, the "four eyes" principle applies and specific procedures must be adhered to for data authorization. Additional control mechanisms include target-performance comparisons and analyses of the composition of and changes in individual line items, both in the closing data submitted by reporting units and in the Consolidated Financial Statements. In line with our information security requirements, accounting-related IT systems contain defined access rules protecting them from unauthorized access. An internal certification process is executed on a quarterly basis. Management at different levels of our organization, supported by confirmations by managements of entities under their responsibility, confirms the accuracy of the financial data that have been reported to Siemens Healthineers' headquarters and reports on the effectiveness of the related control systems.

The integration of Varian into our accounting-related ICS, which began in fiscal year 2021 after the acquisition, continued in fiscal year 2023 and was completed to a very large extent with regard to all Varian entities. The integration measures are planned to be completely finalized in fiscal year 2024.

Our internal audit function systematically reviews our financial reporting integrity as well as our accounting-related ICS and ERM. The Audit Committee is integrated into our accounting-related ICS. In particular, it oversees the accounting and the accounting process as well as the adequacy and effectiveness of the associated ICS, the ERM and the internal audit system. Furthermore, we have set up a disclosure committee which is responsible for reviewing certain financial and non-financial information prior to publication.

A.7 Siemens Healthineers AG

The Annual Financial Statements of Siemens Healthineers AG were prepared in accordance with the provisions of the German Commercial Code ("Handelsgesetzbuch").

Siemens Healthineers AG is the parent company of Siemens Healthineers, acts as a management holding company, and provides administration and intercompany financing services. Its results are significantly influenced by directly or indirectly owned subsidiaries. As a result, the business development of Siemens Healthineers AG is generally subject to the same risks and opportunities as the Group. Due to the interrelations between Siemens Healthineers AG and its subsidiaries, the outlook of the Group also reflects our expectations for Siemens Healthineers AG. For this reason, the above comments for Siemens Healthineers also apply to Siemens Healthineers AG. In addition, Siemens Healthineers AG is exposed to the risk of impairment of equity investments in subsidiaries. The impairment test for investments in subsidiaries is generally based on a discounted cash flow model. The results of the test are influenced by the development and success of the subsidiaries and their investments. Consequently, adverse effects on subsidiaries or indirect investments may lead to an impairment of the investment in subsidiaries in Siemens Healthineers AG's Annual Financial Statements. Impairments would reduce the net income that can be distributed to owners. As investments in subsidiaries represent around 90% of total assets, which is a significant proportion, this risk is of great importance for Siemens Healthineers AG. Income from equity investments significantly influences the net income of Siemens Healthineers AG.

Further optimization of the financing structure and corporate legal structure were focal points of the activities in fiscal year 2023. On October 1, 2022, Siemens Healthineers AG acquired assets and liabilities of the intragroup in-house bank in Siemens Healthcare GmbH for a negative purchase price of €1.4 million on the basis of an agreement concluded with Siemens Healthcare GmbH, Munich, on August 11, 2022. The purchase price reflected the fair value of the acquired assets and liabilities. At the transfer date, these assets and liabilities comprised more than 100 clearing accounts, all intercompany loans and investments, and the two multicurrency revolving credit facilities with Siemens AG in the amount of €2,100 million. This transaction increased the total assets of Siemens Healthineers AG by €2,658 million.

In November 2022, a domination and profit transfer agreement was concluded with Siemens Healthineers Holding I GmbH, Munich, for an indefinite term of effect. This agreement took effect upon being entered in the Commercial Register on March 9, 2023.

In March 2023, by way of transfer of contract, Siemens Healthineers AG took over all the rights and obligations of a promissory note loan in the amount of US$1,645 million from previous holder Siemens Healthineers Beteiligungen GmbH & Co. KG, Röttenbach. The loan, which has a term until September 2024, was issued by Siemens Healthcare Diagnostics Inc., Los Angeles, United States. In addition, Siemens Healthineers AG took over the forward exchange contracts concluded between Siemens Healthineers Beteiligungen GmbH & Co. KG and Siemens AG to hedge the foreign currency risks arising from the acquired loan. These forward exchange contracts had a negative market value in the amount of €131 million. Because the fair value of the loan at the transfer date exceeded the settlement amount, an item of deferred income was recognized in the amount of €2 million. The cumulative fair value of the acquired loan and the corresponding forward exchange contracts was recognized as the acquisition cost of shares in Siemens Healthineers Beteiligungen GmbH & Co. KG in the amount of €1,646 million.

Siemens Healthineers AG and Siemens Healthcare GmbH entered into a spin-off and transfer agreement on August 18, 2023. According to this agreement, Siemens Healthcare GmbH transfers almost all its assets and liabilities to Siemens Healthineers AG. The objective of the spin-off is to simplify the corporate governance structure of Siemens Healthineers Group. In particular, this will also create the requirements for the formation of a Supervisory Board with equal representation at the level of Siemens Healthineers AG. The transfer of the assets to be spun off take effect on October 1, 2023 if the spin-off is to be entered in the Commercial Register by January 31, 2024. If the entry is not done by January 31, 2024, the spin-off date will be postponed to October 1, 2024. It is expected that this transaction will have the effect of increasing the total assets of Siemens Healthineers AG by an amount in the mid-single digit billions of euros. In addition, this transaction will have the effect of shifting most income from equity investments under the profit/loss transfer agreement in effect with Siemens Healthcare GmbH to the operating result, so that it will be presented in the income statement from the date of recognition. From that date, cash inflows and outflows from operating activities will be recognized immediately in the financial statements of Siemens Healthineers AG, whereas currently the cash inflow from the profit transfer agreement is recognized only after a delay.

The developments explained in chapters ➔ ***A.3.1 Market development*** and ➔ ***A.3.2 Results of operations*** were mainly indirect in that they influenced the business activities of Siemens Healthineers AG's direct and indirect subsidiaries. Siemens Healthineers AG was directly affected in particular by the increase in key interest rates by central banks to combat higher inflation and the associated higher borrowing costs.

A dividend payout of around €1,060 million is proposed for fiscal year 2023. This corresponds to a dividend per share of €0.95.

As of September 30, 2023, Siemens Healthineers AG had 56 employees.

A.7.1 Results of operations

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Revenue	22	20
Cost of sales	–21	–19
Gross profit	**1**	**1**
General administrative expenses	–38	–37
Other operating income/expenses, net	11	–7
Financial income/expenses, net	1,331	1,649
Therein: income from equity investments	1,545	1,679
Income from business activity	**1,305**	**1,605**
Income taxes	–133	–449
Net income	**1,172**	**1,156**
Profit carried forward	606	936
Appropriation to other retained earnings	–400	–400
Acquisition of treasury shares	-	–20
Unappropriated net income	**1,378**	**1,672**

Revenue and cost of sales resulted only from providing management services for affiliates in Germany and abroad.

Other operating income/expenses, net improved by €19 million, mainly due to the recognition as income of €6 million in compensation paid to a broker engaged to purchase treasury shares under share buyback programs, in contrast compensation of € 8 million had been recognized as an expense in the prior year.

The decline of €318 million in financial income/expenses, net resulted mainly from a lower net interest income/expenses and income from equity investments.

Net interest income/expenses declined by €82 million due to the transfer of assets and liabilities of the intragroup in-house bank to Siemens Healthineers AG. Interest expenses on variable-rate loans increased by €36 million in fiscal 2023 due to higher interest rates. A further increase of €30 million resulted from a loan in the amount of €850 million which was extended end of fiscal year 2022 with a new contractual interest rate of 3.6%. Interest expenses amounted to €29 million due to the takeover of a loan from Siemens Healthineers Beteiligungen GmbH & Co. KG, whereby the pro rata realization of the forward components of the foreign currency derivatives was taken into account to reduce expenses.

Moreover, the income from equity investments declined by €135 million. The profit transfer of Siemens Healthcare GmbH fell by €285 million to €1,360 million. A profit transfer from the newly concluded domination and profit transfer agreement in effect with Siemens Healthineers Holding I GmbH was included in this line item in the amount €185 million in fiscal year 2023, whereas in the prior year this line item still included income from equity investments in the amount of €35 million in connection with Siemens Healthineers Beteiligungen GmbH & Co. KG.

Income taxes included only current income taxes from corporation tax and trade tax because the excess of deferred tax assets was not recognized due to the exercise of the option under Section 274 para. 1 sentence 2 German Commercial Code. The income tax expenses were related to the income tax group of Siemens Healthineers AG and declined by €316 million, mainly due to the decrease in income from business activity and higher tax-free income from equity investments compared to the prior year.

A.7.2 Net assets and financial position

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Non-current assets		
Property, plant and equipment	0	0
Financial assets	33,217	31,572
Current assets		
Receivables and other assets	5,122	2,432
Cash and cash equivalents	1	6
Prepaid expenses	**0**	5
Assets arising from the overfunding of pensions and similar obligations	**0**	0
Total assets	**38,340**	34,014
Shareholders' equity	**18,489**	18,574
Provisions		
Pensions and similar obligations	32	29
Provisions for taxes and other provisions	32	269
Liabilities		
Trade payables and other liabilities	14	21
Liabilities to affiliated companies	19,716	15,048
Deferred income	**56**	73
Total shareholders' equity and liabilities	**38,340**	34,014

Non-current assets

As mentioned above, Siemens Healthineers AG took over all the rights and obligations under a promissory note loan from Siemens Healthineers Beteiligungen GmbH & Co. KG by way of transfer of contract. This transaction was treated as a grant without further obligations by application of the principles applicable to in-kind capital contributions and recognized as subsequent costs of the equity investment in the amount of the fair value of the acquired loan and the negative fair value of the associated forward exchange contracts. These operations had the net effect of increasing the carrying amount of the equity investment by €1,646 million.

Current assets

The €2,690 million increase in receivables and other assets resulted particularly from the transfer of assets of the intragroup in-house bank to Siemens Healthineers AG. The resulting, newly added receivables from affiliated companies in the amount of €2,409 million consisted of receivables from cash pooling and loans granted, including interest receivables.

As in the prior year, intercompany short-term loans in Chinese yuan (CN¥) in the amount of €453 million (September 30, 2022: €288 million) taken out at Siemens Healthineers Ltd., Shanghai, China, were forwarded as short-term investments at Siemens AG (2022: at Siemens Healthcare GmbH).

As of the reporting date, receivables were owed by Siemens Healthineers Holding I GmbH, Munich, in the amount of €185 million from the domination and profit transfer agreement concluded in fiscal year 2023. In a countervailing development, profit transfer receivables from Siemens Healthcare GmbH declined by €285 million to €1,360 million.

An income tax asset of €166 million was recognized as of September 30, 2023 (September 30, 2022: tax provision of €231 million). This development resulted from the advance payments for the current financial year and the utilization of the provisions recognized for prior years.

In addition, receivables from the tax authorities under the value-added tax group declined by €10 million to €152 million.

Shareholders' equity

The €85 million decrease in equity is the result of offsetting developments. The dividend distributed for fiscal year 2022 reduced unappropriated net income by €1,066 million. This effect was more than offset by the net income in the amount of €1,172 million. In fiscal year 2023, the issuance of treasury shares under share-based payments and employee share programs led to a €222 million increase in the capital reserve. An amount of €9 million was withdrawn from the freely distributable capital reserve pursuant to Section 272 (2) no. 4 German Commercial Code in fiscal year for the buyback of treasury shares, which consisted of 12,211,886 shares as of September 30, 2023 (September 30, 2022: 8,606,278). In addition, an amount of €400 million was withdrawn from other retained earnings in the fiscal year for the buyback of treasury shares, such that these reserves were completely depleted during the fiscal year.

In the course of a partial appropriation of the net income as of September 30, 2023, €400 million were allocated to other retained earnings.

For information about the acquisition of treasury shares pursuant to Section 160 para. 1 No. 2 Stock Corporation Act ("Aktiengesetz"), please see *Note 10 Equity* in the Annual Financial Statements of Siemens Healthineers AG as of September 30, 2023.

The equity ratio decreased from 55% to 48%. The main reason for this was the increase in liabilities due to the transfer of liabilities of the intragroup in-house bank to Siemens Healthineers AG and the takeover of a loan from Siemens Healthineers Beteiligungen GmbH & Co. KG while the amount of equity remained nearly unchanged.

Liabilities

Liabilities to affiliated companies increased by €4,668 million. In accordance with the corresponding loan agreements, two loans were repaid to the Siemens Group in the total amount of US$1,991 million in fiscal year 2023. As partial refinancing, the Siemens Group provided to Siemens Healthineers AG two fixed interest-rate loans, each for an amount of €700 million and maturing in fiscal years 2030 and 2032. As described above, Siemens Healthineers AG also took over a loan for US$1,645 million with a term until September 30, 2024. The corresponding forward exchange contracts, which were likewise taken over, had negative market values of €131 million at the takeover date. In addition, the Siemens Group provided a loan for €300 million maturing in fiscal year 2026 to the Siemens Healthineers AG for general corporate purposes.

Therefore, the following significant loan liabilities were recognized as of September 30, 2023. Multiple loans totaling US$12,040 million and maturing in fiscal years 2024 to 2041 are in effect between Siemens Healthineers AG and affiliated companies. These loans were mainly taken out in connection with the acquisition of Varian. One loan for US$998 million, which will be due for repayment in fiscal year 2024, bears interest at a variable rate, while the other loans bear interest at contractually fixed rates ranging from 0.8% to 5.0%. The nominal amounts of these loans and the corresponding fixed-interest payments are hedged by forward exchange contracts. In addition, other loans totaling €3,250 million and maturing in fiscal years 2025 to 2032 were in effect with the Siemens Group. One of these loans for an amount of €700 million bears interest at a variable rate, while the other loans bear interest at contractually fixed rates ranging from 3.6% to 3.8%. These loans gave rise to total loan liabilities, including interest liabilities, of €13,525 million as of September 30, 2023 (September 30, 2022: €12,018 million). In addition, liabilities were owed to the Siemens Group from the above-mentioned forward exchange contracts taken over by Siemens Healthineers AG with negative book values of €119 million as of the reporting date.

Additional information on currency hedging of all U.S. dollar-denominated loans can be found in *Note 20 Derivative financial instruments and hedging activities* in the Annual Financial Statements of Siemens Healthineers AG as of September 30, 2023. For further information about loans mentioned above, please see ➔ ***A.3.3.1 Net assets and capital structure***.

Due to the takeover of liabilities of the intragroup in-house bank, various mainly current loans in different currencies including interest payable totaling €1,749 million and liabilities from cash pooling totaling €3,717 million were presented as liabilities for the first time in fiscal year 2023. The liabilities to Siemens Healthcare GmbH from cash pooling from the prior year in the amount of €2,580 million were extinguished by confusion of rights as a result of the transfer of the intragroup in-house bank from Siemens Healthcare GmbH to Siemens Healthineers AG. As in the prior year, as of the balance sheet date intercompany short-term loans relating to CN¥, in the amount of €453 million (September 30, 2022: €288 million) including interest payable were reported.

Liabilities to affiliated companies of €9,692 million in total are due in up to one year.

Multicurrency revolving credit facilities totaling €4.5 billion and with terms lasting until fiscal year 2026, which serve to finance net working capital and as backup facility, are in effect with Siemens AG. An equivalent amount of €1,267 million was drawn down from these credit facilities as of September 30, 2023. The short-term liquidity requirements of Siemens Healthineers AG are mainly assured by these multicurrency revolving credit facilities. The short-term loans and the liabilities from cash pooling drawn down from the credit facilities bear interest at the variable market rates applicable to each currency (offered rate), plus a small processing mark-up. The interest rate is fixed for each month in advance and additionally adjusted in case of significant changes in the market interest rate. The interest expense recognized in fiscal year 2023 consisted mainly of the currencies EUR, USD, CN¥ and AED.

Other liabilities to affiliated companies, which largely result from a value-added tax group with several subsidiaries, decreased by €10 million to €152 million.

For information about special credit loans and conditions that could lead to accelerated repayment of the existing loans, please refer to ➔ ***A.8 Takeover-relevant information and explanatory report.***

Deferred income

The €17 million decrease in deferred income resulted from the scheduled amortization of the premium on the loans taken over from Siemens Healthineers Beteiligungen GmbH & Co. KG in March 2023 and October 2020 because the fair value of the loans at the transfer date exceeded the corresponding settlement amount.

A.7.3 Corporate Governance statement

The corporate governance statement pursuant to Sections 289f and 315d German Commercial Code is an integral part of the combined management report and is presented in ➔ ***C.4 Corporate governance statement*** of the Annual Report 2023.

A.7.4 Report on relationships with affiliated companies

The Managing Board of Siemens Healthineers AG has submitted to the Supervisory Board the report required by Section 312 of the Stock Corporation Act for fiscal year 2023 and issued the following concluding declaration:

"We declare that, in the legal transactions and other measures in Fiscal Year 2023 outlined in the Report on Relationships with Affiliated Companies, based on the circumstances of which we were aware at the point in time when the legal transactions were entered into, or the measures were taken or refrained from, the Company received adequate consideration in each legal transaction and did not suffer any disadvantage by taking or refraining from taking the measures."

A.8 Takeover-relevant information and explanatory report (pursuant to Sections 289a and 315a of the German Commercial Code)

A.8.1 Composition of issued capital

As of September 30, 2023, Siemens Healthineers AG's issued capital totaled €1,128,000,000. The issued capital is divided into 1,128,000,000 ordinary registered shares with no-par value ("auf den Namen lautende Stückaktien"), each of which is notionally equal to €1 in value. The shares are fully paid in. All shares confer the same rights and obligations. Details of the shareholders' rights and obligations are governed by the provisions of the German Stock Corporation Act, in particular Sections 12, 53a et seq., 118 et seq. and 186.

A.8.2 Restrictions on voting rights or transfer of shares

At the Shareholders' Meeting, each share grants one vote and reflects the shareholder's stake in Siemens Healthineers AG's net income. An exception to this rule applies to treasury shares held by Siemens Healthineers AG, which do not entitle it to any rights pursuant to Section 71b of the German Stock Corporation Act. In accordance with Section 136 of the German Stock Corporation Act, the voting rights of these shares are excluded by law.

Share programs are in place under which certain employees are or will be granted Siemens Healthineers AG shares. These share programs were continued in fiscal year 2023. Such shares are not subject to any block on sale, except as provided under local law.

Furthermore, in connection with Article 19 (11) of Regulation (EU) No. 596/2014 (Market Abuse Regulation) and on the basis of internal requirements, members of the Managing Board and Supervisory Board of Siemens Healthineers AG are subject to certain trading prohibitions with regard to the purchase and sale of Siemens Healthineers AG shares in temporal connection with the publication of quarterly financial results.

The von Siemens-Vermögensverwaltung GmbH (vSV) has, on a sustained basis, powers of attorney allowing it to exercise the voting rights for 634,530 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.

A.8.3 Legislation and provisions of the articles of association applicable to the appointment and removal of members of the Managing Board and governing the amendment to the articles of association

The appointment and removal of members of the Managing Board is subject to the provisions of Sections 84 and 85 of the German Stock Corporation Act. In accordance with Article 5 (1) of the articles of association, the Managing Board comprises several members. Their exact number is determined by the Supervisory Board. The Managing Board of Siemens Healthineers AG currently comprises the CEO and three other members. Managing Board members may be appointed for a maximum period of five years. They may be reappointed or have their term of office extended for one or more terms of up to a maximum of five years each. Pursuant to Section 119 (1) No. 6 and Section 179 of the German Stock Corporation Act, any amendment to the articles of association is subject to a resolution of the Shareholders' Meeting. The authority to adopt non substantive editorial amendments to the articles of association was transferred to the Supervisory Board under Article 9 (4) of those articles; this also includes an amendment of Article 4 of the articles of association accordingly as the authorized capital and contingent capital are utilized, and also after the expiration of the applicable authorization or utilization period in each case.

Resolutions of the Shareholders' Meeting are adopted by a simple majority vote, unless a larger majority is required by law or by the articles of association. In accordance with Section 179 (2) of the German Stock Corporation Act, amendments to the articles of association require a majority of at least three-quarters of the issued capital represented at the Shareholders' Meeting at the time of the vote, unless another capital majority is prescribed by the articles of association.

A.8.4 Powers of the Managing Board to issue and repurchase shares

Based on a resolution of Siemens Healthineers AG's Annual Shareholders' Meeting on February 15, 2022, the Managing Board was authorized, subject to the Supervisory Board's consent, to increase Siemens Healthineers AG's issued capital on one or more occasions until February 14, 2027, by up to €564 million by issuing up to 564,000,000 new ordinary registered shares with no-par value in return for cash and/or contributions in kind (Authorized Capital 2022). As of September 30, 2023, Siemens Healthineers AG had not made use of the Authorized Capital 2022.

By resolution of the Annual Shareholders' Meeting on February 15, 2022, the share capital of Siemens Healthineers AG was conditionally increased until February 14, 2027, by up to €112.8 million by issuance of up to 112,800,000 new ordinary registered shares with no-par value (Contingent Capital 2022). A capital increase utilizing Contingent Capital 2022 may be implemented to grant shares only in cases when holders and/or creditors of convertible bonds or of option warrants from option bonds issued by Siemens Healthineers AG or an affiliate exercise their conversion/option rights, or perform their conversion/option obligations, or if shares are delivered, and only to the extent that no other forms of servicing are used.

The Managing Board is authorized to issue bearer or registered bonds in an aggregate principal amount of up to €6.0 billion with conversion or option rights attached, or a combination of these instruments, entitling the holders/creditors to subscribe for up to 112,800,000 new ordinary registered shares with no-par value of Siemens Healthineers AG. As of September 30, 2023, Siemens Healthineers AG had not made use of its option to issue bonds under this authorization.

The new shares under the Authorized Capital 2022 and the bonds under the aforementioned authorization are to be issued in return for contributions in cash and/or in kind. They are normally to be offered to shareholders for subscription. Subject to the approval of the Supervisory Board, the Managing Board is authorized to exclude shareholders' preemptive rights in the event of contributions in kind. In the event of capital increases in return for contributions in cash, the Managing Board is authorized, subject to the approval of the Supervisory Board, to exclude the shareholders' preemptive rights in the following cases:

- The exclusion is required to grant new shares to members of the Managing Board of Siemens Healthineers AG, members of the representative body of an affiliate of Siemens Healthineers AG or employees of Siemens Healthineers AG and its affiliates under share-based payment programs or other share-based programs. To the extent permitted by law, the new shares may also be issued in such a manner that the contribution to be paid on such shares is covered by that part of the annual net income that the Managing Board and the Supervisory Board may allocate to other retained earnings under Section 58 (2) of the German Stock Corporation Act. To the extent that members of the Managing Board of Siemens Healthineers AG are to be granted shares, the decision to do so lies with the Supervisory Board of Siemens Healthineers AG.
- The exclusion is necessary for fractional amounts resulting from the subscription ratio.
- The exclusion is required to compensate holders of conversion or option bonds for the effects of dilution.
- The issue price of the new shares/bonds is not significantly lower than the stock market price of Siemens Healthineers AG shares already listed or the theoretical market price of the bonds computed in accordance with generally accepted actuarial methods (exclusion of preemptive rights limited to 10% of the issued capital in accordance with or under corresponding application of Section 186 (3) sentence 4 of the German Stock Corporation Act).

Siemens Healthineers AG cannot repurchase its own shares unless authorized to do so by a resolution of the Shareholders' Meeting or under the limited circumstances explicitly set forth in the German Stock Corporation Act. On February 15, 2022, the Annual Shareholders' Meeting resolved to rescind the authorization of February 12, 2021, for the repurchase and use of treasury shares and to re-authorize the Managing Board to repurchase Siemens Healthineers AG shares until February 14, 2027, for any permissible purpose, up to a limit of 10% of its issued capital as of the date of the resolution or as of the date on which the authorization is exercised, if the latter value is lower. The aggregate of Siemens Healthineers AG shares repurchased under this authorization and any other of Siemens Healthineers AG shares previously acquired and still held in treasury by it or attributable to it pursuant to Sections 71d and 71e of the German Stock Corporation Act may at no time exceed 10% of the issued capital then in existence. Any repurchase of Siemens Healthineers AG shares is to be accomplished at the discretion of the Managing Board, either by acquisition in the stock market or through a public share repurchase offer.

In addition to selling via the stock exchange or by means of an offer to all shareholders proportionately according to their shareholding, the Managing Board was also authorized by resolution of the Annual Shareholders' Meeting on February 15, 2022, to use the Siemens Healthineers AG shares repurchased on the basis of this or previous authorizations for any permissible purpose. In particular, these shares may be

- cancelled without an additional resolution by the Shareholders' Meeting being required for such cancellation or its implementation,
- used in connection with share-based compensation programs and/or employee share programs of Siemens Healthineers AG or its affiliated companies and may be issued to individuals currently or formerly employed by Siemens Healthineers AG or any of its affiliated companies, as well as to members of corporate bodies of affiliated companies of Siemens Healthineers AG,
- offered and transferred, subject to the approval of the Supervisory Board, to third parties in return for contributions in kind, especially in connection with business combinations or for the direct or indirect acquisition of companies, businesses, parts of companies, investments or other assets or claims to the acquisition of assets, including claims against Siemens Healthineers AG or its affiliates,
- sold, subject to the approval of the Supervisory Board, in return for payment in cash if the price at which a Siemens Healthineers AG share is sold is not significantly lower than the stock-exchange price of Siemens Healthineers AG shares (exclusion of preemptive rights limited to 10% of the issued capital under a mutatis mutandis application of Section 186 (3) sentence 4 of the German Stock Corporation Act) or
- used to service or secure obligations or rights to acquire Siemens Healthineers AG shares arising particularly from and in connection with convertible bonds / warrant bonds issued by Siemens Healthineers AG or its affiliated companies (exclusion of preemptive rights limited to 10% of the issued capital under a mutatis mutandis application of Section 186 (3) sentence 4 of the German Stock Corporation Act).

Furthermore, the Supervisory Board is authorized to use treasury shares acquired on the basis of this or previous authorizations to meet obligations or rights to acquire Siemens Healthineers AG shares that have been or will be agreed upon with members of the Managing Board under the rules governing Managing Board compensation.

Utilizing the authorization granted by the Annual Shareholders' Meeting on February 15, 2022, in June 2022, the Managing Board of Siemens Healthineers AG approved a share buyback lasting until January 20, 2023, with a volume of up to €250 million and a maximum of 9,000,000 ordinary shares. The buyback commenced on June 29, 2022. Under this share buyback, which was completed on October 12, 2022, Siemens Healthineers AG repurchased 5,413,455 of its own shares at a total purchase price of €250 million (excluding incidental transaction charges).

Utilizing the authorization granted by the Annual Shareholders' Meeting on February 15, 2022, in March 2023, the Managing Board of Siemens Healthineers AG approved a share buyback lasting until January 17, 2024, with a volume of up to €400 million and a maximum of 14,000,000 ordinary shares. The buyback commenced on March 29, 2023. Under this share buyback, which was completed on July 13, 2023, Siemens Healthineers AG repurchased 7,637,341 of its own shares at a total purchase price of €400 million (excluding incidental transaction charges).

The primary purpose of the buybacks is the issuance of shares to Siemens Healthineers employees and certain board members of the Siemens Healthineers AG or its affiliated companies, particularly under share programs. To the extent that the repurchased shares are not required for that purpose, they may be used for other purposes permitted by law. In each case, the shares were repurchased via the stock exchange. As of September 30, 2023, Siemens Healthineers AG held 12.211.886 treasury shares.

A.8.5 Significant agreements which take effect, alter or terminate upon a change of control following a takeover bid

Various agreements between the Siemens Group and Siemens Healthineers are in place. Most of these agreements contain change-of-control provisions.

Treasury and financing agreements

Subsequent loan agreements provide for a right of termination by the respective lender if the borrower ceases to be an affiliate of Siemens AG. An affiliated company is defined as a company in which Siemens AG (directly or indirectly) holds a majority of shares or voting rights.

- A bilateral master loan agreement with an original volume of US$6.0 billion was concluded in the year 2016 between a U.S. subsidiary of Siemens Healthineers AG, as borrower, and a subsidiary of Siemens AG as lender. Under this master loan agreement, there is still a loan agreement of US$1.7 billion for which Siemens Healthineers AG owes repayment after assumption of the relevant liabilities.
- Between Siemens AG, as lender, and Siemens Healthineers AG, as borrower, there is a loan agreement in the amount of €700 million with a term until September 30, 2025, to refinance an earlier acquisition loan for the acquisition of Corindus Vascular Robotics, Inc.
- Between Siemens AG, as lender, and Siemens Healthineers AG, as borrower there is a further loan agreement in the amount of €700 million with a term until September 16, 2030, for the partial refinancing of a loan repaid in March 2023 between Siemens Finance B.V., as lender, and Siemens Healthineers AG, as borrower for the acquisition of Varian Medical System, Inc.
- Between Siemens Finance B.V., as lender, and Siemens Healthineers AG, as borrower there are six loan agreements for a total of US$8.7 billion with different maturities until March 2041 at the latest, to finance the acquisition of Varian Medical Systems, Inc.
- Between Siemens Finance B.V., as lender, and Siemens Healthineers AG, as borrower there is a loan agreement in the amount of €850 million with a term until September 30, 2029, also to finance the acquisition of Varian Medical Systems, Inc.
- Between Siemens Finance B.V., as lender, and Siemens Healthineers AG, as borrower there are two further loans with a loan amount of €300 million maturing on September 7, 2026, and a loan amount of €700 million maturing on September 15, 2032.

Furthermore, as of September 30, 2023, Siemens Healthineers AG, as borrower, maintains with Siemens AG, as lender, a revolving multicurrency credit line in the amount of €2.5 billion, which serves to finance working capital and as a short-term credit line, as well as a revolving multicurrency credit line in the amount of €2.0 billion, as a financing reserve. The agreements regarding the two credit lines provide for a right of termination by Siemens AG in the event that the borrower ceases to be an affiliated company of Siemens AG. An affiliated company is defined as a company in which Siemens AG (directly or indirectly) holds a majority of shares or voting rights.

The framework agreements (Master Hedging Agreements) entered into between Siemens Healthineers AG or numerous subsidiaries of Siemens Healthineers AG on the one hand and Siemens AG or one of its U.S. subsidiaries on the other hand, in accordance with the rules of the International Swaps and Derivatives Association Inc. (ISDA), grant Siemens AG and its U.S. subsidiary a right of termination if Siemens AG either ceases to (directly or indirectly) hold the majority of the shares or voting rights in the relevant counterparty and/or if the relevant counterparty ceases to be a fully consolidated subsidiary of Siemens AG. Such agreements also grant a right of termination if Siemens Healthineers AG or its relevant subsidiary, as the counterparty, is consolidated by, merges into or transfers substantially all of its assets to a third party. However, the latter right of termination applies only if the resulting company's creditworthiness is materially weaker than the relevant counterparty's creditworthiness immediately prior to such an event or the resulting company does not simultaneously assume the relevant counterparty's obligations under the master hedging agreements.

As of September 30, 2023, Siemens Healthineers AG and Siemens AG have an agreement under which Siemens AG will continue to provide certain cash-management services to Siemens Healthineers AG and, through Siemens Healthineers AG, to subsidiaries of Siemens Healthineers AG. Among such services are the provision of payment infrastructure, including the use of the Siemens Group's bank accounts for incoming and outgoing external payment transactions, provision of internal accounts with credit lines (the latter only under separate agreements), participation in the Siemens Group's cash pools, and settlement of intra-group transactions between the Siemens Group on the one hand and Siemens Healthineers on the other hand. The agreement may be terminated by Siemens AG if Siemens AG ceases to control Siemens Healthineers AG, where control is defined as the majority ownership of shares and/or voting rights.

Furthermore, as of September 30, 2023, Siemens Healthineers AG has an agreement with a subsidiary of Siemens AG on the basis of which Siemens Healthineers AG may use a central treasury IT application for its finance management. After an amendment to the agreement, the base term of the agreement elapses on December 31, 2026. Siemens Healthineers AG is entitled to extend, by giving notice prior to or on March 31, 2026, the agreement for an indefinite period (with an annual ordinary termination right for either party during that period). At any time, the subsidiary of Siemens AG is entitled to terminate the agreement in the event of an actual or imminent loss of control by Siemens AG with respect to Siemens Healthineers AG, with control being defined as holding the (direct or indirect) majority of shares and/or voting rights.

Further agreements

Siemens Healthineers AG and some of its subsidiaries also have various service agreements, some of which are long-term, with companies of the Siemens Group. Services covered by such agreements include, but are not limited to, IT, human resources, procurement, consultation and business support services, accounting, and tax-related services. In the event of any change of control in Siemens Healthineers AG or a subsidiary that is a service recipient – i.e., in the event that Siemens AG no longer (directly or indirectly) holds a majority of the voting rights in Siemens Healthineers AG or the respective subsidiary, or loses the right to appoint the majority of the members of the Managing Board or to exercise comparable control rights – the service provider may terminate the relevant agreement so far as the provided services are affected, for example if rendering such services has become impossible for legal, technical or organizational reasons.

Several lease and rental agreements and real estate-related service agreements exist between Siemens Healthineers as the lessee and the Siemens Group as the lessor. In the event that Siemens AG no longer (directly or indirectly) holds a majority of the voting rights in Siemens Healthineers AG, or loses the right to appoint the majority of the members of the Managing Board or to exercise comparable control rights, several legal consequences may occur, including the obligation to vacate premises, termination of lease, or a physical separation in cases where premises are shared between companies of the Siemens Group and companies of Siemens Healthineers.

Siemens AG has entered into trademark and name-use licensing agreements with Siemens Healthineers AG and some of its subsidiaries. Under such agreements, Siemens AG grants the respective licensee the right to use, in particular, the designations "Siemens" and "Siemens Healthineers" as a product brand, corporate brand and part of the company name, business designation and domain name, among other purposes. The respective agreements will automatically expire after a transitional period if Siemens Healthineers AG or the respective subsidiary ceases to be a company over which Siemens AG has direct or indirect management power by contract or otherwise, or through ownership of voting rights entitling Siemens AG to (directly or indirectly) appoint the majority of the members of the managing body.

A.8.6 Other takeover-relevant information

We are not aware, nor were we notified during the last fiscal year, of any shareholder holding (directly or indirectly) interests in Siemens Healthineers AG's issued capital that entitle it to 10% or more of the voting rights, except for Siemens AG, headquartered in Berlin and Munich, Germany, which directly and indirectly held 850,000,000 shares (equaling 75.4% of all shares), carrying 850,000,000 voting rights. There are no shares with special rights conferring powers of control. Shares granted by Siemens Healthineers AG or its subsidiaries to employees under their employee share programs and/or as share-based compensation are transferred directly to the employees. The beneficiary employees may directly exercise their shareholder rights resulting from the shares in the same way as any other shareholder, in accordance with applicable laws and the articles of association.

B.
Consolidated financial statements

B.1 Consolidated statements of income

(in millions of €, earnings per share in €)	Note	Fiscal year 2023	Fiscal year 2022
Revenue	30, 31	21,680	21,714
Cost of sales		–13,971	–13,577
Gross profit		**7,709**	**8,137**
Research and development expenses		–1,866	–1,785
Selling and general administrative expenses		–3,607	–3,408
Other operating income		17	11
Other operating expenses	4, 13	–120	–31
Income from investments accounted for using the equity method, net		3	2
Earnings before interest and taxes		**2,135**	**2,927**
Interest income	26	85	48
Interest expenses	16, 26	–296	–118
Other financial income, net	16, 26	4	–57
Income before income taxes		**1,928**	**2,800**
Income tax expenses	5	–403	–746
Net income		**1,525**	**2,054**
Thereof attributable to:			
Non-controlling interests		16	17
Shareholders of Siemens Healthineers AG		1,509	2,038
Basic earnings per share	**6**	**1.35**	**1.81**
Diluted earnings per share	**6**	**1.34**	**1.81**

B.2 Consolidated statements of comprehensive income

(in millions of €)	Note	Fiscal year 2023	Fiscal year 2022
Net income		**1,525**	2,054
Remeasurements of defined benefit plans	22	29	154
Therein: Income tax effects		–48	–77
Remeasurements of equity instruments	26	–1	–1
Therein: Income tax effects		-	–1
Other comprehensive income that will not be reclassified to profit or loss		**28**	154
Currency translation differences		–2,061	2,891
Cash flow hedges	26	–68	144
Therein: Income tax effects		30	–63
Cost/Income from hedging	26	111	–308
Therein: Income tax effects		–46	130
Other comprehensive income that may be reclassified subsequently to profit or loss		**–2,017**	2,727
Other comprehensive income, net of taxes		**–1,989**	2,881
Comprehensive income		**–464**	4,935
Thereof attributable to:			
Non-controlling interests		17	18
Shareholders of Siemens Healthineers AG		–480	4,917

B.3 Consolidated statements of financial position

(in millions of €)	Note	Sept 30, 2023	Sept 30, 2022
Cash and cash equivalents	26	1,642	1,436
Trade and other receivables	7, 26	4,492	4,287
Other current financial assets	8, 26	549	724
Current receivables from the Siemens Group	26, 32	640	819
Contract assets	9	1,629	1,412
Inventories	10	4,294	4,009
Current income tax assets	5	244	73
Other current assets	11	645	619
Total current assets		**14,136**	**13,379**
Goodwill	3, 12	18,118	19,061
Other intangible assets	3, 13	7,726	8,712
Property, plant and equipment	13	4,210	4,273
Investments accounted for using the equity method		35	32
Other non-current financial assets	14, 26	1,561	2,577
Non-current receivables from the Siemens Group	26, 32	2	2
Deferred tax assets	5	416	575
Other non-current assets	15	480	444
Total non-current assets		**32,548**	**35,677**
Total assets		**46,684**	**49,056**
Short-term financial debt and current maturities of long-term financial debt	16, 26	198	234
Trade payables	26	2,203	2,315
Other current financial liabilities	18, 26	348	343
Current liabilities to the Siemens Group	16, 26, 32	4,204	2,617
Contract liabilities	19	3,627	3,749
Current provisions	20	409	358
Current income tax liabilities	5	462	609
Other current liabilities	21	1,990	1,799
Total current liabilities		**13,440**	**12,024**
Long-term financial debt	16, 26	437	464
Provisions for pensions and similar obligations	22	539	668
Deferred tax liabilities	5	1,663	2,110
Non-current provisions	20	172	173
Other non-current financial liabilities	26	29	13
Other non-current liabilities	23	450	405
Non-current liabilities to the Siemens Group	16, 26, 32	11,821	13,347
Total non-current liabilities		**15,110**	**17,180**
Total liabilities		**28,550**	**29,204**
Issued capital		1,128	1,128
Capital reserve		15,839	15,861
Retained earnings		1,381	894
Other components of equity		339	2,357
Treasury shares		–607	–405
Total equity attributable to shareholders of Siemens Healthineers AG	**24**	**18,081**	**19,836**
Non-controlling interests		52	16
Total equity		**18,133**	**19,852**
Total liabilities and equity		**46,684**	**49,056**

B.4 Consolidated statements of cash flows

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Net income	**1,525**	2,054
Adjustments to reconcile net income to cash flows from operating activities:		
Amortization, depreciation and impairments	1,557	1,343
Income tax expenses	403	746
Interest income/expenses, net	211	70
Income/loss related to investing activities	81	21
Other non-cash income/expenses, net	33	233
Change in operating net working capital		
Contract assets	–295	–203
Inventories	–453	–481
Trade and other receivables	–474	–275
Receivables from and payables to the Siemens Group from operating activities	–4	–11
Trade payables	–20	247
Contract liabilities	141	544
Change in other assets and liabilities	503	–652
Additions to equipment leased to others in operating leases	–240	–294
Income taxes paid	–899	–877
Dividends received	1	5
Interest received	49	33
Cash flows from operating activities	**2,119**	2,504
Additions to intangible assets and property, plant and equipment	–838	–852
Purchase of investments and financial assets for investment purposes	–7	–2
Acquisitions of businesses, net of cash acquired	–235	–29
Disposal of investments, intangible assets and property, plant and equipment	12	17
Disposal of businesses, net of cash disposed	-	–2
Cash flows from investing activities	**–1,069**	–868
Purchase of treasury shares	–421	–309
Other transactions with owners	18	1
Repayment of long-term debt (including current maturities of long-term debt)	–190	–149
Change in short-term financial debt and other financing activities	–42	–20
Interest paid	–29	–30
Dividends paid to shareholders of Siemens Healthineers AG	–1,066	–955
Dividends paid to non-controlling interests	–15	–19
Interest paid to the Siemens Group	–281	–218
Other transactions/financing with the Siemens Group	1,334	53
Cash flows from financing activities	**–690**	–1,644
Effect of changes in exchange rates on cash and cash equivalents	–155	122
Change in cash and cash equivalents	206	114
Cash and cash equivalents at beginning of period	**1,436**	1,322
Cash and cash equivalents at end of period	**1,642**	1,436

B.5 Consolidated statements of changes in equity

				Other components of equity							
(in millions of €)	Issued capital	Capital reserve	Retained earnings	Currency translation differences	Reserve of equity instruments measured at fair value through other comprehensive income	Cash flow hedges reserve	Cost of hedging reserve	Treasury shares at cost	Total equity attributable to shareholders of Siemens Healthineers AG	Non-controlling interests	Total equity
Balance as of October 1, 2021	**1,128**	**15,818**	**–300**	**–426**	**–29**	**–3**	**89**	**–240**	**16,037**	**18**	**16,055**
Net income	-	-	2,038	-	-	-	-	-	2,038	17	2,054
Other comprehensive income, net of taxes	-	-	154	2,891	–1	144	–308	-	2,880	1	2,881
Dividends	-	-	–955	-	-	-	-	-	–955	–19	–973
Share-based payment	-	35	-	-	-	-	-	-	35	-	35
Purchase of treasury shares	-	-	-	-	-	-	-	–304	–304	-	–304
Reissuance of treasury shares	-	9	-	-	-	-	-	139	147	-	147
Other changes in equity	-	-	–43	-	-	-	-	-	–43	–1	–44
Balance as of September 30, 2022	**1,128**	**15,861**	**894**	**2,465**	**–30**	**141**	**–219**	**–405**	**19,836**	**16**	**19,852**
Balance as of October 1, 2022	**1,128**	**15,861**	**894**	**2,465**	**–30**	**141**	**–219**	**–405**	**19,836**	**16**	**19,852**
Net income	-	-	1,509	-	-	-	-	-	1,509	16	1,525
Other comprehensive income, net of taxes	-	-	29	–2,061	–1	–68	111	-	–1,989	-	–1,989
Dividends	-	-	–1,066	-	-	-	-	-	–1,066	–14	–1,080
Share-based payment	-	–27	-	-	-	-	-	-	–27	-	–27
Purchase of treasury shares	-	-	-	-	-	-	-	–412	–412	-	–412
Reissuance of treasury shares	-	5	–1	-	-	-	-	211	214	-	214
Other changes in equity	-	-	16	-	-	-	-	-	16	34	51
Balance as of September 30, 2023	**1,128**	**15,839**	**1,381**	**404**	**–30**	**74**	**–108**	**–607**	**18,081**	**52**	**18,133**

B.6 Notes to consolidated financial statements

Note 1 Basis of presentation

The consolidated financial statements as of September 30, 2023, present the operations of Siemens Healthineers AG, registered in Munich, Germany (Munich Local Court, commercial register number HRB 237558, Germany), and its subsidiaries (hereinafter, collectively, "Group" or "Siemens Healthineers"). Siemens Healthineers is a global provider of healthcare products, solutions and services, with activities in numerous countries around the world. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), as well as with the additional requirements set forth in Section 315e (1) of the German Commercial Code ("Handelsgesetzbuch"). The consolidated financial statements are in accordance with IFRS as issued by the International Accounting Standards Board (IASB). On November 22, 2023, the Managing Board of Siemens Healthineers AG authorized the consolidated financial statements for issue.

Siemens Healthineers AG itself prepares consolidated financial statements for the smallest group of consolidated companies to which it belongs. Pursuant to Section 290 (1) of the German Commercial Code, it is also included in the consolidated financial statements of its parent company, Siemens AG (registered offices in Munich and Berlin, Munich Local Court HRB 6684 and Berlin Charlottenburg Local Court HRB 12300, Germany), as the largest group of consolidated companies.

Siemens Healthineers prepared and published the consolidated financial statements in euros (€). Due to rounding, numbers may not add up precisely to the totals provided.

Note 2 Accounting policies

The below-mentioned accounting policies, unless stated otherwise, have been applied consistently for all presented periods.

Accounting estimates and judgments

In certain cases, accounting estimates and judgments are necessary. These involve complex and subjective assessments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Accounting estimates and judgments could change from period to period and could have a material impact on net assets, financial position and results of operations. In addition, Siemens Healthineers could reasonably have made accounting estimates differently in the same accounting period. Siemens Healthineers cautions that future events often vary from forecasts and that estimates routinely require adjustments. Estimates and assumptions are reviewed on an ongoing basis. Changes in estimates and assumptions are recognized in the period in which the changes occur and in future periods impacted by the changes.

The COVID-19 pandemic and associated significant uncertainties have been considered, where relevant, in accounting estimates and judgments. In fiscal year 2023, the COVID-19 pandemic did not lead to material adjustments to the carrying amounts of recognized assets and liabilities.

In connection with the war in Ukraine, there were no material adjustments to the carrying amounts of the recognized assets and liabilities in fiscal year 2023. Siemens Healthineers has no production sites in Ukraine or Russia. The business activities of the sales and service units could be negatively impacted by further escalation of the war in Ukraine, possible further sanctions, the escalating conflict in the Middle East and the exchange rate development for the respective local currencies. The associated risks are monitored on an ongoing basis.

For further information on impacts from the COVID-19 pandemic, on disaggregation of revenue and on segment information, please see disclosures in the respective notes to the consolidated financial statements and in the group management report.

Basis of consolidation

The consolidated financial statements include the accounts of Siemens Healthineers AG and the subsidiaries over which control is exercised. Siemens Healthineers AG controls an investee if it has direct or indirect power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns.

Business combinations

The costs of an acquisition are measured at the fair value of the assets given and the liabilities incurred or assumed at the acquisition date. Identifiable assets acquired and liabilities assumed (including contingent liabilities) in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. Non-controlling interests are measured at the proportional fair value of assets acquired and liabilities assumed (partial goodwill method). The accounting for business combinations requires significant accounting estimates and judgments, for example when estimating the fair values of identifiable assets acquired and liabilities assumed, in assessing whether an intangible asset is identifiable and should therefore be recognized separately from goodwill, and in estimating the expected useful lives.

The non-controlling interests participate in comprehensive income. Transactions resulting in changes in the proportion of equity held by non-controlling interests that do not result in the loss of control by the Group are accounted for as equity transactions not affecting profit or loss. At the date control is lost, the entity concerned is deconsolidated and any remaining equity interests of the Group are remeasured to fair value through profit or loss.

As a writer of a put option on non-controlling interests, Siemens Healthineers assesses whether the prerequisites for the transfer of present ownership interests are fulfilled at the balance sheet date. If Siemens Healthineers is not the beneficial owner of the shares underlying the put option, the exercise of the put option will be assumed at each balance sheet date and treated as a transaction between shareholders with the corresponding recognition of a purchase liability at the respective exercise price. The non-controlling interests participate in profits and losses during the reporting period.

Foreign currency translation

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 income and expenses are translated using monthly average exchange rates. Differences arising from such translations are recognized within equity and reclassified to profit or loss when the gain or loss on disposal of the foreign operation is recognized. The items within the consolidated statements of cash flows are translated at monthly average exchange rates, whereas cash and cash equivalents are translated at the spot exchange rate at the end of the reporting period.

Hyperinflationary accounting

Financial statements of foreign subsidiaries, where the functional currency is the currency of a hyperinflationary economy, are adjusted to reflect changes in general purchasing power. In such instances, all items which are recognized on the statements of financial position and the statements of income are translated using the exchange rate at closing. Each non-monetary item on the statements of financial position, which is carried at cost or amortized cost and each transaction in the statements of income are restated by applying a general price index from the date of acquisition or initial incurrence of these items. The rules of IAS 29, Financial Reporting in Hyperinflationary Economies, are applied for Argentina, which became hyperinflationary effective July 1, 2018, requiring retrospective implementation of hyperinflationary accounting as of October 1, 2017, and for Türkiye, which became hyperinflationary effective April 1, 2022, requiring retrospective implementation of hyperinflationary accounting as of October 1, 2021. The cumulative effects of the indexation of non-monetary items on the statements of financial position are recognized as retained earnings the first time that the rules for hyperinflationary accounting are applied. In subsequent periods the effects are recognized in the line item other financial income, net in the consolidated statements of income.

Foreign currency transactions

Transactions in a currency other than the functional currency of an entity are recorded, on initial recognition, in that functional currency, by applying the spot exchange rate at the date of the transaction. At the end of each reporting period, foreign currency-denominated monetary items are translated applying the spot exchange rate prevailing at that date. Gains and losses arising from these foreign currency revaluations are recognized in profit or loss. Foreign currency-denominated non-monetary items are subsequently translated using the historical spot exchange rate.

Revenue recognition

Siemens Healthineers recognizes revenue when, or as, control over distinct goods or services is transferred to the customer. This requires, among others, that a contract with enforceable rights and obligations exists, the customer is committed to its contractual obligations, and collectability of consideration is probable, taking the customer's creditworthiness into account. Revenue is the transaction price Siemens Healthineers expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that no significant reversal of revenue will occur once associated uncertainties are resolved. Accounting estimates are involved in determining the amount of variable consideration, which 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 to either the customer or Siemens Healthineers. 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 Healthineers reasonably estimates them, primarily by using historical reference values. Revenue is recognized for each performance obligation either at a point in time or over time.

Revenue from the sale of goods: Revenue is recognized at a point in time when control of the goods (especially equipment, reagents and consumables) passes to the customer, usually upon delivery of the goods. Payment terms typically do not exceed 90 days after customer acceptance.

Revenue from services: Revenue is recognized over time on a straight-line basis or, if the performance pattern is other than straight-line, as services are provided. Service contracts can also include extended warranties, which cover periods beyond the statutory or customary warranty period and for which revenue is recognized straight-line over the extended warranty period. Customer payments are typically received on a monthly or quarterly basis over the contract term.

Revenue from construction-type contracts: Revenue is recognized over time under the percentage-of-completion method, based on the percentage of costs incurred to date compared to total estimated costs. An expected loss on the contract is recognized as an expense immediately. Within contracts, customer payments are agreed on the basis of quantified performance indicators or the achievement of specific events or milestones, usually due no later than 90 days after invoicing. The percentage-of-completion method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required to fulfill the contractually defined obligations. Estimates include total estimated costs, total estimated revenues, and contract risks including technical, political and regulatory risks. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenue for the period. In addition, it is necessary to assess whether the most likely scenario for a contract is its continuation or its termination. For this assessment, all relevant facts and circumstances relating to the contract are considered on an individual basis.

Contract assets, contract liabilities and receivables: When either party to a contract with a customer has performed its contractual obligations, Siemens Healthineers presents a contract asset or a contract liability depending on the relationship between Siemens Healthineers' performance and the customer's payment. Contract assets primarily relate to the sale of goods for which transfer of control to the customer occurs before Siemens Healthineers has an unconditional right to consideration. Contract liabilities result mainly from customer advances on services and from prepayments for goods not yet shipped. Contract assets and contract liabilities are presented net at the contract level and as current because they arise in the course of the regular operating cycle. Receivables are recognized when the right to receive the consideration becomes unconditional. Valuation allowances for credit risks are set up for contract assets and receivables according to the accounting policy for financial assets measured at amortized cost.

Functional costs

In general, operating expenses by types are assigned to functional areas according to their 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.

Research and development expenses

Expenditures on research activities and collaborations are recognized immediately as expenses. Expenditures on development activities are expensed and capitalized only when the recognition criteria in IAS 38, Intangible Assets, are met. To assess the fulfillment of these criteria, assumptions must be made about technical development risks and market developments, among other factors. Capitalized development expenses are measured at cost less accumulated amortization and impairment losses, with an amortization period of generally three to 25 years.

Income taxes

Recognition and measurement of tax positions are determined according to respective local tax laws and applicable tax authorities' regulations. These can be complex and may be interpreted differently by taxpayers and local tax authorities. Thus, subsequent current tax payments or refunds for prior years are possible. These uncertainties are taken into account based on the judgement of management.

Deferred tax assets and liabilities for temporary differences between the accounting book value and the tax base for assets and liabilities, as well as deferred tax assets for tax loss carryforwards, are measured using the liability method at the tax rates that are expected to apply when the asset is realized or the liability is settled. Deferred tax assets are recognized if sufficient taxable profit is projected for the periods in which the underlying temporary difference is reversed. The projection includes, in particular, future results from operating activities, reversals of taxable temporary differences and substantiated tax planning opportunities. At each reporting date, Siemens Healthineers reassesses the recoverability of deferred tax assets based on the projected taxable profit. Because future business developments are uncertain and partly beyond Siemens Healthineers' control, assumptions are necessary to estimate future taxable profit as well as the period in which deferred tax assets will be recovered. Estimates are updated on a regular basis and resulting adjustments are made in the respective period. Deferred tax assets and liabilities are offset if they relate to income taxes levied by the same tax authority and there is a legal right to set off current tax assets against liabilities. Tax consequences arising from the prospective application of the global minimum taxation (Pillar Two) are not considered for the calculation of deferred tax assets and liabilities.

Earnings per share

Basic earnings per share are computed by dividing net income attributable to the shareholders of Siemens Healthineers AG by the weighted average number of shares of Siemens Healthineers AG outstanding during fiscal year. Diluted earnings per share are calculated by assuming conversion or exercise of all potentially dilutive share-based payment plans.

Inventories

Inventories are valued at the lower of acquisition or production costs and net realizable value. Acquisition or production costs are generally determined on the basis of an average value or the first-in, first-out method. The determination of the net realizable value includes assumptions with respect to quantity risks, risks of technical obsolescence and price risks.

Goodwill

Goodwill is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash-generating unit or the group of cash-generating units that is expected to benefit from the synergies of the business combination and represents the lowest level at which goodwill is monitored for internal management purposes. At Siemens Healthineers, the goodwill impairment test is performed at the level of the segments (please also see ➔ ***Note 30 Segment information***). The allocation of goodwill requires judgment.

Goodwill is tested annually for impairment and also whenever an indication arises (triggering event) that the carrying amount may not be recoverable. Siemens Healthineers performs the annual impairment test in the quarter ending September 30. For the purpose of impairment testing, the segment's recoverable amount is to be determined as the higher of the segment's fair value less costs of disposal and its value in use. If either of these values exceeds the carrying amount, it is not necessary to determine both values. If the carrying amount of the segment to which the goodwill is allocated exceeds its recoverable amount, an impairment loss on goodwill allocated to this segment is recognized. Impairment losses on goodwill are not reversed in future periods.

The segment's recoverable amount is based on discounted cash flow calculations and involves the use of accounting estimates. The amount is influenced by, for example, the market launch of new goods and services, the successful integration of acquisitions, volatility of capital markets, interest rate developments, exchange rate fluctuations and the outlook on economic trends. At Siemens Healthineers, the recoverable amount is generally determined based on the fair value less costs of disposal. For the purpose of estimating a segment's fair value less costs of disposal, cash flows are projected for the next five years (in exceptional cases up to ten years) based on past experience, actual operating results and management's best estimate about future developments as well as on market assumptions. Cash flows after the detailed planning period are extrapolated using individual growth rates. The determined fair value of a segment is assigned to level 3 of the fair value hierarchy. Key assumptions for determining fair value less costs of disposal include estimated terminal value growth rates and discount rates, in addition to the assumptions relevant for determining the cash flows in the detailed planning period. Both assumptions are determined individually for each segment. The discount rates correspond to the segment's weighted average cost of capital and are calculated based on a risk-free interest rate and a market risk premium. In addition, the discount rates reflect the current market assessment of the risks specific to each segment 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 groups undergo an annual review and are adjusted, if necessary. Terminal value growth rates consider external macroeconomic data and industry-specific trends. The accounting estimates, including the methodology applied, can have a material impact on the respective values and ultimately the amount of any goodwill impairment. Additionally, the outcome of goodwill impairment tests may depend on the allocation of goodwill to the segments.

Other intangible assets

Siemens Healthineers amortizes purchased intangible assets with a finite useful life on a straight-line basis over their respective estimated useful lives. The estimated useful life of purchased patents, licenses and similar rights generally ranges from three to 14 years. Self-developed intangible assets with a finite useful life are amortized on a straight-line basis over their respective estimated useful lives, which range from three to 25 years. In addition, there are intangible assets acquired in business combinations, especially customer relationships, trademarks, technologies, and order backlog. The following useful lives are assumed:

Customer relationships and trademarks	two to 30 years
Technologies	seven to 22 years
Order backlog	up to ten years

Property, plant and equipment

Property, plant and equipment are valued at acquisition or production costs less accumulated depreciation and impairment losses. Depreciation is recognized on a straight-line basis. The following useful lives are assumed:

Factory and office buildings	20 to 50 years
Other buildings	five to ten years
Technical machinery and equipment	generally ten years
Office and other equipment	generally five years
Equipment leased to others	generally seven to eight years

Impairment of other intangible assets and property, plant and equipment

Siemens Healthineers reviews other intangible assets and property, plant and equipment for impairment whenever an indication (triggering event) arises 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. If the recoverable amount of an individual asset cannot be determined, the impairment test is performed at the level of the cash-generating unit. A cash-generating unit is the smallest identifiable group of assets that includes the asset to be tested for impairment and that generates cash inflows, which are largely independent of the cash inflows from other assets or groups of assets. When determining the relevant cash-generating unit, various factors need to be considered, including how management monitors operations or makes decisions about continuing or disposing of assets and operations. Therefore, the identification of the relevant cash-generating unit involves judgment. In addition, impairment testing of other intangible assets and property, plant and equipment involves the use of accounting estimates in determining the recoverable amount of the assets or cash-generating units. These estimates can have a material impact on the respective values and ultimately the amount of any impairment.

Leases

A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for an agreed period of time in exchange for consideration. For further information on leases, please refer to ➔ ***Note 7 Trade and other receivables***, ➔ ***Note 13 Other intangible assets and property, plant and equipment***, ➔ ***Note 16 Financial debt***, ➔ ***Note 25 Other financial obligations*** and ➔ ***Note 27 Financial risk management***.

Siemens Healthineers as lessor rents equipment to its customers. If substantially all risks and rewards incidental to the ownership of the rented equipment are transferred to the customer, the lease is classified as a finance lease, otherwise as an operating lease. Under finance leases, revenue is recognized at the time the equipment is made available for use by the customer. At the same time, a receivable from finance leases is recognized at an amount equal to the net investment in the lease. In the following periods, interest income is realized using the effective interest method, reflecting a constant periodic rate of return of the net investment. Under operating leases, the rented equipment is recognized as property, plant and equipment and is depreciated on a straight-line basis over its useful life. Income from operating leases is recognized on a straight-line basis over the respective lease term.

Siemens Healthineers as lessee applies the right-of-use model, means right-of-use assets and lease liabilities are recognized, which normally correspond to the discounted lease payments at initial measurement. The right-of-use model is not applied for leases with a term of twelve months or less or for low-value assets. In these cases, the lease payments are instead expensed over the lease term. Extension options are included in the lease term if their exercise is reasonably certain. The accounting policy choice for the non-separation of lease components and non-lease components is used, with the exemption for vehicle leases, and all components are accounted for as lease components. Right-of-use assets are measured at acquisition costs less accumulated depreciation and impairment losses, and are depreciated under the straight-line method over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities are measured at the present value of the lease payments payable over the lease term, generally discounted using the incremental borrowing rate. Subsequently, they are measured using the effective interest method. Lease liabilities are remeasured in case of lease modifications (due to renegotiations) or index-changes triggering price-adjustments, and as a result of required reassessments of existing contract conditions. The remeasurement of the lease liabilities leads to a respective adjustment of the right-of-use assets.

Provisions

A provision is recognized if all of the following conditions are met: (1) it is probable that Siemens Healthineers has a present legal or constructive obligation as a result of a past event, (2) it is probable that an outflow of resources with economic benefits will be required to settle the obligation, and (3) a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are recognized at present value by discounting the expected future cash flows at a pretax interest rate that corresponds to the risk-free market interest rate.

Discretionary assessment is required to determine provisions. In particular, the determination of provisions related to asset retirement obligations, as well as provisions related to legal and regulatory proceedings and governmental investigations (hereinafter, collectively, "legal proceedings") requires significant accounting estimates. Siemens Healthineers recognizes a provision for onerous contracts with customers when the estimated unavoidable costs of outstanding goods and services exceed the expected outstanding revenue. Legal proceedings often involve complex legal issues and are subject to substantial uncertainties. Accordingly, considerable judgment is required to determine whether it is probable that there is a present obligation at the end of the reporting period as a result of a past event, whether a future outflow of resources is probable, and whether the amount of the obligation can be estimated reliably. Internal and external counsels are generally part of the determination process for legal proceedings. Due to new developments, it may be necessary to recognize a provision for an ongoing legal proceeding or to adjust the amount of a previously recognized provision. Upon resolution of a legal proceeding, Siemens Healthineers may incur charges in excess of the provision recognized for the matter concerned. Legal proceedings may have a material effect on net assets, financial position and results of operations.

Defined benefit plans

Siemens Healthineers measures entitlements from defined benefit plans by applying the projected unit credit method. Thereby, the obligation from defined benefit plans reflects an actuarially calculated present value of the future entitlement for services already rendered (defined benefit obligation, DBO). Actuarial valuations rely on key assumptions including discount rates, expected compensation increases and pension progression and mortality rates. Discount rates used are determined by reference to yields on high-quality corporate bonds (corporate bonds with very low risk of default) of appropriate duration and currency at the end of the reporting period. In such case that yields are not available, discount rates are based on government bond yields. For significant plans, individual spot rates from a full yield curve approach are applied in general. Due to changing market, economic and social conditions, the underlying actuarial assumptions may differ from actual developments.

For funded plans, Siemens Healthineers offsets the fair value of the plan assets with the defined benefit obligation. The net amount is presented, after adjustments for any effects relating to asset ceiling.

Current and past service cost, settlement gains and losses for pensions and similar obligations and administration costs unrelated to the management of plan assets are allocated to functional costs. Thereby, past service cost and settlement gains and losses are recognized immediately in net income. Current service cost and interest income and expenses are determined based on the assumptions used for the calculation of the defined benefit obligation as of the reporting date of the prior fiscal year, and recognized in profit or loss. Net interest is thus calculated by multiplying the discount rate for the respective fiscal year by the net defined benefit asset or liability from defined benefit plans as of the reporting date of the prior fiscal year. As of the reporting date, remeasurements are recognized in other comprehensive income. These comprise actuarial gains and losses as well as the difference between the return on plan assets and the interest income on plan assets, which is included in net interest.

Entitlements resulting from plans based on investment returns of underlying assets are generally measured at the fair value of the underlying assets as of the reporting date. 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.

Termination benefits

Termination benefits are provided when Siemens Healthineers either offers an employee the option to voluntarily resign from employment before the normal retirement date or decides to terminate the employment. Termination benefits in accordance with IAS 19, Employee Benefits, are recognized as liabilities and expenses when the offer of those benefits can no longer be withdrawn.

Financial instruments

Initially, financial instruments are generally recognized at their fair value. Receivables from finance leases are measured at an amount equal to the net investment in the lease. Regular-way purchases or sales of financial assets are recognized on the trade date. Subsequently, financial instruments are measured according to the category to which they are assigned: financial assets and liabilities measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, and financial assets and liabilities measured at amortized cost.

Financial assets and liabilities measured at fair value through profit or loss: Debt instruments are measured at fair value through profit or loss if the business model they are held in is neither a hold-to-collect nor a hold-and-sell business model or if their contractual cash flows do not represent solely payments of principal and interest. For some debt instruments, the assessment of the contractual cash flows may involve judgment. Equity instruments are measured at fair value through profit or loss unless the option to measure them at fair value through other comprehensive income was elected. Derivatives are measured at fair value through profit or loss unless they are designated as hedging instruments. Financial liabilities measured at fair value through profit or loss include contingent consideration recognized in a business combination. Siemens Healthineers does not use the option to designate financial assets or financial liabilities at fair value through profit or loss at initial recognition (fair value option).

Financial assets measured at fair value through other comprehensive income: Siemens Healthineers irrevocably elected to present changes in the fair value of its investment in Medical Systems S.p.A. in other comprehensive income to avoid earnings volatility. Accordingly, unrealized gains and losses as well as gains and losses on the subsequent sale of the investment are recognized in other comprehensive income.

Financial assets measured at amortized cost: Loans, receivables and other debt instruments held in a hold-to-collect business model, and whose contractual cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income is calculated using the effective interest method.

Valuation allowances are set up for expected credit losses, representing a forward-looking estimate of future credit losses and involving significant judgment. Expected credit losses are calculated based on the gross carrying amount of the financial asset less collateral, multiplied by a factor reflecting the probability of default and the loss in the event of default. Probabilities of default and losses in the event of default are derived mainly from rating grades determined by Siemens Financial Services. Valuation allowances for receivables from Siemens Group are measured according to the general three-stage impairment approach. For trade receivables, lease receivables and contract assets, Siemens Healthineers uses the simplified impairment model to measure valuation allowances at an amount equal to the lifetime expected credit losses.

Financial assets are considered in default if the obligor is unwilling or unable to pay its credit obligations. A range of internally defined events can trigger a default rating, including the opening of bankruptcy proceedings or a default rating by an external rating agency. Financial assets are written off as uncollectible when it appears unlikely that they will be recovered. Generally, this applies after the statutory limitation period has expired, when bankruptcy proceedings have been closed, or when a receivable is no longer pursued due to its insignificance.

Financial liabilities measured at amortized cost: Siemens Healthineers measures financial liabilities, except for derivatives, contingent consideration recognized in a business combination, and written put options on non-controlling interests, at amortized cost using the effective interest method.

Cash and cash equivalents: Cash and cash equivalents are measured at cost. Siemens Healthineers considers as cash equivalents all highly liquid investments with a maturity of three months or less from the date of acquisition. Short-term deposits and overdraft facilities granted in connection with the cash pooling arrangements with the Siemens Group are not included in cash and cash equivalents. Changes in these items are presented as financing activities in the consolidated statements of cash flows.

Cash flow hedges: The effective portion of changes in the fair value of derivatives designated as hedging instruments in cash flow hedges is recognized in other comprehensive income. Amounts accumulated in the cash flow hedge reserve are reclassified into net income in the same periods in which the hedged item affects net income. For certain time-period-related cash flow hedges, Siemens Healthineers designates only the change in the fair value of the spot element of forward exchange contracts as a hedging instrument. Changes in the fair value of the forward element are recognized in other comprehensive income and are accumulated separately in a cost of hedging reserve. The value of the forward element at the time of designation is amortized into profit or loss on a straight-line basis over the hedging period.

Share-based payment

Share-based payment awards may be settled in shares of Siemens Healthineers AG or Siemens AG, depending on which shares are the basis, or in cash. Share-based payment awards based on Siemens Healthineers AG shares are classified predominately as equity-settled. Share-based payment awards based on Siemens AG shares are classified as cash-settled to fulfill the specific requirements for share-based payment transactions among group entities, because Siemens Healthineers AG is controlled by Siemens AG.

The fair value of equity instruments for equity-settled plans and of liabilities for cash-settled plans is measured at the grant date and recognized as an expense over the vesting period. For cash-settled plans, the fair value is reassessed each quarter. The fair value is based on the market price of Siemens Healthineers AG shares or Siemens AG shares considering the present value of dividends to which the beneficiaries are not entitled during the vesting period as well as market and non-vesting conditions, if applicable. Therefore, the fair value is based on market parameters, assumptions and estimates. Changes in any of these could necessitate material adjustments to the carrying amount of the liabilities.

Prior-year information

Certain prior-year information has been reclassified to conform to the current presentation.

Recent accounting pronouncements, not yet adopted

The IASB has issued standards and amendments to standards whose application is not yet mandatory and which in part are not endorsed by the EU. Siemens Healthineers currently assumes that the application of these standards and amendments will not have a material impact on the presentation of the consolidated financial statements.

Note 3 Acquisitions

Acquisition of Block Imaging

In fiscal year 2023 Siemens Healthineers and CommonSpirit Health, Inc. established a company, Healthcare Technology Management, LLC, to acquire 100% of the shares in Block Imaging International, Inc. and 100% of the membership interest in Block Imaging Technical Excellence, LLC and Block Imaging Parts & Services, LLC (hereinafter "Block Imaging"). Siemens Healthineers holds 78% of the membership interest in Healthcare Technology Management, LLC. On July 21, 2023, this company acquired all shares and 100% of the membership interests in Block Imaging. Block Imaging is a leading provider of refurbished medical imaging equipment, service, and parts across all modalities and manufacturers. The acquisition enables Siemens Healthineers to provide sustainable offerings for imaging equipment and to support increasing demand from U.S. hospitals and other care sites for multi-vendor imaging parts and services for imaging equipment. The business has been integrated into the Imaging segment.

The total consideration transferred amounted to US$171 million (€155 million as of acquisition date). The purchase price paid in cash amounted to US$154 million (€139 million as of the acquisition date). Furthermore, a contingent consideration in multiple tranches is expected to be paid in the amount of US$6 million in the next year and US$14 million in the following year provided that certain revenue and gross margin targets or certain key employee retention targets are met. The fair value of the contingent consideration recognized at the acquisition date amounted to US$17 million (€15 million as of acquisition date).

The preliminary purchase price allocation at the acquisition date resulted in the following assets and liabilities:

(in millions of €)	Preliminary purchase price allocation
Trade and other receivables	9
Inventories	27
Goodwill	19
Other intangible assets	110
Miscellaneous assets	8
Total assets	**173**
Trade payables	12
Miscellaneous liabilities	6
Total liabilities	**18**

The goodwill comprised intangible assets that were not separable, such as employee know-how and expected synergy effects. Synergies are mainly expected from expanded equipment revenue opportunities and from the expanded integrated service offerings. The other intangible assets particularly include customer relationships. The purchase price allocation is preliminary because the detailed analysis of the assets and liabilities has not yet been finalized.

Acquisition of Medical Physics (Aspekt Solutions)

On August 1, 2023, Siemens Healthineers acquired 100% of the membership interest of Medical Physics Holdings, LLC (hereinafter "Aspekt Solutions"). Aspekt Solutions is a leading provider of medical physics staffing, especially in dosimetry, and support services to hospitals, imaging centers and private practices in the U.S. with focus on the diagnosis and treatment of human diseases, in particular cancer. The business has been integrated into the Varian segment and allows Siemens Healthineers to further strengthen its businesses in multi-disciplinary oncology.

The purchase price paid in cash amounted to US$94 million (€85 million as of the acquisition date). Siemens Healthineers redeemed financial liabilities of Aspekt Solutions amounting to US$ 12 million (€11 million as of acquisition date), separately from the transaction.

The preliminary purchase price allocation at the acquisition date resulted in the following assets and liabilities:

(in millions of €)	Preliminary purchase price allocation
Goodwill	82
Other intangible assets	11
Miscellaneous assets	8
Total assets	**101**
Long-term financial debt	10
Miscellaneous liabilities	5
Total liabilities	**16**

The goodwill comprised intangible assets that were not separable, such as employee know-how and expected synergy effects. Essentially, cost synergies are expected from the implementation of technological tools leading to a more efficient preparation of treatment plans. The other intangible assets particularly include customer relationships. The purchase price allocation is preliminary because the detailed analysis of the assets and liabilities has not yet been finalized.

Note 4 Other operating expenses

In fiscal year 2023, other operating expenses included expenses of €84 million (2022: €6 million) resulting from the derecognition of other intangible assets and property, plant and equipment. For further information, please refer to ➔ ***Note 13 Other intangible assets and property, plant and equipment***.

Note 5 Income taxes

Income taxes broke down as follows:

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Current tax	668	1,012
Deferred tax	–265	–266
Income tax expenses recognized in the consolidated statements of income	**403**	**746**
Effective tax rate	20.9%	26.6%
Income tax effects recognized in other comprehensive income or directly in equity	54	9
Total income taxes included in the consolidated statements of comprehensive income or directly recognized in equity	**457**	**755**

In fiscal year 2023, current taxes included income of €11 million (2022: expenses of €38 million) for adjustments of taxes from prior fiscal years mainly resulting from a reversal of a tax provision due to finalization of a tax audit. Deferred taxes included income of €239 million (2022: €428 million) from the origination and reversal of temporary differences.

In fiscal year 2023, the calculation of taxes in Germany was based on a combined tax rate of 29.5% (2022: 29.5%), consisting of the corporate tax rate of 15.0% (2022: 15.0%), the solidarity surcharge thereon of 5.5% (2022: 5.5%) and an average trade tax rate of 13.7% (2022: 13.7%). For foreign subsidiaries, taxes were calculated based on local tax law and applicable tax rates in the individual countries.

In fiscal year 2023, income tax expenses differed from the expected income tax expenses based on the combined German tax rate of 29.5% (2022: 29.5%) as follows:

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Expected income tax expenses	569	827
Nondeductible expenses	139	147
Tax-free income	–88	–66
Taxes for prior years	–52	41
Change in realizability of deferred tax assets and tax credits	–7	–76
Domestic and foreign tax rate differential	–157	–132
Other	–2	6
Total income tax expenses	**403**	**746**

Deferred tax assets and liabilities (–) related to the following items:

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Deferred taxes on temporary differences	–1,378	–1,700
Thereof:		
Current assets and liabilities	229	–111
Intangible assets	–1,817	–2,264
Provisions for pensions and similar obligations	146	200
Other non-current assets and liabilities	64	474
Deferred taxes on tax loss carryforwards	117	154
Deferred taxes on tax credits	14	12
Total deferred tax assets and liabilities, net	**–1,247**	**–1,534**

Deferred tax assets and liabilities, net, developed as follows:

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Balance at beginning of fiscal year	**–1,534**	–1,601
Changes recognized in the consolidated statements of income	265	266
Changes recognized in other comprehensive income	–63	–11
Additions from acquisitions directly recognized in equity	-	5
Other[1]	86	–192
Balance at fiscal year-end	**–1,247**	**–1,534**

[1] Includes mainly foreign currency translation effects.

Deferred tax assets (gross amounts) have not been recognized with respect to the following items:

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Deductible temporary differences	29	20
Tax loss carryforwards	712	662
Total items (gross amounts) for which no deferred tax assets have been recognized	**741**	**682**

€101 million of the tax loss carryforwards not recognized as of September 30, 2023 will expire in the periods up to 2031 (September 30, 2022: €111 million expiring by 2030). As of September 30, 2023, no deferred tax liabilities were recognized for temporary differences in connection with shares in subsidiaries amounting to €2,199 million (September 30, 2022: €4,536 million), because Siemens Healthineers can control their reversal and it is probable that these differences will not dissolve in the foreseeable future. As of September 30, 2023, deferred tax liabilities of €45 million (September 30, 2022: €20 million) were recognized for planned dividend payments.

Uncertainties in the interpretation of a tax regulation in the context of an enacted foreign tax reform in former years may result in future tax payments of a mid double-digit million amount. Due to the low probability of such an occurrence, no current income tax liability was recognized.

Siemens Healthineers assumes application of the global minimum taxation (Pillar Two) from fiscal year 2025 and expects current taxes to increase by a single-digit million amount.

Note 6 Earnings per share

(in millions of €, number of shares in thousands, earnings per share in €)	Fiscal year 2023	Fiscal year 2022
Net income	1,525	2,054
Portion attributable to non-controlling interests	–16	–17
Net income attributable to shareholders of Siemens Healthineers AG	1,509	2,038
Weighted average shares outstanding during fiscal year (basic)	1,119,472	1,122,794
Effect of dilutive share-based payment	4,080	4,951
Weighted average shares outstanding during fiscal year (diluted)	1,123,552	1,127,746
Basic earnings per share	**1.35**	**1.81**
Diluted earnings per share	**1.34**	**1.81**

Note 7 Trade and other receivables

(in millions of €)	Sept 30, 2023	Sept 30, 2022	Oct 1, 2021
Receivables from the sale of goods and services	4,420	4,219	3,687
Receivables from finance leases	72	68	53
Total trade and other receivables	**4,492**	**4,287**	**3,740**

Receivables from finance leases related particularly to customer leasing of imaging equipment in the Imaging segment. The corresponding long-term portion is reported in the line item other non-current financial assets and amounted to €287 million as of the reporting date (September 30, 2022: €255 million).

In the following table, the undiscounted future minimum lease payments are reconciled to the net investment in finance leases:

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Future minimum lease payments	433	387
Unearned finance income	–68	–59
Net investment in finance leases	**366**	**329**

The future minimum lease payments to be received were due as follows:

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Within one year	89	79
Between one and two years	81	66
Between two and three years	69	62
Between three and four years	61	53
Between four and five years	48	45
More than five years	84	82
Total	**433**	**387**

Note 8 Other current financial assets

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Receivables from employees	63	68
Derivatives	362	494
Other	124	162
Total other current financial assets	**549**	**724**

The decrease of the line item derivatives resulted mainly from a decrease in the fair value of forwards for hedging of foreign currency liabilities from financing activities. For further details, please refer to ➔ ***Note 16 Financial debt*** and to ➔ ***Note 26 Financial instruments and hedging activities***.

Note 9 Contract assets

As of the reporting date, contract assets amounted to €1,629 million (September 30, 2022: €1,412 million; October 1, 2021: €1,116 million). Thereof, contract assets amounting to €276 million (September 30, 2022: €297 million) had a remaining term of more than twelve months.

Note 10 Inventories

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Raw materials and supplies	1,291	1,222
Work in progress	1,159	1,035
Finished goods and products held for resale	1,811	1,715
Advances to suppliers	32	36
Total inventories	**4,294**	**4,009**

In fiscal year 2023, cost of sales included inventories recognized as expenses in the amount of €13,627 million (2022: €13,157 million). Write-offs of inventories decreased by €44 million (2022: increase by €111 million) compared to the prior year.

Note 11 Other current assets

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Miscellaneous tax receivables	416	405
Prepaid expenses	206	187
Other	23	27
Total other current assets	**645**	**619**

As of September 30, 2023, miscellaneous tax receivables mainly consisted of sales tax receivables amounting to €397 million (September 30, 2022: €392 million).

Note 12 Goodwill

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Cost		
Balance at beginning of fiscal year	20,493	18,713
Currency translation differences and other	–1,132	1,773
Acquisitions and purchase accounting adjustments	101	7
Balance at fiscal year-end	19,462	20,493
Accumulated impairment losses		
Balance at beginning of fiscal year	–1,432	–1,257
Currency translation differences	88	–175
Balance at fiscal year-end	–1,344	–1,432
Carrying amount		
Balance at beginning of fiscal year	19,061	17,456
Balance at fiscal year-end	18,118	19,061

Impairment testing of goodwill at the level of the segments resulted in no need for impairment. The allocation of goodwill to the segments as well as the key assumptions for the calculation of the segments' fair value less costs of disposal were as follows:

	Goodwill		Terminal value growth rate		After-tax discount rate	
(in millions of €)	Sept 30, 2023	Sept 30, 2022	Sept 30, 2023	Sept 30, 2022	Sept 30, 2023	Sept 30, 2022
Imaging	6,782	7,163[1]	1.9%	1.9%	8.0%	7.5%
Diagnostics	1,751	1,854	1.9%	1.9%	7.5%	7.0%
Varian	7,874	8,232[1]	1.9%	1.9%	8.5%	8.0%
Advanced Therapies	1,711	1,812	1.9%	1.9%	8.0%	7.0%
Total goodwill	**18,118**	**19,061**				

[1] Prior year figures comparable based on the organizational structure effective October 1, 2022.

Revenue figures in the five-year detailed planning period for the Imaging, Diagnostics and Advanced Therapies segments included average revenue growth rates (excluding portfolio effects) of 3.6% to 7.3% (2022: -0.2% to 8.6%). The steady state of Varian will be achieved at a later date in line with the expected disproportionate growth due to an expected increase in new cancer cases and planned realization of synergy effects from the acquisition. Therefore, for the Varian segment a ten-year detailed planning period with an average revenue growth rate (excluding portfolio effects) of 8.4% (2022: 9.2%) was used.

Siemens Healthineers performed sensitivity analyses based on a 10% reduction in after-tax future cash flows, a one percentage-point increase in after-tax discount rates, or a one percentage-point decrease in the terminal value growth rate. None of these scenarios resulted in the need for a goodwill impairment.

Note 13 Other intangible assets and property, plant and equipment

(in millions of €)	Gross carrying amount at beginning of fiscal year 2023	Currency translation differences	Additions through business combinations	Additions	Reclassifi-cations	Retirements	Gross carrying amount at end of fiscal year 2023	Accumulated amortization, depreciation and impairments	Carrying amount at end of fiscal year 2023	Amortization, depreciation and impair-ments in fiscal year 2023
Internally generated technology	2,413	–126	-	244	-	–171	2,359	–903	1,455	–94
Acquired technology including patents, licenses and similar rights	4,049	–291	-	40	-	–34	3,764	–1,094	2,670	–436
Customer relationships and trademarks	5,793	–292	127	-	-	–995	4,632	–1,033	3,600	–218
Total other intangible assets	**12,255**	**–710**	**127**	**283**	**-**	**–1,200**	**10,755**	**–3,029**	**7,726**	**–747**
Land and buildings	1,951	–114	-	94	258	–9	2,179	–837	1,342	–84
Technical machinery and equipment	1,145	–61	-	47	77	–23	1,185	–773	412	–83
Office and other equipment	1,321	–67	-	165	27	–72	1,374	–992	382	–174
Equipment leased to others	2,211	–106	-	240	1	–287	2,060	–1,152	908	–250
Advances to suppliers and construction in progress	641	–22	-	254	–364	–4	505	-	505	–1
Right-of-use assets for land and buildings	934	–55	-	177	1	–108	948	–406	541	–148
Right-of-use assets for other property, plant and equipment	190	–7	2	97	-	–29	253	–134	119	–69
Total property, plant and equipment	**8,392**	**–432**	**2**	**1,074**	**-**	**–533**	**8,504**	**–4,294**	**4,210**	**–810**

(in millions of €)	Gross carrying amount at beginning of fiscal year 2022	Currency translation differences	Additions through business combinations	Additions	Reclassifi-cations	Retirements	Gross carrying amount at end of fiscal year 2022	Accumulated amortization, depreciation and impairments	Carrying amount at end of fiscal year 2022	Amortization, depreciation and impair-ments in fiscal year 2022
Internally generated technology	1,990	241	-	212	-	–30	2,413	–918	1,495	–123
Acquired technology including patents, licenses and similar rights	3,459	589	-	25	-	–23	4,049	–733	3,316	–201
Customer relationships and trademarks	5,298	477	18	-	-	-	5,793	–1,892	3,900	–268
Total other intangible assets	**10,746**	1,307	18	237	-	–53	**12,255**	–3,543	**8,712**	–593
Land and buildings	1,656	172	-	61	105	–42	1,951	–797	1,153	–68
Technical machinery and equipment	1,030	103	-	44	44	–76	1,145	–748	397	–75
Office and other equipment	1,283	107	-	144	27	–241	1,321	–930	391	–161
Equipment leased to others	2,010	128	4	294	1	–225	2,211	–1,210	1,002	–241
Advances to suppliers and construction in progress	417	35	-	367	–177	–1	641	-	641	-
Right-of-use assets for land and buildings	780	74	-	99	-	–20	934	–345	589	–139
Right-of-use assets for other property, plant and equipment	188	11	-	89	-	–99	190	–89	100	–64
Total property, plant and equipment	**7,364**	630	4	1,097	-	–703	**8,392**	–4,119	**4,273**	–750

In fiscal year 2023, an impairment loss was recognized in the amount of €262 million for the cash-generating unit endovascular robotics solution. Thereof, €244 million are allocated to other intangible assets and €18 million to property, plant and equipment. The impairment loss is mainly recognized in cost of sales. The cash-generating unit endovascular robotics solution is a product line within the segment Advanced Therapies, which develops and offers robotic-assisted platforms for coronary and neurovascular interventions. In fiscal year 2023, management decided to change business activities in a way to develop and offer robotic-assisted platforms only for neurovascular interventions in the future. In fiscal year 2023, an impairment test was performed for the cash-generating unit endovascular robotics solution. Major assets that amongst others are allocated to the cash-generating unit are intangible assets for technology and customer relations acquired upon the acquisition, along with property, plant and equipment. The recoverable amount of the cash-generating unit amounted to €–69 million and is its fair value less cost of disposal. The fair value less cost of disposal was derived from a discounted cash flow valuation (level 3). The duration of the discounted cash flow valuation was derived from the expected useful life of the major intangible assets. The impairment test was done under the assumptions that robotic-assisted platforms for neurovascular interventions are further developed and offered in the future, robotic-assisted platforms for coronary interventions are no longer developed and offered and that devices for coronary interventions that are installed at the customers site are bought back. An after-tax discount rate of 10% (2022: 9%) was used.

Furthermore, other intangible assets with an amount of €74 million have been derecognized in fiscal year 2023 because no future economic benefits are expected from their use or disposal. The derecognitions were in connection with the transformation of the Diagnostics business and were a result of measures to optimize the cost efficiency of the existing product range.

Siemens Healthineers as lessor

The line item equipment leased to others comprised predominately diagnostic instruments that were leased out under operating leases in the Diagnostics segment.

Future minimum lease payments to be received under operating leases were due as follows:

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Within one year	75	70
Between one and two years	66	71
Between two and three years	53	58
Between three and four years	39	45
Between four and five years	25	29
More than five years	23	23
Total	**280**	**297**

In fiscal year 2023, income from operating leases in the amount of €250 million (2022: €256 million) was realized. Included therein were variable lease payments in the amount of €136 million (2022: €143 million). Before Siemens Healthineers concludes contracts with the customer for the sale of reagents and consumables by providing a diagnostic instrument, the order volumes forecasted by the customer are analyzed and verified. Based on realistic sales volumes, individual prices for reagents are calculated, including a price offset for the diagnostic instrument. The average term of customer contracts covers the useful life of the diagnostic instruments.

Siemens Healthineers as lessee

The total cash outflows from leases amounted to €276 million in fiscal year 2023 (2022: €251 million).

Note 14 Other non-current financial assets

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Receivables from finance leases	287	255
Derivatives	1,031	2,060
Equity instruments and fund shares	175	170
Other	68	91
Total other non-current financial assets	**1,561**	**2,577**

The decrease of the line item derivatives resulted mainly from a decrease in the fair value of forwards for hedging of foreign currency liabilities from financing activities. For further details, please refer to ➔ ***Note 16 Financial debt*** and to ➔ ***Note 26 Financial instruments and hedging activities***.

Note 15 Other non-current assets

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Deferred compensation assets	309	315
Prepaid expenses	138	104
Other	33	25
Total other non-current assets	**480**	**444**

Deferred compensation assets related to deferred compensation plans in the United States. Please refer to ➔ ***Note 23 Other non-current liabilities*** for the corresponding deferred compensation liabilities.

Note 16 Financial debt

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Short-term financial debt and current maturities of long-term financial debt	198	234
Therein:		
Loans from banks	31	67
Lease liabilities	166	166
Current liabilities to the Siemens Group from financing activities	4,197	2,608
Therein: Lease liabilities	13	16
Total current financial debt	**4,395**	**2,842**
Long-term financial debt	437	464
Therein:		
Loans from banks	10	15
Lease liabilities	426	446
Non-current liabilities to the Siemens Group from financing activities	11,821	13,347
Therein: Lease liabilities	23	22
Total non-current financial debt	**12,258**	**13,811**
Total financial debt	**16,653**	**16,654**

Credit facilities

In fiscal year 2023, the credit facilities granted by Siemens AG were increased and extended until January 31, 2026. Consequently, as of September 30, 2023, financing arrangements of Siemens Healthineers with Siemens AG consisted of a multicurrency revolving credit facility of up to €2.5 billion (September 30, 2022: €1.1 billion), which serves to finance net working capital and as a short-term credit facility, as well as a multicurrency revolving credit facility of up to €2.0 billion (September 30, 2022: €1.0 billion) as a backup facility. As of the reporting date, an amount of €1,267 million (September 30, 2022: €200 million) was drawn from these credit facilities.

Loans

In fiscal year 2023, Siemens Healthineers repaid two loans from the Siemens Group in a total amount of US$2.0 billion. For partial refinancing, the Siemens Group provided two new fixed interest loans in a total amount of €1.4 billion, maturing in fiscal years 2030 and 2032. Moreover, the Siemens Group provided an additional €0.3 billion loan for general corporate purposes of Siemens Healthineers, maturing in fiscal year 2026.

Overall, loans with the Siemens Group were mainly denominated in U.S. dollars and euros. As of September 30, 2023, the structure of the U.S. dollar-denominated loans, which were mainly provided in connection with the acquisition of Varian, was as follows:

- US$1.0 billion maturing in fiscal year 2024 (variable interest rate),
- US$1.5 billion maturing in fiscal year 2024 (contractual interest rate: 0.8%),
- US$1.7 billion maturing in fiscal year 2026 (contractual interest rate: 1.4%),
- US$1.7 billion maturing in fiscal year 2027 (contractual interest rate: 2.5%),
- US$1.2 billion maturing in fiscal year 2028 (contractual interest rate: 1.9%),
- US$1.7 billion maturing in fiscal year 2031 (contractual interest rate: 2.3%),
- US$1.5 billion maturing in fiscal year 2041 (contractual interest rate: 3.0%), and
- US$1.0 billion maturing in fiscal year 2046 (contractual interest rate: 3.4%).

Except for the loan maturing in fiscal year 2046, which is held by Siemens Medical Solutions USA, Inc., the U.S. dollar-denominated loans were hedged by forward exchange contracts and by foreign exchange swaps. As a result, the loans with fixed interest rates were effectively converted into synthetic euro-denominated loans and actual interest expenses decreased due to positive forward elements of the forward exchange contracts and foreign exchange swaps. For the variable interest loan, only the nominal amount was hedged. In total, the actual volume-weighted average interest rate of the loans currently amounts to approximately 0.6%. For further information about hedging activities, please refer to ➔ ***Note 26 Financial instruments and hedging activities***.

As of September 30, 2023, material euro-denominated loans were as follows:

- €0.7 billion maturing in fiscal year 2025 (variable interest rate),
- €0.3 billion maturing in fiscal year 2026 (contractual interest rate: 3.7%),
- €0.9 billion maturing in fiscal year 2029 (contractual interest rate: 3.6%),
- €0.7 billion maturing in fiscal year 2030 (contractual interest rate: 3.6%), and
- €0.7 billion maturing in fiscal year 2032 (contractual interest rate: 3.8%).

In fiscal year 2023, interest expenses from financing arrangements with the Siemens Group amounted to €244 million (2022: €80 million).

Changes in liabilities arising from financing activities

The following tables show the sources of changes in total financial debt and total liabilities from financing activities:

			Non-cash changes				
(in millions of €)	Balance at beginning of fiscal year 2023	Cash flows from financing activities[1]	Acquisitions	Effects from changes in foreign exchange rates	Fair value changes	Other[2]	Balance at end of fiscal year 2023
Loans from banks	82	–35	11	–6	-	–11	41
Lease liabilities	649	–190	-	–37	-	206	628
Other financial indebtness	4	–1	-	-	-	-	2
Liabilities to the Siemens Group from financing activities[3]	15,918	1,147	-	–1,098	-	15	15,981
Total financial debt	**16,654**	**920**	**11**	**–1,142**	**-**	**210**	**16,653**
Fair value of forwards for hedging of foreign currency liabilities from financing activities	–2,494	147	-	–1	981	107	–1,260
Receivables from the Siemens Group from financing activities	–693	40	-	37	-	–7	–623
Total liabilities from financing activities	**13,467**	**1,108**	**11**	**–1,106**	**981**	**310**	**14,770**

[1] Reported in the following line items of the consolidated statements of cash flows: Repayment of long-term debt (including current maturities of long-term debt), change in short-term financial debt and other financing activities and other transactions/financing with Siemens Group.
[2] Including interest accruals and payments.
[3] Excluding separately disclosed lease liabilities.

			Non-cash changes				
(in millions of €)	Balance at beginning of fiscal year 2022	Cash flows from financing activities[1]	Acquisitions	Effects from changes in foreign exchange rates	Fair value changes	Other[2]	Balance at end of fiscal year 2022
Loans from banks	92	–19	-	9	-	-	82
Lease liabilities	656	–194	-	52	-	136	649
Other financial indebtness	5	–1	-	-	-	-	4
Liabilities to the Siemens Group from financing activities[3]	13,562	142	-	2,211	-	3	15,918
Total financial debt	**14,315**	**–72**	**-**	**2,273**	**-**	**139**	**16,654**
Fair value of forwards for hedging of foreign currency liabilities from financing activities	–498	-	-	-	–2,018	22	–2,494
Receivables from the Siemens Group from financing activities	–594	–44	-	–46	-	–9	–693
Total liabilities from financing activities	**13,223**	**–116**	**-**	**2,227**	**–2,018**	**151**	**13,467**

[1] Reported in the following line items of the consolidated statements of cash flows: Repayment of long-term debt (including current maturities of long-term debt), change in short-term financial debt and other financing activities and other transactions/financing with Siemens Group.
[2] Including interest accruals and payments.
[3] Excluding separately disclosed lease liabilities.

Note 17 Additional capital management disclosures

Siemens Healthineers generates consistent liquid funds from recurring revenue, supporting a strong cash position. Capital management aims to maintain ready access to international capital markets, and thereby to financing through various debt instruments, as well as to sustain the ability to repay and service financial debt over time. For this purpose, Siemens Healthineers actively manages net debt (including pensions) and the ratio of net debt (including pensions) to EBITDA. This ratio indicates the approximate number of years needed to cover net debt (including pensions) with continuing income, without taking into account interest, taxes, depreciation and amortization. Net debt (including pensions) and the ratio of net debt (including pensions) to EBITDA are managed with a long-term outlook and with the intention that Siemens Healthineers would qualify for at least a stable investment grade rating.

(in millions of €)	**Sept 30, 2023**	**Sept 30, 2022**
Short-term financial debt and current maturities of long-term financial debt	198	234
Long-term financial debt	437	464
Current liabilities to the Siemens Group from financing activities	4,197	2,608
Non-current liabilities to the Siemens Group from financing activities	11,821	13,347
Fair value of forwards for hedging of foreign currency liabilities from financing activities	–1,260	–2,494
Current receivables from the Siemens Group from financing activities	–622	–690
Non-current receivables from the Siemens Group from financing activities	–2	–2
Cash and cash equivalents	–1,642	–1,436
Net debt	**13,128**	**12,031**
Provisions for pensions and similar obligations	539	668
Net debt (including pensions)	**13,667**	**12,699**
Income before income taxes	1,928	2,800
Interest income, interest expenses and other financial income, net	207	127
Amortization, depreciation and impairments	1,557	1,343
EBITDA	**3,692**	**4,269**
Net debt (including pensions)/EBITDA	**3.7**	**3.0**

Note 18 Other current financial liabilities

As of the reporting date, other current financial liabilities amounted to €348 million (September 30, 2022: €343 million), including the fair value of derivatives in the amount of €169 million (September 30, 2022: €130 million) and liabilities from written put options on non-controlling interests in the amount of €73 million (September 30, 2022: €99 million).

Note 19 Contract liabilities

As of September 30, 2023, contract liabilities amounted to €3,627 million (September 30, 2022: €3,749 million; October 1, 2021: €2,901 million). Included therein were contract liabilities of €737 million (September 30, 2022: €740 million) with a remaining term of more than twelve months. In fiscal year 2023, an amount of €2,486 million (2022: €1,919 million) included in contract liabilities at the beginning of the period was recognized as revenue.

Note 20 Provisions

(in millions of €)	Warranties	Order-related losses and risks	Other	Total
Balance at beginning of fiscal year 2023	**251**	**102**	**176**	**530**
Therein: Non-current	19	69	84	173
Additions	226	101	57	383
Usage	–170	–17	–29	–216
Reversals	–32	–24	–26	–83
Currency translation differences	–12	–16	–8	–36
Other	-	-	3	3
Balance at end of fiscal year 2023	**263**	**146**	**172**	**581**
Therein: Non-current	22	61	89	172

The majority of provisions is expected to result in cash outflows during the next one to 15 years. Provisions for warranties related to goods sold.

Provisions for order-related losses and risks were recognized primarily for contracts in which the unavoidable costs of meeting the obligations under the contracts exceeded expected outstanding revenue. The increase in those provisions mainly resulted from additions in the amount of €74 million due to the decision, within the Advanced Therapies segment, to focus endovascular robotics solutions exclusively on interventional neurology and withdraw from the robotic-assisted endovascular cardiology business. For further details, please refer to ➔ ***Note 13 Other intangible assets and property, plant and equipment***.

Other provisions included provisions for legal proceedings or asset retirement obligations related to certain items of property, plant and equipment, among others.

In the ordinary course of business, Siemens Healthineers is involved in legal proceedings in various jurisdictions. At present, the Group does not expect any material effects on net assets, financial position and results of operations from these legal proceedings.

Note 21 Other current liabilities

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Wage and salary obligations and other liabilities to employees	1,015	914
Employee-related accruals	420	366
Miscellaneous tax liabilities	387	351
Other	168	168
Total other current liabilities	**1,990**	**1,799**

The increase in the line item wage and salary obligations and other liabilities to employees was due mainly to higher obligations for performance-based compensation. Employee-related accruals primarily included accruals for vacation and overtime entitlements. As of the reporting date, miscellaneous tax liabilities mainly comprised sales tax liabilities of €282 million (September 30, 2022: €242 million).

Note 22 Provisions for pensions and similar obligations

Siemens Healthineers provides post-employment benefit plans for almost all of its employees hired in Germany and the majority of its employees hired abroad. These plans are accounted for either as defined benefit plans or defined contribution plans.

Defined benefit plans

The defined benefit plans cover around 56,000 participants. These are divided into 36,000 active employees for whom current service cost is recognized, 8,000 active and former employees with vested benefits for whom no more current service cost is recognized, and 12,000 retirees and surviving dependents who receive benefits. The defined benefit plans are to a certain extent affected by longevity, inflation and compensation increases and take into account country-specific differences. Major plans are funded with assets in external segregated benefit trusts. In accordance with local laws, these plans are managed in the interest of the beneficiaries through trust agreements with the respective benefit trusts. The defined benefit plans open to new entrants are predominantly based on contributions made by Siemens Healthineers. The majority of the provisions for pensions derives from defined benefit plans in the following four countries:

Germany

In Germany, Siemens Healthineers provides pension benefits through the Siemens Healthineers BSAV ("Beitragsorientierte Siemens Altersversorgung"), frozen legacy plans, and deferred compensation plans. The majority of active employees participates in the Siemens Healthineers BSAV. The benefits provided under this plan are predominantly based on notional contributions by the company and the investment returns on the corresponding assets of this plan, with a minimum return guaranteed by the company. The frozen plans expose Siemens Healthineers to investment risk, interest rate risk, inflation risk and longevity risk. The effect of compensation increases is substantially eliminated. The pension plans are funded via a contractual trust arrangement (CTA). No legal or regulatory minimum funding requirements apply in Germany.

United States

In the United States, defined benefit plans are sponsored by Siemens Healthineers, which have been frozen to new entrants and future benefit accruals, except for interest credits on cash balance accounts. The plans' assets are held in trusts. The trustees of the trusts are responsible for the administration of the assets. They take directions from an investment committee to which Siemens Healthineers has delegated supervision of the investment of plan assets. The plans are subject to funding requirements under the Employee Retirement Income Security Act of 1974 (ERISA) 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. Annual contributions are calculated by independent actuaries. Siemens Healthineers may, at its discretion, contribute in excess of this regulatory requirement.

United Kingdom

In the United Kingdom, Siemens Healthineers provides pension benefits through the Siemens Healthineers Benefit Scheme for which has been frozen to new entrants and future benefit accruals and for which an inflation adjustment of the majority of accrued defined benefits is mandatory until the start of retirement. The required funding is determined by a so-called funding valuation carried out every third year according to legal requirements.

Switzerland

Following the Swiss Law of Occupational Benefits ("Berufliches Vorsorgegesetz", BVG), each employer must grant post-employment benefits to qualifying employees. Accordingly, Siemens Healthineers sponsors cash balance plans in Switzerland. These plans are administered by external foundations. The boards of the main foundations are composed of an equal number of employer and employee representatives of the plan sponsors. The boards of the foundations are responsible for the investment policy and the management of plan assets as well as for any changes in the plan rules and the determination of contributions to finance the benefits. Siemens Healthineers is required to make total contributions at least as high as the sum of the employee contributions set out in the plan rules. In case of an underfunded plan, Siemens Healthineers together with the employees may be required to pay supplementary contributions according to a defined framework of recovery measures.

	Defined benefit obligation (I)		Fair value of plan assets (II)		Effects of asset ceiling (III)		Net defined benefit balance (I-II+III)	
(in millions of €)	Fiscal year 2023	2022	Fiscal year 2023	2022	Fiscal year 2023	2022	Fiscal year 2023	2022
Balance at beginning of fiscal year	**3,309**	4,081	**2,789**	3,259	**58**	9	**578**	831
Current service cost	73	88	-	-	-	-	73	88
Interest expenses	129	51	-	-	-	-	129	51
Interest on asset ceiling and IFRIC 14	-	-	-	-	2	-	2	-
Interest income	-	-	110	43	-	-	–110	–43
Other[1]	–1	–2	–2	–2	-	-	2	-
Defined benefit cost recognized in the consolidated statements of income	**202**	137	**108**	41	**2**	-	**95**	96
Return on plan assets (excluding amounts included in net interest income and net interest expenses)	-	-	–38	–666	-	-	38	666
Actuarial gains (–) and losses	–106	–947	-	-	-	-	–106	–947
Effects of asset ceiling	-	-	-	-	–10	48	–10	48
Remeasurements recognized in the consolidated statements of comprehensive income	**–106**	–947	**–38**	–666	**–10**	48	**–78**	–232
Employer contributions	-	-	107	85	-	-	–107	–85
Plan participants' contributions	16	17	16	17	-	-	-	-
Benefits paid	–194	–198	–142	–149	-	-	–52	–49
Business combinations, disposals and other	17	1	17	-	-	-	-	1
Currency translation differences	–80	218	–66	203	-	-	–14	16
Other reconciliation items	**–241**	38	**–68**	155	**-**	-	**–173**	–117
Balance at fiscal year-end	**3,163**	3,309	**2,790**	2,789	**50**	58	**422**	578
Thereof:								
Germany	1,535	1,574	1,241	1,143	-	-	294	431
United States	790	912	718	826	-	-	72	86
United Kingdom	266	293	312	343	12	13	–34	–38
Switzerland	340	289	377	333	37	44	-	-
Other countries	232	241	143	143	1	2	90	99
Thereof:								
Provisions for pensions and similar obligations							539	668
Net defined benefit assets[2]							117	90

[1] Included past service cost, settlement gains and losses as well as liability management costs for funded plans.
[2] Presented in the line item other non-current assets.

Net interest expenses related to provisions for pensions and similar obligations amounted to €25 million in fiscal year 2023 (2022: €9 million). The defined benefit obligation was attributable to active employees 45% (2022: 46%), to active and former employees with vested benefits for whom no more current service cost is recognized 11% (2022: 12%), and to retirees and surviving dependents 44% (2022: 42%).

The actuarial gains (–) and losses included in the remeasurements resulted from:

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Changes in demographic assumptions	–7	–11
Changes in financial assumptions	–163	–936
Experience gains and losses (mainly inflation-related adjustments)	63	-
Total actuarial gains (–) and losses	**–106**	–947

Actuarial assumptions

The weighted-average discount rate was as follows:

(in %)	Sept 30, 2023	Sept 30, 2022
Discount rate	4.8	4.3
Euro	4.5	3.6
U.S. dollar	5.9	5.5
British pound	5.4	4.7
Swiss franc	2.1	2.2

As of September 30, 2023, discount rates are provided by external actuaries and derived from corporate bonds with very low default risk in the respective currency zones based on the actuarial methods applied by the actuaries. This resulted in a decrease of the defined benefit obligation in the amount of €66 million.

Mortality tables applied[1] were:

	Sept 30, 2023	Sept 30, 2022
Germany	Siemens-specific tables (Siemens Bio 2017/2023)	Siemens-specific tables (Siemens Bio 2017/2022)
United States	Pri-2012 generational projection from the U.S. Social Security Administration's Long Range Demographic Assumptions	Pri-2012 generational projection from the U.S. Social Security Administration's Long Range Demographic Assumptions
United Kingdom	SAPS S3 Standard mortality tables for Self-Administered Pension Schemes with allowance for future mortality improvements	SAPS S3 Standard mortality tables for Self-Administered Pension Schemes with allowance for future mortality improvements
Switzerland	BVG 2020 G	BVG 2020 G

[1] The table shows the applied mortality tables to material plans.

Compensation increase and pension progression for countries in which these assumptions have a significant effect are shown in the following table. If applicable, inflation effects were considered.

(in %)	Sept 30, 2023	Sept 30, 2022
Compensation increase		
United Kingdom	4.1	3.3
Switzerland	1.8	1.5
Pension progression		
Germany	2,0[1]	1.9
United Kingdom	2.9	3.1

[1] For the adjustment dates April 1, 2024, April 1, 2025 and April 1, 2026, the actual development of the consumer price index from the respective start of the adjustment period up to and including August 2023 is reflected, resulting in an average pension increase of 2.3% for the calculation of the provision for pensions.

Sensitivity analysis

A change of half a percentage point in the above-mentioned assumptions would affect the defined benefit obligation as follows:

	Effect on defined benefit obligation due to a change of half a percentage point			
(in millions of €)	Sept 30, 2023 Increase	Sept 30, 2023 Decrease	Sept 30, 2022 Increase	Sept 30, 2022 Decrease
Discount rate	–134	145	–161	176
Compensation increase	12	–12	13	–13
Pension progression	77	–67	94	–85

The effect on the defined benefit obligation of a 10% reduction in mortality rates for all beneficiaries would be an increase of €63 million as of September 30, 2023 (September 30, 2022: €72 million).

Sensitivity determinations applied the same methodology as applied for the determination of the post-employment benefit obligation. Sensitivities reflect changes in the defined benefit obligation solely for the assumption changed.

Asset liability management strategies

A decline in the pension plans' funded status due to an adverse development of plan assets or the defined benefit obligation is considered as a significant risk. The funded status can be affected by changes in actuarial assumptions, primarily the discount rate, and by movements in financial markets. Accordingly, Siemens Healthineers implemented an investment strategy aligned with the defined benefit obligation (liability-driven investment approach). The management of the risks is based on a defined risk measure (Value at Risk, VaR), which considers both plan assets and the defined benefit obligation. The above-mentioned risks and the asset development are monitored on an ongoing basis and, if necessary, the investment strategy is adjusted accordingly. Independent asset managers are selected based on quantitative and qualitative analyses, which include their performance and risk preference. Derivatives are used to reduce risks as part of risk management.

Disaggregation of plan assets

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Equity securities	418	421
Fixed income securities	1,321	1,354
Thereof:		
Government bonds	154	135
Corporate bonds	1,167	1,219
Alternative investments	325	328
Multi-strategy funds	311	355
Derivatives	149	136
Insurance contracts	147	122
Cash and cash equivalents	108	62
Other	11	9
Total plan assets	**2,790**	**2,789**

Almost all equity securities had quoted prices in an active market. The fair value of fixed income securities was based on prices provided by price service agencies. The fixed income securities were mainly traded on an active market and almost all were rated as investment grade. Alternative investments mostly included investments in hedge funds and real estate investments. Multi-strategy funds comprised mainly absolute return funds and diversified growth funds that invest in various asset classes within a single fund, with the aim to stabilize investment returns and reduce volatility. Derivatives predominantly consisted of financial instruments for hedging interest rate risk. Insurance contracts included mainly reinsurance contracts for benefits due to members.

Future cash flows

As of the reporting date, the expected employer contributions to defined benefit plans for fiscal year 2024 amounted to €79 million (2023: €115 million). Over the next ten fiscal years, average annual benefit payments of €227 million were expected (September 30, 2022: €215 million). The weighted average duration of the defined benefit obligation for Siemens Healthineers' defined benefit plans was 9 years (September 30, 2022: 10 years).

Defined contribution plans

The amount recognized as an expense for defined contribution plans amounted to €652 million in fiscal year 2023 (2022: €649 million). Therein, contributions to state plans of €437 million (2022: €413 million) were included.

Note 23 Other non-current liabilities

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Deferred compensation liabilities	270	277
Employee-related accruals	150	118
Other	30	10
Total other non-current liabilities	**450**	**405**

Deferred compensation liabilities related to deferred compensation plans in the United States. Please refer to ➔ ***Note 15 Other non-current assets*** for the corresponding deferred compensation assets. Employee-related accruals primarily included accruals for anniversary expenses and expenses for partial retirement in Germany.

Note 24 Equity

Resolutions of the Shareholders' Meeting

By resolution of the Shareholders' Meeting on February 15, 2022 the Managing Board was authorized to increase the capital stock, with the approval of the Supervisory Board, on one or more occasions, in one total sum or in installments, during the period until February 14, 2027, by up to €564 million by issuing up to 564,000,000 new ordinary registered shares with no par value against contributions in cash and/or in kind (Authorized Capital 2022). Furthermore, the Managing Board was authorized to exclude the subscription rights of the shareholders with the approval of the Supervisory Board.

By resolution of the Shareholders' Meeting on February 15, 2022 the share capital was conditionally increased until February 14, 2027 by up to €112.8 million (112,800,000 shares, Conditional Capital 2022), and the authorization of the Managing Board to issue convertible bonds and/or warrant bonds was renewed. The Conditional Capital 2022 serves to grant shares to holders or creditors of bonds issued by Siemens Healthineers AG or one of its affiliated companies. Furthermore, the Managing Board was authorized to exclude the subscription rights of the shareholders with the approval of the Supervisory Board.

The Managing Board was authorized by resolution of the Shareholders' Meeting on February 15, 2022 to acquire treasury shares until February 14, 2027 for any permissible purpose in an aggregate amount of up to 10% of the capital stock existing at the time the resolution is adopted or, if this amount is lower, of the capital stock existing at the time the authorization is exercised.

Further disclosures

Issued capital: As of September 30, 2023 and 2022, the issued capital of Siemens Healthineers AG was divided into 1,128,000,000 ordinary registered shares with no par value and a notional value of €1.00 per share. The shares are fully paid in. Each share has one vote and accounts for the shareholder's proportionate share in the net income. All shares confer the same rights and obligations.

Authorized capital: As of September 30, 2023, the authorized capital of Siemens Healthineers AG was €564 million (September 30, 2022: €564million), issuable on one or more occasions, in one total sum or in installments, until February 14, 2027, by issuing up to 564,000,000 (September 30, 2022: 564,000,000) new ordinary registered shares with no par value in return for contributions in cash and/or in kind. In addition, as of September 30, 2023, the conditional capital of Siemens Healthineers AG was €112.8 million or 112,800,000 shares (September 30, 2022: €112.8 million or 112,800,000 shares). It can be used for servicing convertible bonds and/or warrant bonds.

Capital reserve: In fiscal year 2023, expenses for share-based payment based on Siemens Healthineers AG shares increased the capital reserve by €108 million (2022: €104 million). In connection with the settlement of these share-based payment awards, Siemens Healthineers AG shares, held as treasury shares, were transferred to employees at cost of €142 million (2022: €74 million), leading to a decrease of the capital reserve by €142 million (2022: €74 million).

Treasury shares: In fiscal year 2023, Siemens Healthineers repurchased 8,014,688 (2022: 6,162,787) shares and transferred 4,409,080 (2022: 2,885,474) treasury shares. As of the reporting date, the Group held 12,211,886 (September 30, 2022: 8,606,278) treasury shares.

Dividends: In fiscal year 2023, a dividend of €0.95 per share entitled to the dividend was paid. The amount was calculated based on the Group's net income generated during the period from October 1, 2021, until September 30, 2022. For fiscal year 2023, the Managing Board and the Supervisory Board propose to distribute a dividend of €0.95 per share entitled to the dividend, in total representing approximately €1,060 million in expected payments. Payment of the proposed dividend is contingent upon approval at the Shareholders' Meeting on April 18, 2024.

Note 25 Other financial obligations

As of September 30, 2023, extension options existed for leases with undiscounted lease payments in the amount of €553 million (September 30, 2022: €589 million), whose exercise was assessed not reasonably certain.

Undiscounted lease payments for leases committed but not commenced amounted to €119 million as of September 30, 2023 (September 30, 2022: €126 million).

As of the reporting date, contractual commitments for purchases of property, plant and equipment amounted to €160 million (September 30, 2022: €173 million).

Note 26 Financial instruments and hedging activities

Financial instruments

The following tables show the carrying amounts and measurement details of each category of financial assets and liabilities:

Carrying amounts as of Sept 30, 2023

(in millions of €)	Category of financial assets and liabilities (IFRS 9)[1]	In scope of IFRS 9				Not in scope of IFRS 9	Total
		Measured at amortized cost	Measured at fair value				
			Level 1	Level 2	Level 3		
Cash and cash equivalents	AC	1,642	-	-	-	-	1,642
Trade receivables[2]	AC	4,420	-	-	-	-	4,420
Receivables from finance leases[3]	n.a.	-	-	-	-	359	359
Receivables from the Siemens Group	AC	642	-	-	-	-	642
Other financial assets[2]		-	-	-	-	-	-
Derivatives included in hedge accounting	n.a.	-	-	1,363	-	-	1,363
Derivatives not included in hedge accounting	FVtPL	-	-	30	-	-	30
Equity instruments and fund shares measured at fair value through profit or loss	FVtPL	-	11	11	110	-	132
Equity instruments measured at fair value through other comprehensive income	FVtOCI	-	-	-	51	-	51
Debt instruments measured at fair value through profit or loss	FVtPL	-	-	-	35	-	35
Other	AC	213	-	-	-	-	213
Total financial assets		**6,916**	**11**	**1,404**	**196**	**359**	**8,886**
Short-term and current maturities of long-term financial debt as well as long-term financial debt[4]	AC	44	-	-	-	-	44
Trade payables	AC	2,203	-	-	-	-	2,203
Lease liabilities[5]	n.a.	-	-	-	-	628	628
Liabilities to the Siemens Group[4]	AC	15,988	-	-	-	-	15,988
Other financial liabilities		-	-	-	-	-	-
Derivatives included in hedge accounting	n.a.	-	-	128	-	-	128
Derivatives not included in hedge accounting	FVtPL	-	-	41	-	-	41
Contingent considerations from business combinations	FVtPL	-	-	-	25	-	25
Liabilities from written put options on non-controlling interests	n.a.	-	-	-	-	73	73
Other	AC	110	-	-	-	-	110
Total financial liabilities		**18,344**	**-**	**170**	**25**	**701**	**19,239**

[1] AC = Financial Assets/Liabilities at Amortized Cost;
FVtPL = Financial Assets/Liabilities at Fair Value through Profit or Loss;
FVtOCI = Financial Assets at Fair Value through Other Comprehensive Income;
n.a. = not applicable.
[2] Excluding separately disclosed receivables from finance leases.
[3] Reported in the line items trade and other receivables as well as other non-current financial assets.
[4] Excluding separately disclosed lease liabilities.
[5] Reported in the line items short-term financial debt and current maturities of long-term financial debt, long-term financial debt, current liabilities to the Siemens Group and non-current liabilities to the Siemens Group.

Carrying amounts as of Sept 30, 2022

(in millions of €)	Category of financial assets and liabilities (IFRS 9)[1]	In scope of IFRS 9				Not in scope of IFRS 9	Total
		Measured at amortized cost	Measured at fair value				
			Level 1	Level 2	Level 3		
Cash and cash equivalents	AC	1,436	-	-	-	-	1,436
Trade receivables[2]	AC	4,219	-	-	-	-	4,219
Receivables from finance leases[3]	n.a.	-	-	-	-	323	323
Receivables from the Siemens Group	AC	822	-	-	-	-	822
Other financial assets[2]							
Derivatives included in hedge accounting	n.a.	-	-	2,510	-	-	2,510
Derivatives not included in hedge accounting	FVtPL	-	-	44	-	-	44
Equity instruments and fund shares measured at fair value through profit or loss	FVtPL	-	13	9	103	-	125
Equity instruments measured at fair value through other comprehensive income	FVtOCI	-	-	-	56	-	56
Debt instruments measured at fair value through profit or loss	FVtPL	-	-	1	53	-	54
Other	AC	256	-	-	-	-	256
Total financial assets		**6,733**	**13**	**2,564**	**212**	**323**	**9,845**
Short-term and current maturities of long-term financial debt as well as long-term financial debt[4]	AC	86	-	-	-	-	86
Trade payables	AC	2,315	-	-	-	-	2,315
Lease liabilities[5]	n.a.	-	-	-	-	649	649
Liabilities to the Siemens Group[4]	AC	15,927	-	-	-	-	15,927
Other financial liabilities							
Derivatives included in hedge accounting	n.a.	-	-	94	-	-	94
Derivatives not included in hedge accounting	FVtPL	-	-	36	-	-	36
Contingent considerations from business combinations	FVtPL	-	-	-	4	-	4
Liabilities from written put options on non-controlling interests	n.a.	-	-	-	-	99	99
Other	AC	122	-	-	-	-	122
Total financial liabilities		**18,450**	**-**	**130**	**4**	**749**	**19,333**

[1] AC = Financial Assets/Liabilities at Amortized Cost;
FVtPL = Financial Assets/Liabilities at Fair Value through Profit or Loss;
FVtOCI = Financial Assets at Fair Value through Other Comprehensive Income;
n.a. = not applicable.
[2] Excluding separately disclosed receivables from finance leases.
[3] Reported in the line items trade and other receivables as well as other non-current financial assets.
[4] Excluding separately disclosed lease liabilities.
[5] Reported in the line items short-term financial debt and current maturities of long-term financial debt, long-term financial debt, current liabilities to the Siemens Group and non-current liabilities to the Siemens Group.

- The carrying amounts of the items cash and cash equivalents, short-term and current maturities of long-term financial debt, trade payables, current liabilities to the Siemens Group and other current financial assets and other current financial liabilities measured at amortized cost approximated their fair value due to the short-term maturities of these instruments.
- Trade receivables, receivables from finance leases, receivables from the Siemens Group and other non-current financial assets measured at amortized cost were evaluated taking into account various parameters, such as interest rates, country-specific risks and the individual creditworthiness of the debtors. Based on this evaluation, valuation allowances for these items were recognized. The carrying amounts of the items net of valuation allowances approximated their fair values.
- The carrying amount of liabilities to the Siemens Group from U.S. dollar-denominated long-term loans was €8,391 million as of September 30, 2023 (September 30, 2022: €11,679 million). The fair value of these liabilities, which is based on prices provided by price service agencies (level 2), amounted to €6,888 million as of September 30, 2023 (September 30, 2022: €9,916 million). The carrying amount of liabilities to the Siemens Group from euro-denominated long-term fixed-rate loans was €2,550 million as of September 30, 2023 (September 30, 2022: €850 million). The fair value of these liabilities amounted to € 2,524 million as of September 30, 2023 (September 30, 2022: €850 million) and was estimated by discounting future cash flows using rates currently available for debt of similar terms and remaining maturities (Level 2). The carrying amounts of the remaining non-current liabilities to the Siemens Group approximated their fair value because the relevant interest rates approximated market interest rates.
- The carrying amounts of other non-current financial liabilities measured at amortized cost approximated their fair value, which is determined by discounting the expected future cash flows using market interest rates.

- The determination of the fair values of derivatives depended on the specific type of instrument. The fair values of forward exchange contracts were based on forward exchange rates (level 2). Options were generally valued based on quoted market prices or based on option pricing models (level 2).
- Except for publicly listed investments for which a quoted price in an active market exists (level 1), the fair values of venture capital investments were generally determined based on prices from most recently executed financing rounds (level 3). The fair values of other equity instruments were generally derived from a discounted cash flow valuation (level 3). Expected cash flows are thereby subject to future market and business developments as well as price volatility. The discount rates applied take into account respective risk-adjusted capital costs. The fair value measurement of fund shares was based on their net asset values (level 2).
- Debt instruments measured at fair value through profit or loss consisted mainly of bonds and loans related to the financing of proton therapy centers. In this context, Siemens Healthineers, along with other debt investors, provided funds to various entities that are used for the development, construction and operation of proton therapy centers, primarily in the United States. The repayment is either directly or indirectly linked to the commercial success of the centers. The fair values of the bonds and loans are primarily based on the individual creditworthiness of the debtor, taking into account the risk characteristics and operating performance of the financed project (level 3). Where appropriate, a probability weighted expected return model is used, utilizing management's assumptions of different outcomes such as the sale, refinancing or closure of the therapy center. Credit ratings are taken into account when adjusting the fair values for credit risks. Consequently, a better rating will generally result in an increased fair value of the loan receivable. As of September 30, 2023, the carrying amounts of financings provided by Siemens Healthineers and measured at fair value through profit or loss were €26 million (September 30, 2022: €27 million), while the total undiscounted amount, including accrued interest, amounted to €207 million (September 30, 2022: €205 million). In addition, the carrying amounts of trade receivables and contract assets related to the proton therapy centers amounted to €5 million (September 30, 2022: €9 million). The carrying amounts represent the maximum exposure to loss.
- The fair values of contingent consideration were derived from probability-weighted future payments, which mainly depend on the achievement of technical and commercial milestones as well as on the achievement of revenue targets during the earn-out period (level 3). If the estimated revenue or probabilities of completing certain milestones increase or decrease during the respective earn-out period, the fair value of the contingent consideration would increase or decrease, respectively.
- Liabilities from written put options on non-controlling interests were measured at fair value, which is based on the present value of the exercise price of the options (level 3). The exercise price is generally derived from the proportionate enterprise value. The liabilities resulted mainly from written put options in connection with interests in ECG Management Consultants (hereinafter "ECG"). The enterprise value of ECG is calculated by an independent appraiser in accordance with a contractually agreed methodology and serves as a basis for the exercise price per share, which is determined at least once a year. The most significant unobservable input used to determine the fair value is financial information from the five-year business plan, which is mainly subject to expected business and market developments. In addition, weighted revenue and earnings multiples are considered. Changes resulting from the revaluation of liabilities from written put options were recognized in retained earnings.

The changes in the carrying amount of the financial assets and liabilities measured at fair value based on unobservable inputs (level 3) were as follows:

	Equity instruments		**Debt instruments measured at fair value through profit or loss**		**Contingent considerations from business combinations**		**Liabilities from written put options on non-controlling interests**	
	Fiscal year		**Fiscal year**		**Fiscal year**		**Fiscal year**	
(in millions of €)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Balance at beginning of fiscal year	**159**	130	**53**	42	**4**	27	**99**	72
Gains and losses recognized in profit or loss	-	6	1	1	5	–1	-	-
Gains and losses recognized in equity	–1	-	-	-	-	-	-	6
Additions	23	1	5	1	20	-	-	21
Disposals and settlements	–8	-	–22	-	–4	–21	–27	-
Currency translation differences	–13	22	–2	8	-	1	-	-
Other	-	-	1	1	-	–1	-	-
Balance at end of fiscal year	**161**	159	**35**	53	**25**	4	**73**	99

The following table shows the net gains or losses on financial instruments:

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Financial assets measured at amortized cost	–52	–19
Financial liabilities measured at amortized cost	1,142	–2,084
Financial assets and financial liabilities measured at fair value through profit or loss	–13	–11
Equity instruments measured at fair value through other comprehensive income	–1	-

Net gains or losses on financial assets measured at amortized cost consisted of foreign currency revaluation gains and losses, changes in valuation allowances and gains and losses on derecognition. Net gains or losses on financial liabilities measured at amortized cost included foreign currency revaluation gains and losses. Net gains or losses on financial assets and liabilities measured at fair value through profit or loss resulted from the remeasurement of equity and debt instruments as well as from changes in the fair value of derivatives, which were not designated as hedging instruments. Net gains or losses on equity instruments measured at fair value through other comprehensive income included remeasurement gains and losses.

In fiscal year 2023, interest expenses on financial liabilities not measured at fair value through profit or loss amounted to €440 million (2022: €282 million) and interest income on financial assets not measured at fair value through profit or loss amounted to € 77 million (2022: €46 million). Foreign currency revaluation differences recognized in profit or loss on financial assets and liabilities not measured at fair value amounted to €1,111 million (2022: €–2,084 million).

Valuation allowances for expected credit losses

Impairments for expected credit losses were generally recorded in the line item selling and general administrative expenses in the consolidated statements of income. Valuation allowances on current and non-current receivables, included in the line items trade and other receivables, other current financial assets and other non-current financial assets, represent lifetime expected credit losses and changed as follows:

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Valuation allowances at beginning of fiscal year	**126**	**129**
Change in valuation allowances recorded in the consolidated statements of income	19	19
Write-offs charged against allowances	–15	–25
Currency translation differences	–11	12
Other	-	–10
Valuation allowances at fiscal year-end	**119**	**126**

The change in valuation allowances recorded in the consolidated statements of income related to an increase in the valuation allowances on receivables from the sale of goods and services in fiscal year 2023 by €17 million (2022: increase by €18 million).

In connection with the acquisition of Varian, Siemens Healthineers purchased a credit-impaired loan that was originally granted for the financing of a proton therapy center, which has since ceased operations. As of September 30, 2023, the gross carrying amount of this loan was €0 million (September 30, 2022: €0 million), while the undiscounted contractual amount was €77 million (September 30, 2022: €77 million). There have been no significant changes in lifetime expected credit losses since initial recognition.

Receivables from the Siemens Group were classified in stage 1 of the general impairment approach, which means the valuation allowances were measured at an amount equal to the twelve-month expected credit loss. As of September 30, 2023, receivables from the Siemens Group with gross carrying amounts of €642 million (September 30, 2022: €822 million) carried an investment grade rating. In fiscal years 2023 and 2022, no material valuation allowances were recognized.

Offsetting

Siemens Healthineers has entered into master netting agreements and similar agreements for derivatives. As of September 30, 2023, the gross amounts of such derivatives amounted to € 1,379 million (September 30, 2022: €2,518 million) for derivatives with positive fair values and € 149 million (September 30, 2022: €92 million) for derivatives with negative fair values. Thereof, € 98 million (September 30, 2022: €13 million) were subject to a master netting agreement but were not offset in the consolidated statements of financial position because the offsetting requirements were not met.

Hedging activities

As part of Siemens Healthineers' risk management approach (please also see ➔ ***Note 27 Financial risk management***), derivatives were used to reduce the risks resulting primarily from fluctuations in exchange rates. In particular, Siemens Healthineers entered into forward exchange contracts and foreign exchange swaps in order to reduce the risk of variability of future cash flows resulting from forecast sales and purchases, acquisitions, firm commitments and loans denominated in foreign currencies.

In fiscal years 2023 and 2022, Siemens Healthineers did not hold any material derivatives relating to interest rate risk or commodity price risk.

Cash flow hedges

Siemens Healthineers applied hedge accounting for certain significant forecast transactions, firm commitments and loans denominated in foreign currencies. The main characteristics of the forward exchange contracts and foreign exchange swaps designated as hedging instruments matched the underlying hedged items (e.g. nominal amount, maturity).

The nominal amounts of forward exchange contracts and foreign exchange swaps designated as hedging instruments by maturity were as follows:

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Within one year	6,086	3,976
More than one year	8,655	14,118
Total	**14,741**	**18,094**

As of the reporting date, forward exchange contracts and foreign exchange swaps with a nominal amount of €13,007 million (September 30, 2022: €16,391 million) were used to hedge exchange risks arising from U.S. dollar-denominated loans. The weighted average hedging rate was 1.2893 US$/€ (September 30, 2022: 1.2797 US$/€). For these hedges, only the changes in the value of the spot element of the forward exchange contracts and the foreign exchange swaps were designated as hedging instruments.

The fair values of forward exchange contracts and foreign exchange swaps designated as hedging instruments were as follows:

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Assets[1]	1,363	2,510
Liabilities[2]	128	94

[1] Reported in the line items other current financial assets and other non-current financial assets.
[2] Reported in the line items other current financial liabilities and other non-current financial liabilities.

In fiscal year 2023, the changes in fair value of the hedging instruments used for measuring hedge ineffectiveness amounted to €–1,243 million (2022: €2,051 million). The changes in value of the hedged items amounted to €1,243 million (2022: €–2,051 million). There was no material impact on profit or loss resulting from ineffectiveness.

The cash flow hedge reserve and the cost of hedging reserve related to the hedging of exchange rate risks and reconcile as follows:

	Cash flow hedges reserve		Cost of hedging reserve	
(in millions of €)	**Fiscal year 2023**	**Fiscal year 2022**	**Fiscal year 2023**	**Fiscal year 2022**
Balance at beginning of fiscal year	**141**	–3	**–219**	89
Changes in the fair value of hedging instruments	–1,243	2,051	350	–282
Amounts reclassified into revenue (hedging of forecast sales)	2	–13	-	-
Amounts reclassified into cost of sales (hedging of forecast purchases and intragroup transactions)	–38	212	-	-
Amounts reclassified into other financial income (hedging of financial debt denominated in foreign currency)	1,198	–2,022	–39	-
Amounts reclassified into interest expenses	–16	–21	–154	–156
Income tax effects	30	–63	–46	130
Balance at end of fiscal year	**74**	141	**–108**	–219

Hyperinflationary accounting

As of September 30, 2023, the consumer price index in Argentina was 2,305 (September 30, 2022: 967) and in Türkiye 1,691 (September 30, 2022: 1,047). The loss on the net monetary position amounted to €26 million (2022: €38 million).

Note 27 Financial risk management

Siemens Healthineers is managed centrally by the Managing Board. The Managing Board is responsible for the operating business and manages and controls financial risks in accordance with its risk management policy. The Siemens Group acts as a service provider with respect to certain financial risk management activities.

Market risks

Increasing market fluctuations may result in significant earnings and cash flow volatility risks. The worldwide operating business as well as the investing and financing activities are affected particularly by changes in exchange rates and interest rates. In order to optimize the allocation of financial resources across its segments and entities as well as to achieve its aims, Siemens Healthineers identifies, analyzes and manages the relevant market risks. Siemens Healthineers seeks to manage and control market risks primarily through its regular operating and financing activities and uses derivatives when it is appropriate.

Management of market risks is a priority for the Managing Board. The chief financial officer has specific responsibility for this part of the overall risk management system. This responsibility is delegated to corporate treasury. For practical business purposes, Siemens Healthineers has entered into service agreements with the Siemens Group to receive support in the management of market risks.

Since this fiscal year, market risks reported in this section have been quantified by using sensitivity analyses.

Any market-sensitive instruments, including equity and interest-bearing investments, that Siemens Healthineers' pension plans hold are not included in the following quantitative and qualitative disclosures.

Exchange rate risk

Transaction risk

Each entity whose business leads to future cash flows denominated in a currency other than its functional currency is exposed to risks from changes in exchange rates. In the ordinary course of business, entities are particularly exposed to exchange rate fluctuations between the U.S. dollar and the euro.

Siemens Healthineers defines exchange rate risk as the sum of the net amount of foreign-currency-denominated monetary items, firm commitments and planned sales and purchases in a foreign currency. The exchange rate risk is determined based on the respective functional currencies of the exposed entities.

The exchange rate risk from cash inflows in foreign currency is partly balanced by purchasing goods, commodities and services in the respective currencies as well as by production activities and other contributions along the value chain in the local markets.

Entities are bound by an exchange rate risk management system established within the Group. Each entity is responsible for recording, assessing and monitoring its transaction-related exchange rate risk. The mandatory guideline for the treatment of exchange rate risks within Siemens Healthineers describes the procedure for identifying and determining the single net foreign currency positions. It commits the entities to hedge at least 75% but no more than 100% of their foreign-currency-denominated monetary items, firm commitments and cash flows from planned sales and purchases for the following three months. The majority of Siemens Healthineers' hedging transactions is carried out with the corporate treasury of the Siemens Group as the counterparty.

In fiscal year 2023, Siemens Healthineers introduced new treasury management software which the entities will gradually adopt. For manufacturing entities, a modified approach for hedging exchange rate risks is applied under which the minimum hedging level is based on the tenor of the forecasted cash flows, considering up to twelve months (layered hedging approach). Sales entities will still be required to hedge at least 75% of their contracted foreign currency exposure.

Entities are prohibited from borrowing or investing in foreign currencies on a speculative basis. New financing from the Siemens Group or investments by operating entities are carried out preferably in their functional currency. In case an entity is financed in a currency other than its functional currency, the respective foreign currency risk must be hedged 100%. Exchange rate risks in connection with the acquisition or sale of businesses are hedged on an individual basis.

The following table shows how reasonably possible appreciations and depreciations of the U.S. dollar and the euro against all other currencies would have affected Siemens Healthineers' income before income taxes and equity. The impact on income results from the foreign currency measurement of monetary assets and liabilities that are not denominated in the functional currency of the respective entity. In addition, it includes effects from derivatives for which hedge accounting is not applied or which are used to hedge foreign currency debt. In contrast, the impact on equity results from derivatives which are designated in a cash flow hedge and used to hedge expected purchases or sales in foreign currency. The sensitivity analysis neither considers expected transactions nor effects from the translation of the financial statements of the foreign entities into the reporting currency of Siemens Healthineers.

		Effect on income before taxes		Effect on equity	
(in millions of €)	**Sensitivity**	**Sept 30, 2023**	**Sept 30, 2022**	**Sept 30, 2023**	**Sept 30, 2022**
U.S. dollar	+10%	18	28	18	48
U.S. dollar	–10%	–18	–28	–18	–48
Euro	+10%	–6	3	19	–32
Euro	–10%	6	–3	–19	32

The sensitivity analysis assumes that all other variables remain constant. Due to dependencies between the sensitivities of different currencies, it is not appropriate to add up the individual amounts.

Translation risk

Many entities are located outside the euro zone. Because the financial reporting currency of Siemens Healthineers is the euro, the financial statements of these entities are translated into euros for preparation of the consolidated financial statements. To take account of effects of foreign currency translation in risk management, the general assumption is that investments in foreign entities are permanent and that reinvestment is continuous. Effects from exchange rate fluctuations on the translation of net asset amounts into euros are reflected in the line item other components of equity.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument or its future cash flows will fluctuate because of changes in market interest rates. Siemens Healthineers' exposure to the risk of fluctuations in future cash flows and interest income or expenses relates, among others, to short-term bank loans as well as money market borrowings and investments at Siemens Group. Long-term liabilities to the Siemens Group primarily have fixed interest rates to reduce the risk of fluctuations in interest income and expenses from changes in interest rates.

In order to quantify the interest rate risk, a sensitivity analysis was prepared, which was based on net receivables and liabilities with variable interest rates. As of September 30, 2023, a parallel shift of the interest rate curve for all currencies by +100 base points would have resulted in a reduction in income before income taxes by €–26 million (September 30, 2022: €–17 million). In contrast, a parallel shift by –100 base point would have resulted in an increase in income before income taxes by €26 million (September 30, 2022: €17 million). In fiscal years 2023 and 2022, Siemens Healthineers did not use any interest derivatives that could have had an impact on income or equity. The reasonably possible changes in interest rates are based on the currently observable market environment.

Interest rate risks of fluctuations in the fair values of assets and liabilities with fixed interest rates are currently not actively managed because the assets and liabilities are measured at amortized cost and, consequently, no material effects on income are expected to occur.

Liquidity risk

Liquidity risks relate to Siemens Healthineers' ability to meet its financial obligations. As of September 30, 2023, Siemens Healthineers' reserve of cash and cash equivalents amounted to €1,642 million (September 30, 2022: €1,436 million).

In the periods presented, Siemens Healthineers was financed largely by the Siemens Group and invested excess liquidity using the Siemens Group's cash pooling and cash management systems. Excluded thereof are currently the entities that were acquired as part of the acquisition of Varian. For details about financing arrangements with the Siemens Group, please refer to ➔ ***Note 16 Financial debt***.

The following table reflects the contractually fixed payoffs for repayments and interest. The disclosed expected undiscounted net cash outflows from derivative financial liabilities were determined individually for each payment date of an instrument based on the earliest date on which Siemens Healthineers could be required to pay. In addition, the majority of the financing agreements with the Siemens Group include change-of-control clauses that may result in early maturity (please also see ➔ ***A.8.5 Significant agreements which take effect, alter or terminate upon a change of control following a takeover bid***). Cash outflows for financial liabilities without fixed amount are based on the conditions existing as of September 30, 2023.

(in millions of €)	**Fiscal year 2024**	**Fiscal year 2025**	**Fiscal years 2026 to 2028**	**Fiscal years 2029 and thereafter**
Non-derivative financial liabilities	**7,129**	**1,333**	**5,668**	**7,761**
Thereof:				
Loans from banks	42	-	-	-
Lease liabilities	193	138	218	138
Trade payables	2,200	2	1	-
Other financial liabilities	181	10	15	1
Liabilities to the Siemens Group[1]	4,513	1,183	5,434	7,622
Derivative financial liabilities	**167**	**2**	**-**	**-**

[1] Excluding separately disclosed lease liabilities.

The risk implied from the values shown in the table above reflects the one-sided scenario of cash outflows only. Trade payables and other financial liabilities, including lease liabilities, originate mainly from the financing of assets used in Siemens Healthineers' ongoing operations, such as property, plant, equipment and investments in working capital. These assets are considered in Siemens Healthineers' overall liquidity risk management. Thus, Siemens Healthineers mitigates liquidity risk through the implementation of effective working capital management and cash management. To monitor existing financial assets and liabilities and to enable effective control of emerging risks, Siemens Healthineers uses a comprehensive risk reporting system, which covers its worldwide business entities.

Credit risk

Credit risk is defined as an unexpected loss from financial instruments if a counterparty is unable to pay its obligations in due time or if the value of collateral declines. The effective monitoring and controlling of credit risk through credit evaluations and ratings is a core competence of Siemens Healthineers' risk management system. Accordingly, binding credit policy guidelines were implemented. In principle, each entity is responsible for managing credit risk in its own operating activities.

Ratings and individually defined credit limits are based mainly on generally accepted rating methodologies, with input consisting of information obtained from customers, external rating agencies, data service providers and credit default experiences. Ratings consider appropriate forward-looking information significant to the specific financial instrument, such as expected changes in the obligor's financial position, as well as broader forward-looking information, such as expected macroeconomic, industry-related and competitive developments. In addition, ratings also consider a country-specific risk component derived from external country ratings. Ratings and credit limits are carefully considered in determining the conditions under which direct or indirect financing will be offered to customers by Siemens Healthineers.

Siemens Healthineers applies various systems and processes to analyze and monitor credit risk. A central IT application is available that provides rating and default information. Together with data from operating entities, this information is used as a basis for individual bad debt allowances. In addition to this automated process, qualitative information is considered to particularly incorporate latest developments.

In general, deposits are held, and external hedging transactions are entered into, only with contracting parties that have an investment-grade rating.

There were no significant concentrations of customer credit risk as of September 30, 2023 and 2022. The maximum exposure to credit risk for financial assets, without taking account of any collateral, is represented by their carrying amount. As of September 30, 2023, collateral and other credit enhancements held for financial assets measured at amortized cost amounted to €55 million (September 30, 2022: €57 million), mainly in the form of letters of credit and guarantees. Collateral for financial assets measured at fair value amounted to €98 million (September 30, 2022: €13 million) and consisted of netting agreements for derivatives in case of a counterparty's insolvency.

As of September 30, 2023, the gross carrying amount of receivables from the sale of goods and services amounted to €4,530 million (September 30, 2022: €4,337 million). Based on rating information from Siemens Financial Services, 42% (September 30, 2022: 47%) of the receivables were rated with an investment-grade rating and 58% (September 30, 2022: 53%) with a non-investment-grade rating. Receivables from finance leases with a gross carrying amount of €366 million (September 30, 2022: €329 million) and contract assets with a gross carrying amount of €1,642 million (September 30, 2022: €1,430 million) generally share similar risk characteristics.

As of the reporting date, there were no material loan commitments and financial guarantee contracts.

Note 28 Share-based payment

As of September 30, 2023, the carrying amount of liabilities from share-based payment amounted to €31 million (September 30, 2022: €22 million). In fiscal year 2023, expenses for equity-settled share-based payment amounted to €109 million (2022: €106 million). Expenses for share-based payment amounted to €124 million (2022: €105 million).

Share-based payment awards granted in fiscal year 2023, including Siemens Healthineers' stock awards and the Share Matching program, were based on Siemens Healthineers AG shares. In addition, employees continued to participate in existing share-based payment plans of the Siemens Group based on Siemens AG shares, mainly in the Jubilee Share program.

Siemens Healthineers' Stock awards

Siemens Healthineers grants stock awards to members of the Managing Board, members of senior management and other eligible employees. These entitle beneficiaries after expiry of the vesting period to receive Siemens Healthineers AG shares without payment of consideration (Siemens Healthineers' stock awards).

Changes in stock awards held by members of the Managing Board, members of senior management and other eligible employees were as follows:

	Fiscal year 2023	Fiscal year 2022
Non-vested at beginning of fiscal year	**5,010,821**	**4,553,975**
Granted	2,401,175	1,900,209
Vested and fulfilled	–2,170,066	–786,423
Forfeited	–581,883	–614,527
Settled	–11,241	-
Adjustment in number of stock awards[1]	–49,442	–42,413
Non-vested at fiscal year-end	**4,599,364**	**5,010,821**

[1] Adjustments resulting from changes in the estimate of the target attainment of the ESG target.

In fiscal year 2023, Siemens Healthineers granted Siemens Healthineers' stock awards to members of the Managing Board, members of senior management and other eligible employees. As in the prior year, the major portion of the Siemens Healthineers' stock awards granted to members of senior management and other eligible employees depended solely on fulfillment of the employee's respective service condition (plan design II). In addition, Siemens Healthineers granted stock awards to members of the Managing Board and eligible members of senior management and other eligible employees that continue to be tied to performance criteria (plan design I). As in the prior year, within the target amount for eligible members of senior management and other eligible employees, 80% is linked to the development of total shareholder return, as compared to two equally weighted external indices during the vesting period (TSR target). The remaining 20% of the target amount is linked to an internal sustainability target which considers environmental, social and governance targets (ESG target). Initially in fiscal year 2023, within the target amount for the members of the Managing Board, 75% (in fiscal year 2022: 80%) is linked to the development of total shareholder return, as compared to two equally weighted external indices during the vesting period (TSR target). The remaining 25% (in fiscal year 2022: 20%) of the target amount is linked to an internal sustainability target which considers environmental, social and governance targets (ESG target).The following tables summarize the information for the Siemens Healthineers' stock awards of the 2023 and 2022 tranches.

Siemens Healthineers' stock awards

	Tranche 2023				
	Plan design I				Plan design II
Performance condition	TSR target		ESG target		n.a.
Target attainment	0 - 200%				n.a.
Vesting period	About four years				About one to about four years
Beneficiaries	Members of the Managing Board, eligible members of senior management and other eligible employees				Members of senior management and other eligible employees
Classification	Equity-settled share-based payment				
Number of granted stock awards	692,323[1]				1,708,852
Fair Value at the grant date	€20 million				€82 million
Determination of the fair value	Valuation model		Share price less present value of expected dividends		Share price less present value of expected dividends
Inputs to the valuation model for the following beneficiaries	**Members of the Managing Board**	**Members of senior management and other eligible employees**	**Members of the Managing Board**	**Members of senior management and other eligible employees**	**Members of senior management and other eligible employees**
Expected weighted volatility of Siemens Healthineers AG share[2]	27.01%		n.a.	n.a.	n.a.
Share price per Siemens Healthineers AG share	€50.68				
Expected dividend yield	1.88%		n.a.	n.a.	n.a.
Risk-free interest rate	2.61%		n.a.	n.a.	n.a.

[1] Based on a target attainment of 200%.
[2] Expected volatility and assumptions concerning share price correlations were determined by reference to historical volatilities and historical correlations, respectively.

Siemens Healthineers' stock awards

	Tranche 2022				
	Plan design I				Plan design II
Performance condition	TSR target		ESG target		n.a.
Target attainment	0 - 200%				n.a.
Vesting period	About four years				About one to about four years
Beneficiaries	Members of the Managing Board, eligible members of senior management and other eligible employees				Members of senior management and other eligible employees
Classification	Equity-settled share-based payment				
Number of granted stock awards	443,121[1]				1,457,088
Fair Value at the grant date	€19 million				€93 million
Determination of the fair value	Valuation model		Share price less present value of expected dividends		Share price less present value of expected dividends
Inputs to the valuation model for the following beneficiaries	**Members of the Managing Board**	**Members of senior management and other eligible employees**	**Members of the Managing Board**	**Members of senior management and other eligible employees**	**Members of senior management and other eligible employees**
Expected weighted volatility of Siemens Healthineers AG share[2]	25.56%	25.58%	n.a.	n.a.	n.a.
Share price per Siemens Healthineers AG share	€64.70	€66.20	€64.70	€66.20	€66.20
Expected dividend yield	1.32%	1.29%	n.a.	n.a.	n.a.
Risk-free interest rate	–0.15%	–0.16%	n.a.	n.a.	n.a.

[1] Based on a target attainment of 200%.
[2] Expected volatility and assumptions concerning share price correlations were determined by reference to historical volatilities and historical correlations, respectively.

Share Matching program and its underlying plans

Under the Share Matching program, Siemens Healthineers offers plans which entitle beneficiaries to receive Siemens Healthineers AG shares. These plans are classified as equity-settled share-based payment. The weighted average fair value of the Siemens Healthineers' matching shares granted in fiscal year 2023 was €45.35 per share (2022: €50.53 per share). It was derived from the share price less the present value of expected dividends and taking into account non-vesting conditions.

The development of outstanding matching shares from plans of the Share Matching program described below was as follows:

	Fiscal year 2023	Fiscal year 2022
Outstanding at beginning of fiscal year	**832,415**	**863,492**
Granted	487,958	385,679
Vested and fulfilled	–371,094	–360,154
Forfeited	–41,801	–39,423
Settled	–18,844	–17,179
Outstanding at fiscal year-end	**888,634**	**832,415**

Share matching plan

Under the share matching plan, members of senior management can invest a part of their variable compensation in shares (investment shares). The shares are purchased at the market price at a predetermined date in the second quarter of each fiscal year. For every three investment shares held over the vesting period of about three years, plan participants have the right to receive one share without payment of consideration (matching share), provided the plan participant is continually employed by the Siemens Group, including Siemens Healthineers, until the end of the vesting period.

Monthly investment plan

Under the monthly investment plan, employees other than members of senior management can monthly invest a part of their compensation in shares over a period of twelve months. The shares are purchased at market price at a predetermined date once a month. If the Managing Board decides that shares acquired under the monthly investment plan are transferred to the share matching plan, plan participants have the right to receive matching shares under the same conditions applying to the share matching plan described above but with a vesting period of about two years. The Managing Board of Siemens Healthineers AG decided to transfer the shares acquired under the 2022 tranche to the share matching plan in February 2023.

Base share program

Under the base share program, employees of participating entities can invest a fixed amount of their compensation in shares, which is then matched by Siemens Healthineers. The shares are purchased at market price at a predetermined date in the second quarter of each fiscal year and grant the right to receive matching shares under the same conditions applying to the share matching plan described above.

Jubilee Share program

For their 25th and 40th service anniversaries, eligible employees in Germany receive jubilee shares in form of Siemens AG shares. The Jubilee Share program is classified as cash-settled share-based payment. As of September 30, 2023, 580,434 entitlements to jubilee shares were outstanding for Siemens Healthineers' employees (September 30, 2022: 556,619).

Note 29 Personnel expenses and employees

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Wages and salaries	6,383	5,807
Statutory social welfare contributions and expenses for optional support	965	811
Expenses relating to post-employment benefits	293	325
Total personnel expenses	**7,641**	**6,944**

Wages and salaries in fiscal year 2023 included severance charges of €167 million (2022: €71 million). The increase mainly resulted from severance charges resulting out of the transformation of the Diagnostics business in the amount of €93 million.

Employees were engaged in the following functions (averages):

(in thousands)	Fiscal year 2023	Fiscal year 2022
Manufacturing and services	38	38
Sales	13	13
Research and development	13	13
Administration and general services	6	6
Total employees	**71**	**70**

Note 30 Segment information

(in millions of €)	Adjusted external revenue[1]		Inter-segment revenue		Total adjusted revenue[1]		Adjusted EBIT[2]		Assets[3]		Free cash flow		Additions to other intangible assets and property, plant and equipment[4]		Amortization, depreciation and impairments	
	Fiscal year		Fiscal year		Fiscal year		Fiscal year		Sept 30,		Fiscal year		Fiscal year		Fiscal year	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Imaging[5]	11,404	10,490	438	376	11,842	10,867	2,569	2,221	8,983	8,802	2,129	1,928	286	217	201	193
Diagnostics	4,528	6,065	-	-	4,528	6,065	–117	933	5,950	6,289	–216	380	532	594	381	383
Varian[5]	3,560	3,130	2	-	3,561	3,130	538	499	14,368	15,043	237	439	51	34	33	53
Advanced Therapies	2,016	1,915	4	5	2,019	1,920	311	240	1,862	2,295	256	178	21	19	269	19
Total segments[5]	**21,507**	21,601	**443**	382	**21,950**	21,982	**3,302**	3,893	**31,163**	32,431	**2,405**	2,925	**890**	865	**884**	648
Reconciliation to consolidated financial statements[5] [6]	173	113	–443	–382	–270	–268	–1,374	–1,093	15,521	16,625	–1,124	–1,273	597	491	673	694
Siemens Healthineers	**21,680**	21,714	**-**	-	**21,680**	21,714	**1,928**	2,800	**46,684**	49,056	**1,281**	1,652	**1,487**	1,356	**1,557**	1,343

[1] Siemens Healthineers: IFRS revenue.
[2] Siemens Healthineers: Income before income taxes.
[3] On segment level: net capital employed.
[4] Including additions through business combinations, excluding goodwill.
[5] Prior year figures comparable based on the organizational structure effective October 1, 2022.
[6] Including effects in line with revaluation of contract liabilities from IFRS 3 purchase price allocations.

Reportable segments

Siemens Healthineers has the following four reportable segments, which are differentiated according to the nature of goods and services:

- ***Imaging*** offers imaging products, services and solutions as well as digital offerings. The most important products within this segment are equipment for magnetic resonance, computed tomography, X-ray, molecular imaging and ultrasound.
- ***Diagnostics*** offers in-vitro diagnostic products and services that are offered to healthcare providers in laboratory and point-of-care diagnostics.
- ***Varian*** provides innovative, multi-modality cancer care technologies based on integrated, advanced imaging, along with solutions and services to oncology departments in hospitals and clinics globally.
- ***Advanced Therapies*** is a supplier of highly integrated products, solutions and services across multiple clinical fields, which are provided to therapy departments of healthcare providers.

From the beginning of fiscal year 2023, Siemens Healthineers has a revised organizational structure. The Cancer Therapy business (imaging for radiation therapy) was transferred from the Imaging segment to the Varian segment. The Proton Solutions business was transferred from the Varian segment to Central Items given that, in the future, Siemens Healthineers will not be pursuing new sales of proton therapy systems but will concentrate on maintenance of equipment already ordered or already installed, thereby enhancing system reliability and stability, and providing a high level of service for existing customers and their proton centers.

Measurement and reconciliations

Accounting policies for segment information are generally the same as those summarized in ➔ ***Note 2 Accounting policies*** Any exceptions or supplements are outlined below or become apparent in the reconciliations.

Adjusted revenue

At the segment level, revenue is defined as total revenue and corresponds to the sum of external and intersegment revenue. Total adjusted revenue of the segments is additionally adjusted for effects in line with revaluation of contract liabilities from IFRS 3, Business Combinations, purchase price allocations.

Revenue includes revenue from contracts with customers and revenue from leasing activities. In fiscal year 2023, income from leases amounted to €362 million (2022: €401 million). In fiscal year 2023, revenue from rapid COVID-19 antigen tests in the Diagnostics segment amounted to €121 million (2022: €1,550 million).

For each of the segments, revenue results mainly from performance obligations satisfied at a point in time, especially in the case of the sale of goods, including reagents and consumables. However, the performance obligations related to maintenance contracts for equipment sold are generally satisfied over time with revenue recognized on a straight-line basis.

As of the reporting date, the aggregate amount of transaction prices allocated to performance obligations that were unsatisfied or partially unsatisfied (order backlog) amounted to €34 billion (September 30, 2022: €34 billion). Thereof, €11 billion (September 30, 2022: €12 billion) are expected to be recognized as revenue in the next twelve months.

Intersegment revenue is based on market prices.

Adjusted EBIT

Adjusted EBIT margin is used to manage the operating performance of our segments. Adjusted EBIT margin is defined as the adjusted EBIT of the particular segment concerned, divided by its total adjusted revenue. Adjusted EBIT is the underlying earnings indicator and is defined as income before income taxes, interest income and expenses and other financial income, net, adjusted for the following items:

- expenses for mergers, acquisitions, disposals and other portfolio-related measures, in particular
  - amortization, depreciation and other effects from IFRS 3 purchase price allocation adjustments,
  - transaction, integration, retention and carve-out costs,
  - gains and losses from divestments,
- severance charges, and
- centrally carried pension service and administration expenses.

Income tax expenses are excluded from the segments' adjusted EBIT because income taxes are subject to legal structures, which typically do not correspond to the segment's structure. Financial income, net, comprises other financing income, net, and any interest income or expenses. Financing income, net, is excluded from the segments' adjusted EBIT because decision-making regarding financing is typically made at the Group level. Expenses for mergers, acquisitions, disposals and other portfolio-related measures and severance charges are not part of adjusted EBIT because they do not affect the operating performance of the segments. Decisions on essential pension items are made centrally. Accordingly, the segments' adjusted EBIT includes amounts related primarily to service cost of pension plans, while other regularly recurring pension related expenses ("centrally carried pension service and administration expenses") are excluded. Certain items that are not indicative of the segments' performance are also excluded from adjusted EBIT, such as items that have a corporate or central character or refer to more than one reportable segment, to corporate treasury or to Siemens Healthineers Real Estate. Costs for support functions are allocated predominantly to the segments.

The reconciliation of total segments' adjusted EBIT to Siemens Healthineers' income before income taxes is given in the table below:

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Total segments' adjusted EBIT	**3,302**	**3,893**[2]
Centrally carried pension service and administration expenses	3	–8
Amortization, depreciation and other effects from IFRS 3 purchase price allocation adjustments	–393	–609
Transaction, integration, retention and carve-out costs	–37	–49
Gains and losses from divestments	-	1
Severance charges	–167	–71
Expenses for other portfolio-related measures	–349[3]	-
Financial income, net	–207	–127
Corporate items	–231	–195[2]
Corporate treasury, Siemens Healthineers Real Estate[1], eliminations and other items	7	–36
Total reconciliation to consolidated financial statements	**–1,374**	**–1,093**[2]
Siemens Healthineers' income before income taxes	**1,928**	**2,800**

[1] Siemens Healthineers Real Estate manages Siemens Healthineers' entire real estate business portfolio, operates the properties and is responsible for building projects and for the purchase and sale of real estate.
[2] Comparable based on the organizational structure effective October 1, 2022.
[3] Including expenses for impairment of other intangible assets in the amount of €244 million.

Severance charges increased in the amount of €96 million to €167 million. Therein included were higher severance charges mainly for the Diagnostics segment.

Expenses for other portfolio-related measures were €349 million. This was due to the focusing of the endovascular robotics solution exclusively on interventional solutions in neurology and the associated withdrawal from the robotic-assisted endovascular cardiology business in the Advanced Therapies segment.

The line item Corporate items includes corporate costs, such as costs of Group management and corporate projects as well as business activities and special topics that were not allocated directly to the segments.

Assets

Siemens Healthineers uses segments' assets, defined as net capital employed, as a measure to assess the segments' capital intensity. Segments' assets are based on total assets presented in the consolidated statements of financial position (i.e. including intangible assets acquired in business combinations), which are allocated to the segments, primarily excluding receivables from the Siemens Group from financing activities and tax-related assets, because the corresponding income and expenses are also excluded from the segments' adjusted EBIT. Moreover, the remaining assets are reduced by non-interest-bearing liabilities (e.g. trade payables, contract liabilities and other current liabilities) other than tax-related liabilities.

(in millions of €)	Sept 30, 2023	Sept 30, 2022
Total segments' assets	**31,163**	**32,431[1]**
Asset-based adjustments	6,383	7,584[1]
Therein:		
Positive fair value of forwards for hedging of foreign currency liabilities from financing activities	1,399	2,484[1]
Assets corporate treasury	1,745	1,537
Assets Siemens Healthineers Real Estate	1,833	1,870
Receivables from the Siemens Group from non-operating activities	625	807
Current income tax assets and deferred tax assets	661	649
Liability-based adjustments	9,137	9,041
Total reconciliation to consolidated financial statements	**15,521**	**16,625[1]**
Siemens Healthineers' total assets	**46,684**	**49,056**

[1] Comparable based on the organizational structure effective October 1, 2022.

Free cash flow

Free cash flow comprises the cash flows from operating activities and additions to intangible assets and property, plant and equipment included in cash flows from investing activities. As with the segments' adjusted EBIT, the segments' free cash flow excludes payments related to income taxes, corporate items and certain other payments.

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Total segments' free cash flow	**2,405**	**2,925[1]**
Tax-related cash flow	–899	–877
Corporate items and other	–226	–396[1]
Total reconciliation to consolidated financial statements	**–1,124**	**–1,273[1]**
Siemens Healthineers' free cash flow	**1,281**	**1,652**

[1] Comparable based on the organizational structure effective October 1, 2022.

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 (similarly to segments' adjusted EBIT excluding intangible assets acquired in business combinations), each net of reversals of impairment losses.

Note 31 Information about geographies

The following tables disclose revenue by location of the customer and entity, and the location of non-current assets.

(in millions of €)	Revenue by customer location[1]		Revenue by entity location[1]	
	Fiscal year 2023	Fiscal year 2022	Fiscal year 2023	Fiscal year 2022
Europe, C.I.S., Africa, Middle East (EMEA)	6,988	7,093	7,354	7,401
Americas	8,863	8,788	8,955	8,915
Asia Pacific Japan	3,009	3,048	2,759	2,844
China	2,821	2,785	2,612	2,553
Total:	**21,680**	**21,714**	**21,680**	**21,714**
Thereof:				
Germany	1,062	1,434	1,664	2,011
Foreign countries	20,618	20,280	20,017	19,703
Therein: United States	7,506	7,589	7,782	7,873

[1] Regional reporting is based on four regions (previously three regions) starting fiscal year 2023: prior year figures comparable based on the new regional structure.

(in millions of €)	Location of non-current assets[1 2]	
	Sept 30, 2023	Sept 30, 2022
Europe, C.I.S., Africa, Middle East (EMEA)	9,519	9,447
Americas	16,606	18,164
Asia Pacific Japan	2,562	2,870
China	1,367	1,564
Total:	**30,054**	**32,046**
Thereof:		
Germany	2,398	2,344
Foreign countries	27,655	29,702
Therein: United States	16,027	17,565

[1] Non-current assets consisted of property, plant and equipment, goodwill and other intangible assets.
[2] Regional reporting is based on four regions (previously three regions) starting fiscal year 2023: prior year figures comparable based on the new regional structure.

Note 32 Related party transactions

Siemens Healthineers maintained business relations with the Siemens Group and with joint ventures and associates of both the Siemens Group and Siemens Healthineers. The Siemens Group is a related party, as Siemens AG controls Siemens Healthineers AG.

Transactions with the Siemens Group

	Sales of goods and services and other income		Purchases of goods and services and other expenses	
(in millions of €)	**Fiscal year 2023**	**Fiscal year 2022**	**Fiscal year 2023**	**Fiscal year 2022**
Siemens AG	3	6	266	271
Other Siemens Group entities	331	323	175	195
Total	**334**	**329**	**441**	**466**

Between Siemens Healthineers and the Siemens Group existed supply and service agreements:

- In fiscal year 2023, Siemens Healthineers obtained support services from the Siemens Group for central corporate services such as IT, human resources, procurement, accounting, tax or treasury with a total value of €290 million (2022: €301 million). For certain services, there were fixed payment obligations over a non-cancelable contract term. As of September 30, 2023, the resulting commitment amounted to €72 million (September 30, 2022: €78 million).
- Siemens Healthineers has entered into leasing transactions with the Siemens Group and related benefit trusts that fund pension obligations, mainly for real estate. As of September 30, 2023, total lease liabilities amounted to €53 million (September 30, 2022: €57 million).

Receivables from and liabilities to the Siemens Group

	Receivables from the Siemens Group		Liabilities to the Siemens Group	
(in millions of €)	**Sept 30, 2023**	**Sept 30, 2022**	**Sept 30, 2023**	**Sept 30, 2022**
Siemens AG	537	289	3,358	1,320
Other Siemens Group entities	105	533	12,666	14,645
Total	**642**	**822**	**16,024**	**15,964**

Receivables from and liabilities to the Siemens Group resulted mainly from financing activities:

- Siemens Healthineers is included in the cash pooling and cash management of the Siemens Group. Thereby, Siemens Healthineers invested excess liquidity in the short term and was granted overdraft facilities for financing its operating activities.
- The liabilities to other Siemens Group entities decreased due to the repayment of two matured loans totaling US$2.0 billion. This amount was partially offset by a new loan for refinancing purposes in the amount of €0.7 billion, maturing in fiscal year 2032, and an additional loan for general corporate purposes in the amount of €0.3 billion, maturing in fiscal year 2026. Furthermore, the liabilities decreased due to effects from foreign currency revaluation.
- The liabilities to Siemens AG increased due mainly to a new loan in the amount of €0.7 billion to refinance the repayment of loans mentioned above. The additional loan will mature in fiscal year 2030.

In fiscal year 2023, interest expenses from financing arrangements with Siemens AG amounted to €125 million (2022: €22 million); interest expenses from financing arrangements with other Siemens Group entities amounted to €119 million (2022: €58 million). These included positive effects from the hedging of exchange rate risks of U.S. dollar-denominated loans.

In fiscal year 2023, interest income from financing arrangements with Siemens AG amounted to €25 million (2022: €5 million); interest income from financing arrangements with other Siemens Group entities amounted to €4 million (2022: €8 million).

For further information regarding financing arrangements with the Siemens Group, please refer to ➔ ***Note 16 Financial debt***.

Other material relationships with the Siemens Group

Hedging

The majority of Siemens Healthineers' hedging activities was carried out with the corporate treasury of the Siemens Group as counterparty. As of September 30, 2023, related other financial assets and other financial liabilities amounted to €1,376 million (September 30, 2022: €2,518 million) and €139 million (September 30, 2022: €92 million), respectively.

For further details, please refer to ➔ ***Note 14 Other non-current financial assets***, ➔ ***Note 16 Financial debt*** and to ➔ ***Note 26 Financial instruments and hedging activities***.

Guarantees and letters of support

The Siemens Group issued guarantees for or on behalf of Siemens Healthineers in connection with the operating activities of the Group. As of September 30, 2023, the guarantees issued by Siemens AG and other Siemens Group entities amounted to €14 million (September 30, 2022: €16 million) and €87 million (September 30, 2022: €120 million), respectively.

In addition, Siemens AG provided letters of support to banks and insurance companies, for example in connection with securing guarantee credit lines and overdraft facilities of the Group. As of September 30, 2023, the obligations secured by letters of support amounted to €531 million (September 30, 2022: €640 million).

Share-based payment plans

Siemens Healthineers' employees continued to participate in existing share-based payment plans of the Siemens Group based on Siemens AG shares, mainly in the Jubilee Share program. For further details, please refer to ➔ ***Note 28 Share-based payment***. Siemens AG delivered the respective shares on behalf of Siemens Healthineers and was reimbursed by Siemens Healthineers.

Joint ventures and associates

In fiscal year 2023, Siemens Healthineers purchased goods and services from its joint ventures and associates in an amount of €55 million (2022: €69 million).

Benefit trusts

Information regarding the funding of post-employment benefit plans, can be found in ➔ ***Note 22 Provisions for pensions and similar obligations***.

Related individuals

Managing Board and Supervisory Board of the Group

In fiscal year 2023, the members of the Managing Board received cash compensation totaling €7.5 million (2022: €6.7 million). The fair value at grant date of share-based granted in fiscal year 2023 amounted to €7.1million (2022: €7.8 million) for 260,876 stock awards. Contributions to the Siemens Healthineers BSAV pension plan and other expenses related to pension plans amounted to €1.7 million (2022: €1.7 million). Thus, compensation and benefits granted in fiscal year 2023 in total amounted to €16.3 million (2022: €16.2 million). In fiscal year 2023, expenses related to share-based payment amounted to €4.6 million (2022: €5.4 million).

As of September 30, 2023, the defined benefit obligation for pension commitments to former members of the Managing Board and its surviving dependents amounted to €1.6 million.

Compensation attributable to members of the Supervisory Board comprised a base compensation and additional compensation for committee work, and amounted (including meeting fees) to €1.7 million in fiscal year 2023 (2022: €1.3 million).

Information regarding the individual compensation of the members of the Managing Board and Supervisory Board of Siemens Healthineers AG is disclosed in the remuneration report.

In fiscal years 2023 and 2022, no other major transactions took place between Siemens Healthineers and the members of the Managing Board and Supervisory Board. Some Managing Board and Supervisory Board members hold, or in the past year have held, positions of significant responsibility with other entities. Siemens Healthineers has relationships with many of these entities in the ordinary course of business.

Managing Board and Supervisory Board of Siemens AG

As of September 30, 2023 and 2022, Siemens Healthineers has been controlled by its ultimate parent company Siemens AG. Therefore, the members of the Managing Board and the Supervisory Board of Siemens AG were also regarded as key management. Information about Siemens AG's Managing Board and Supervisory Board is included in the remuneration report of the Siemens Group.

Note 33 Principal accountant fees and services

Fees related to professional services rendered by the principal accountant EY were:

(in millions of €)	Fiscal year 2023	Fiscal year 2022
Audit services	11	10
Other attestation services	-	1
Total principal accountant fees	**11**	**10**

In fiscal year 2023, 31% (2022: 31%) of the total fees was attributable to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Germany. Audit services related primarily to services provided by EY for auditing Siemens Healthineers' consolidated financial statements, for auditing financial statements of Siemens Healthineers AG and its subsidiaries, for reviews of interim financial statements being integrated into the audit, and for project-accompanying IT audits. Other attestation services included mainly other attestation services required by law, contractually agreed or requested on a voluntary basis.

Note 34 Corporate Governance

The Managing Board and the Supervisory Board of Siemens Healthineers AG provided the declaration required by Section 161 of the German Stock Corporation Act ("Aktiengesetz") as of September 30, 2023. The declaration is available on the Group's website at ➔ ***www.siemens-healthineers.com/investor-relations/corporate-governance***.

Note 35 List of subsidiaries, joint ventures and associates pursuant to Section 313 (2) of the German Commercial Code

Sept 30, 2023	Equity interest in %
Subsidiaries	
Germany (20 companies)	
Acuson GmbH, Erlangen	100[5]
BEFUND24 GmbH, Erlangen	85
Dade Behring Grundstücks GmbH, Kemnath	94
Siemens Healthcare Diagnostics Products GmbH, Marburg	100[7]
Siemens Healthcare GmbH, Munich	100[7]
Siemens Healthineers Beteiligungen GmbH & Co. KG, Röttenbach	100[8]
Siemens Healthineers Beteiligungen Verwaltungs-GmbH, Röttenbach	100[5]
Siemens Healthineers Holding I GmbH, Munich	100[7]
Siemens Healthineers Holding III GmbH, Munich	100[7]
Siemens Healthineers Innovation GmbH & Co. KG, Röttenbach	100[8]
Siemens Healthineers Innovation Verwaltungs-GmbH, Röttenbach	100[5]
Siemens Real Estate GmbH & Co. KG, Kemnath	94[8]
Siemens Real Estate Management GmbH, Kemnath	100[5]
Varian Medical Systems Deutschland GmbH & Co. KG, Darmstadt	100[8,9]
Varian Medical Systems Haan GmbH, Haan	100[7]
Varian Medical Systems München GmbH, Munich	100[7]
Varian Medical Systems Particle Therapy GmbH & Co. KG, Troisdorf	100[8,9]
VMS Deutschland Holdings GmbH, Darmstadt	100[7]
Zeleni Holding GmbH, Kemnath	100
Zeleni Real Estate GmbH & Co. KG, Kemnath	100[8]
Europe (without Germany), C.I.S., Africa, Middle East (EMEA) (80 companies)	
Acuson France SAS, Courbevoie/France	100[5]
Acuson Italy S.r.l., Milan/Italy	100[5]
Acuson Middle East FZ LLC, Dubai/United Arab Emirates	100[5]
Acuson Österreich GmbH, Vienna/Austria	100[5]
Acuson Slovakia s. r. o., Bratislava/Slovakia	100[5]
Acuson United Kingdom Ltd., Camberley, Surrey/United Kingdom	100[5]
BLOCK IMAGING SAS, Paris/France	100
CTSI (Mauritius) Ltd., Ebene/Mauritius	100
FAST TRACK DIAGNOSTICS LUXEMBOURG S.à r.l., Esch-sur-Alzette/Luxembourg	100
FTD Europe Ltd, Sliema/Malta	100
ITH icoserve technology for healthcare GmbH, Innsbruck/Austria	69
PETNET Solutions SAS, Lisses/France	100
Siemens Healthcare (Private) Limited, Lahore/Pakistan	100
Siemens Healthcare A/S, Ballerup/Denmark	100
Siemens Healthcare AB, Solna/Sweden	100
Siemens Healthcare AS, Oslo/Norway	100
Siemens Healthcare d.o.o. Beograd, Belgrade/Serbia	100
Siemens Healthcare d.o.o., Ljubljana/Slovenia	100
Siemens Healthcare d.o.o., Zagreb/Croatia	100
Siemens Healthcare Diagnostics GmbH, Vienna/Austria	100
Siemens Healthcare Diagnostics Ltd, Camberley, Surrey/United Kingdom	100
Siemens Healthcare Diagnostics Manufacturing Limited, Swords, County Dublin/Ireland	100
Siemens Healthcare Diagnostics Manufacturing Ltd, Camberley, Surrey/United Kingdom	100

Sept 30, 2023	Equity interest in %
Siemens Healthcare Diagnostics Products Ltd, Camberley, Surrey/United Kingdom	100
Siemens Healthcare Employee Share Ownership Trust, Midrand/South Africa	0[3]
Siemens Healthcare EOOD, Sofia/Bulgaria	100
Siemens Healthcare FZ LLC, Dubai/United Arab Emirates	100
SIEMENS HEALTHCARE INDUSTRIAL AND COMMERCIAL SINGLE MEMBER SOCIETE ANONYME, Marousi/Greece	100
Siemens Healthcare Kft., Budapest/Hungary	100
Siemens Healthcare L.L.C., Dubai/United Arab Emirates	49[2]
Siemens Healthcare Limited Liability Company, Kiev/Ukraine	100
Siemens Healthcare Limited Liability Company, Moscow/Russian Federation	100
Siemens Healthcare Limited Liability Partnership, Almaty/Kazakhstan	100
Siemens Healthcare Limited, Camberley, Surrey/United Kingdom	100
Siemens Healthcare Limited, Riyadh/Saudi Arabia	51
Siemens Healthcare Logistics LLC, Cairo/Egypt	100
Siemens HealthCare Ltd., Rosh Ha'ayin/Israel	100
Siemens Healthcare Medical Solutions Limited, Swords, County Dublin/Ireland	100
Siemens Healthcare NV, Groot-Bijgaarden/Belgium	100
Siemens Healthcare Oy, Espoo/Finland	100
Siemens Healthcare Proprietary Limited, Halfway House/South Africa	90
Siemens Healthcare S.A.E., Cairo/Egypt	100
Siemens Healthcare S.r.l., Bucharest/Romania	100
Siemens Healthcare S.r.l., Milan/Italy	100
Siemens Healthcare s.r.o., Bratislava/Slovakia	100
Siemens Healthcare Saglik Anonim Sirketi, Istanbul/Türkiye	100
Siemens Healthcare SARL, Casablanca/Morocco	100
Siemens Healthcare SAS, Courbevoie/France	100
Siemens Healthcare Sp. z o.o., Warsaw/Poland	100
SIEMENS HEALTHCARE, S.L.U., Madrid/Spain	100
Siemens Healthcare, s.r.o., Prague/Czech Republic	100
SIEMENS HEALTHCARE, UNIPESSOAL, LDA, Amadora/Portugal	100
Siemens Healthineers Algeria E.U.R.L., Hydra/Algeria	100
Siemens Healthineers Holding III B.V., The Hague/Netherlands	100
Siemens Healthineers Holding IV B.V., The Hague/Netherlands	100
Siemens Healthineers Holding V B.V., The Hague/Netherlands	100
Siemens Healthineers International AG, Steinhausen/Switzerland	100
Siemens Healthineers Nederland B.V., The Hague/Netherlands	100
Siemens Healthineers Oncology Services Algeria E.U.R.L., Hydra/Algeria	100
Siemens Medicina d.o.o., Sarajevo/Bosnia and Herzegovina	100
Steiermärkische Medizinarchiv GesmbH, Graz/Austria	52
V.O.S.S. Varinak Onkoloji Sistemleri Satis Ve Servis Anonim Sirketi, Istanbul/Türkiye	100
Varian Medical Systems (RUS) Limited Liability Company, Moscow/Russian Federation	100
Varian Medical Systems Arabia Commercial Limited, Riyadh/Saudi Arabia	75
Varian Medical Systems Belgium NV, Groot-Bijgaarden/Belgium	100
Varian Medical Systems Finland OY, Helsinki/Finland	100
Varian Medical Systems France SARL, Le Plessis-Robinson/France	100
Varian Medical Systems Gesellschaft mbH, Brunn am Gebirge/Austria	100
Varian Medical Systems Hungary Kft., Budapest/Hungary	100
Varian Medical Systems Iberica SL, Madrid/Spain	100
Varian Medical Systems Imaging Laboratory G.m.b.H., Dättwil/Switzerland	100
Varian Medical Systems Italia S.p.A., Segrate/Italy	100
Varian Medical Systems Mauritius Ltd., Ebene/Mauritius	100
Varian Medical Systems Nederland B.V., Houten/Netherlands	100

Sept 30, 2023	Equity interest in %
Varian Medical Systems Poland Sp. z o.o., Warsaw/Poland	100
Varian Medical Systems UK Holdings Limited, Crawley, West Sussex/United Kingdom	100
Varian Medical Systems UK Limited, Crawley, West Sussex/United Kingdom	100
Varinak Bulgaria EOOD, Sofia/Bulgaria	100
Varinak Europe SRL (Romania), Pantelimon/Romania	100
VMS Kenya, Ltd, Nairobi/Kenya	100
Americas (51 companies)	
Acuson Brasil Ltda., Joinville/Brazil	100[5]
Acuson Holding LLC, Wilmington, DE/United States	100[5]
Acuson México, S. de R.L. de C.V., Mexico City/Mexico	100[5]
Acuson, LLC, Wilmington, DE/United States	100[5]
Associates in Medical Physics, LLC, Greenbelt, MD/United States	100
Block Imaging International, LLC, Wilmington, DE/United States	100
Block Imaging Parts & Service, LLC, Holt, MI/United States	100
Block Imaging Technical Excellence, LLC, Holt, MI/United States	100
Corindus, Inc., Wilmington, DE/United States	100
D3 Oncology Inc., Wilmington, DE/United States	100
Dade Behring Hong Kong Holdings Corporation, Tortola/British Virgin Islands	100
ECG Acquisition, Inc., Wilmington, DE/United States	100
ECG TopCo Holdings, LLC, Wilmington, DE/United States	75
EPOCAL INC., Toronto/Canada	100
Executive Consulting Group, LLC, Wilmington, DE/United States	100
Healthcare Technology Management, LLC, Wilmington, DE/United States	78
J. Restrepo Equiphos S.A.S, Bogotá/Colombia	100
Keystone Physics Limited, Millersville, PA/United States	100
Mansfield Insurance Company, Jeffersonville, VT/United States	100
Medical Physics Holdings, LLC, Dover, DE/United States	100
P.E.T.NET Houston, LLC, Austin, TX/United States	51
Page Mill Corporation, Boston, MA/United States	100
PETNET Indiana, LLC, Indianapolis, IN/United States	50[1]
PETNET Solutions Cleveland, LLC, Wilmington, DE/United States	63
PETNET Solutions, Inc., Knoxville, TN/United States	100
Radiation Management Associates, LLC, Greenbelt, MD/United States	100
Siemens Healthcare Diagnósticos Ltda., São Paulo/Brazil	100
Siemens Healthcare Diagnostics Inc., Los Angeles, CA/United States	100
Siemens Healthcare Diagnostics S.A., San José/Costa Rica	100
Siemens Healthcare Diagnostics, S. de R.L. de C.V., Mexico City/Mexico	100
Siemens Healthcare Equipos Médicos Sociedad por Acciones, Santiago de Chile/Chile	100
Siemens Healthcare Laboratory, LLC, Wilmington, DE/United States	100
Siemens Healthcare Limited, Oakville/Canada	100
Siemens Healthcare S.A., Buenos Aires/Argentina	100
Siemens Healthcare S.A.C., Surquillo/Peru	100
Siemens Healthcare S.A.S., Tenjo/Colombia	100
Siemens Healthcare, Sociedad Anonima, Antiguo Cuscatlán/El Salvador	100
Siemens Healthineers Holdings, LLC, Wilmington, DE/United States	100
Siemens Medical Solutions USA, Inc., Wilmington, DE/United States	100
Siemens S.A., Montevideo/Uruguay	100
Siemens-Healthcare Cia. Ltda., Quito/Ecuador	100
Varian BioSynergy, Inc., Wilmington, DE/United States	100
Varian Medical Systems Africa Holdings, Inc., Wilmington, DE/United States	100

Sept 30, 2023	Equity interest in %
Varian Medical Systems Brasil Ltda., Jundiaí/Brazil	100
Varian Medical Systems Canada, Inc., Ottawa/Canada	100
Varian Medical Systems India Private Limited, Wilmington, DE/United States	100
Varian Medical Systems International Holdings, Inc., Wilmington, DE/United States	100
Varian Medical Systems Latin America, Ltd., Wilmington, DE/United States	100
Varian Medical Systems Pacific, Inc., Wilmington, DE/United States	100
Varian Medical Systems Puerto Rico, LLC, Guaynabo/Puerto Rico	100
Varian Medical Systems, Inc., Wilmington, DE/United States	100
Asia, Australia (52 companies)	
Acrorad Co., Ltd., Okinawa/Japan	96
Acuson (Shanghai) Co., Ltd., Shanghai/China	100[5]
Acuson Japan K.K., Tokyo/Japan	100[5]
Acuson Korea Ltd., Seongnam-si/Korea	100[5]
Acuson Singapore Pte. Ltd., Singapore/Singapore	100[5]
American Institute of Pathology and Laboratory Sciences Private Limited, Hyderabad/India	100
Artmed Healthcare Private Limited, Hyderabad/India	100
Cancer Treatment Services Hyderabad Private Limited, Hyderabad/India	100
Fang Zhi Health Management Co., Ltd., Taipei/Taiwan	100
Hangzhou Alicon Pharm Sci & Tec Co., Ltd., Hangzhou/China	100
Hong Tai Health Management Co. Ltd., Taipei/Taiwan	100
New Century Technology Co. Ltd., Taipei/Taiwan	100
Nihon Block Imaging KK, Tokyo/Japan	100
PETNET Radiopharmaceutical Solutions Pvt. Ltd., Mumbai/India	100
PT Siemens Healthineers Indonesia, Jakarta/Indonesia	100
Scion Medical Limited, Hong Kong/Hong Kong	100
Scion Medical Technologies (Shanghai) Ltd., Shanghai/China	100
Siemens Healthcare Diagnostics K.K., Tokyo/Japan	100
Siemens Healthcare Diagnostics Manufacturing Ltd., Shanghai, Shanghai/China	100
Siemens Healthcare Inc., Manila/Philippines	100
Siemens Healthcare K.K., Tokyo/Japan	100
Siemens Healthcare Limited, Auckland/New Zealand	100
Siemens Healthcare Limited, Bangkok/Thailand	100
Siemens Healthcare Limited, Ho Chi Minh City/Viet Nam	100
Siemens Healthcare Limited, Hong Kong/Hong Kong	100
Siemens Healthcare Limited, Taipei/Taiwan	100
Siemens HealthCare Ltd., Dhaka/Bangladesh	100
Siemens Healthcare Private Limited, Mumbai/India	100
Siemens Healthcare Pte. Ltd., Singapore/Singapore	100
Siemens Healthcare Pty. Ltd., Hawthorn East/Australia	100
Siemens Healthcare Sdn. Bhd., Petaling Jaya/Malaysia	100
Siemens Healthineers Diagnostics (Shanghai) Co., Ltd., Shanghai/China	100
Siemens Healthineers Digital Technology (Shanghai) Co., Ltd., Shanghai/China	100
Siemens Healthineers India LLP, Bangalore/India	100
SIEMENS HEALTHINEERS INDIA MANUFACTURING PRIVATE LIMITED, Mumbai/India	100[5]
Siemens Healthineers Ltd., Seoul/Korea	100
Siemens Healthineers Ltd., Shanghai/China	100
Siemens Shanghai Medical Equipment Ltd., Shanghai/China	100
Siemens Shenzhen Magnetic Resonance Ltd., Shenzhen/China	100
Siemens Technology Development Co., Ltd. of Beijing, Beijing/China	90
Siemens X-Ray Vacuum Technology Ltd., Wuxi, Wuxi/China	100

Sept 30, 2023	Equity interest in %
Varian Medical Systems Australasia Pty Ltd., Belrose/Australia	100
Varian Medical Systems China Co., Ltd., Beijing/China	100
Varian Medical Systems International (India) Private Limited, Pune/India	100
Varian Medical Systems K.K., Tokyo/Japan	100
Varian Medical Systems Korea, Inc., Seoul/Korea	100
Varian Medical Systems Malaysia Sdn. Bhd., Kuala Lumpur/Malaysia	100
Varian Medical Systems Philippines, Inc., City of Pasig/Philippines	100
Varian Medical Systems Taiwan Co., Ltd., Taipei/Taiwan	100
Varian Medical Systems Trading (Beijing) Co., Ltd., Beijing/China	100
Varian Medical Systems Vietnam Co Ltd, Ho Chi Minh City/Vietnam	100
Vertice Investment Limited, Hong Kong/Hong Kong	100
Associated companies and joint ventures	
Germany (2 companies)	
MeVis BreastCare GmbH & Co. KG, Bremen	49
MeVis BreastCare Verwaltungsgesellschaft mbH, Bremen	49[6]
Europe (without Germany), C.I.S., Africa, Middle East (EMEA) (3 companies)	
Impilo Consortium (Pty.) Ltd., La Lucia/South Africa	31
TRIXELL SAS, Moirans/France	25
VARIAN MEDICAL SYSTEMS ALGERIA SPA, Hydra/Algeria	49[6]
Americas (1 company)	
PhSiTh LLC, New Castle, DE/United States	33
Asia, Australia (3 companies)	
Asiri A O I Cancer Centre (Private) Limited, Colombo/Sri Lanka	50[6]
Chengdu Wayin Zhiyun Medical Technology Co., Ltd., Chengdu/China	49[6]
Xi'An X-Ray Target Ltd., Xi'an/China	43[6]

Sept 30, 2023	Equity interest in %	Net income in millions of €	Equity in millions of €
Other Investments			
Europe (without Germany), C.I.S., Africa, Middle East (EMEA) (1 company)			
Medical Systems S.p.A., Genoa/Italy[10]	45[4]	2	132
Americas (1 company)			
Babson Diagnostics, Inc., Dover, DE/United States[10]	20[4]	–5	13

[1] Control due to a majority of voting rights.
[2] Control due to rights to appoint, reassign or remove members of the key management personnel.
[3] Control due to contractual arrangements to determine the direction of the relevant activities.
[4] No significant influence due to contractual arrangements or legal circumstances.
[5] Not consolidated due to immateriality.
[6] Not accounted for using the equity method due to immateriality.
[7] Exemption pursuant to Section 264 (3) of the German Commercial Code.
[8] Exemption pursuant to Section 264b of the German Commercial Code.
[9] A consolidated affiliated company of Siemens Healthineers AG is a shareholder with unlimited liability of this company.
[10] Values according to the latest available local GAAP financial statements; the underlying fiscal year differs from the Siemens Healthineers fiscal year.

C.
Additional information

C.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 net assets, financial position and results of operations of the Group, and the Group's management report, which has been combined with the management report for Siemens Healthineers 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 22, 2023

Siemens Healthineers AG
The Managing Board

Dr. Bernhard Montag

Darleen Caron

Dr. Jochen Schmitz

Elisabeth Staudinger-Leibrecht

C.2 Independent auditor's report

To Siemens Healthineers 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 Healthineers 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 Healthineers AG, which is combined with the management report of Siemens Healthineers 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 information contained in Chapters ➔ ***A.6.4.1 Internal Control and Risk Management System*** and ➔ ***A.6.4.2 Compliance Management System*** of the combined management report on the significant characteristics of the internal control and risk management system and not the content of chapter ➔ ***A.7.3 Corporate Governance statement*** of the combined management report, including chapter ➔ ***C.4 Corporate governance statement*** of the Annual Report 2023 referred to in chapter ➔ ***A.7.3 Corporate Governance statement***.

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 ["Handelsgesetzbuch": German Commercial Code] 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 issue an opinion on the information contained in Chapters ➔ ***A.6.4.1 Internal Control and Risk Management System*** and ➔ ***A.6.4.2 Compliance Management System*** of the combined management report on the significant characteristics of the internal control and risk management system as well as the content of the Corporate Governance 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

Reasons why the matter was determined to be a key audit matter: The Group's revenue stems from the sale of imaging, diagnostics and therapy products and related maintenance and other services. Financial management of the group is generally based on comparable revenue growth and adjusted basic earnings per share. The development of these key performance indicators is primarily determined by the amount of revenue recognized. In view of the materiality of revenue and its significance for the financial management of the Group, we consider revenue recognition to be an area posing a significant risk of material misstatement (including the potential risk of managers circumventing controls) and one of the key audit matters.

Auditor's response: As part of our audit, we identified all significant revenue streams subject to different processes, risks and controls. For these revenue streams we assessed the different revenue recognition processes and the design of the accounting-related internal control system in relation to revenue recognition. We planned the nature, timing and scope of substantive audit procedures according to our individual assessment of the risk inherent in the different revenue streams. Our substantive procedures primarily involved analyses of disaggregated data to determine whether there are any unexpected discrepancies between revenue, trade receivables or contract assets and cash receipts (correlation analyses) or any significant or extraordinary changes in key performance indicators (e.g., revenue or gross profit).

We also performed cut-off analyses of revenue transactions around the reporting date. We supplemented data analytics with sample testing specifically focusing on revenues for imaging and therapy products and assessed the amount and timing of revenue recognized on the basis of contracts, invoices and delivery notes. As part of these procedures, we also obtained external customer confirmations and reviewed credit notes issued after the reporting date.

Our audit procedures did not lead to any reservations relating to the recognition of revenue from the sale of products and the provision of services.

Reference to related disclosures: With regard to the recognition and measurement policies applied for the recognition of revenue, refer to ➔ ***Note 2 Accounting policies*** in the notes to the consolidated financial statements.

Recoverability of goodwill and other intangible assets

Reasons why the matter was determined to be a key audit matter: Testing impairment for goodwill and other intangible assets involves considerable judgment in estimating future cash flows and discount rates. The recoverability of goodwill and other intangible assets was one of the key audit matters due to their materiality as well as the existing estimation uncertainties and judgment.

Auditor's response: To assess the recoverable amounts of goodwill and other intangible assets determined by management, we examined the underlying processes. We obtained an understanding of the underlying valuation models used to determine the recoverable amounts by verifying the applied methodology and arithmetical correctness. To assess estimates of future net cash flows, we reconciled approved budgets with the valuations provided to us. We also examined whether the budget reflects general, industry and product-specific market expectations. We performed a budget-to-actual comparison of historically forecasted data and actual results, where available, on a sample basis to assess forecast accuracy. We examined the inputs used to estimate recoverable amounts, such as the estimated growth rates and the discount rates, by comparing them with publicly available market.

We also performed sensitivity analyses to assess the impairment risk in case of changes in significant assumptions. In addition, we analyzed the disclosures in the notes to the consolidated financial statements on the measurement of goodwill and other intangible assets in relation to the requirements of IAS 36. We consulted internal valuation specialists to assess the recoverable amounts.

Our audit procedures did not lead to any reservations relating to the recoverability of goodwill and other intangible assets.

Reference to related disclosures: With regard to the testing of impairment of goodwill and other intangible assets refer to ➔ ***Note 2 Accounting policies*** in the notes to the consolidated financial statements. For explanatory notes on goodwill and other intangible assets, refer to the disclosures in ➔ ***Note 12 Goodwill*** and ➔ ***Note 13 Other intangible assets and property, plant and equipment*** in the notes to the consolidated financial statements.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board in 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 all other respects, management is responsible for the other information. The other information comprises the information contained in Chapters ➔ ***A.6.4.1 Internal Control and Risk Management System*** and ➔ ***A.6.4.2 Compliance Management System*** of the combined management report on the significant characteristics of the internal control and risk management system and the Corporate Governance statement 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 Responsibility Statement in chapter ➔ ***C.1 Responsibility statement*** of the Annual Report 2023,
- the Report of the Supervisory Board in chapter ➔ ***C.3 Report of the Supervisory Board*** of the Annual Report 2023,
- Notes and forward-looking statements in chapter ➔ ***C.5 Notes and forward-looking statements*** of the Annual Report 2023,

but not the consolidated financial statements, not the disclosures of the combined management report 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 management and the reasonableness of estimates made by 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 publication purposes in accordance with Sec. 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 file „siemenshealthineers-2023-09-30.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 the 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

Management 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, management 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 15, 2023. We were engaged by the Supervisory Board on March 6, 2023. We have been the group auditor of Siemens Healthineers AG without interruption since the fiscal year from October 1, 2017 to September 30, 2018.

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 [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 Siegfried Keller.

Munich, November 22, 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Keller	Dr. Eisele
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

C.3 Report of the Supervisory Board

Dear Shareholders,

Siemens Healthineers remained on course in fiscal year 2023 despite a continued challenging economic environment. Geopolitical tensions – first and foremost Russia's war of aggression against Ukraine in violation of international law – remain the main cause of high inflation and disrupted supply chains. In this situation, Siemens Healthineers proved itself to be a reliable partner to its customers, a preferred employer in the many, many countries in which the company operates, and a sustainably successful business enterprise. The basis for this success is not least the intact drivers of our business: On the one hand, the growing world population with rising life expectancy and the resulting demand for medical care; on the other hand, the fact that nearly half the world's population lacks access to modern healthcare. The resulting task and obligation for health and the environment are succinctly expressed in the corporate purpose of Siemens Healthineers: "We pioneer breakthroughs in healthcare. For everyone. Everywhere. Sustainably."

To live up to this claim today and in the future, the company continuously invests in its infrastructure and employees. In 2023, Siemens Healthineers opened a modern training and education center and an additional innovation center in Erlangen. The new innovation center is part of a network of innovation centers in Shanghai (China) and Bengaluru (India). Moreover, a new reagent factory for laboratory diagnostics started operating in Shanghai. Other projects include the expansion of the development and manufacturing site in Shenzhen (China), the construction of a new factory to grow crystals for semiconductor production in the Bavarian city of Forchheim, and the expansion of the sites in Kemnath and Rudolstadt (both in Germany). Great importance was attached to climate protection and sustainability in the construction of new facilities and the expansion of existing facilities. In fact, Siemens Healthineers has again raised its already ambitious sustainability targets: By the year 2030, the company will seek to reduce its direct and indirect emissions (Scope 1 and 2) by 90 percent from the 2019 baseline. Details on sustainability at Siemens Healthineers, which encompasses resource conservation, health, and diversity, can be found in the Sustainability Report 2023.

The company also expanded longstanding partnerships in fiscal year 2023, including the strategic partnerships with the non-profit healthcare providers Atrium Health and SSM Health in the United States. Another strategic partnership was initiated with Unilabs, a European supplier of diagnostics solutions, with operations globally.

The company has successfully completed the first half of its "New Ambition" phase. It has made good progress in implementing its strategic objectives: Siemens Healthineers is harnessing innovative medical technology, digital transformation, and artificial intelligence to improve both access to healthcare for patients and the rapidly growing medical expertise for physicians.

I would like to express my sincere thanks, personally and on behalf of the entire Supervisory Board of Siemens Healthineers, to all our people for the very good results in the past fiscal year. The people of Siemens Healthineers have displayed extraordinary dedication and proved once again that they live and breathe our corporate purpose to the fullest, even beyond the scope of our business activities. I am referring to the prompt aid campaigns and donations raised in response to the earthquakes in Turkey, Syria, and Morocco, the devastating floods in Libya and the war in the Ukraine. In total, the employees of Siemens Healthineers and the company itself have raised €1.5 million in donations to date.

In August 2023, the Supervisory Board unanimously and prematurely renewed the appointment of Darleen Caron as Chief Human Resources Officer. Darleen Caron has elevated the human resources work of Siemens Healthineers to an internationally leading level. Under her leadership, the company has made considerable progress both in its sustainability program and in the development of a diverse and inclusive corporate culture that supports the achievement of the company's ambitious business goals.

I would like to express my special gratitude to those members of the Supervisory Board whose terms of office ended at the last Annual Shareholders' Meeting in February 2023. Dr. Philipp Rösler, Dr. Gregory Sorensen, Dr. Norbert Gaus, and Dr. Andreas C. Hoffmann have overseen the business of Siemens Healthineers with expertise and passion in its first years as a listed company. After they retired, we welcomed four newly elected members whose profound knowledge in various areas now enriches the board: Sarena Lin, former member of the Management Board of Bayer AG, Dow R. Wilson, member of the Supervisory Board of Agilent Technologies, Inc., Veronika Bienert, Chief Executive Officer of Siemens Financial Services, and Dr. Peter Körte, Chief Technology and Strategy Officer of Siemens AG.

I continue to perform my task as Chairman of the Supervisory Board of Siemens Healthineers AG with great joy and humility. It is an honor for me and my colleagues on the Supervisory Board to contribute to the successful performance of this marvelous company.

Topics at the plenary meetings of the Supervisory Board

The Supervisory Board held seven regular meetings in fiscal year 2023. The topics addressed at our regular plenary meetings were the company's net assets, financial position, and results of operations, including the risk of supply chain bottlenecks and developments in the company's workforce. In each meeting the Supervisory Board also held closed sessions without the Managing Board in attendance, when it dealt with agenda items that related to the Managing Board itself or internal Supervisory Board matters.

At our meeting on November 8, 2022, we discussed the key financial data for the fourth fiscal quarter and for fiscal year 2022 and examined the amended budget for 2023 and the developments in the Laboratory Diagnostics business. We decided on the compensation packages and strengthened the sustainability component of our compensation system for the Managing Board by increasing the relevance of ESG issues in long-term variable compensation and by raising the ESG share in the individual targets of Managing Board members' short-term variable compensation. On the basis of the target achievement for the 2019 tranche of the long-term variable compensation system, we specified the number of shares to be transferred to the Managing Board members and set the targets for the new 2023 tranche. We also discussed the appropriateness of Managing Board compensation and established the amounts of short-term variable compensation to be disbursed to the Managing Board members for fiscal year 2022 on the basis of the identified and specified target achievement levels. Furthermore, we set the targets for the Managing Board's one-year variable compensation for fiscal year 2023.

On November 25, 2022, we dealt with the financial statements and the combined management report for Siemens Healthineers AG and the Group as of September 30, 2022; the report on relationships with affiliated companies as of September 30, 2022 pursuant to Section 312 of the German Stock Corporation Act; the 2022 Annual Report, including the report of the Supervisory Board and the corporate governance report; the compensation report; and the agenda for the Annual Shareholders' Meeting held on February 15, 2023.

At the meeting on February 1, 2023, the Managing Board reported on the company's net assets, financial position, and results of operations at the close of the first fiscal quarter. In addition, we discussed the topic of sustainability and received a report on the Corporate Governance Roadshows with investors that took place in December 2022.

As eight new Supervisory Board members were elected at the 2023 Annual Shareholders' Meeting, a constituent meeting of the Supervisory Board was held immediately after the Annual Shareholders' Meeting on February 15, 2023. At this meeting, Prof. Dr. Ralf P. Thomas was re-elected as the Chairman of the Supervisory Board. Karl-Heinz Streibich was elected as the Deputy Chairman. In addition, the Supervisory Board held elections for the members and chairs of the committees insofar as these were not already determined by the bylaws of the Supervisory Board. The Supervisory Board's bylaws were amended, in particular for the purpose of establishing two new committees - the Compensation Committee and the Nominating Committee.

At the meeting on May 9, 2023, the Managing Board reported to us on the company's net assets, financial position, and results of operations at the close of the second fiscal quarter. We addressed how the company was perceived in the capital markets, as well as the succession planning for the Managing Board and upper management. Other items on the agenda were the resolution on the targets to be set for the Managing Board and Supervisory Board and the engagement of the independent auditor to conduct a formal and substantive audit of the compensation report. In addition, a plan to simplify the structure of the Siemens Healthineers Group and establish a co-determined Supervisory Board at the level of Siemens Healthineers AG was presented to the Supervisory Board.

At the meeting on August 1, 2023, the Managing Board reported on the company's net assets, financial position, and results of operations at of the close of the third fiscal quarter. We also adopted an approval resolution regarding the Managing Board's decision to approve the start of the preparation of the Legal Manufacturer Change of Siemens Healthineers products that are currently registered under Siemens Healthcare GmbH to Siemens Healthineers AG. A further resolution was passed on the re-election of Managing Board member Darleen Caron and the renewal of her contract. Another agenda item involved the adoption of a resolution on a spin-off and transfer agreement to be concluded in the context of the ongoing project to simplify the structure of the Siemens Healthineers Group and establish a co-determined Supervisory Board at the level of Siemens Healthineers AG.

The meeting on September 26, 2023 centered on the 2024 budget and the strategic focus of the businesses. We discussed various aspects of corporate governance and in particular, resolved to approve the latest Declaration of Conformity with the GCGC prepared in accordance with Section 161 Stock Corporation Act. We also adopted a resolution on the compensation packages of Managing Board members. Another point of discussion involved current information relating to the project to simplify the structure of the Siemens Healthineers Group and establish a co-determined Supervisory Board at the level of Siemens

Healthineers AG. The Supervisory Board also discussed the measures that have been taken to implement the results of the tool-based self-evaluation of the Supervisory Board. This related particularly to the planning of Supervisory Board activities for 2024.

The members of the Supervisory Board of Siemens Healthineers AG are required to immediately disclose to the Chairman conflicts of interest, particularly those that could arise from performing an advisory or governing body role for customers, suppliers, lenders, or other third parties or major competitors. No such disclosure was made in the past fiscal year.

Training and professional development

The members of the Supervisory Board take responsibility for undertaking any training or professional development measures necessary to fulfill their duties. They stay informed about the latest requirements for their supervisory duties and are appropriately supported by the company in these efforts. The company offered the Supervisory Board members seven informational events during the fiscal year, each one featuring ample opportunities for questions and discussion. These events related to two of the four business areas, as well as the topics of sustainability, corporate governance (including the presentation and discussion of the results of the self-evaluation), taxes and pensions, the operating model and internal control system, and the planned project to simplify the structure of the Siemens Healthineers Group and establish a co-determined Supervisory Board at the level of Siemens Healthineers AG. The aim of these events, which are also planned for the coming fiscal year, is to give the members of the Supervisory Board a better understanding of the business, including its strategy and structures.

Furthermore, a comprehensive onboarding program, with an overview of company-relevant topics, was organized for the new members of the Supervisory Board. The new members were instructed in matters of corporate governance, compliance, and capital markets law, and a direct discussion was held between the new Supervisory Board members, the members of the Managing Board, and the senior executives in charge of the business areas. All documents and recordings of the internal information events held for the Supervisory Board members prior to the Annual Shareholders' Meeting in the past fiscal year and in the preceding fiscal year were also made available to those members newly elected at the Annual Shareholders' Meeting 2023.

Work in the Supervisory Board committees

In order to perform our duties efficiently, we have established various committees which prepare proposals for resolutions and issues to be dealt with at the Supervisory Board's plenary meetings. Some of the Supervisory Board's decision-making powers have been delegated to these committees to the extent permitted by law. Until February 15, 2023, the Supervisory Board had four committees (Chairperson's Committee, Audit Committee, Innovation and Finance Committee, Related-Party Transactions Committee). This increased to six, after two additional committees were formed on February 15, 2023 (Compensation Committee, Nominating Committee). Effective on the same date, the Innovation and Finance Committee was renamed Strategy, Innovation and Sustainability Committee to reflect the heightened importance attached to the topic of sustainability. The committee chairs report on the committees' work to the Supervisory Board at the subsequent Supervisory Board meeting. Details of the members and the tasks of the individual Supervisory Board committees are provided in ➔ ***C.4.1.2 Composition and working methods of the Supervisory Board*** of the Annual Report 2023.

The ***Chairperson's Committee*** held ten meetings in the reporting period (three of which were extraordinary meetings). Between meetings, the chair of the Supervisory Board discussed topics of major importance with the members of the Chairperson's Committee. The Chairperson's Committee prepared election of the Supervisory Board by the Annual Shareholders' Meeting 2023. In particular, it addressed corporate governance topics, including the importance of sustainability for the Supervisory Board, and the Innovation and Finance Committee being renamed Strategy, Innovation and Sustainability Committee to reflect the extended responsibilities of this committee. It also addressed personnel topics such as the reappointment of Darleen Caron and the extension of her service contract. Until the Compensation Committee was established on February 15, 2023, the Chairperson's Committee also dealt with Managing Board compensation, the Managing Board compensation system, including the importance of sustainability in this context, and the Supervisory Board compensation system. It also dealt with long term succession planning for the Managing Board. The Chairperson's Committee either adopted resolutions itself or prepared resolutions to be adopted by the Supervisory Board.

The ***Strategy, Innovation and Sustainability Committee***, formerly the Innovation and Finance Committee, held six meetings (one of which was an extraordinary meeting) in the past fiscal year. Its discussions centered on the innovation, sustainability, and digitalization strategy, based on reports submitted by the businesses and regions. Particular attention was given to the synergies with Varian, the transformation of the laboratory diagnostics business, the realignment of the endovascular robotics business, the further development of the sustainability strategy, and the status of implementation of the goals of the "New Ambition" phase of the corporate strategy, which are to be achieved by the year 2025. Another subject of discussion in these meetings was the approval of investment projects.

The ***Audit Committee*** held five regular meetings in the reporting period. Together with the Managing Board and the independent auditor, the committee discussed the annual financial statements, the consolidated financial statements and the combined management report for Siemens Healthineers AG and the Group for fiscal year 2022, and the half-year financial report and quarterly statements for fiscal year 2023. In the presence of the independent auditor, the Audit Committee also discussed the audit reports on the annual financial statements, the consolidated financial statements, and the combined management report, and the report on the auditor's review of the Group's half-year consolidated financial statements and interim Group management report. The committee engaged the independent auditor to audit the separate and consolidated financial statements for fiscal year 2023 and to review the interim financial statements and financial information. It also specified the key audit matters and set the auditor's fee. In connection with the upcoming change of independent auditor, the ongoing fulfillment of the relevant criteria for the selection of the new independent auditor and the recommendation and preference for the appointment of the new auditor were reviewed and confirmed. The committee received a report on the status of the transition of the mandate. The committee monitored the selection, independence, qualification, rotation, and efficiency of the independent auditor. In this context, it also evaluated the quality of the audit of the financial statements. The Chairman of the Audit Committee also remained in regular contact with the independent auditor between meetings.

The Audit Committee also dealt with the company's accounting and accounting process, the suitability and effectiveness of the risk management and internal control system, and the effectiveness, resources, findings, and audit plan for the internal audit, as well as reports on compliance, regulatory compliance, and potential and pending legal disputes.

The ***Nominating Committee*** was established as a new committee on February 15, 2023 and held one meeting in the past fiscal year. At this meeting, the committee dealt with the potential new election of all Supervisory Board members representing the shareholders at the 2024 Annual Shareholders' Meeting in the event of implementation of the project to simplify the structure of the Siemens Healthineers Group and establish a co-determined Supervisory Board at the level of Siemens Healthineers AG.

The ***Compensation Committee*** was established as a new committee on February 15, 2023 and held four meetings (one of which was an extraordinary meeting) in the past fiscal year. The committee dealt with the Managing Board compensation system, including possible future changes to the compensation system, and Managing Board compensation, including the importance of sustainability in this context, and also addressed Managing Board members' compliance with the share ownership guidelines.

The ***Related-Party Transactions Committee*** did not meet in the reporting period.

Disclosure of the individual Supervisory Board members' attendance rates

The regular meetings of the Supervisory Board and the committees were held in person, with virtual attendance being possible in individual cases. The extraordinary meetings of the Chairperson's Committee on March 31, 2023, May 4, 2023, and June 29, 2023, the extraordinary meeting of the Strategy, Innovation and Finance Committee on March 31, 2023, and the extraordinary meeting of the Compensation Committee on June 29, 2023 were held as virtual meetings via videoconferences.

The overall participation rate of all members in meetings of the Supervisory Board and its committees in the past fiscal year was 99%. The attendance records of the individual members of the Supervisory Board and its committees are disclosed below.

	Supervisory Board (plenary meetings)		**Chairperson's Committee**		**Compensation Committee**		**Audit Committee**		**Strategy, Innovation and Sustainability Committee**		**Nomination Committee**		**Related-Party Transactions Committee**	
(Number of meetings/participation in %)	No.	in %	No.	in %	No.	in %	No.	in %	No.	in %	No.	in %	No.	in %
Prof. Dr. Ralf P. Thomas Chairman	7/7	100	10/10	100	4/4	100	5/5	100	6/6	100	1/1	100		
Karl-Heinz Streibich (Deputy Chairman since Feb. 15, 2023)	7/7	100	6/6	100	4/4	100			6/6	100				
Veronika Bienert (since Feb. 15, 2023)	4/4	100					2/2	100						
Dr. Roland Busch	7/7	100							6/6	100	1/1	100		
Dr. Norbert Gaus (until Feb. 15, 2023, deputy chairman until Feb. 15, 2023)	3/3	100	4/4	100					2/2	100				
Dr. Marion Helmes	7/7	100					5/5	100						
Dr. Andreas C. Hoffmann (until Feb. 15, 2023)	3/3	100	4/4	100			3/3	100						
Dr. Peter Körte (since Feb. 15, 2023)	4/4	100	6/6	100					4/4	100				
Sarena Lin (since Feb. 15, 2023)	4/4	100			3/4	75								
Dr. Philipp Rösler (until Feb. 15, 2023)	3/3	100												
Peer M. Schatz	7/7	100			4/4	100			6/6	100	1/1	100		
Dr. Nathalie von Siemens	6/7	86	6/6	100										
Dr. Gregory Sorensen (until Feb. 15, 2023)	3/3	100							2/2	100				
Dow R. Wilson (since Feb. 15, 2023)	4/4	100							4/4	100	1/1	100		
		99		**100**		**94**		**100**		**100**		**100**		

Corporate Governance

We regularly monitor the application and ongoing development of our system of corporate governance. Detailed information on corporate governance at the company, including the composition of the Supervisory Board, can be found in ➔ ***C.4 Corporate governance statement*** of the Annual Report 2023.

The Declaration of Conformity with the GCGC adopted on September 30, 2023, has been made permanently available to shareholders on the company's website. It is also reproduced in ➔ ***C.4.4 Declaration of conformity with the German Corporate Governance Code*** of the Annual Report 2023.

Detailed discussion of the audit of the annual and consolidated financial statements

The independent auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (Stuttgart, Germany), audited the annual financial statements of Siemens Healthineers AG, the consolidated financial statements of Siemens Healthineers, and the combined management report for Siemens Healthineers AG and the Group for fiscal year 2023 and issued an unqualified opinion. The annual financial statements of Siemens Healthineers AG and the combined management report for Siemens Healthineers AG and the Group were prepared in accordance with the requirements of German law. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the additional requirements of German law set out in Section 315 e (1) German Commercial Code. The consolidated financial statements also comply with IFRS as issued by the International Accounting Standards Board (IASB). The auditor conducted its audit in accordance with Section 317 German Commercial Code, the EU Audit Regulation, and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW), as well as in supplementary compliance with the International Standards on Auditing (ISA). The aforementioned documents, as well as the Managing Board's proposal for the appropriation of net income, were submitted to us in advance by the Managing Board. The Audit Committee discussed the dividend proposal in detail at its meeting on November 6, 2023. It discussed the annual financial statements, the consolidated financial statements, and the combined management report in detail at its meeting on. November 24, 2023. In this context, the Audit Committee concerned itself, in particular, with the key audit matters described in the independent auditor's' report, including the audit procedures implemented.

The auditor's reports were presented to all members of the Supervisory Board and were reviewed comprehensively in the presence of the independent auditor at the Supervisory Board meeting on November 24, 2023. The independent auditor reported on the scope, focal points, and main findings of their audit, addressing, in particular, the key audit matters and audit procedures implemented. No major weaknesses in the risk management and internal control system were reported. At the same meeting, the Managing Board explained the financial statements of Siemens Healthineers AG and the Group as well as the risk management system. Another topic addressed at this meeting was the evaluation of the quality of the audit of the financial statements. The Audit Committee performed an evaluation based on previously determined audit quality indicators.

The Supervisory Board concurs with the results of the audit. Based on the definitive results of the Audit Committee's preliminary examination and our own examination, we have no objections to raise. The Managing Board prepared the annual financial statements and the consolidated financial statements. We approved the annual financial statements and the consolidated financial statements. In view of our approval, the annual financial statements of Siemens Healthineers AG are adopted as submitted. The Managing Board has proposed that the net income available for distribution be used to pay out a dividend of €0.95 per share entitled to a dividend and that the amount of net income attributable to shares of stock not entitled to receive a dividend for the past fiscal year be carried forward. We have endorsed this proposal.

The compensation report was audited separately by the auditor. Besides the statutorily required formal examination pursuant to Section 162 (1) and (2) German Stock Corporation Act, the content of the compensation report was also audited. The auditor was engaged to perform these tasks in the context of the meetings held on May 8 and 9, 2023.

Details on the compensation report can be found in the company's website at ➔ ***www.siemens-healthineers.com/investor-relations/corporate-governance.***

Review of the Managing Board's report on relationships with affiliated companies

As of the end of the fiscal year, Siemens AG both directly and indirectly held just over 75% of the issued capital of Siemens Healthineers AG. Siemens Healthineers AG is included as a fully consolidated subsidiary in the consolidated financial statements of Siemens AG.

For that reason, the Managing Board of Siemens Healthineers AG prepared a report on relationships with affiliated companies (dependent companies report) for fiscal year 2023 in accordance with Section 312 of the German Stock Corporation Act and submitted it in due time to the Supervisory Board. The dependent companies report was audited by the independent auditor. As no objections were raised to the final results of the audit, the independent auditor issued the following audit opinion in accordance with Section 313 (3) of the German Stock Corporation Act: "Based on our audit and assessment, which were carried out in accordance with professional standards, we confirm that (1.) the factual statements made in the report are correct, (2.) the payments made by the Company in connection with legal transactions detailed in the report were not unreasonably high, (3.) there are no circumstances that would require a materially different assessment of the measures listed in the report than that of the Managing Board."

The dependent companies report and the independent auditor's audit report were submitted to the Audit Committee and the Supervisory Board and reviewed by them. The review led to no objections. On the basis of the definitive results of the preliminary review by the Audit Committee and of our own review, the Supervisory Board has no objections to the Managing Board's declaration on relationships with affiliated companies pursuant to Section 312 (3) sent. 1 of the German Stock Corporation Act. The Supervisory Board concurs with the results of the independent auditor's audit of the dependent companies report.

Changes in the composition of the Supervisory Board and Managing Board

The following changes occurred in the reporting period:

Supervisory Board

At the close of the Annual Shareholders' Meeting on February 15, 2023, Dr. Norbert Gaus, Dr. Andreas C. Hoffmann, Dr. Philipp Rösler, and Dr. Gregory Sorensen retired from the Supervisory Board upon the expiration of their terms of office. We thanked the departed Supervisory Board members for their many years of trustworthy service, professional dedication, and contributions to the company's success.

The Annual Shareholders' Meeting elected Sarena Lin, Dow R. Wilson, Veronika Bienert, and Dr. Peter Körte as new Supervisory Board members on February 15, 2023. The Annual Shareholders' Meeting reelected the Supervisory Board members Prof. Dr. Ralf P. Thomas, Dr. Marion Helmes, Dr. Nathalie von Siemens, and Karl-Heinz Streibich, whose terms of office would have expired at the close of the Annual Shareholders' Meeting on February 15, 2023 for a further term. Veronika Bienert, Dr. Marion Helmes, Dr. Peter Körte, and Karl-Heinz Streibich were elected for terms of three years each and Sarena Lin, Dow R. Wilson, Prof. Dr. Ralf P. Thomas, and Dr. Nathalie von Siemens for terms of five years each. Thus, their terms of office will expire at the close of the Annual Shareholders' Meeting in the years 2026 and 2028, respectively. The staggered terms of office of Supervisory Board members are meant to strengthen the Supervisory Board and ensure its continuity.

The terms of office of all current Supervisory Board members are shown in the skills matrix in Chapter ➔ ***C.4.3 Requirements for the composition of the Supervisory Board; profile of skills and expertise, and diversity concept***.

Managing Board

There were no changes in the composition of the Managing Board in the past fiscal year. At the Supervisory Board meeting on August 1, 2023 and with effect as of February 1, 2024, Darleen Caron was re-appointed for a further term of office lasting until September 30, 2027 and her Managing Board employment contract was extended accordingly.

On behalf of the Supervisory Board, I wish to thank all employees of Siemens Healthineers for their extraordinary dedication in the past fiscal year, which was marked by a difficult economic and geopolitical situation. I also want to express my gratitude to the members of the Managing Board, who successfully led the company through another demanding year. I would especially like to thank you, our shareholders, for the trust you have placed in our company and its management, employees, and technologies over the past fiscal year.

Munich, November 24, 2023

For the Supervisory Board

Prof. Dr. Ralf P. Thomas
Chairman

C.4 Corporate governance statement

Publicly listed stock corporations are required to prepare and publish an annual statement on corporate governance, with the parent companies having to do so on behalf of their group companies. This statement combines the corporate governance statement of Siemens Healthineers AG in accordance with Section 289f German Commercial Code ("Handelsgesetzbuch") and the Group corporate governance statement in accordance with Section 315d German Commercial Code. The corporate governance statement is an integral part of the combined management report. Pursuant to Section 317 para. 2 sentence 6 German Commercial Code, the independent auditor's review of the disclosures made within the scope of Sections 289f and 315d German Commercial Code is limited to ascertaining whether the disclosures were made.

According to Principle 23 German Corporate Governance Code ("Deutscher Corporate Governance Kodex," hereinafter "GCGC"), this combined corporate governance statement for Siemens Healthineers AG and the Group is a key instrument of corporate governance reporting.

C.4.1 Two-tier board

Siemens Healthineers AG is subject to the regulations of German stock corporation law. It therefore has a two-tier board structure, with a Managing Board and Supervisory Board that are separate in terms of both functions and personnel. Both governing bodies cooperate closely in the interest of the company.

In addition to the applicable statutory provisions, the GCGC provides the de jure and de facto framework for managing and monitoring the company. The goal of the GCGC is to make Germany's two-tier system of corporate governance transparent and comprehensible.

C.4.1.1 Composition and working methods of the Managing Board

As the company's top management body, the Managing Board is committed to serving the company's interests and achieving sustainable growth in the company's value. The members of the Managing 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 multiyear plans.

The Managing Board is responsible for preparing the quarterly statements and the half-year financial report, the annual financial statements of Siemens Healthineers AG, the consolidated financial statements of the Group, and the combined management report of Siemens Healthineers AG and the Group. In addition, the Managing Board ensures that the company adheres to the requirements of legislation, government regulations, and internal company guidelines, and works to ensure that Group companies comply with these provisions and guidelines. The Managing Board has established a comprehensive compliance management system aligned with the risk situation of the company. Details are available on the website at ➔ ***www.siemens-healthineers.com/company/compliance***.

In the bylaws for the Managing Board, the Supervisory Board has established the rules that govern the Managing Board's work. These relate to cooperation both within the Managing Board as well as between the Managing Board and Supervisory Board.

The Managing Board informs the Supervisory Board regularly, comprehensively, and without delay on all issues of importance to the company with regard to strategy, including the Company's sustainability strategy, planning, business development, the risk situation, risk management, internal control system, and compliance. At regular intervals, the Managing Board also discusses the status of strategy implementation with the Supervisory Board. When filling managerial positions in the company, the Managing Board takes diversity into consideration and, in particular, aims for appropriate gender representation. In fiscal 2023, the sustainability program was further developed under the leadership of Darleen Caron and an ambitious commitment was set to drive greater business and societal impact. The expanded commitment addresses social and environmental objectives and sets long-term targets. The Managing Board ensures that risks and opportunities connected with social and environmental factors are identified and assessed. Company planning encompasses both the appropriate financial targets and the appropriate sustainability-related objectives. Further details on sustainability can be found on the website at ➔ ***www.siemens-healthineers.com/company/sustainability***.

Information on the areas of responsibility and the curricula vitae of the members of the Managing Board is available on the company's website at ➔ ***www.siemens-healthineers.com/company/management.***

Further information about the Managing Board can be found on our website:

- Compensation of the Managing Board in accordance with Section 87a Stock Corporation Act ("Aktiengesetz") is available at ➔ ***www.siemens-healthineers.com/investor-relations/corporate-governance/managing-board-compensation.***
- Compensation Report 2023 including the auditor's report in accordance with Section 162 Stock Corporation Act is available at ➔ ***www.siemens-healthineers.com/investor-relations/corporate-governance***.
- Bylaws of the Managing Board are available at ➔ ***www.siemens-healthineers.com/investor-relations/corporate-governance/bylaws.***

Members of the Managing Board and positions held by Managing Board members

In fiscal year 2023 the Managing Board comprised the following members:

				Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises	
Name	**Year of birth**	**First appointed**	**Term expires**	**External positions (as of September 30, 2023)**	**Group company positions (as of September 30, 2023)**
Dr. Bernhard Montag Chief Executive Officer	1969	2018	2026	None	None
Darleen Caron	1964	2021	2027	None	None
Dr. Jochen Schmitz	1966	2018	2026	**German positions:** • Universitätsklinikum Augsburg	None
Elisabeth Staudinger-Leibrecht	1970	2021	2024	**Positions outside Germany:** • Siemens Ltd., China	**Positions outside Germany:** • Siemens Healthineers Ltd., China

C.4.1.2 Composition and working methods of the Supervisory Board

The Supervisory Board oversees and advises the Managing Board in its management of the company's business. At regular intervals, the Supervisory Board discusses business development, planning, strategy, and strategy implementation. It reviews the annual financial statements of Siemens Healthineers AG, the consolidated financial statements, and the combined management report, as well as the proposal for the appropriation of net income. It approves the annual financial statements of Siemens Healthineers AG as well as the consolidated financial statements, based on the results of the pre-examination conducted by the Audit Committee and taking into account the reports of the independent auditor. The Supervisory Board decides on the Managing Board's proposal for the appropriation of net income and the Report of the Supervisory Board to the Annual Shareholders' Meeting. In addition, the Supervisory Board or the Audit Committee, as appropriate, concerns itself with monitoring the company's compliance with the requirements of legislation, government regulations, and internal company guidelines. The Supervisory Board also appoints the members of the Managing Board and determines each member's business responsibilities. Important Managing Board decisions – such as those regarding major acquisitions, divestments, investments in property, plant, and equipment, or financial measures – are subject to Supervisory Board approval, unless the bylaws for the Supervisory Board specify that such authority is delegated to one of the Supervisory Board committees. The Bylaws of the Supervisory Board set out not only its tasks and responsibilities, but also the procedure for holding meetings and adopting resolutions. Since the Supervisory Board concerns itself – in the context of supervision and advice – also with sustainability issues in particular, the Bylaws for the Supervisory Board were adapted accordingly, already in the previous year and underwent an further adaption in the first half of fiscal year 2023 with the Innovation and Finance Committee being renamed Strategy, Innovation and Sustainability Committee, thereby further underlining the relevance of sustainability in the Supervisory Board's work.

The activities of the Supervisory Board and its committees during the reporting period are discussed in ➔ ***C.3 Report of the Supervisory Board*** of the Annual Report 2023.

Information on the curricula vitae of the members of the Supervisory Board is available on the company's website at
➔ ***www.siemens-healthineers.com/investor-relations/supervisory-board.***

Further information about the Supervisory Board can be found on our website:

- Compensation of the Supervisory Board in accordance with Section 113 para. 3 Stock Corporation Act is available at
  ➔ ***www.siemens-healthineers.com/investor-relations/corporate-governance/supervisory-board-compensation.***
- Compensation Report 2023 including the auditor's report in accordance with Section 162 Stock Corporation Act is available at
  ➔ ***www.siemens-healthineers.com/investor-relations/corporate-governance.***
- Bylaws of the Supervisory Board are available at ➔ ***www.siemens-healthineers.com/investor-relations/corporate-governance/bylaws.***

The Supervisory Board of Siemens Healthineers AG comprises ten members. It is composed entirely of shareholder representatives. The terms of office of the members of the Supervisory Board who were appointed in 2018 expired at the conclusion of the Annual Shareholders' Meeting on February 15, 2023. The terms of office of all current Supervisory Board members are shown in the skills matrix in Chapter ➔ ***C.4.3 Requirements for the composition of the Supervisory Board; profile of skills and expertise, and diversity concept***.

Members of the Supervisory Board and positions held by Supervisory Board members

In fiscal year 2023 the Supervisory Board comprised the following members:

Name	Occupation	Year of birth	Member since	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)
Prof. Dr. Ralf P. Thomas Chairman	Member of the Managing Board of Siemens Aktiengesellschaft (Chief Financial Officer)	1961	2018	**German positions:** • Siemens Energy AG • Siemens Energy Management GmbH • Siemens Healthcare GmbH (Chair) **Positions outside Germany:** • Siemens Proprietary Ltd., South Africa
Karl-Heinz Streibich (Deputy Chairman since Feb. 15, 2023)	Honorary Chairman of acatech Senate – Deutsche Akademie der Technikwissenschaften	1952	2018	**German positions:** • Deutsche Telekom AG • Münchener Rückversicherungs-Gesellschaft AG
Veronika Bienert (since Feb. 15, 2023)	Member of the Managing Board of Siemens Financial Services (Chief Executive Officer)	1973	2023	**German positions:** • Siemens Pensionsfonds AG (Chair) • Siemens Bank GmbH (Chair)
Dr. Roland Busch	President and Chief Executive Officer of Siemens Aktiengesellschaft	1964	2020	**German positions:** • Siemens Mobility GmbH (Chair)
Dr. Norbert Gaus (Deputy Chairman, until Feb. 15, 2023) as of Feb. 15, 2023	Executive Vice President Corporate Technology of Siemens Aktiengesellschaft	1961	2018	**German positions:** • Siemens Healthcare GmbH
Dr. Marion Helmes	Supervisory board member	1965	2018	**Positions outside Germany:** • Heineken N.V., The Netherlands • Lonza Group AG, Switzerland
Dr. Andreas C. Hoffmann (until Feb. 15, 2023) as of Feb. 15, 2023	General Counsel of Siemens Aktiengesellschaft	1964	2018	**German positions:** • Siemens Healthcare GmbH **Positions outside Germany:** • Siemens Ltd., China
Dr. Peter Körte (since Feb. 15, 2023)	Chief Technology and Chief Strategy Officer of Siemens Aktiengesellschaft	1975	2023	None
Sarena Lin (since Feb. 15, 2023)	Supervisory board member	1971	2023	None
Dr. Philipp Rösler (until Feb. 15, 2023) as of Feb. 15, 2023	Supervisory board member	1973	2018	**German positions:** • Brainloop AG **Positions outside Germany:** • Fortum Corporation, Finland • Loc Troi Group, Vietnam
Peer M. Schatz	Managing Director of PS Capital Management	1965	2021	**German positions:** • Resolve BioSciences GmbH (Chair) **Positions outside Germany:** • CENTOGENE N.V., The Netherlands (Chair) • European Healthcare Acquisition & Growth Company B.V., The Netherlands
Dr. Nathalie von Siemens	Supervisory board member	1971	2018	**German positions:** • Messer SE & Co. KGaA • Siemens Aktiengesellschaft • Siemens Healthcare GmbH • TÜV SÜD AG **Positions outside Germany:** • EssilorLuxottica S.A., France
Dr. Gregory Sorensen (until Feb. 15, 2023) as of Feb. 15, 2023	Founder and CEO of DeepHealth, Inc. (artificial intelligence division of RadNet, Inc.) and Executive Chairman of IMRIS (Deerfield Imaging, Inc.)	1962	2018	**German positions:** • Fresenius Medical Care AG & Co. KGaA • Fresenius Medical Care Management AG **Positions outside Germany:** • REALM IDx, Inc., USA
Dow R. Wilson (since Feb. 15, 2023)	Member of the Board of Directors of Agilent Technologies, Inc., USA	1959	2023	**Positions outside Germany:** • Agilent Technologies, Inc., USA

Supervisory Board committees

Until February 15, 2023, the Supervisory Board had four committees (Chairpersons's Committee, Audit Committee, Innovation and Finance Committee, Related-Party Transactions Committee). As of February 15, 2023, the number increased to six after two more committees were formed (Compensation Committee, Nomination Committee), the Supervisory Board now has six committees.

The two new committees described in more detail below perform activities that were formerly assigned to the Chairperson's Committee. The Innovation and Finance Committee was renamed Strategy, Innovation and Sustainability Committee, effective February 15, 2023.

The duties, responsibilities, and procedures satisfy the requirements of the Stock Corporation Act and the GCGC. The chairpersons of these committees provide the Supervisory Board with regular reports on the committees' activities.

Committees	Members (as of September 30, 2023)
Chairperson's Committee	• **Prof. Dr. Ralf P. Thomas (Chair)** • Karl-Heinz Streibich • Dr. Peter Körte • Dr. Nathalie von Siemens
Nomination Committee	• **Prof. Dr. Ralf P. Thomas (Chair)** • Dr. Roland Busch • Peer M. Schatz • Dow R. Wilson
Compensation Committee	• **Peer M. Schatz (Chair)** • Sarena Lin • Karl-Heinz Streibich • Prof. Dr. Ralf P. Thomas
Audit Committee	• **Dr. Marion Helmes (Chair)** • Veronika Bienert • Prof. Dr. Ralf P. Thomas
Strategy, Innovation and Sustainability Committee[1]	• **Dr. Roland Busch (Chair)** • Dr. Peter Körte • Peer M. Schatz • Karl-Heinz Streibich • Prof. Dr. Ralf P. Thomas • Dow R. Wilson
Related-Party Transactions Committee	• **Dr. Marion Helmes (Chair)** • Sarena Lin • Karl-Heinz Streibich • Dow R. Wilson

[1] Innovation and Finance Committee until February 15, 2023.

The ***Chairperson's Committee*** coordinates the work of the Supervisory Board and prepares the meetings of the Supervisory Board. It prepares the self-assessment of the Supervisory Board's work and monitors the implementation of the resolutions adopted by the Supervisory Board or its committees. In addition, it concerns itself with issues of Corporate Governance including the significance of sustainability for the Supervisory Board and the recommendations to the plenary for adapting the bylaws accordingly. This, inter alia, also comprises the assignment of responsibility with regard to sustainability issues (Environmental, Social and Governance, "ESG") to the Innovation and Finance Committee that took place in the previous fiscal year and the renaming of that committee to Strategy, Innovation and Sustainability Committee to reflect its extended responsibilities.

Furthermore, the Chairperson's Committee makes proposals regarding the appointment and dismissal of Managing Board members and handles contracts with members of the Managing Board. When making recommendations for first-time appointments, it takes into account that the term of these appointments should not, as a rule, exceed three years. When making recommendations for the appointment of Managing Board members, the Chairperson's Committee shall take note of the relevant legal requirements and the requirement profile defined by the Supervisory Board, including the diversity concept with the age limit and the target for the nomination of women on the Managing Board. It decides on approving contracts and transactions with members of the Managing Board and their related parties, whether individuals or entities.

Until February 25, 2023, the Chairperson's Committee was additionally responsible for the tasks described below for the Nomination Committee and the Compensation Committee.

The Chairperson's Committee has furthermore been authorized by the Supervisory Board to decide on the approval of Managing Board proposals regarding appointment or dismissal of persons in certain management positions at the first level below the Managing Board.

In fiscal year 2023, the Chairperson's Committee had the following members until February 15, 2023: Prof. Dr. Ralf P. Thomas (Chair), Dr. Norbert Gaus, and Dr. Andreas C. Hoffmann. The Chairperson's Committee had the following members, including two independent members, since February 15, 2023: Prof. Dr. Ralf P. Thomas (Chair), Karl-Heinz, Streibich, Dr. Nathalie von Siemens, and Dr. Peter Körte.

The ***Nomination Committee*** took over the responsibilities with regard to appointment suggestions on suitable candidates for the Supervisory Board, recommendations regarding the composition of the Supervisory Board committees and, where the Bylaws do not prescribe that the Chair of the Supervisory Board is also to be Chair of a committee, the chairs of the committees. These tasks were the responsibility of the Chairperson's Committee until February 15, 2023.

In fiscal year 2023, the Nomination Committee had the following members, including two independent members, since February 15, 2023: Prof. Dr. Ralf P. Thomas (Chair), Dr. Roland Busch, Peer M. Schatz and Dow R. Wilson.

The ***Compensation Committee*** took over the responsibilities relating to the preparation of proposals on the compensation of the Managing Board and the preparation of the compensation report including the award of the audit mandate to the independent auditor as well as the compensation system for the Managing Board and Supervisory Board that were the responsibility of the Chairperson's Committee until February 15, 2023.

In fiscal year 2023, the Compensation Committee had the following members, including three independent members, since February 15, 2023: Peer M. Schatz (Chair), Sarena Lin, Karl-Heinz Streibich and Prof. Dr. Ralf P. Thomas.

The ***Audit Committee*** oversees, in particular, accounting and the accounting process. It conducts a pre-examination of the annual financial statements of Siemens Healthineers AG, the consolidated financial statements, and the combined management report, as well as the report on relationships with affiliated companies. On the basis of the independent auditor's report on their audit of the financial statements, the Audit Committee makes, after its own pre-examination, recommendations regarding the Supervisory Board's approval of the annual financial statements of Siemens Healthineers AG and the consolidated financial statements. The Audit Committee discusses the quarterly statements and half-year financial report with the Managing Board and the independent auditor, and deals with the auditor's reports on the review of the Group's half-year consolidated financial statements and interim management report. It concerns itself with issues of accounting and risk management, including the monitoring of the accounting process, the adequacy and effectiveness of the internal control system and the risk management system, including the coverage also of sustainability-related objectives, the effectiveness of the internal audit system and the internal procedure for related-party transactions. It also concerns itself with the monitoring of compliance and the reporting of sustainability-related topics. The Audit Committee receives regular reports from the internal audit department. It prepares the Supervisory Board's recommendation to the Annual Shareholders' Meeting concerning the election of the independent auditor and submits the corresponding proposal to the Supervisory Board. Once the Annual Shareholders' Meeting has made a resolution, the Audit Committee awards the audit contract to the independent auditor and monitors the independent audit of the financial statements, particularly the selection, independence, and qualification of the auditor. It evaluates the quality of the audit and the work of the independent auditor, including the additional services they provide. In this regard, the committee complies with the applicable legal requirements, including in particular the requirements under EU Audit Regulation (Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014, on specific requirements of statutory audits of public-interest entities and repealing Commission Decision 2005/909/EC).

In fiscal year 2023, the Audit Committee had the following members up to February 15, 2023: Dr. Marion Helmes (Chairwoman), Dr. Andreas C. Hoffmann, and Prof. Dr. Ralf P. Thomas. The Audit Committee had the following members since February 15, 2023: Dr. Marion Helmes (Chair, independent), Veronika Bienert, and Prof. Dr. Ralf P. Thomas.

The ***Strategy, Innovation and Sustainability Committee*** (until February 15, 2023: ***Innovation and Finance Committee***) is, in particular, responsible – based on the company's overall strategy, which is the focus of the strategic discussions in the Supervisory Board – for discussions of the company's innovation strategy and the preparation of negotiations and resolutions of the Supervisory Board on investments in tangible assets and financial measures. In addition, the Strategy, Innovation and Sustainability Committee has been authorized by the Supervisory Board to decide on the approval of certain transactions and measures that require Supervisory Board approval and have a value of less than €300 million. Moreover, the Strategy, Innovation and Sustainability Committee regularly deals with sustainability-related topics (Environmental, Social and Governance - ESG). In the context of Managing Board compensation it can be involved by the Chairperson's Committee as far as sustainability-related targets are concerned.

In fiscal year 2023, the Innovation and Finance Committee had until February 15, 2023, the following members: Prof. Ralf P. Thomas (Chairman), Dr. Roland Busch, Dr. Norbert Gaus, Peer M. Schatz, Dr. Gregory Sorensen, and Karl-Heinz Streibich. The Strategy, Innovation and Sustainability Committee had the following members, including three independent members, since February 15, 2023: Dr. Roland Busch (Chair), Dr. Peter Körte, Peer M. Schatz, Karl-Heinz Streibich, Prof. Dr. Ralf P. Thomas, and Dow R. Wilson.

The ***Related-Party Transactions Committee*** decides on the approval of related party transactions within the meaning of Sections 107, and 111a through 111c of the Stock Corporation Act. The establishment of this committee creates the conditions that allow the Supervisory Board to deal with related party transactions independently of the related parties involved in the transaction concerned. Within the scope specified above, the committee's responsibility for making decisions pertaining to related party transactions takes priority over the responsibility of other committees to make decisions.

The Related-Party Transactions Committee consisted of three members to be elected by the Supervisory Board until February 2023. Since February 15, 2023 it has four members, who are elected by the Supervisory Board. Until February 15, 2023 the majority of members of the committee and since February 15, 2023 all members of the committee, are individuals for whom there are no concerns about conflicts of interest due to their relations with related parties. This also related and relates to including the committee chairwoman. In fiscal year 2023, the committee had the following members up to February 15, 2023: Dr. Marion Helmes (Chairwoman), Dr. Andreas C. Hoffmann, and Karl-Heinz Streibich. The Related-Party Transactions Committee had the following independent members since February 15, 2023: Dr. Marion Helmes (Chair), Sarena Lin, Karl-Heinz Streibich, and Dow R. Wilson.

Self-evaluation of the work of the Supervisory Board

The Supervisory Board regularly evaluates how effectively the Supervisory Board as a whole and its committees discharge their duties. In fiscal year 2023, the Supervisory Board conducted a comprehensive, tool-based self-evaluation, as it did in fiscal years 2020, 2021, and 2022. In the interest of a constructive evaluation of the work of the Supervisory Board, a prestigious external expert was engaged to provide a comparative and stimulating perspective on the preparation, conduct, and analysis of the self-evaluation.

C.4.1.3 Share transactions of the Managing Board and Supervisory Board

Pursuant to Article 19 Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC, and 2004/72/EC, members of the Managing Board and the Supervisory Board are required by law to disclose all transactions conducted on their own account relating to the shares or debt instruments of Siemens Healthineers AG or to derivatives or other financial instruments linked thereto, if the total value of such transactions entered into by a board member or any related party of that member reaches or exceeds €20,000 in any calendar year. All transactions reported during the past fiscal year to Siemens Healthineers AG in accordance with this requirement have been duly published and are available on the company's website at: ➔ ***www.siemens-healthineers.com/investor-relations/corporate-governance/directors-dealings***.

C.4.1.4 Shareholders' interests and Annual Shareholders' Meeting

As part of investor relations activities, investors are comprehensively informed about developments within the company. For reporting purposes, Siemens Healthineers also makes extensive use of the Internet. At ➔ ***www.siemens-healthineers.com/investor-relations***, we publish quarterly statements, half-year financial and annual reports, ad hoc announcements, analyst presentations, and press releases, as well as the financial calendar for the current year, which contains the publication dates of significant financial communications and the date of the Annual Shareholders' Meeting.

The shareholders exercise their rights, especially their voting rights, at the Annual Shareholders' Meeting. The Annual Shareholders' Meeting passes resolutions on all matters for which it is responsible under law and the articles of association. Every share in Siemens Healthineers AG grants the holder one vote. The company supports the shareholders in the exercise of their rights at the Annual Shareholders' Meeting. The invitation to and attendance at the Annual Shareholders' Meeting comply with statutory requirements as well as those set down in the articles of association.

Documents for and information on the Annual Shareholders' Meeting are available at ➔ ***www.siemens-healthineers.com/investor-relations.***

C.4.2 Requirements for the composition of the Managing Board; diversity and skills, succession planning

When selecting Managing Board members, the Supervisory Board ensures that they are personally suited and have integrity, convincing leadership qualities, international experience, the professional qualifications for the specific business responsibilities to be assumed, a proven track record, knowledge of the company, and the ability to adapt business models and processes in a constantly changing world. The aspect of diversity is an important selection criterion in filling Managing Board positions, including aspects such as age, gender, and educational and professional background.

Diversity concept for the Managing Board, professional and personal skills

When assessing the proposals for appointing Managing Board members, the Chairperson's Committee is guided by the objective to ensure, as far as possible, that the Managing Board has strong leadership skills and a diversified complementary composition. The aim is for the Managing Board as a whole to have all the knowledge and experience that are considered essential in light of the activities of Siemens Healthineers. For this reason, the Supervisory Board takes particular account of the following criteria when selecting members of the Managing Board:

- In addition to the required specific technical skills, and management and leadership experience for the task at hand, Managing Board members should cover a wide range of knowledge and experience, as well as educational and professional backgrounds that are as broad as possible.
- In view of the company's international reach, it should be ensured that the composition of the Managing Board reflects internationality by including different cultural backgrounds or international experience (for example, extended professional experience abroad that is relevant to Siemens Healthineers or the management of foreign business activities).
- Collectively, the Managing Board should have experience of the lines of business important to Siemens Healthineers, in particular (diagnostic) imaging, laboratory diagnostics, clinical therapy, and cancer care.
- Collectively, the Managing Board should have many years of experience in the areas of technology (including information technology and digitalization), transformation processes, sustainability, entrepreneurship, research and development, procurement, production and sales, finance, legal (including compliance), and human resources.
- Appointments to Managing Board positions should also take into account the targets that the Supervisory Board has specified for the share of women on the Managing Board.
- It is regarded as useful to have different age groups represented on the Managing Board. In accordance with the recommendation of the GCGC, the Supervisory Board has set an age limit for members of the Managing Board. In general, an appointment or a renewal of an appointment to the Managing Board is permitted only for persons who have not yet reached the age of 63.

The decisive factor in filling a specific Managing Board position is always the company's interest, taking into account all circumstances of the individual case.

The diversity concept is implemented as part of the procedure for the Supervisory Board's appointment of the Managing Board. In selecting candidates, the Supervisory Board takes note of legal requirements and takes account of the requirements set out in the qualification profile defined by the Supervisory Board with the diversity concept for the Managing Board.

The decision made in the reporting period to renew the appointment of Darleen Caron as Chief Human Resources Officer was based on her in-depth, company-specific experience and the company's international orientation. Other factors supporting this decision were the aspects of gender, age, and cultural background. Information on the areas of responsibility and the curricula vitae of Darleen Caron and the other members of the Managing Board is available on the company's website at ➔ ***www.siemens-healthineers.com/company/management***.

Targets for the share of women

Pursuant to the Stock Corporation Act, the Supervisory Board is to set targets for the share of women on the Managing Board. The Managing Board is to set targets for the share of women at the two levels of management below the Managing Board. If the share of women is less than 30% when the targets are set, the targets cannot be below the level that has already been achieved.

At Siemens Healthineers AG, a target of at least one woman on the Managing Board was set, to be attained by June 30, 2023. This target was now set for repeated attainment by September 30, 2026. With the Managing Board members Darleen Caron and Elisabeth Staudinger-Leibrecht, the share of women on the Managing Board is at 50% since December 1, 2021, the target set for the Managing Board thus being exceeded.

There is only one management level below the Managing Board. In July 2022 the target for this management level was set to 33%, to be attained by September 30, 2026.

Long-term succession planning for the Managing Board

With the support of the Chairperson's Committee, and in consultation with the Managing Board, the Supervisory Board performs long-term succession planning for members of the Managing Board in compliance with the relevant provisions of law. To this end, the Supervisory Board and the Chairperson's Committee regularly discuss potential candidates for the Managing Board. The Chair of the Managing Board and the Chief Human Resources Officer are involved, unless the discussion is about their own succession. The specific requirement profiles for future Managing Board members defined by the Supervisory Board are not static, but are defined individually at the start of every new succession-planning project, taking into account the current responsibility-specific needs and concrete challenges. This planning work is performed with an appropriate lead time. In this process, the Supervisory Board and the Chairperson's Committee pursue the approved profile of skills and expertise, including the diversity concept, ensuring that the knowledge, abilities, and experience of all members of the Managing Board are diverse and balanced. In addition, the Supervisory Board regularly receives information on succession planning for the level below the Managing Board and advises the Managing Board on this matter. The Supervisory Board is also given an opportunity to review potential candidates itself. The appointment of the owners of certain executive functions on the first level below the Managing Board requires the approval of the Chairperson's Committee.

C.4.3 Requirements for the composition of the Supervisory Board; profile of skills and expertise, and diversity concept

The diversity concept for the Supervisory Board was adopted by the Supervisory Board together with the targets for the Board's own composition, including the profile of the skills and expertise that the Supervisory Board should possess. This framework requires the composition of the Supervisory Board of Siemens Healthineers AG to be such as to ensure that its members collectively are qualified to supervise and advise the Managing Board.

Diversity concept for the Supervisory Board

Sufficient diversity is expected in the composition of the Supervisory Board. In addition to an appropriate gender ratio, this also includes diversity with regard to cultural origin, diversity of professional background, experience, and mindset. When examining potential candidates for appointments to Supervisory Board positions, diversity should be given appropriate consideration early on in the selection process.

In the process of selecting and nominating candidates for the Supervisory Board, the Supervisory Board takes account of the targets for its composition and the requirements laid down in the diversity concept.

Targets for female representation on the Supervisory Board

Pursuant to the Stock Corporation Act, the Supervisory Board is to set a target for the share of women on the Supervisory Board. If the share of women is less than 30% when the target is set, the target cannot be below the level that has already been achieved.

At Siemens Healthineers AG, a target of at least 2/9 was set for the share of women on the Supervisory Board, to be attained by the date of June 30, 2023. Subsequently, a target of at least 30% was set for the share of women on the Supervisory Board, to be attained by September 30, 2026.

Until the end of the Annual Shareholders' Meeting on February 15, 2023, two women, Dr. Marion Helmes and Dr. Nathalie von Siemens, held positions on the Supervisory Board. Since the election of Supervisory Board members by the Annual Shareholders' Meeting on February 15, 2023, there are four women (Dr. Marion Helmes, Dr. Nathalie von Siemens, Sarena Lin, Veronika Bienert) on the Supervisory Board. Thus, the target was attained ahead of time both with regard to the original target achievement date (June 30, 2023) and with regard to the current target achievement (September 30, 2026). In both cases, the target was over-fulfilled.

The share of women on the Supervisory Board is now 40%.

Profile of required skills and expertise

The composition of the Supervisory Board of Siemens Healthineers AG should be such that it can provide the Managing Board with qualified oversight and consultation.

The candidates proposed for election to the Supervisory Board should have the knowledge, skills, and experience that enable them to perform the duties of a supervisory board member at an international enterprise and strengthen the public image of Siemens Healthineers. The character, integrity, motivation, and professionalism of the persons proposed for election should be given particular consideration.

Pursuant to the Stock Corporation Act, at least one member of the Supervisory Board should have knowledge of accounting and at least one further member should have knowledge of auditing financial statements. In addition, the Supervisory Board should collectively be familiar with the sector in which Siemens Healthineers operates. According to the recommendation of the GCGC, the knowledge of accounting should comprise particular know-how and experience in applying accounting principles and internal control and risk management systems, and the knowledge of auditing financial statements should comprise particular know-how and experience in auditing financial statements. Accounting and auditing financial statements include sustainability reporting and the auditing thereof. The Chair of the Audit Committee should have the appropriate knowledge in at least one of the two areas. This person should also be independent.

The aim is for the Supervisory Board as a whole to have all the knowledge and experience considered essential in view of the activities of Siemens Healthineers. This includes, for example, competencies and experience of medical and healthcare technology (including information technology and digitalization), transformation processes, cybersecurity, entrepreneurship, procurement, production and sales, finance, human resources and legal (including compliance). The Supervisory Board's skills and expertise profile shall also comprise expertise regarding sustainability issues[2] relevant to the enterprise, in particular regarding access to care. The Supervisory Board should also have knowledge and experience of the lines of business important to Siemens Healthineers, in particular (diagnostic) imaging, laboratory diagnostics, clinical therapy, and cancer care. In particular, the Supervisory Board should also include persons who have management experience at a large international enterprise as a result of holding an executive position.

Before potential new members are considered, the Supervisory Board should conduct a review to determine which of its required skills and expertise need to be strengthened.

With its current membership, the Supervisory Board satisfies the profile of required skills and expertise. The Supervisory Board members have the professional 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 Healthineers. The status of implementation in respect of the professional competence of the Supervisory Board is set out below in the form of a skills matrix.

[2] In conformity with the Sustainability Report of Siemens Healthineers as amended from time to time. Available at ➔ ***www.siemens-healthineers.com/company/sustainability***.

	Prof. Dr. Ralf P. Thomas[1]	**Karl-Heinz Streibich**[2]	**Veronika Bienert**	**Dr. Roland Busch**	**Dr. Marion Helmes**	**Dr. Peter Körte**	**Sarena Lin**	**Peer M. Schatz**	**Dr. Nathalie von Siemens**	**Dow R. Wilson**
Member since | Term of office	2018 | 2nd	2018 | 2nd	2023 | 1st	2020| 1st	2018 | 2nd	2023 | 1st	2023 | 1st	2021 | 1st	2018 | 2nd	2023 | 1st
End of term[3]	ASM 2028	ASM 2026	ASM 2026	ASM 2025	ASM 2026	ASM 2026	ASM 2028	ASM 2026	ASM 2028	ASM 2028
Diversity										
Age (as of Nov. 27, 2023)	62	71	50	59	57	47	52	58	52	64
Gender	Male	Male	Female	Male	Female	Male	Female	Male	Female	Male
Nationality	DE	DE	DE	DE	DE	DE	US/Taiwan	CH/AT	DE	US
International Experience	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Education Background	Business Adminis-tration	Enginee-ring	Siemens AG apprentice-ship in Business Adminis-tration (*Stamm-hauslehre*)	Physics	Business Adminis-tration	Business Enginee-ring	Business Adminis-tration, Inter-national relations, Computer Science	Econo-mics and Social Sciences	Philo-sophy	Business Adminis-tration
Independence										
according to GCGC C.6		✓			✓		✓	✓	✓	✓
according to GCGC C.7	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Areas of competence										
Medical and healthcare technology (incl. Information technology and digitalization)		✓		✓		✓	✓	✓	✓	✓
Sustainability										
Operational	✓		✓	✓		✓		✓	✓	✓
Strategic		✓	✓	✓		✓	✓	✓	✓	✓
Reporting (incl. audit)	✓		✓		✓					
Transformation	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Cybersecurity	✓	✓		✓		✓	✓			✓
Entrepreneurship	✓	✓	✓	✓	✓	✓		✓	✓	✓
Purchasing	✓			✓			✓	✓		
Production and sales		✓		✓		✓	✓	✓		
Finance and Legal (incl. Compliance)	✓	✓	✓	✓	✓		✓	✓		
Human Resources	✓	✓		✓	✓		✓	✓	✓	
(Diagnostic) Imaging	✓					✓				✓
Laboratory diagnostics						✓		✓		
Clinical therapy	✓									✓
Cancer Care								✓		✓
Management experience at a large international enterprise (P&L responsibility)	✓	✓	✓	✓	✓	✓	✓	✓		✓
Accounting	✓		✓		✓			✓		
Auditing of financial statements	✓		✓		✓					

[1] Chairman.
[2] Deputy Chairman.
[3] All members of the Supervisory Board as elected by the Annual Shareholder's Meeting (ASM) on February 15, 2023, except for Peer M. Schatz (ASM 2021) and Dr. Roland Busch (ASM 2020).

In the person of Prof. Dr. Ralf P. Thomas, the Supervisory Board and Audit Committee each have at least one member with special knowledge of accounting. Relevant professional experience: Chief Financial Officer at Siemens AG (as of 2013), Chairman of the Stock Exchange Committee of Experts ("Börsensachverständigenkommission"), which advises Germany's Federal Ministry of Finance (as of July 2019), Chairman of the Administrative Board of the German Committee of Accounting Standards ("Deutsches Rechnungslegungs Standards Committee e.V." (from 2011 to 2020)), member of the Executive Committee and Managing Board of the German Institute for Share Promotion ("Deutsches Aktieninstitut") (as of January 2014), and Treasurer and member of the Executive Committee of the Max Plank Society ("Max-Planck-Gesellschaft e.V.") (as of June 2014).

As regards the auditing of financial statements, the Supervisory Board and the Audit Committee each have at least one person with the corresponding expertise in the person of Dr. Marion Helmes, Chair of the Audit Committee. Relevant professional experience: Chief Financial Officer at Celesio AG (from 2012 to 2014), Chief Financial Officer at Q-Cells SE (from 2010 to 2011), Chief Financial Officer at ThyssenKrupp Elevator AG (from 2006 to 2010), and Chief Financial Officer at ThyssenKrupp-Stainless AG (from 2005 to 2006). Dr. Marion Helmes, the independent chair of the Audit Committee, thus satisfies the GCGC recommendations for the chair of that committee.

In addition, it is the Supervisory Board's opinion that all members of the Audit Committee have the requisite knowledge of accounting, auditing financial statements, and internal control procedures.

International profile

In the light of the company's international reach, it should be ensured that the Supervisory Board has a sufficient number of members with many years' international experience.

A considerable number of Supervisory Board members are engaged in international activities and/or have many years of international experience.

Independence

In accordance with the GCGC, the Supervisory Board should include what it considers to be an appropriate number of independent members from the group of shareholder representatives, thereby taking into account the shareholder structure. Within the meaning of this recommendation of the GCGC, a Supervisory Board member is considered independent if he/she is independent of the company and its Managing Board, and independent of any controlling shareholder. The composition of the Supervisory Board should be such that at least three independent shareholder representatives who meet the above criteria of independence are members of the Supervisory Board.

Under the GCGC, more than half of the shareholder representatives should be independent of the company and the Managing Board. Supervisory Board members are to be considered independent of the company and its Managing Board if they have no personal or business relationship with the company or its Managing Board that may cause a substantial – and not merely temporary – conflict of interest.

In assessing whether its Supervisory Board members are independent of the company or its Managing Board, the shareholder representatives should take into account the aspects stated in C.7 GCGC.

If the company has a controlling shareholder, and the Supervisory Board comprises more than six members, the GCGC recommends that at least two shareholder representatives should be independent of the controlling shareholder. A Supervisory Board member is considered independent of the controlling shareholder if he/she, or a close family member, is neither a controlling shareholder nor a member of the executive governing body of the controlling shareholder, and does not have a personal or business relationship with the controlling shareholder that may cause a substantial – and not merely temporary – conflict of interest.

The Supervisory Board has an adequate number of independent members. In the opinion of the Supervisory Board, there are currently six Supervisory Board members who are independent of the company, its Managing Board, and the majority shareholder – namely, Dr. Marion Helmes, Sarena Lin, Dow R. Wilson, Nathalie von Siemens, Peer M. Schatz, and Karl Heinz Streibich.

In the opinion of the Supervisory Board, all its members are currently independent of the company and its Managing Board. Some members of the Supervisory Board hold positions of significant responsibility in other companies with which Siemens Healthineers maintains relationships in the ordinary course of business. The Supervisory Board believes that none of these relationships should be considered material.

Availability

Every Supervisory Board member must ensure that they have enough time to perform their tasks. The legal limits on the number of positions, and the upper limit recommended by the GCGC of two supervisory board positions for Managing Board members of publicly listed companies and five supervisory board positions for other members, must be taken into consideration.

With regard to performing the tasks associated with such a position at Siemens Healthineers, it must be taken into account that

- at least six, but usually seven, ordinary Supervisory Board meetings are held per year, which require adequate preparation
- sufficient time must be planned for reviewing the documents relating to the annual and consolidated financial statements
- attendance at the Annual Shareholders' Meeting is mandatory
- depending on membership in one or more of the currently six Supervisory Board committees, additional time is required for attending and adequately preparing for committee meetings; this applies especially to the Audit Committee
- additional extraordinary meetings of the Supervisory Board or a committee may become necessary to deal with special issues.

Age limit and length of membership

Observing the age limit laid down by the Supervisory Board in the bylaws, only persons who at the time of election have not yet reached the age of 71 should usually be proposed for election as a member of the Supervisory Board. The aim is for the Supervisory Board to have an appropriate structure of experience and age.

C.4.4 Declaration of conformity with the German Corporate Governance Code

Declaration of Conformity by the Managing Board and the Supervisory Board of Siemens Healthineers AG with the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act

The Managing Board and Supervisory Board declare that, since the issuance of the last Declaration of Conformity dated September 30, 2022, the Company has fully complied with the recommendations of the German Corporate Governance Code as amended on April 28, 2022 (valid from June 27, 2022, "GCGC 2022"). In addition, the Managing Board and Supervisory Board declare that the Company will continue to comply with all recommendations of the GCGC 2022 in the future.

Munich, September 30, 2023
Siemens Healthineers AG

The Managing Board The Supervisory Board

C.4.5 Information on corporate management practices

Suggestions of the German Corporate Governance Code

In addition to recommendations, the GCGC also makes suggestions for good and responsible corporate governance and control. Since September 30, 2022, Siemens Healthineers AG has complied with all the suggestions of the GCGC.

Further corporate governance practices applied beyond legal requirements are contained in the business conduct guidelines.

Business conduct guidelines

The Siemens Healthineers business conduct guidelines provide the ethical and legal framework within which the company intends to operate and to remain on course for success. They contain the basic principles and rules for the conduct of all Siemens Healthineers employees within the company and in relation to our external partners and the general public. They set out how Siemens Healthineers meets its ethical and legal responsibilities as a company. The business conduct guidelines are available at
➔ ***www.siemens-healthineers.com/company/compliance.***

C.5 Notes and forward-looking statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens Healthineers that may constitute forward-looking statements. These statements may be identified by words such as “expect”, “forecast”, “anticipate”, “intend”, “plan”, “believe”, “seek”, “estimate”, “will”, “target” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations, plans and certain assumptions of Siemens Healthineers’ management, of which many are beyond Siemens Healthineers’ control. As they relate to future events or developments, these statements are subject to various risks, uncertainties and factors, including but not limited to those possibly described in the respective disclosures. Should one or more of these or other risks, uncertainties or factors (e.g. events of force majeure, including but not limited to unrest, acts of war, pandemics or acts of God) materialize, plans change or should underlying expectations not occur or assumptions prove incorrect, Siemens Healthineers' management actions, actual results, performance or achievements of Siemens Healthineers may (negatively or positively) vary materially from those described explicitly or implicitly in the forward-looking statement. All forward-looking statements apply only as of the date when they were made and Siemens Healthineers neither intends nor assumes any obligation, unless required by law, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes supplemental financial measures that are or may be alternative performance measures not precisely defined in the applicable financial reporting framework (non-GAAP measures). These supplemental financial measures may have limitations as analytical tools and should not be viewed in isolation or as alternatives to measures of Siemens Healthineers’ net assets, financial position and results of operations as presented in accordance with the applicable financial reporting framework. Other companies that report or describe similarly titled alternative performance measures may calculate them differently, and therefore they may not be comparable to those included in this document. For further explanations of our (supplemental) financial measures, please see chapter ➔ ***A.2 Financial performance system*** and the Notes to consolidated financial statements, ➔ ***Note 30 Segment information***.

Due to rounding, individual 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 to which they refer.

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

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

In the event that the male form is used in this document, the information nevertheless refers to all persons (male, female, non-binary).

Internet: ➔ ***www.siemens-healthineers.com***

Press: ➔ ***www.siemens-healthineers.com/press***

Investor Relations: ➔ ***www.siemens-healthineers.com/investor-relations***

Siemens Healthineers AG
Siemensstr. 3
91301 Forchheim, Germany
siemens-healthineers.com

Investor Relations
Phone: +49 (9131) 84-3385
Email: ir.team@siemens-healthineers.com

Press
Email: press.team@siemens-healthineers.com