Combined Management Report

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2.1 Business description

2.1.1 Organization and reporting structure

Siemens Energy AG, parent company of the Siemens Energy Group ("Siemens Energy", "the Group", "the Company", or "we") and registered in Munich, is a Stock Corporation (Aktiengesellschaft) in accordance with German law. The Executive Board of Siemens Energy AG is the body with overall responsibility for the management of the business in accordance with the German Stock Corporation Act (Aktiengesetz).

Siemens Energy's reporting structure in fiscal year 2025 comprises four Business Areas: Gas Services (GS), Grid Technologies (GT), Transformation of Industry (TI) and the Wind Power business Siemens Gamesa (SG). GS, GT and SG are reportable segments; TI is reported voluntarily as if it were a reportable segment despite some differences in its economic characteristics (all the aforementioned are hereinafter referred to as segments).

Reconciliation to Consolidated Financial Statements includes items which management does not consider to be indicative of the segments' performance, mainly group management costs (management and corporate functions), other central items, treasury activities as well as eliminations. Other central items include Siemens brand fees, corporate services (e.g., management of the Group's real estate portfolio), corporate projects, centrally held equity interests and other items. For further information, see **Note 26 Segment information** in **3.6 Notes to Consolidated Financial Statements**.

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

2.1.2 Business model

Siemens Energy is active along the entire energy technology and service value chain with comprehensive and differentiated products, solutions and service offerings. Our broad product portfolio, comprising efficient conventional as well as renewable energies, enables us to meet the increasing demand for energy and support efforts to reduce greenhouse gas emissions at the same time. We also offer digital business and intelligent service models to our customers. We consider ourselves well positioned to shape the energy transition toward decarbonized energy technologies and promptly react to customer needs worldwide thanks to our global footprint.

Siemens Energy has not participated in any new tenders for pure coal-fired power plants since November 2020. Siemens Energy will still fulfill existing commitments for coal-fired power plant projects and the associated service contracts. The carbon-reducing service and solutions businesses, as well as combined heat and power (CHP) projects will also be continued.

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

Our profitability level differs among our portfolio elements. Therefore, our results of operations are affected by the portfolio mix sold in each segment. Our service business typically has higher margins than the product and solutions businesses. Hence, our results of operations and margins depend on our ability to generate revenue from servicing our large installed fleet by modernization and upgrades. This applies in particular to machines, such as turbines, generators, or compressors, in which rotating components are used. We aim to maintain and expand the long lifespan of our installed fleet through modernization and upgrades to secure orders for service contracts, primarily focusing on long-term service programs. We see the service business as a major pillar of the sustainable business success of Siemens Energy and are seeking to enlarge and leverage this further in the future.

Gas Services

The **Gas Services** Business Area focuses on the development, delivery, and servicing of gas and steam turbines as well as generators and instrumentation and control systems for flexible, dispatchable power generation. The GS portfolio includes products, solutions, and services for central and distributed power generation. GS relies on a hybrid model that combines capital-intensive infrastructure projects - such as combined cycle power plants - with long-term service agreements. The wide-ranging service portfolio includes maintenance, performance enhancements, digitalization, and consulting.

GS supports a wide range of customers, from utilities, independent power producers, municipal energy producers, EPC (engineering, procurement, and construction) companies to industrial customers and customers in the oil and gas industry. Operators of data centers are increasingly becoming key customers for GS' products and services across its entire portfolio of gas and steam turbines.

Reliable, efficient, and low-emission turbines enable the integration of renewable energy into grids by delivering fast dispatchable power supplementing the fluctuating supplies from renewable energy sources. GS is contributing to the decarbonization of power generation and supporting the achievement of its customers' net zero targets. To this end, the capabilities of the gas turbine portfolio for burning hydrogen and other green

fuels are continuously being expanded. Individual types of gas turbines have already been approved for burning up to 75% hydrogen. In addition, the combustion of 100% renewable hydrogen has been successfully demonstrated in various pilot and test facilities. This marks an important step on the way to the gradual decarbonization of the gas turbine portfolio. At the same time, carbon capture applications are being addressed via partnerships with key technology partners.

GS' competitors include a small number of multinational original equipment manufacturers (OEMs), some of which hold significant market positions.

Grid Technologies

The **Grid Technologies** Business Area provides high-voltage transmission technologies, solutions and services that are relevant for modern energy infrastructure and the energy transition. GT is manufacturing grid components and delivering turnkey grid systems and solutions. This is complemented by long-term service contracts, digital upgrades, and consulting services.

Grid operators, infrastructure providers, energy generators, industrial companies as well as operators of data centers, use GT's comprehensive portfolio, technological expertise, global production network, and sales channels, along with its partners, to address the challenges of future-proofing power grids.

GT's portfolio is designed to tackle the current and future demands of the energy transition. Through its offerings in Products, Grid Solutions, Services, and Digital Grid, customers can connect renewable energy to the grid efficiently using e.g. high-voltage direct current (HVDC) transmission systems and grid connections. They are able to build resilient power grids through stabilization solutions such as Flexible AC Transmission Systems (FACTS) and battery energy storage, complemented by grid modernization services. Grid decarbonization is supported with sustainable SF_6 (sulfur hexafluoride)-free switchgear and low-emission transformers, which are key components of the Products portfolio. Service offerings – including maintenance, upgrades, and condition monitoring – help extend asset lifecycles and ensure reliability. Additionally, customers can manage the complexities of modern grids with advanced automation and digitalization solutions.

GT competes with other major multinational companies, as well as manufacturers from countries like China, South Korea, and Japan. While these competitors currently focus on individual regions, they are increasingly expanding their global presence.

Transformation of Industry

The **Transformation of Industry** Business Area consists of four operating but non-reportable segments (Compression (CP); Industrial Steam Turbines & Generators (STG); Electrification, Automation, Digitalization (EAD) and Sustainable Energy Systems (SES)), which are presented voluntarily as if they were a single reportable segment, despite some differences in their economic characteristics. TI focuses on increasing the performance, energy efficiency and resilience of industrial processes, with the goal of supporting industrial customers' energy cost, competitiveness and sustainability targets. The offering includes products, integrated systems, solutions and services for process industries (e.g., oil and gas, chemicals, petrochemicals, mining, steel, pulp and paper, data center), hydrogen and industrial power generation as well as offshore and maritime applications.

TI contributes to reducing energy consumption and emissions of the industrial sector by making existing assets more energy efficient, electrifying industrial processes, and providing solutions for the production and the transport of green hydrogen and clean fuels. The portfolio includes, among others, electrolyzers, industrial steam turbines and generators, turbo and reciprocating compressors, drive systems, batteries, fuel cells, as well as service and digital offerings across the portfolio. The services are particularly aimed at extending the lifespan and availability of products, especially of steam turbines and compressors. In addition, TI is working on scaling new decarbonization technologies, such as heat recovery, compressed air energy storage, and specialized hydrogen and CO_2 compressors for Carbon Capture, Utilization and Storage (CCUS).

TI benefits from the growing trend towards energy affordability and energy security, the strong demand for power, the adoption of low-carbon energy technologies, and the increasing electrification, automation, and digitalization of industry.

Competitors include OEMs, EPC suppliers, as well as industrial enterprises, new cleantech and hydrogen start-ups.

Siemens Gamesa

Our Wind Power business **Siemens Gamesa** focuses on the design, development, manufacturing, and installation of products, as well as the provision of technologically advanced services in the renewable energy sector, with a focus on onshore and offshore wind turbines for various wind conditions. Depending on customer requirements, the scope of involvement of SG may include delivering either a full EPC project or just the supply of components for wind turbines.

SG offers design, engineering, manufacturing, and installation of wind turbines based on both geared and direct drive technology. In addition, SG provides services for the operation and maintenance of wind farms by offering a comprehensive and flexible portfolio for the maintenance and optimization of wind turbines, thus covering the entire operational product lifecycle. A complete asset management as well as technical support are offered for SG's wind turbines.

Primary customers of SG are large utilities and independent power producers, as well as renewable energy project developers. The onshore wind energy market is characterized by many different providers without a single company currently holding a dominant market share. Respectively, the Offshore wind energy market is served by a few experienced players. The competition in both markets is mainly driven by scale, technology as well as market access challenges.

SG's competitors are mainly a small number of large multinational companies, as well as manufacturers from China, which are becoming increasingly global.

2.1.3 Research and development

In fiscal year 2025, we reported research and development (R&D) expenses of €1,210 million (2024: €1,209 million). The resulting R&D intensity (ratio of R&D expenses to revenue) was 3.1 % (2024: 3.5%). In the past fiscal year, additions to capitalized development expenses amounted to €184 million (2024: €173 million), while amortization of capitalized development expenses amounted to €158 million (2024: €142 million). As of September 30, 2025, Siemens Energy held approximately 18,800 granted patents worldwide in its continuing operations (2024: around 19,200). In fiscal year 2025, Siemens Energy employed an average number of approximately 4,100 people in the area of R&D.

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

Siemens Energy steers the R&D activities based on a clearly defined strategy. R&D expenses are subject to regular reviews in line with Business Area requirements. We seek to develop our portfolio with a clear focus on decarbonized energy technologies, service, and new growth fields. Another key objective is the optimized use of our extensive service potential, and the increased competitiveness of our current products based on strict quality criteria. In addition, we continue to develop our Fields of Action focusing on energy transformation and decarbonization:

- Decarbonized heat and industrial processes
- Carbon and product circularity
- Resilient grids and reliability
- Condition-based service interventions
- 24/7 carbon-free energy

The R&D activities are aimed at effectively responding to the challenges posed by the market-defining mega trends: growing electricity demand, decarbonization, digitalization, and decentralization.

In the GT business, R&D activities are focused on accelerating the development of the SF_6 (sulfur hexafluoride)-free blue portfolio, technologies for future direct current grids, as well as digital products, systems, and solutions for resilient grids and battery energy storage to better support the energy transition. The GS business' R&D activities are focused on innovative products and solutions, supporting the transition to a carbon-neutral portfolio by developing new services, distributed power generation applications, and carbon-neutral products and solutions. In the traditional GS businesses and in the TI business, R&D activities are strongly focused on decarbonization to support our customers in the changing market environment. Here, the main levers are increasing the efficiency, availability, and flexibility of the equipment used, and reducing greenhouse gas emissions, including increasing the use of hydrogen. At SG, our R&D activities focus on developing the next generation of technologies that will lead to improved and more cost-effective products, production processes, solutions, and services with an increased emphasis on industrial serial production. SG aims to develop reliable and efficient wind turbines for both onshore and offshore applications and enable seamless integration into the power grid. This is intended to help energy utility companies optimize the use of renewable energy. An example of this is the installation of the first 100 SG14-222/236 offshore wind turbines. These new turbines are based on the proven DirectDrive design, target global offshore markets, and deliver 30% more power than their predecessor.

The success of our R&D activities in the fields of energy transition and carbon-neutral technologies is demonstrated by several significant projects. Siemens Energy aims to offer SF_6 (sulfur hexafluoride)-free high-voltage switchgear in all relevant voltage levels as part of the Blue Portfolio by 2030 at the latest. Examples include the new product families: 72.5 kV gas-insulated switchgear and dead-tank circuit breakers, the 145 kV gas-insulated switchgear 63kA for the US market, as well as the second generation of switchgear for 145 kV as live-tank circuit breakers in outdoor design and as gas-insulated switchgear, which are currently undergoing type testing or are about to do so. Another example is our collaboration with SSE Thermal on the "Mission H2 Power" initiative, which aims to develop gas turbine technology capable of operating on 100% hydrogen. The project supports the decarbonization of SSE Thermal's Keadby 2 Power Station in North Lincolnshire, Great Britain, which is powered by Siemens Energy's SGT5-9000HL gas turbine. By blending hydrogen into its operation, it is intended to ensure that this technology is also suitable for a climate-neutral future.

Industrial process heating is responsible for over 10% of global greenhouse gas emissions. Siemens Energy is developing a low-cost, efficient alternative for process heat that produces zero local emissions. After the successful testing of a prototype of the electric heater in 2024, the team is currently working on implementing a pilot plant on a commercial scale. The tests, in collaboration with industry partners, are planned for summer 2026.

In accordance with our R&D strategy, we allocate our R&D resources selectively towards products and services in market growth segments. Siemens Energy focusses its R&D activities on innovative materials and advanced manufacturing methods. Furthermore, innovations also concentrate on product digitalization, power electronics, software-driven power control, environmentally friendly products and systems, and grid stabilization. Additive manufacturing is another innovation field in which Siemens Energy has long been active. As of September 30, 2025, we can look back on more than 15 years of experience in the application of the technology and development cooperation with, among others, Werner-von-Siemens Centre for Industry and Science e.V., Göteborg Energi and Equinor.

Siemens Energy works with other associations and research institutions to advance research projects. Prominent partners include the International Renewable Energy Agency (IRENA), DTU Copenhagen, the Karlsruhe Institute of Technology, the Technical University of Berlin, the Georgia Tech Research Corporation, the University of Central Florida, the Khalifa University, Cambridge University, the University of Sheffield, DLR-AGTurbo or EUTurbines. The four global innovation centers in Berlin, Orlando, Abu Dhabi, and Shenzhen, whose aim is to nurture innovation and accelerate the energy transition, also work with both academic and industrial partners within the framework of a partnership model. Around 120 participants from more than 50 companies attended the "Customer Experience Days" at the Innovation Center Berlin in June 2025, where cutting-edge technology and innovative solutions related to the topic "Resilience in a Transforming World" were discussed.

2.2 Financial performance system

2.2.1 Financial Framework

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

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

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

2.2.2 Growth

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

Currency translation effects are the difference between revenue for the current period calculated using the exchange rates of the current period and revenue for the current period calculated using the exchange rates of the comparative period. To calculate the percentage change year-on-year, this absolute difference is divided by revenue for the comparative period.

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

Comparable revenue growth is one of the targets used in determining the short-term variable compensation of the Executive Board beginning in fiscal year 2026.

At Group level, Siemens Energy focuses on profitable growth and aims to achieve a compound annual growth rate for revenue (based on fiscal year 2025, excluding currency translation and portfolio effects) in the low-teens percentage range by fiscal year 2028.

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

2.2.3 Profitability

We use the KPI **Profit margin before Special items** to measure the profitability of operating activities of Siemens Energy. To calculate the Profit margin before Special items, Profit before Special items is divided by total revenue.

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

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

- **Restructuring and integration costs**: Restructuring costs refer to personnel measures leading to severance charges, including costs for terminating service contracts with Siemens Group (Siemens AG and its subsidiaries). Integration costs that occur at SG are related to the integration of companies as well as in the course of the integration of SG into the Group and the corresponding transaction costs.
- **Stand-alone costs** relate to the separation from Siemens Group and the formation of Siemens Energy as an independent enterprise.
- **Strategic portfolio decisions** include significant expenses and income in connection with the acquisition, disposal or discontinuation of businesses.

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

We aim to achieve a Profit margin for the Group of 14% - 16% for fiscal year 2028. For our Business Areas we aim to achieve Profit margin ranges before Special items for fiscal year 2028 as shown below:

Profit margin before Special Items ranges for fiscal year 2028

Gas Services	18 – 20%
Grid Technologies	18 – 20%
Transformation of Industry	12 – 14%
Siemens Gamesa	3 – 5%

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

2.2.4 Liquidity

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

Free cash flow pre tax is one of the targets used in determining the short-term variable compensation of the Executive Board until the end of fiscal year 2025.

2.2.5 Other financial performance indicators

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

To provide an assessment of our ability to generate cash, we use the operational **Cash conversion rate (CCR)** as an ancillary measure. This is defined as the ratio of Free cash flow pre tax to Profit.

Siemens Energy aims for a capital structure according to a strong investment grade credit profile, in line with its financial policy. The PI used to assess our capital structure is **Adjusted net debt/ (net cash)**, which is shown in **2.6.3 Financing and liquidity analysis**. We also use the ratio Adjusted net debt to EBITDA. This ratio indicates the approximate number of years that would be needed to cover the Adjusted net debt through EBITDA. The EBITDA measure represents income (loss) before income taxes, before financial result and before amortization, depreciation and impairments.

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

2.3 Business performance in fiscal year 2025

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

Siemens Energy looks back on a successful fiscal year 2025 in a challenging environment, in which all of the financial targets originally set were exceeded and the forecast, which was raised during the year, was achieved or, in some cases, also exceeded - despite additional burdens from tariffs and challenges in our supply chain. We consistently pursued our strategic direction, focusing on profitable growth, strengthening the balance sheet, sustainable market positioning of the Company, and the resilience of our business model.

Demand for our products and solutions remained at record levels, as reflected in a significant increase in order intake and a new all-time high in the order backlog. Revenue development kept pace, with the GS, GT, and TI segments in particular showing strong operational performance and achieving double-digit revenue growth. These segments were also decisive for the considerable improvement in our profitability. Profit before special items was more than six times higher than in the prior year, and the corresponding profit margin also increased sharply.

SG made further progress in its turnaround and performed within expectations, with revenue even slightly better than expected. Integration and the initiated programs for quality improvement and cost optimization are proving effective. This has laid the foundation for break-even in the next fiscal year. The successor models for the onshore platforms affected by quality issues are on the market; for the successor model of the 4.X platform, we received the first order.

The strengthening of the balance sheet was particularly reflected in the increase in our equity ratio and in adjusted net cash. In addition to the higher Net income, this was mainly due to the positive development of Free cash flow pre tax. This is reflected in an improved outlook for our investment grade rating, which continues to be in place. It enabled us to replace federal guarantees and restore our ability to pay dividends one year earlier than expected.

With our investments in capacity expansion, innovation, and digitalization, partly through strategic partnerships, we have further consolidated Siemens Energy’s technological leadership and strengthened the resilience of our business model.

We therefore see Siemens Energy as very well positioned to continue to seize opportunities in the energy market and actively shape its transformation. Due to the positive business development, the Executive Board proposes to the Annual General Meeting the distribution of a dividend for the past fiscal year.

Siemens Energy’s business performance

Our market environment in the past fiscal year was characterized by rising electricity demand and the necessary investments related to the energy transition. Favorable market trends led to a broad-based increase in demand for our products, and price trends in our sales markets also remained positive. We were able to take advantage of the market opportunities through efficient order processing and operational performance across all segments. This resulted in a profitable expansion of our business volume and a sustainable strengthening of our balance sheet.

At €59 billion, Siemens Energy's **orders** significantly exceeded the prior-year level on a comparable basis. The book-to-bill ratio was 1.51. This was again reflected in a record **order backlog**. At the end of the fiscal year, the order backlog stood at €138 billion. Siemens Energy's **revenue** also increased significantly on a comparable basis, amounting to €39 billion. All segments contributed to this growth, led by a substantial increase at GT. The growth in revenue was primarily driven by the new units business. Siemens Energy's **profit before special items** was €2,355 million, several times higher than the prior-year amount of €345 million. All segments contributed to this increase. **Profit** amounted to €2,361 million, compared to €2,383 million in the prior year. While the prior year benefited from positive effects from disposals and the accelerated portfolio transformation of €2,038 million, which were reported as special items, profit for the past fiscal year resulted almost exclusively from operating activities. The financial result showed a positive turnaround with plus €64 million (2024: minus €303 million).

As a result, Siemens Energy was able to achieve a **Net income** of €1,685 million (2024: €1,335 million) and corresponding **basic earnings per share** of €1.63. For further information, see **2.4 Results of operation**.

Due to the Net income, equity increased significantly compared to the end of fiscal year 2024, despite an opposing Other comprehensive income. Due to the increased business volume, Total assets also increased significantly. The equity ratio at the end of the past fiscal year amounted to 19% (2024: 18%). For further information, see **2.5 Net assets, liabilities and equity**.

Free cash flow pre tax at Siemens Energy increased sharply, from €1,859 million in the prior fiscal year to €4,663 million in the past fiscal year. All segments recorded improvements, led by the outstanding contribution from GS and the substantial increase at GT. The increase was also decisive for the improvement in liquidity, which – with debt remaining almost unchanged – resulted in adjusted net cash of €4,790 million (2024: 1,951 million) at the end of fiscal year 2025. For further information, see **2.6 Financial position**.

Comparison between the actual and forecast course of business

On January 27, 2025, we raised our expectations due to unexpectedly high Free cash flow pre tax in the first quarter of the fiscal year, mainly due to project advance payments. At that time, we expected to exceed the previous outlook of up to €1 billion for fiscal year 2025 and intended to update the outlook for Free cash flow pre tax with the first half-year results for fiscal year 2025.

Due to the positive business development in the first half-year and the strong market demand, we raised the outlook for Comparable revenue growth, Profit margin before Special items, Net income, and Free cash flow pre tax for fiscal year 2025 on April 16, 2025. The change in the outlook is mainly a result of stronger than expected performance at GS, GT, and TI. Regarding Free cash flow pre tax, the higher outlook is particularly attributable to GS and GT, both of which experienced strong cash inflows from customer payments related to strong order momentum.

On August 6, 2025, we reaffirmed the updated outlook and announced that we expected to reach the upper end of the guided ranges.

For all targets, we met or exceeded the raised outlook. The main factor in exceeding the target for Net income and Free cash flow pre tax was the continued favorable market environment for Siemens Energy, which resulted in an unexpectedly high order intake. In the third quarter of the fiscal year, we recorded the highest quarterly order intake ever achieved. This resulted in unexpectedly high customer prepayments, which had a positive impact on the development of Free cash flow pre tax. In addition, the increased customer demand also had a direct impact on revenue, so that the rise in Net income reflects higher volume effects.

Target achievement 2025	Initial position Fiscal year 2024	Expected development 2025	Target achievement Fiscal year 2025	Evaluation
Comparable revenue growth Siemens Energy	12.8%	8% to 10%		overachieved/ updated
		from April 16, 2025: 13% to 15%	15.2%	achieved
Profit margin before Special items Siemens Energy	1.0%	3% to 5%		overachieved/ updated
		from April 16, 2025: 4% to 6%	6.0%	achieved
Net income Siemens Energy	€1,335 million	Net income around break-even, excluding assumed positive Special items subsequent to the demerger of the energy business from Siemens Limited, India		overachieved/ updated
		from April 16, 2025: up to €1 billion, excluding assumed positive Special items (of around €0.5 billion) subsequent to the demerger of the energy business from Siemens Limited, India	€1,685 million	overachieved
Free cash flow pre tax Siemens Energy	€1,859 million	up to €1 billion		overachieved/ updated
		from January 27, 2025: exceed the previous outlook		overachieved/ updated
		from April 16, 2025: around €4 billion	€4,663 million	overachieved

Dividend

Our dividend policy is to pay out 40% to 60% of the Group's Net income attributable to shareholders of Siemens Energy AG. For this purpose, the Net income may be adjusted for extraordinary non-cash effects. Due to the solid balance sheet and the positive operating performance in the past fiscal year, the Executive Board, in agreement with the Supervisory Board, will propose to the Shareholders' Meeting of Siemens Energy AG to distribute a dividend of €0.70 for each share entitled to a dividend on the day of the Shareholders' Meeting for fiscal year 2025. This corresponds to an expected total payment of €0.6 billion, based on the estimated number of shares entitled to a dividend on the day of the Shareholders' Meeting. Payment of the proposed dividend is subject to approval by the shareholders of Siemens Energy AG at the Shareholders' Meeting on February 26, 2026.

For fiscal year 2024, no dividend was paid or proposed. This took into account the conditions of the counter-guarantee agreement with the German Federal Government from December 2023, which stipulate that no dividend may be distributed in fiscal years in which guarantees provided by a consortium of banks and secured by the counter-guarantee have been issued. Following the early termination of the guarantee line in June 2025 and the associated end of the counter-guarantee, the Budget Committee of the German Bundestag lifted the dividend restriction for Siemens Energy on July 30, 2025, already for the past fiscal year 2025. As a result, the dividend restriction ended one year earlier than originally planned.

For the dividend proposal 2025, Net income was adjusted for the non-cash profit contribution from the demerger of the Indian energy business (see **2.3.2.2 Other events influencing the course of business** and **Note 4 Interests in other entities** in **3.6 Notes to Consolidated Financial Statements**) as well as the non-cash expenses related to the planned sale of the Indian wind business (see **Note 3 Assets held for disposal** in **3.6 Notes to Consolidated Financial Statements**). Based on the adjusted Net income attributable to the shareholders of Siemens Energy AG, the expected total payment corresponds to a payout ratio of 50%.

2.3.2 Events and developments responsible for the course of business

2.3.2.1 Macroeconomic development

Gross domestic product and inflation

In the past fiscal year, the global economy grew moderately and remained stable overall. Ongoing uncertainties due to geopolitical tensions, trade conflicts – particularly among the US and the European Union and China in connection with U.S. tariff policy – and supply chain problems had a dampening effect.

For calendar year 2025, global GDP growth is forecast at 3.2%, compared to 3.3% in 2024. The Eurozone is expected to grow by 1.2%, while the United States is projected to see growth of 2.0%. Emerging economies are forecast to grow by 4.2%, and advanced economies by 1.6%.

Inflation forecasts for calendar year 2025 indicate a global rate of 4.2%, with the Eurozone at 2.1% and the United States at 2.7%. Inflation in advanced economies is expected to reach 2.5%, largely due to the increased outlook for the United States, while emerging economies are projected to see inflation at 5.3%.

These GDP growth and inflation rates are based on data published by the International Monetary Fund in its World Economic Outlook in October 2025.

Energy market

Growth in electricity demand once again significantly outpaced growth in overall energy demand in fiscal year 2025. This development was driven by global electrification and energy security initiatives. The accelerated demand for electricity from data centers contributed significantly to growth, particularly in the United States, with favorable trends also observed in other regions.

The demand for natural gas electricity generation improved, particularly in the United States, where downgraded demand for all renewable energies was noted. In other parts of the world, investment in renewable energy continued despite downgraded demand for offshore wind.

Overall, the energy market remained dynamic, shaped by evolving policy measures, shifting investment priorities, and ongoing technological developments.

The information on the energy market is mainly based on the data published in the World Energy Outlook 2025 by the International Energy Agency.

Supply market conditions

In the past fiscal year, ongoing geopolitical tensions – including the conflict in Ukraine, ongoing tensions in the Red Sea, and the escalation between Israel and Iran – continued to impact global supply chains and influence commodity prices. Demand for critical materials such as copper, nickel, cobalt, graphite, and rare earths remained strongly concentrated among a few leading suppliers. Diversification efforts remained key to minimizing supply chain risks.

Demand for energy, technology, and high-performance commodities – including copper, aluminum, rare earths, and nickel – as well as fossil fuels such as natural gas and oil, continued to record strong growth in fiscal year 2025. Rising protectionism and export controls, particularly from China, added further volatility and uncertainty to these markets.

Global logistics costs for air, land, and sea freight remained volatile, driven by U.S. tariff announcements, escalations in the Middle East that temporarily halted air transit, and strikes affecting terminal operators at ports and airports worldwide. These factors contributed to delays and increased risks and costs in maritime and air traffic.

Inflationary pressures persisted, primarily due to rising demand for services and higher labor costs. While the market remained well supplied with manufacturing inputs such as carbon steel, stainless steel, and base metals, and container availability was stable, U.S. tariff announcements created significant regional price gaps for certain commodities.

The information on the supply markets is mainly based on the data published in the Global Critical Minerals Outlook 2025 by the International Energy Agency.

Impact on business performance at Siemens Energy

Similar to the prior year, the specific developments in the energy market had a greater impact on Siemens Energy's business performance in fiscal year 2025 than the general trajectory of the global economy. Due to the continued acceleration of the transformation of the energy market, combined with strong demand for electricity – particularly from data centers and electrification initiatives – our sales markets continued their positive development. In particular, our grid business benefited from orders for the expansion and the renewal or modernization of grid infrastructure, as did our gas turbine business, among others with orders for efficient gas and steam turbine power plants.

Despite persistent geopolitical tensions and volatility in global supply chains, Siemens Energy was able to successfully navigate challenges in the procurement markets. Specifically, in the area of permanent magnets, we increased our resilience and security of supply in the past fiscal year. In addition to consistently developing sustainable and diversified supply chains outside China, we continue to work on reducing our demand for rare earths through innovative material composition. Overall, there were no significant supply bottlenecks for raw materials, and where in addition material shortages did occur, the effects were largely mitigated through proactive countermeasures. We were able to pass on most inflationary effects to customers in new contracts or offset them through productivity improvements.

We continue to take account of the prevailing risk situation and challenges in procurement markets through a wide range of monitoring and assessment programs, which allow for timely countermeasures. A wide range of instruments are used in risk mitigation: long-term supply contracts for standard materials, demand pooling, end-to-end de-risking along the supply chain between supplier and customer contracts through indexing, supplier switching or additional suppliers as needed, as well as balanced supplier portfolios with procurement sources in several regions, physical and financial commodity hedges, etc.

2.3.2.2 Other events influencing the course of business

Integration and operational progress of Siemens Gamesa

In fiscal year 2025, we continued the complete integration of SG as part of Siemens Energy's ongoing strategic development. Integration activities progressed steadily, with remaining legal combinations and harmonization of regional structures advancing as planned. SG is now fully embedded within Siemens Energy's governance and reporting structures – comparable to our other Business Areas – enabling consistent steering and a unified market approach. The focus is now on operational performance and seizing market opportunities.

The measures introduced in the prior fiscal year to optimize the wind business proceeded as planned and have already contributed to stabilizing the business in fiscal year 2025. These measures remain focused on improving competitiveness through portfolio prioritization and execution improvements, reduction of costs and organizational enhancements, and alignment of production capacities with core markets. The implementation of the "Masterplan" is now fully embedded in regular operational management across SG.

Following the temporary suspension of sales activities for the 4.X and 5.X platforms, sales activities of the successor model of the 4.X platform (SG 5.0-145 (2.0)) resumed in September 2024. In the past fiscal year, we also brought the successor model of the 5.X platform (SG 7.0-170) to the market. Sales efforts focus on core markets, mainly in Europe, with opportunistic efforts in other countries. A first order for the SG 5.0-145 (2.0) – 40 MW in Spain – was secured during fiscal year 2025. The cross-functional task force that had been set up to address the quality issues with the 4.X and 5.X onshore platforms continued its work throughout the past fiscal year and its responsibilities have transitioned to the regular organizational structure as of October 1, 2025. In addition, progress was made in ramping up offshore production capacities to meet increasing demand in our core markets.

Demerger of the Indian energy business

In the past fiscal year, the Indian Energy business was spun off from Siemens Limited, India, and transferred to Siemens Energy India Limited, India. The shares in Siemens Energy India Limited were allocated to the shareholders of Siemens Limited. Following the sale of a significant stake in the prior year, Siemens Energy holds a 6% interest in Siemens Limited and has accordingly received a 6% interest in Siemens Energy India Limited. Due to the loss of significant influence, the accounting method of the investment in Siemens Limited changed, resulting in a gain of €473 million, which was reported as a special item under Strategic portfolio decisions. For further information on this transaction, see **Note 4 Interests in other entities** in **3.6 Notes to Consolidated Financial Statements**.

2.4 Results of operation

2.4.1 Orders and Revenue

Orders and revenue		Fiscal year		Orders Change		Fiscal year		Revenue Change
(in millions of €)	2025	2024	Actual	Comp.	2025	2024	Actual	Comp.
Gas Services	22,996	16,365	41%	43%	12,198	10,796	13%	14%
Grid Technologies	21,423	20,901	3%	5%	11,305	9,280	22%	25%
Transformation of Industry	6,003	6,413	(6)%	(5)%	5,723	5,109	12%	14%
therein								
Sustainable Energy Systems	*452*	*422*	*7%*	*7%*	*242*	*145*	*67%*	*67%*
Electrification, Automation, Digitalization	*1,487*	*1,303*	*14%*	*15%*	*1,424*	*1,425*	*(0)%*	*1%*
Industrial Steam Turbines & Generators	*2,092*	*1,709*	*22%*	*23%*	*1,657*	*1,530*	*8%*	*10%*
Compression	*2,035*	*3,027*	*(33)%*	*(32)%*	*2,501*	*2,069*	*21%*	*23%*
Siemens Gamesa	9,324	7,255	29%	29%	10,375	10,008	4%	5%
Total segments	**59,746**	**50,934**	**17%**	**19%**	**39,601**	**35,193**	**13%**	**14%**
Reconciliation to Consolidated Financial Statements	(818)	(707)	—	—	(524)	(727)	—	—
Siemens Energy	**58,928**	**50,226**	**17%**	**19%**	**39,077**	**34,465**	**13%**	**15%**

Orders and revenue (location of customer)		Fiscal year		Orders Change		Fiscal year		Revenue Change
(in millions of €)	2025	2024	Actual	Comp.	2025	2024	Actual	Comp.
Europe, C.I.S., Middle East, Africa	31,149	30,391	2%	3%	20,690	18,087	14%	15%
therein Germany	*3,456*	*9,665*	*(64)%*	*(64)%*	*3,808*	*3,144*	*21%*	*21%*
Americas	21,810	14,933	46%	51%	11,935	10,258	16%	21%
therein U.S.	*17,015*	*10,233*	*66%*	*71%*	*8,666*	*6,919*	*25%*	*29%*
Asia, Australia	5,969	4,902	22%	25%	6,453	6,120	5%	7%
therein China	*1,227*	*1,422*	*(14)%*	*(10)%*	*1,465*	*1,516*	*(3)%*	*(1)%*
Siemens Energy	**58,928**	**50,226**	**17%**	**19%**	**39,077**	**34,465**	**13%**	**15%**

Orders

Siemens Energy

- Favorable trends in the energy market, particularly rising electricity consumption, have led to increased demand for our products, solutions, and services.
- Our order intake increased significantly on a comparable basis, mainly due to strong growth in the volume of large orders.
- The main factor for this increase was the development at GS. Additionally, SG and GT contributed to the growth. Only TI recorded a moderate decline.
- Order intake also increased significantly on a nominal basis, i.e., including negative currency translation and portfolio effects.
- The service business benefited from a sharp increase in the volume of large orders, but this increase was surpassed by the new units business. The service share of Siemens Energy's order intake remained nearly at the prior-year level, at 32% (2024: 33%).

Gas Services

- GS was able to further increase its already exceptionally high order intake from the prior year and achieved sharp growth on a comparable basis. The volume from large orders rose by 70%. Demand was mainly driven by the Americas reporting region, as orders from the United States doubled compared to the prior year.
- On a nominal basis, including negative currency translation and portfolio effects, GS also achieved sharp growth in order intake compared to the prior year.
- The significant increase in the service business was far exceeded by the rise in order volume in the new units business. The service share of order intake at GS was lower than in the prior year and amounted to 58% (2024: 69%).

Grid Technologies

- GT benefited from the current market dynamics, including the accelerated transformation of the energy market, and remained on its growth path in the past fiscal year. Compared to the prior year, order intake increased moderately on a comparable basis. The growth was primarily driven by the product business, which recorded substantial increase. However, this was partly offset by the solutions business, as the prior year had benefited from a higher volume of large orders, creating a strong comparison base. GT also benefited from a sharp increase in demand from the United States. The resulting growth in the Americas region, together with the increase in Asia, Australia, more than offset the decline in the EMEA region.
- On a nominal basis, including negative currency translation and portfolio effects, order intake also increased moderately.
- The growth in order volume was driven by the new units business, as the volume of the service business at GT is generally less significant.

Transformation of Industry

- Order intake at TI on a comparable basis was below the exceptionally high prior-year, which was driven by several large orders at CP. SES, EAD, and STG achieved clear to substantial growth, while CP was unable to match the prior year due to the exceptionally high basis of comparison. Geographically, order intake decreased primarily in regions that had benefited from large orders in the prior year, especially the Middle East.
- On a nominal basis, including negative impacts due to currency translation and portfolio effects, order intake decreased clearly.
- The service business recorded clear growth, while the new units business saw a decline due to the above-mentioned large orders in the prior year. As a result, the service share of the order volume increased compared to the prior year and amounted to 47% (2024: 41%).

Siemens Gamesa

- SG recorded substantial growth in its order intake in fiscal year 2025, as the increase in the offshore area far exceeded the decline in the onshore area. Offshore growth was mainly due to three large orders for wind turbines in the North Sea and Baltic Sea, with a total volume of around €4.7 billion. Although sales activities for the successor model of the 5.X platform (SG 7.0-170) began in the third quarter of the past fiscal year, order development was still significantly affected by the temporary suspension of sales activities for the two onshore platforms 4.X and 5.X. From a regional perspective, the highest percentage growth came from the Americas region, primarily from the United States, while the largest absolute increase was recorded in EMEA due to the mentioned large orders.
- Including negative currency translation effects, nominal growth in order intake was nearly the same as the growth on a comparable basis.
- As order growth was almost exclusively attributable to the new units business, the service share of SG's order intake declined compared to the prior year and amounted to 23% (2024: 29%).

Regions (location of customer)

- Order intake increased in all reporting regions, led by the sharp growth on a comparable basis in the Americas.
- The moderate increase in **EMEA** was mainly due to higher order intake in the Middle East, particularly from large orders at GS in Saudi Arabia, which outweighed a slight decline in Europe. In addition to GS, SG also recorded substantial growth in the reporting region, primarily due to the mentioned large orders. Order intake at GT and TI declined.
- Growth in the **Americas** reporting region was largely driven by a sharp increase in demand in the United States; the country accounted for 29% (2024: 20%) of Siemens Energy's total order intake in the past fiscal year. In the region overall, all segments recorded sharp growth except for TI, which experienced a moderate decline.
- In **Asia, Australia**, GS, GT, and TI recorded substantial or significant increases, while SG saw a decline.

Revenue

Siemens Energy

- Siemens Energy's revenue increased significantly on a comparable basis in fiscal year 2025 compared to the prior year. This development benefited from both the execution of the high order backlog and a favorable market environment. In addition, there was a strong operating performance in order processing. All segments contributed to the growth, with GT recording the highest increase.
- Due to negative currency translation and portfolio effects, nominal revenue growth was lower than on a comparable basis.
- The growth in the new units business far exceeded the increase in the service business. The share of revenue from Siemens Energy's service business remained nearly at the prior-year level, at 34% (2024: 35%).

Gas Services

- The development of GS revenue, as in the prior year, was based on the successful processing of the order backlog and the strength of the service business. Overall, revenue increased significantly on a comparable basis, both in the service business and in the new units business, with growth being stronger in the service business.
- Due to negative currency translation and portfolio effects, nominal revenue growth was lower than on a comparable basis; nevertheless, the growth was also significant.
- As a result of the development of revenue in the new units and service business, the share of the service business in GS revenue remained unchanged at 66% (2024: 66%).

Grid Technologies

- On a comparable basis, GT recorded a substantial increase in revenue compared to the prior year. The vast majority resulted from the processing of order intake from prior years. All businesses recorded growth compared to the prior year. The solutions business recorded the highest increase, followed by the product business, both with substantial growth.
- The growth in GT's nominal revenue was also substantial, although lower than on a comparable basis due to negative currency translation and portfolio effects.
- As in the prior year, the share of the service business in GT's revenue was 6%.

Transformation of Industry

- The significant growth in TI's revenue on a comparable basis was primarily due to the substantial increase at CP, related to the processing of the high order intake from the prior year mentioned above. All other separate businesses also recorded growth.
- The increase in TI's revenue on a nominal basis was lower than on a comparable basis due to negative currency translation and portfolio effects; nevertheless, the growth was also significant.
- Revenue growth in the service business was clear, however, it was exceeded by the substantial increase in the new units business. As a result, the share of the service business in TI's revenue declined compared to the prior year and amounted to 44% (2024: 47%).

Siemens Gamesa

- As expected, the sharp decline in order intake from the prior year, particularly in the onshore area, was reflected in the development of SG's revenue. However, a sharp increase in the offshore area, mainly due to progress in ramping up production activities, more than offset the decline in the onshore area. Revenue was generated almost exclusively from processing the order backlog.
- Nominal revenue growth was lower than on a comparable basis due to negative currency translation and portfolio effects.
- A clear increase in the new units business was offset by a slight decline in the service business. In the past fiscal year, the share of the service business in SG's revenue was 23% (2024: 24%).

Regions (location of customer)

- As with order intake, all reporting regions recorded revenue growth on a comparable basis.
- All segments except SG contributed to the significant increase in **EMEA**. The highest percentage increase was seen at TI.
- The substantial increase in the **Americas** reporting region was mainly driven by the United States. It was based on growth in all segments, led by SG.
- In **Asia, Australia**, revenue was clearly above the prior-year level. Growth resulted from a sharp increase in Taiwan for SG, which outweighed declines in all other parts of the reporting region. In addition to the substantial increase at SG, revenue also rose for GT, while it declined for GS and TI.

Book-to-bill ratio and order backlog

- Due to the aforementioned developments, the book-to-bill ratio at Siemens Energy was 1.51. The increase compared with the prior-year figure of 1.46 resulted from a higher rise in order intake compared to revenue. The book-to-bill ratio of all segments except SG was above 1, with SG also exceeding its prior-year value. The book-to-bill ratio was 1.89 at GS (2024: 1.52), 1.90 at GT (2024: 2.25), 1.05 at TI (2024: 1.26) and 0.90 at SG (2024: 0.72).
- As a result, Siemens Energy's order backlog at the end of the fiscal year reached €138 billion (2024: €123 billion), once again surpassing the record high of the prior year. Growth was slowed by negative currency translation effects. The order backlog was €54 billion for GS (2024: €45 billion), €42 billion for GT (2024: €33 billion), and €8 billion for TI (2024: €8 billion). SG's order backlog was €36 billion, below the prior-year value of €38 billion.
- The share of the service business in Siemens Energy's order backlog at the end of the fiscal year was 46% (2024: 48%).

2.4.2 Profitability

(in millions of €, earnings per share in €)	Fiscal year 2025	2024	Change
Profit Siemens Energy before Special items	**2,355**	**345**	**>200%**
Gas Services	1,580	1,021	55%
Grid Technologies	1,791	976	84%
Transformation of Industry	646	380	70%
Siemens Gamesa	(1,364)	(1,781)	23%
Reconciliation to Consolidated Financial Statements	(298)	(252)	(18)%
Profit margin Siemens Energy before Special Items	6%	1%	5 p.p.
Gas Services	13%	9%	4 p.p.
Grid Technologies	16%	11%	5 p.p.
Transformation of Industry	11%	7%	4 p.p.
Siemens Gamesa	(13)%	(18)%	5 p.p.
Special items (for details see table below)	**6**	**2,038**	**(100)%**
Profit Siemens Energy	**2,361**	**2,383**	**(1)%**
Gas Services	1,566	1,018	54%
Grid Technologies	1,778	1,197	49%
Transformation of Industry	635	392	62%
Siemens Gamesa	(1,711)	(1,721)	1%
Reconciliation to Consolidated Financial Statements	92	1,497	(94)%
Profit margin Siemens Energy	6%	7%	(1) p.p.
Gas Services	13%	9%	3 p.p.
Grid Technologies	16%	13%	3 p.p.
Transformation of Industry	11%	8%	3 p.p.
Siemens Gamesa	(16)%	(17)%	1 p.p.
Amortization of intangible assets acquired in business combinations and goodwill impairments	(212)	(258)	18%
Financial result	64	(303)	n/a
Income (loss) before income taxes	**2,213**	**1,822**	**21%**
Income tax gains/ (expenses)	(527)	(487)	(8)%
Net income (loss)	**1,685**	**1,335**	**26%**
Basic earnings per share	1.63	1.37	19%

Profit and Profit before Special items

Siemens Energy

- The key factor for profit development in the past fiscal year was the strong operating performance, to which all segments contributed. Siemens Energy's profit reached €2,361 million, almost matching the prior year's €2,383 million. However, while the prior year benefited from a significant profit contribution from disposals and the accelerated portfolio transformation (a total of €2,179 million, reported as a Special item under the category of Strategic portfolio decisions), profit in fiscal year 2025 was driven almost exclusively by the operative business activities. All segments recorded profit improvements. These were due to very good project execution, reflecting increased cost efficiency through sustainable operating improvements. In addition, an order backlog with higher margins was processed. Higher revenue and corresponding degression effects also contributed. Profit development was impacted by U.S. import tariffs.
- In the special items of the past fiscal year, two transactions in particular had an offsetting effect. A gain from the revaluation of the interest in Siemens Limited, India, (see **2.3.2 Events and developments responsible for the course of business** or **Note 4 Interests in other entities** in **3.6 Notes to Consolidated Financial Statements**) more than offset the expenses related to the planned sale of the Indian wind business (see **Note 3 Assets held for disposal** in **3.6 Notes to Consolidated Financial Statements**).
- Due to the strong operating performance, profit before special items was several times higher than in the prior year. The same applies to the development of the profit margin before special items.

Gas Services

- Profit at GS exceeded the prior year value by more than half. This was driven by higher volume in the service business, improved operating performance, including cost savings, and a higher margin from the processed order backlog, especially in the new units business. Higher tariffs had a negative impact.
- Profit included negligible negative special items in both the past fiscal year and the prior year.
- As a result, GS profit before special items followed the development of profit. The corresponding margin was substantially increased compared to the prior year.

Grid Technologies

- Profit at GT increased sharply. Both the product business and the solutions business were decisive, as both were able to increase their profit contribution sharply. The increase in profit was mainly due to improved operating performance, increased volume – including corresponding degression effects – and, compared to the prior year, higher margin from the processed order backlog. Higher tariffs had a negative impact.
- Special items were negligible in the past fiscal year. The prior year included significant positive effects, primarily from the sale of an investment.
- Therefore, the increase in GT's profit before special items was considerably higher than the increase in profit. The same applies to the corresponding margin, which grew by more than half.

Transformation of Industry

- Profit at TI increased by almost two-thirds compared to the prior year. All businesses contributed to this development. The CP business achieved both the highest profit contribution and the strongest increase, followed by STG. SES was able to again sharply reduce its negative profit, and EAD also recorded a significant profit increase. Overall, the development in the past fiscal year was mainly due to continued volume growth, especially in the service business, and resulting degression effects. In addition, better margin quality from the processed order backlog and strong operating performance contributed to the increase.
- While the prior year mainly saw positive special items from strategic portfolio decisions, the past fiscal year primarily included negative special items from restructuring.
- As a result, TI's profit before special items increased slightly more than profit did. The same applied to the corresponding margin, which increased by almost four percentage points without special items. With this development, TI recorded the strongest margin increase of all Siemens Energy Business Areas.

Profit margin Transformation of Industry before Special Items

	Fiscal year		
	2025	2024	Change
Transformation of Industry	**11.3%**	7.4%	3.9 p.p.
therein			
Sustainable Energy Systems	(21.9)%	(64.0)%	42.1 p.p.
Electrification, Automation, Digitalization	9.0%	7.5%	1.5 p.p.
Industrial Steam Turbines & Generators	13.7%	10.3%	3.4 p.p.
Compression	13.7%	10.1%	3.7 p.p.

Siemens Gamesa

- Profit at SG improved slightly but remained clearly negative. As in prior years, this was due to the quality issues in the onshore area. In the offshore area, continued growth led to corresponding degression effects, but profit development was held back by the impact of cost increases related to the ongoing ramp-up of activities. Overall, SG was able to improve its operating performance. However, this was offset by declining volume from the service business and negative effects from tariffs imposed by the United States. The update of warranty costs and provisions, including the regular annual update of the statistical models used to evaluate the entire wind turbine fleet, resulted in negative effects, although these were lower than in fiscal year 2024.
- The positive special items of the prior year, mainly due to a disposal gain, were offset by negative special items in the past fiscal year, primarily resulting from the negative impact related to the planned sale of the Indian wind business.
- Taking the development of special items into account, SG's profit before special items and the corresponding margin improved substantially.

Reconciliation to Consolidated Financial Statements

- Reconciliation to Consolidated Financial Statements includes items which management does not consider to be indicative of the segments' performance, mainly group management costs (management and corporate functions), other central items, Treasury activities as well as eliminations. Other central items include Siemens brand fees, corporate services (e.g., management of the Group's real estate portfolio), corporate projects, centrally held equity interests and other items.
- The sharp decrease in profit from Reconciliation to Consolidated Financial Statements compared to the prior year was mainly attributable to the positive effects reported as special items from disposals and the accelerated portfolio transformation in the prior year, especially the gain from the sale of a stake in Siemens Limited, India, which in the past fiscal year was only offset by a considerably lower gain from the revaluation of the remaining stake in Siemens Limited, India.
- This led to lower positive special items compared to the prior year. As a result, the negative profit before special items increased significantly.

Net income and Basic earnings per share

- After a negative financial result in the prior year period, a positive financial result was recorded in the past fiscal year. This was mainly due to the positive development of fair values of transaction-related derivatives and lower expenses related to discounted non-current provisions. In addition to higher interest income on financial investments due to the increase in cash and cash equivalents, there were lower interest expenses, mainly for debt. The positive turnaround in the financial result was also supported by a significant decline of the position Amortization of intangible assets acquired in business combinations and goodwill impairments.
- The aforementioned turnaround in Siemens Energy's financial result was, therefore, also decisive for the higher income before income taxes compared to the prior year.
- The tax rate of Siemens Energy was 24% (2024: 27%) in the past fiscal year. It reflected tax-free gains related to the demerger of the Indian energy business as well as tax income due to the integration of SG. Losses without corresponding tax relief at SG had an offsetting effect.
- Due to the developments described above, in the past fiscal year the Siemens Energy Group recorded a substantially increased net income compared to the prior year. This is reflected accordingly in the development of the Basic earnings per share.

Siemens Energy Special items

(in millions of €)	Fiscal year 2025	2024	Change
Restructuring and integration costs	(199)	(129)	(54)%
Gas Services	*(16)*	*(17)*	*3%*
Grid Technologies	*(13)*	*0*	*n/a*
Transformation of Industry	*(9)*	*(13)*	*32%*
Siemens Gamesa	*(70)*	*(32)*	*(118)%*
Reconciliation to Consolidated Financial Statements	*(91)*	*(68)*	*(35)%*
Stand-alone costs	(42)	(12)	>(200)%
Reconciliation to Consolidated Financial Statements	*(42)*	*(12)*	*>(200)%*
Strategic portfolio decisions	248	2,179	(89)%
Gas Services	*3*	*14*	*(81)%*
Grid Technologies	*(0)*	*221*	*n/a*
Transformation of Industry	*(2)*	*25*	*n/a*
Siemens Gamesa	*(277)*	*91*	*n/a*
Reconciliation to Consolidated Financial Statements	*524*	*1,828*	*(71)%*
Siemens Energy Special items	**6**	**2,038**	**(100)%**
Gas Services	*(14)*	*(3)*	*>(200)%*
Grid Technologies	*(13)*	*221*	*n/a*
Transformation of Industry	*(11)*	*12*	*n/a*
Siemens Gamesa	*(347)*	*59*	*n/a*
Reconciliation to Consolidated Financial Statements	*390*	*1,749*	*(78)%*

2.5 Net assets, liabilities and equity

(in millions of €)	Sep 30, 2025	Sep 30, 2024	Change
Total current assets	**34,453**	**30,079**	**15%**
therein			
Cash and cash equivalents	9,162	6,363	44%
Trade and other receivables	7,571	7,072	7%
Contract assets	4,295	4,190	2%
Inventories	10,377	9,792	6%
Assets classified as held for disposal	386	126	>200%
Total non-current assets	**22,184**	**20,795**	**7%**
therein			
Goodwill	9,037	9,461	(4)%
Other intangible assets	2,450	2,811	(13)%
Property, plant and equipment	7,140	6,220	15%
Other financial assets	1,531	473	>200%
Total assets	**56,637**	**50,874**	**11%**

(in millions of €)	Sep 30, 2025	Sep 30, 2024	Change
Total current liabilities	**38,491**	**33,471**	**15%**
therein			
Debt	1,528	479	>200%
Trade and other payables	5,993	6,293	(5)%
Contract liabilities	22,321	18,867	18%
Provisions	2,778	3,163	(12)%
Liabilities associated with assets classified as held for disposal	233	—	n/a
Total non-current liabilities	**7,471**	**8,040**	**(7)%**
therein			
Debt	2,438	3,287	(26)%
Provisions for pensions and similar obligations	406	600	(32)%
Provisions	3,065	2,880	6%
Total equity	**10,675**	**9,364**	**14%**
Total liabilities and equity	**56,637**	**50,874**	**11%**

- As of September 30, 2025, **total assets** of Siemens Energy increased significantly year-on-year. The changes in both assets and liabilities mainly reflected the positive development of the operating business as well as the increased business volume of the past financial year. This was offset by negative currency translation effects totaling €1.4 billion.
- The growth in **assets** was primarily due to the development of current assets resulting from the increase in cash and cash equivalents and in the asset components of the operating net working capital. Non-current assets increased as well, due to the value increase in financial assets and investment in tangible assets. As a result, the share of non-current assets in total assets decreased to 39% (2024: 41%). The increase on the **liabilities side** was mainly due to the rise in liability components of the operating net working capital and the growth in equity.
- The sharp increase in **cash and cash equivalents** was mainly attributable to the positive development of the Free cash flow pre tax of Siemens Energy (see **2.6.2 Analysis of cash flow and investments**).
- In the **operating net working capital**, a clear increase in the **asset components** was accompanied by an even stronger rise in the **liability components**. The significant increase in contract liabilities, mainly due to advance payments on projects, exceeded by far the growth in inventories, especially with regards to the increased business volume, trade and other receivables as well as contract assets, and the decline in trade and other payables. As a result, the negative operating net working capital increased further compared with the prior year. As of September 30, 2025, it amounted to minus €6,071 million (2024: minus €4,107 million). This was mainly due to the developments at GS and GT, offset by the year-on-year decrease in negative operating net working capital at SG. The operating net working capital (as a percentage of revenue) was minus 16% at fiscal year-end (2024: minus 12%).
- **Assets classified as held for disposal** and **liabilities associated with assets held for disposal** increased mainly as a result of the contract signed for the sale of the Indian wind business (see **Note 3 Acquisitions and Disposals in 3.6 Notes to the Consolidated Financial Statement)**
- **Goodwill** decreased mainly as the result of foreign currency translation, besides impairments related to the reclassification of **assets classified as held for disposal**.
- **Other intangible assets** also decreased. Depreciation and impairments relating to intangible assets acquired in business combinations and negative currency translation effects largely offset the additions to internally generated technology for product development at SG.
- **Property, plant and equipment** increased significantly in connection with investments in land and buildings, technical equipment and machinery, as well as advances to suppliers and construction in progress.
- **Other financial assets** increased sharply due to the revaluation of the interest in Siemens Limited, India, and the gains in derivative financial instruments.
- **Deferred tax assets** and **deferred tax liabilities** increased to €904 million (2024: €692 million) and €634 million (2024: €415 million), respectively. The resulting reduction in the net amount of deferred tax assets was mainly due to deferred tax expenses at the level of Siemens Energy Global GmbH & Co. KG and deferred income taxes in connection with changes in the fair value of cash flow hedges. These were offset by deferred tax income due to the integration of SG.
- At the end of the fiscal year, **short-term debt** and **long-term debt** of Siemens Energy amounted to €3,966 million (2024: €3,767 million) and thus were moderately above the level of the prior year. This was primarily attributable to the increase in lease liabilities. The reclassification of long-term financial liabilities led to significant shifts between the portions due in the short and long term.
- The increase in **other current liabilities** to €4,332 million (2024: €3,681 million) was primarily due to liabilities related to reservation fees received and pending invoices.
- The **provisions for pensions and similar obligations** decreased substantially, mainly due to an increase in the weighted average discount rate as well as due to employer contributions (see also **2.6.3 Financing and liquidity analysis** and **Note 14 Post-employment benefits/ Provisions for pensions and similar obligations** in **3.6 Notes to Consolidated Financial Statements**).
- **Equity** of Siemens Energy increased significantly due to the rise in the portion of equity attributable to the shareholders of Siemens Energy AG. This was primarily due to net income, while a negative other comprehensive income (loss), net of income taxes had an offsetting effect.
- The equity ratio (equity to total assets) at the fiscal year-end amounted to 19% (2024: 18%).

Off-balance-sheet commitments

At the end of the fiscal year, the maximum liability amount – resulting from Guarantees of third-party performance and other guarantees (including for compensation obligations in connection with the disposal of businesses) – was a nominal €188 million (2024: €208 million).

2.6 Financial position

2.6.1 Principles and objectives of financial management

- The main objectives of Siemens Energy's financial management are to ensure the financial sustainability of Siemens Energy and its affiliated companies, an investment grade rating and support for the business by providing corporate finance solutions. The protection of the Group's long-term financial stability and flexibility includes the solvency of Group entities at any time, the reduction of financial risks and a balanced capital structure.
- The Treasury & Corporate Finance organization of Siemens Energy manages treasury and financing activities (including guarantees, letters of credit, insurance, pensions, receivables sales, leasing and supply chain financing).
- Certain treasury and financing activities are managed centrally by Treasury & Corporate Finance to the extent reasonable to ensure transparency and cost efficiency, e.g., liquidity and financing of the Group, bank relations, treasury infrastructure, as well as management of financial risks, pensions, pension service providers, insurances (broking, advisory, claims management and provider management) and guarantees.
- The centralized coordination and management of market risks (foreign currencies, interest rates, commodities), bank partners, insurance and pensions ensures a comprehensive risk management approach. Treasury is the central partner for derivative hedging transactions entered into by Siemens Energy, as far as this is permissible under local foreign exchange regulations. Treasury is therefore largely responsible for entering into external hedging transactions with banks.
- The provision of Treasury infrastructure involves cash pooling, among other things. A centralized cash management system enables the use of excess liquidity at individual Group entities to cover the financing requirements of other Group entities, which reduces both the volume of external financing and interest expenses on Group level.
- The external financing of Siemens Energy comes primarily from a group of international banks and from the capital markets. The principle of internal financing applies within the Group. Wherever possible and economically feasible, the financing requirements of subsidiaries are covered via internal loan arrangements. In addition and as necessary, local credit facilities are agreed with banks to reflect legal, fiscal or other requirements, provided this is economically feasible.

For further information on the extent and management of financial risks and on financing, see **Note 22 Financial risk management** in **3.6 Notes to Consolidated Financial Statements**.

2.6.2 Analysis of cash flow and investments

	Fiscal year		
(in millions of €)	**2025**	2024	Change
Free cash flow pre tax by segment			
Gas Services	3,240	1,393	133%
Grid Technologies	2,757	2,228	24%
Transformation of Industry	686	411	67%
Siemens Gamesa	(1,754)	(2,097)	16%
Reconciliation to Consolidated Financial Statements	(266)	(76)	<(200)%
Free cash flow pre tax of Siemens Energy	**4,663**	**1,859**	**151%**
therein Purchase of intangible assets and property, plant and equipment	*(1,724)*	*(1,514)*	*(14)%*
Cash flows from			
Operating activities	5,821	2,889	102%
Investing activities	(1,618)	1,250	n/a
Financing activities	(1,135)	(2,258)	50%

Free cash flow pre tax

- Compared with fiscal year 2024, **Free cash flow pre tax** of Siemens Energy rose sharply. This is attributable to the sharp increase in cash inflows from operating activities (excluding income taxes paid), to €6,387 million from €3,372 million in the prior year. This was partially offset by a significant increase in cash outflows for purchase of intangible assets and property, plant and equipment compared to the prior year, however in relation this was of secondary importance.
- The increase in **cash inflows from operating activities** was primarily due to the profit development. In addition, a year-on-year increase of €1.941 million (2024: €892 million) in net cash inflow resulted from the change in **operating working capital**. This was primarily driven by the increase in cash inflows from contract liabilities, mainly due to higher advance payments on projects. In addition, there were lower cash outflows for inventories. This was partially offset primarily by the development of cash inflows from other assets and liabilities (€859 million in the prior year compared to €628 million in the past fiscal year).
- The significant increase in the **purchase of intangible assets and property, plant and equipment** was primarily due to the sharp increase in investments at GS. However, the central activities reported in the Reconciliation to Consolidated Financial Statements as well as GT also recorded substantial growth, while TI and SG invested less compared to the prior year.
- **Investments** at GS in the past fiscal year focused on expansion investments. Around 30% of the funds were allocated to capacity expansions in the area of large gas turbines (particularly to prepare for increased order volumes and to secure market share), to the reconstruction of the Wuchtbunker in Berlin and to dual-sourcing measures to mitigate procurement risks. Furthermore, maintenance and replacement investments in tools and machinery at various production and service sites were continued. For GT, the substantial increased investment expenditures were mainly related to the expansion of production capacities for certain products, particularly in North America and Western Europe. In addition, investments were made within the scope of selected research and development projects, such as the technological advancement and production preparation of the SF6-free product portfolio, as well as the validation of digital solution offerings. TI's investments focused on the growth of the service business and the further development of digital solutions. Furthermore, investments were made in expanding manufacturing capacities to meet the strong growth in generator volumes and to facilitate insourcing of the production of electrical components, specialized motors, and drives. SG mainly invested in the offshore area of activities. Besides investing in internally generated technology, capital was mainly invested in tools and equipment to transport and install nacelles and rotor blades, as well as in connection with capacity expansions for the production ramp-up.
- At the segment level, all segments contributed to the improvement of Free cash flow pre tax. The sharp increase was primarily due to the sharp increase at GS, but GT and TI also achieved substantial and sharp growth, respectively, while SG significantly reduced its negative Free cash flow pre tax. GS was able to more than double its Free cash flow pre tax. This was due not only to profit development but also to the increased cash inflow from the change in operating net working capital, mainly the change in contract liabilities due to advanced payments on projects. The higher Free cash flow pre tax of GT was primarily due to the improvement in Profit, and the same applied to TI. The lower negative Free cash flow pre tax at SG was mainly due to the decline in cash outflow from changes in operating net working capital and lower investments, as the positive profit-related effects were offset by a countervailing development in the change in other assets and liabilities, especially in warranty-related and onerous loss provisions.

Purchase of intangible assets and property, plant and equipment

	Fiscal year		
(in millions of €)	2025	2024	Change
by Segments			
Gas Services	377	241	57%
Grid Technologies	242	197	23%
Transformation of Industry	67	71	(5)%
Siemens Gamesa	586	655	(10)%
Reconciliation to Consolidated Financial Statements	452	351	29%
Purchase of intangible assets and property, plant and equipment Siemens Energy	**1,724**	**1,514**	**14%**
by Regions			
EMEA	1,388	1,211	15%
Americas	263	183	44%
Asia, Australia	73	120	(39)%

Cash flows from investing activities

- The development of **cash flow from investing activities** compared to fiscal year 2024 was mainly driven by disposals and the accelerated portfolio transformation in the prior year, which together resulted in cash inflow of €2,886 million. In the past financial year, there were no comparably significant transactions. Consequently, the cash outflow from investing activities in fiscal year 2025 mainly resulted from purchase of intangible assets and property, plant and equipment. Offsetting effects mainly resulted from cash inflows from the disposal of businesses and investments from the sale of Ethos Energy Group Limited, United Kingdom, as well as from subsequent payments due to the sale of the Trench Group in the prior year.

Cash flows from financing activities

- Cash outflows in the **cash flow from financing activities** decreased sharply. This was due to the decrease of cash outflow from the repayment of notes and bonds (€– million compared to €426 million in the prior year) and the change in debt of €208 million (2024: €924 million) as well as lower interest paid of €221 million (2024: €332 million). Partially offset by higher repayments of lease liabilities amounting to €392 million (2024: €338 million).
- Cash outflows from the purchase of treasury shares amounted to €170 million (2024: €130 million). Further information on the share buyback can be found in **Note 16 Equity** in section **3.6 of the Notes to the Consolidated Financial Statements**.

2.6.3 Financing and liquidity analysis

Debt, credit facilities and capital structure

Debt

- In addition to the maturity structure, there were also minor changes compared to the prior year in terms of the scope and structure of debt. Due to their growth, lease liabilities accounted for more than half of debt as of September 30, 2025. The remainder consisted of notes and bonds, primarily the so-called "Green Bond" issued in April 2023 with a total nominal amount of €1,500 million, and loans from banks.
- At the end of the fiscal year, no commercial papers were outstanding under the Siemens Energy commercial paper program, meaning that the program was fully available at €3,000 million as of September 30, 2025.
- Further information about the Company's debt can be found in **Note 13 Debt** in **3.6 Notes to Consolidated Financial Statements**.

Credit facilities

- At the end of the fiscal year, Siemens Energy had an unused revolving syndicated credit facility of €4,000 million for general corporate purposes. In fiscal year 2025, the first of two one-year extension options was exercised. The credit facility will now mature in 2030.

Capital structure ratio

Net debt/ (net cash)

(in millions of €)	Sep 30, 2025	2024
Short-term debt and current maturities of long-term debt[1]	1,528	479
Plus: Long-term debt[1]	2,438	3,287
Total debt	**3,966**	**3,767**
Cash and cash equivalents	9,162	6,363
Total liquidity	**9,162**	**6,363**
Net debt/ (net cash)[2]	**(5,196)**	**(2,596)**
Plus: Provisions for pensions and similar obligations	406	600
Plus: Credit guarantees	—	45
Adjusted net debt/ (net cash)	**(4,790)**	**(1,951)**
EBITDA	**3,930**	**3,636**
Adjusted net debt to EBITDA[3]	**n/a**	**n/a**

[1] The prior year figure includes the present values of the coupons of the mandatory convertible note amounting to €53 million.

[2] As of September 30, 2025, the net cash position is shown with a negative sign, as in the prior year.

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

- Siemens Energy's objective is to maintain an investment grade credit profile. This aim was achieved in both the prior and the past fiscal year. At the end of November 2023, Standard & Poor's Global Ratings changed the outlook of its long-term issuer rating from 'stable' to 'negative'. The investment grade rating of BBB- remained unchanged. Due to strong operating results, the improvement in the operating margin, and the increase in order backlog, Standard & Poor's revised its outlook to 'positive' in May 2025 – after it had already been raised to 'stable' in December 2024. In June 2025, Moody's issued a rating for Siemens Energy for the first time. With a long-term rating of Baa2 and a positive outlook, it was also in the investment grade range.
- The increase in net cash compared to the prior year was primarily due to the rise in cash and cash equivalents resulting from cash inflows from operating activities, which far outweighed the cash outflows from investing and financing activities.

Financing of pension plans and similar commitments

- Siemens Energy provides post-employment defined benefit plans or defined contribution plans to almost all employees in Germany and to most employees outside Germany.
- The majority of pension obligations at Siemens Energy derive from three countries: Germany, the United States and the United Kingdom.
- As of September 30, 2025, the **defined benefit obligation (DBO)** amounted to €2,907 million (thereof: Germany €1,696 million, United States €642 million, United Kingdom €176 million and other countries €394 million).
- The **fair value of plan assets** was €2,588 million (thereof: Germany €1,698 million, United States €450 million, United Kingdom €178 million and other countries €262 million).
- This led to **underfunding** of €337 million (2024: €558 million). The year-on-year decrease was mainly due to a higher weighted average discount rate as well as employer contributions.
- Further information can be found in **Note 14 Post-employment benefits/ Provisions for pensions and similar obligations** in **3.6 Notes to Consolidated Financial Statements**.

2.7 Report on expected developments

2.7.1 Overall macroeconomic development

Gross domestic product, inflation and interest rates

Global GDP growth of 3.1% is forecasted for the calendar year 2026, representing a slight decrease compared to the forecast of 3.2% for calendar year 2025. The outlook remains clouded by ongoing uncertainties, including the impact of trade tensions across all geographies, policy uncertainties, persistent geopolitical risks, ongoing conflicts in Ukraine and Middle East, and volatility in global markets.

The GDP in the eurozone is expected to grow by 1.2% in the calendar year 2025 and is expected to decline slightly to 1.1% in the calendar year 2026. This development is likely to be due to weaker growth in Spain. Economic output growth in Germany is forecasted at 0.9% for 2026. GDP growth in the United States is expected to rise from 2.0% in the calendar year 2025 to 2.1% in the calendar year 2026. A slowdown is expected in China: GDP growth is estimated at 4.8% for the calendar year 2025 and 4.2% for 2026.

Despite a continued decline compared to the peak in 2022, inflation has remained at an above-average level in the 2025 calendar year to date. Consumer prices in the eurozone are expected to rise by 1.9% in the calendar year 2026, which represents a decrease compared to the expected figure of 2.1% for 2025. For the United States, an inflation rate of 2.4% is expected for the calendar year 2026, following a forecast of 2.7% in calendar year 2025.

The future development of key interest rates will largely depend on these inflation forecasts. Both the European Central Bank and the U.S. Federal Reserve are expected to continue targeting inflation rates around 2%. While some rate cuts have already taken place, the cost of financing is likely to remain relatively high, which may continue to dampen investment and consumer spending.

The forecasts for GDP and inflation are based on data published by the International Monetary Fund in its World Economic Outlook in October 2025.

All estimates presented in this chapter regarding future developments and trends in the market are subject to uncertainties, particularly with regard to trade tensions, general geopolitical risks, especially the consequences of the war in Ukraine and developments in the Middle East, risks on the supply markets and energy security as well as the associated effects.

Energy market

The current trends in the energy sector are expected to continue. Economic and population growth are increasing primary energy demand worldwide. Decarbonization and technological advancements are increasing the degree of electrification and thus the demand for electricity. In addition, the ongoing digitalization of industries and the growing use of low-carbon power generation technologies are also intensifying the need for modernization and expansion of electrical infrastructure. A particularly dynamic driver of electricity demand is the strong growth of data centers, driven by artificial intelligence, cloud computing, and digital services. Globally, data center electricity consumption is projected to double by 2030, with the United States accounting for nearly half of this growth. This surge is leading to significant investments in grid infrastructure, generation capacity, and energy-efficient technologies to ensure reliability and sustainability in the regions.

In the EU, the transition toward clean energy is anticipated to continue, though at a slower pace over the long term. Recent developments indicate that natural gas will remain a key component of the energy mix for longer than previously forecasted. The recently signed energy agreement as part of the Joint Statement of the U.S. and the EU on transatlantic trade and investment, is expected to further stabilize investments in fossil fuel power generation and nuclear energy.

In the United States, the focus is on expanding natural gas-based power generation, which is likely to dampen investments in renewable energy technologies. Investments in nuclear energy, often driven by growing data center demand, could marginally strengthen electricity supply in the future.

In light of these factors and the macroeconomic outlook described above, we anticipate that electricity demand will continue to increase in fiscal year 2026. Further global trends, such as rising energy demand for electromobility, heating and cooling, and local initiatives like Saudi Arabia Vision 2030, are expected to create additional sales opportunities for our Business Areas in fiscal year 2026 and beyond.

The information on the energy market is mainly based on the data published in the World Energy Outlook 2025 by the International Energy Agency.

Supply market conditions

For fiscal year 2026, it is expected that U.S. tariff measures and potential new trade agreements with key trading partners will continue to reshape global trade flows. Material shortages cannot be ruled out, given the ongoing geopolitical developments and the possibility of new trade barriers across different regions. The global decarbonization trend will remain a significant factor, influencing both the supply situation and production costs for certain materials.

Demand for critical minerals, materials, and services is expected to continue to grow further. One of the main drivers is likely to be the introduction of new legal regulations worldwide. Notably, the European Commission's Carbon Border Adjustment Mechanism (CBAM) will take effect on January 1, 2026, applying to carbon-intensive goods such as iron and steel, aluminum, electricity, hydrogen, and cement entering the EU. This measure aims to encourage cleaner industrial production outside the EU and is expected to impact both the price and availability of affected materials.

Although the market is currently well supplied with manufacturing inputs such as carbon steel, stainless steel, and base metals, and container availability remains stable, U.S. tariff announcements and potential exemptions for certain trading partners are expected to continue to influence price volatility and availability risks.

Siemens Energy continues to closely monitor the ongoing conflict in Ukraine, developments in the Middle East, relations between the U.S. and China, tensions over Taiwan, and price trends on key supply chain routes. The company remains vigilant regarding new project announcements, technological innovations to diversify supply chains, and alternative decarbonization solutions for the manufacturing industry. This approach ensures Siemens Energy can respond promptly and strategically to market and price developments, safeguard availability, and minimize risk exposure.

The information on the supply markets is mainly based on the data published in the Global Critical Minerals Outlook 2025 by the International Energy Agency.

Expected impact on the business development of Siemens Energy

We assume that, as in previous fiscal years, the general economic development of the global economy will have less of an impact on our business performance in fiscal year 2026 than the situation on the energy market. For fiscal year 2026, we continue to assume generally favorable conditions in the relevant market environment for Siemens Energy. We expect to be able to benefit from this situation by taking advantage of opportunities and controlling risks, as we have done in the past.

The latter applies in particular to the situation on the supply markets. In addition, we expect to be able to adequately address the assumed general cost increases, including higher real wages and procurement prices. In particular, we assume that Siemens Energy can largely pass on the effects of inflation to customers in new contracts or offset them through productivity improvements.

2.7.2 Expected business development of Siemens Energy

Expected revenue and profit development of the segments

The **GS** segment expects a continued favorable market environment for the fiscal year 2026. Therefore, despite the high order intake in the past fiscal year, it is expected that orders will increase. The book-to-bill ratio is likely to remain clearly above one. It is assumed that the development of revenue in fiscal year 2026 will follow the high order intake of previous years. Based on this, GS expects Comparable revenue growth of 16% to 18%, with around €11 billion of the order backlog at the end of the past fiscal year expected to result in revenue. GS plans to achieve an improved Profit margin before Special items of between 14% and 16% in fiscal year 2026. Especially continued strong operating execution as well as volume-related economies of scale are expected to contribute to this.

The **GT** segment expects that the current strong market momentum will continue in fiscal year 2026 and assumes it will be able to take advantage of the opportunities arising from the favorable market environment. It is assumed that order intake will exceed the level of the past fiscal year. The book to bill ratio is likely to remain clearly above one. GT expects Comparable revenue growth of between 19% and 21%, primarily due to the processing of the existing order backlog. It is assumed that around €12 billion of the order backlog at the end of the past fiscal year will result in revenue. GT expects that profit will be impacted positively mainly by the higher margin of the order backlog and cost degression effects and assumes an increase in Profit margin before Special items, which is expected to be in the range of 16% to 18%.

In view of the current market trends significant to its businesses, the **TI** segment expects to be able to increase its order intake in fiscal year 2026. The book-to-bill ratio is assumed to remain above one. TI expects Comparable revenue growth in the range of 5% to 7%. It is assumed that CP will once again make a significant contribution to growth, primarily due to the processing of large orders from prior years. Overall, around €4 billion of the order backlog at the end of the past fiscal year is expected to turn into revenue. In addition, the development of revenue is likely to be determined by the growth of the service business. TI expects to increase its profitability in fiscal year 2026 and to reach a Profit margin before Special items in the range of 11% to 13%. The main contributors to this are expected to be the higher margin of the order backlog, the selective order acceptance, the focus on the service business, as well as productivity improvements and increasing cost efficiency, among other things due to greater cost discipline.

The business development of the **SG** segment in fiscal year 2026 is expected to be determined by the aftereffects of the internal challenges of the prior years. This primarily includes the meanwhile ended temporary interruption of sales activities for onshore turbines affected by quality issues. SG expects growth in the order intake for both the onshore and offshore area in fiscal year 2026. An improved book-to-bill ratio around one is assumed. The development of revenue is likely to be held back by the moderate order intake in prior fiscal years, and the expected growth in offshore activities is assumed to more than offset a decline in onshore activities. Therefore, SG expects Comparable revenue growth of 1% to 3% for fiscal year 2026. Around €9 billion of the order backlog at the end of the past fiscal year is expected to be converted to revenue. For the development of Profit before Special items SG expects to achieve break-even. It is assumed that the planned productivity improvements and structural cost-saving measures in particular will take effect. In addition, SG expects that there will be no significant burdens from quality issues or special impacts (such as tariffs).

Outside the segments, we expect a higher negative profit for the **Reconciliation to Consolidated Financial Statements** compared to fiscal year 2025. This is expected to be due to the absence of profit contributions from other central items, among others due to divestments in prior fiscal years, as well as higher costs for central corporate functions, mainly related to the increasing business volume.

Expected revenue and profit development of Siemens Energy

Based on the expected development of business volume in our segments, we anticipate Comparable revenue growth of between 11% and 13% for **Siemens Energy** in the fiscal year 2026. As of September 30, 2025, our order backlog amounted to €138 billion. We expect that the processing of our order backlog will support the recognition of total revenue in fiscal year 2026 with around €37 billion. The book-to-bill ratio is likely to once again be clearly above one.

Against the backdrop of the expected profitability development for our segments, we anticipate a Profit margin before Special items for Siemens Energy between 9% and 11% in the fiscal year 2026.

We assume that primarily the expected development of Profit before Special items will result in Siemens Energy achieving a Net income in the range of €3 billion to €4 billion in fiscal year 2026.

Expected financing and planned capital expenditures

In the fiscal year 2026, we expect a Free cash flow pre tax in the range of €4 billion to €5 billion for **Siemens Energy**. This expectation reflects our assumptions regarding the development of order intake and profit of the segments. We assume that Free cash flow pre tax will benefit from improved profit. Free cash flow pre tax at SG is expected to be held back due to the cash effect of the provisions made for quality issues. In addition, we assume that the positive contribution from the development of operating net working capital will decrease compared to the past fiscal year, especially with regard to customer prepayments and increased funds tied up in connection with the rising business volume. The expansion of our business volume further requires corresponding investments for the expansion of our production capacities. Among other reasons, this is why we expect sharp increase in cash outflows for the acquisition of intangible assets and property, plant and equipment.

In addition, outside of Free cash flow pre tax we expect further cash outflows in fiscal year 2026, e.g., for share buyback, taxes, repayment of debt, and the payment of the dividend for fiscal year 2025. In total we expect net liquidity to be stable compared to the level at the end of the past fiscal year. Accordingly, we assume that we will further strengthen our solid financial profile in the fiscal year 2026 and therefore will have sufficient financial flexibility for all business requirements of the next fiscal year. As a result, we assume that in the fiscal year 2026 we will continue to meet our ongoing objective of having a capital structure in line with a strong investment grade credit profile.

Overall assessment of expected developments

For fiscal year 2026, Siemens Energy anticipates that current favorable trends in the energy sector will continue. The demand for electricity and the need for modernization and expansion of electrical infrastructure should continue to increase. This development is likely to be driven by rising primary energy demand, higher levels of electrification, the ongoing digitalization of industry and the share of renewable energies as well as, in particular, the strong growth of data centers. This is expected to lead to further increased investment in grid infrastructure, generation capacity and energy-efficient technologies to ensure a reliable and sustainable energy supply. It is assumed that all of Siemens Energy's Business Areas will benefit from this. In addition, it is expected that Siemens Gamesa will reach break-even in fiscal year 2026.

The following forecast for **Siemens Energy** is derived from this:

	Initial position	Expected development
	Fiscal year	
	2025	2026
Comparable revenue growth Siemens Energy Group	15.2%	11% to 13%
Profit margin before Special items Siemens Energy Group	6.0%	9% to 11%
Net income Siemens Energy Group	€1,685 million	in the range of €3 billion to €4 billion
Free cash flow pre tax Siemens Energy Group	€4,663 million	in the range of €4 billion to €5 billion

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

Overall assumptions per Business Area

- **GS** assumes a Comparable revenue growth of 16% to 18% and a Profit margin before Special items of 14% to 16%.
- **GT** plans to achieve a Comparable revenue growth of 19% to 21% and a Profit margin before Special items between 16% and 18%.
- **TI** expects a Comparable revenue growth of 5% to 7% and a Profit margin before Special items of 11% to 13%.
- **SG** assumes a Comparable revenue growth of 1% to 3% and a Profit margin before Special items at break-even.

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

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

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

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

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

- Enterprise Risk Management (ERM): In addition to conducting operational risk management activities across the entire company, our ERM system provides a standardized methodology for identifying significant company-wide risks. It is based on the COSO standard (Committee of Sponsoring Organizations of the Treadway Commission) "Enterprise Risk Management - Integrating with Strategy and Performance" (2017) and is tailored to meet our specific requirements. The system provides a standardized methodology for identifying significant company-wide risks, including sustainability-related risks such as EHS adverse events, along with clear responsibilities and procedures for managing these risks. Furthermore, it includes a framework for recording information about the potential consequences of these risks, ensuring that risk identification and management are embedded in the day-to-day management of our business. The outcomes of our risk assessments are integrated into the relevant internal functions and processes to ensure that these results are taken into account in decision making at all levels of the organization, including sustainability topics.

- Risk and Control Framework (RCF): The Risk and Control Framework is a central point of reference for all control objectives which are set by the process owners to safeguard against risks identified centrally at the Group level and which are generally binding worldwide. It provides a clear and consistent list of control objectives, including topics related to the Corporate Sustainability Reporting Directive (CSRD). These objectives enable management as well as employees to exercise appropriate control in their respective areas of responsibility. Based on the globally accepted COSO standard "Enterprise Risk Management - Integrating with Strategy and Performance" (2017), the control objectives are organized into the four categories of strategic, operations, financial and compliance to enable the organization to break down its control environment into manageable aspects and work towards achieving its control objectives.

- Internal Control Process (IC Process): An integrated IC process is in place that considers the core elements of the internationally acknowledged "Internal Control - Integrated Framework" (2013) developed by COSO to review the effectiveness of internal controls in relation to strategic, operations, financial and compliance control objectives. The control objectives contained in the Risk and Control Framework form the basis for the annual assessment. Any internal control deficiencies identified through this process are evaluated and appropriate remediation actions are initiated by management. Among other things, this process also includes sustainability-related control objectives, such as the correct presentation of sustainability-related financial data as defined by the EU Taxonomy Regulation. The results of the overall internal control process are regularly reported to the Executive Board.

- Internal certification process: A quarterly certification process is in place that requires the management of all companies and selected units to confirm internally the accuracy, completeness and compliance of financial reporting for their respective areas of responsibility. Since FY 2025, the CSRD related disclosures are confirmed as part of the internal certification on an annual basis. This process forms the basis for the responsibility statement of the Executive Board of Siemens Energy AG and for the representation letters of the Executive Board of Siemens Energy AG to the external auditor.

- Compliance Management System: Our zero-tolerance approach requires a robust compliance system of measures to ensure that business is carried out in accordance with the law and our internal rules. Our Siemens Energy Compliance Management System is divided into three levels of action: prevent, detect and respond. Preventive measures include compliance risk management, policies and procedures, and comprehensive employee training and counseling. Reliable compliance risk analysis is key to the success of our business. By identifying risks early, we make informed decisions on how best to avoid or mitigate them. We design and integrate bottom-up and top-down processes as well as tools to identify potential risk scenarios and opportunities and take rapid and consistent action. In the course of the annual assessment of compliance risks and opportunities we address identified risks and opportunities through local and central measures and monitor them in dedicated workshops. Siemens Energy has implemented a whistleblower system and appointed an ombudsperson to receive information about com-

pliance and human rights violations. To identify and resolve misconduct, Siemens Energy conducts internal investigations, compliance risk analyses (including human rights and environmental protection), in-process controls and regular and ad-hoc audits. Appropriate responses follow any detected misconduct. Data privacy matters are addressed by the Siemens Energy Data Privacy Management System, a structured approach that encompasses preventive, detective, and responsive measures. This ongoing process includes comprehensive policies, regular training programs, and accessible reporting channels, all of which are constantly maintained to ensure compliance without the need for additional actions. The Compliance Management System is continuously updated to adequately address risks arising from changes in market conditions and business activities.

The description of the core elements listed above fulfills the disclosure requirement according to ESRS 2 GOV-5 36a and is therefore also part of Siemens Energy's Sustainability Statement.

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

- Within the Assurance function, the Internal Control and ERM departments support the Executive Board in its responsibility to establish an integrated internal control and risk management system and to monitor its appropriateness and effectiveness. Further, the Internal Audit department performs independent reviews of specifically selected audit areas based on an audit plan of identified risk areas of Siemens Energy. The head of Assurance reports regularly to the Executive Board and to the Audit Committee of Siemens Energy AG on matters relating to the implementation, execution and monitoring of an appropriate internal control and risk management system, and thus the promotion of risk awareness, risk management and control strategies company-wide.

- The Legal & Compliance function ensures the consistent implementation of the Siemens Energy Business Conduct Guidelines and the related guidelines and controls on anti-corruption, antitrust law, data protection, anti-money laundering, human rights and export control. The Group Compliance Officer reports quarterly to the Executive Board and the Audit Committee on key figures and essential elements of the Compliance Management System, including significant developments in compliance cases. As part of the Compliance Management System, compliance-related control objectives have been defined in the Risk and Control Framework to support the organization in reporting and managing corresponding risks and in monitoring the effectiveness of internal control in this area.

- The Ad-hoc Committee examines whether, under certain circumstances, information or facts could have a significant impact on the share price of Siemens Energy AG and therefore need to be disclosed by means of an ad-hoc announcement and prepares such mandatory information/facts subject to disclosure for release.

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

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

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

In the ERM process, we operate a systematic management of risks and opportunities which is integrated into the entire business organization. The Executive Board defines the business strategy and thus the Group-wide risk policy and risk tolerance with the aim of managing risks and opportunities appropriately. This includes the execution of mitigation measures to reduce the potential consequences of risks on the Company to an appropriate level. The Audit Committee is regularly involved in monitoring and assessing the risk management system and supports the Executive Board in performing its responsibilities. In this context, the Chairman of the Audit Committee is entitled to obtain information directly from the Head of Assurance.

We are working on the ongoing advancement of the internal control and risk management system in order to eliminate identified weaknesses and ensure the continuous improvement of processes and systems. Based on the results of our internal control and risk management system, no matters have come to our attention that cause us to believe that our company-wide internal control and risk management system is not appropriate or that our internal control and risk management system was not operating effectively as of September 30, 2025.

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

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

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

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

Our Consolidated Financial Statements are prepared on the basis of a centrally issued conceptual framework which primarily consists of uniform financial reporting guidelines and a chart of accounts in line with the International Financial Reporting Standards (IFRS). For Siemens Energy AG and other companies within the Siemens Energy Group that are required to prepare financial statements in accordance with German Commercial Code, (Handelsgesetzbuch), this conceptual framework is complemented by mandatory regulations specific to the German Commercial Code. The need for adjustments to the conceptual framework due to regulatory changes is analyzed on an ongoing basis. Accounting departments are informed quarterly about current topics and deadlines from an accounting and closing process perspective.

The base data used in preparing our financial statements consists of the closing data reported by the operations of Siemens Energy AG and its subsidiaries. The preparation of the closing data of our entities is supported by external shared services organizations. Furthermore, other accounting activities, such as governance and monitoring activities, are usually bundled on a regional level. In certain cases, such as valuations relating to post-employment benefits, we use external experts. The reported closing data is used to prepare the financial statements in the consolidation system. The steps necessary to prepare the financial statements are subject to both manual and automated controls.

Qualification of employees involved in the accounting process is ensured through appropriate selection processes and training. As a fundamental principle, based on materiality considerations, the "four eyes" principle applies, and financial statement information must undergo certain authorization processes. Additional control mechanisms include target-performance comparisons and analyses of the composition of and changes in individual line items, both in the closing data submitted by reporting units and in the Consolidated Financial Statements. In line with our information security requirements, accounting-related IT systems contain defined access rules protecting them from unauthorized access. The manual and system-based control mechanisms referred to above generally also apply when reconciling the IFRS closing data to the Annual Financial Statements of Siemens Energy AG according to German Commercial Code.

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

Our Internal Audit department is set up to review financial reporting integrity and adherence to our compliance policies. Regular reports are submitted to the Executive Board and Audit Committee on the results of the audits and the agreed remedial action in the event of findings.

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

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

2.8.3 Risk management

Basic principles of risk management

Our risk management policy stems from a philosophy of increasing the enterprise value while managing risks and opportunities adequately. As risk management is an integral part of how we plan and execute our business strategies, our Group-wide risk management policy is set by the Executive Board. Our organizational and accountability structure requires respective management of our organizational units to implement risk management programs that are tailored to their specific industries and responsibilities, while being consistent with the overall policy.

Enterprise risk management process

The risk management system at Siemens Energy builds on a comprehensive, interactive, and management-oriented ERM approach that is integrated into the organization and addresses both risks and opportunities. Our ERM approach is based on the COSO Standard "Enterprise Risk Management – Integrating with Strategy and Performance" (2017) and has been adapted to Siemens Energy requirements. The framework connects the ERM process with our financial reporting process and our internal control system. The risk management strategy is closely linked to the entire Siemens Energy strategy to ensure that risk-conscious action is taken throughout the ERM process. In this context, Siemens Energy's

management is requested to define its business objectives at least once a year, which are then summarized into key focus areas. Based on these key focus areas, Risk Themes are derived which represent the entire risk landscape at the Siemens Energy level. The Executive Board prioritizes the identified Risk Themes at least once a year. Following this prioritization, the top ten Risk Themes are considered as the significant risks for Siemens Energy and are regularly reported to the Executive Board on a biannual basis.

Our ERM process aims for early identification, evaluation, and response to risks and opportunities that could materially affect the achievement of our business objectives. The time horizon is three years. We take a net risk approach, addressing the risks and opportunities remaining after the execution of existing control measures. If risks have already been considered in plans, budgets, forecasts or the Consolidated Financial Statements (e.g., as a provision or risk contingency), they are incorporated with their financial impact in the individual entity's business objectives. As a consequence, only additional risks arising from the same subject (e.g., potential deviations from business objectives) are considered in ERM.

To provide a comprehensive view of our business activities, risks and opportunities are identified in a structured way, combining elements of both top-down and bottom-up approaches in order to ensure that potential new risks and opportunities are discussed at the management level and included in the subsequent reporting process, if found to be relevant. The results of the ERM process are closely aligned with the reported impacts, risks, and opportunities (IROs) under the CSRD framework to ensure a consistent and integrated view on sustainability-related risks.

At Siemens Energy, Risk Themes are evaluated through a structured process supported by advanced risk modeling. This process integrates five key contributors to ensure a comprehensive and transparent representation of each Risk Theme. These contributors include risk research, risk functions, key risk indicators, company performance, and risk community. Risk research continuously monitors external and internal developments, including disruptive technologies, socio-economic trends, and regulatory changes. Risk functions provide insights from established governance mechanisms such as internal audit and internal control. Key risk indicators add quantitative metrics serving as objective early warning signals for emerging risk trends. Company performance provides core financial and operational indicators, such as profit margin and cash flow, to assess business resilience. Risk community contributes expert qualitative assessments, led by the Risk Theme owner, covering mitigation effectiveness, planned actions, and anticipated changes. Building on these contributors, Siemens Energy applies a progressive risk scoring model that translates qualitative and quantitative inputs into a mathematical representation of the Risk Theme. This model enables a forward-looking risk score, highlighting the urgency and scale of additional mitigation measures required to maintain risks within tolerable thresholds.

Our ERM process is designed to ensure that the Executive Board and the Supervisory Board are fully informed about significant risks in a timely manner. In order to allow for a meaningful discussion at the Group level, individual risks and opportunities of similar cause-and-effect nature are aggregated into broader risk and opportunity themes. Thematic risk and opportunity assessments then form the basis for the evaluation of the company-wide risk and opportunity situation.

Reporting generally follows biannual cycles, but we complement this periodic reporting with an ad-hoc reporting process, which aims to escalate critical issues in a timely manner. Responsibilities are assigned for all relevant risks and opportunities, with the hierarchical level of responsibility depending on the significance of the respective risk or opportunity.

We regularly review our risk-bearing capacity, which is defined as the maximum risk position that the company can bear without endangering its continued existence. Our overall risk position is compared with internal and external risk-bearing capacity indicators, such as our liquidity reserves, in order to identify at an early stage any developments that could jeopardize our ability to continue as a going concern.

Compared to the previous year, we have further developed and significantly expanded the methodology used to assess our Risk Themes. The risk assessment is no longer based solely on the potential impact and likelihood of occurrence but now relies on a broader foundation. Comprehensive risk modeling is used, which incorporates both objective data and qualitative information relevant for the specific Risk Theme. Another key change is the prioritization of Risk Themes based on the Company's objectives, rather than risk exposure, to consider the significance of each Risk Theme to Siemens Energy. This shift allows for a stronger focus on those risks that are particularly relevant for Siemens Energy. In addition, the reporting cycle has been changed from quarterly to biannual, to align with common industry standards. All changes were implemented with the aim of making risk management more objective, relevant, and effective. These methodological enhancements do not result in any restatements of prior-year information.

Risk management organization and responsibilities

To oversee the ERM process and further drive the integration and harmonization of existing control activities to align with legal and operational requirements, the Executive Board established a risk management and an internal control organization, headed by the Head of Assurance. The latter reports regularly to the Executive Board on matters relating to the implementation, operation, and oversight of the risk management and internal control system and assists the Executive Board in reporting to the Audit Committee of the Supervisory Board. Our ERM aims to identify relevant business risks throughout the organization as potential deviations from corporate objectives. The management of each of our defined organizational reporting units is responsible for providing all relevant risks for the respective unit. Sustainability-related risks and opportunities are analyzed as part of our specific ERM process as well as other operational processes, e.g., in the area of environment, health, and safety (EHS), resulting in, for example, property risk engineering analyses for detailed site-specific EHS risks (e.g., fires, floods, storms).

2.8.4 Risks and opportunities

Below we describe the risks and opportunities that could have a significant effect on our business situation, financial position (including effects on assets, liabilities, and cash flows), results of operations, and reputation. In order to enhance the clarity and transparency of the report, we present the significant Risk Themes, i.e., the top ten risks as prioritized by the Executive Board, in descending order of their relevance to Siemens Energy's

business objectives. Newly reported themes include manufacturing capacity, S/4 HANA implementation and adverse developments in financial and bank markets, which newly includes the former risk credit rating downgrade to sub investment grade. Compared to this, the following risks are no longer reported as significant at the Siemens Energy level: impact of legal proceedings, data management, climate change and decarbonization trend, unavailability of key personnel, potential compliance violations, Siemens Gamesa cost out savings, technology/portfolio gap compared with competitors, impairment of goodwill and other assets, and increasing requirements from ESG (environment, social, governance) standards. The other risks described below remain mainly unchanged compared to the previous year. The report describes all significant risks and opportunities from an overall Siemens Energy perspective, including those of a primarily sustainability-related as well as a non-sustainability-related nature. Non-sustainability-related risks and opportunities may be ranked higher than certain sustainability-related risks and opportunities from an overall Siemens Energy perspective. Therefore, the report may not include all CSRD-related risks and opportunities that have been assessed as material according to the double materiality analysis. A complete overview of all material CSRD-related risks and opportunities is provided in section **2.10.1.4 Impacts, risks and opportunities**.

As mentioned above, the assessment of our risks and opportunities at the Siemens Energy level is no longer based solely on impact and likelihood but now follows a significantly broader approach through the newly introduced risk modeling. On lower reporting levels, the risk score continues to be determined using impact and likelihood, thereby ensuring a consistent minimum standard in the bottom-up aggregation process of overall risks and opportunities for Siemens Energy. Risk Theme owners take these results into account when evaluating the Risk Themes within their area of responsibility and consolidate them into an aggregated overall view at the Siemens Energy level.

Additional risks or opportunities not known to us or that we currently consider insignificant may also impact our business objectives and operations. Unless otherwise stated, the themes described below relate to all our reportable segments.

Political instability and conflicts

As we are a globally operating Group, the imposition of barriers to free trade would negatively impact production costs and productivity along our value chains, as well as influencing the investment activity levels of our customers and partners. Our business prospects and the execution of awarded projects may be negatively affected by political instability or international conflicts. For example, we may be forced to reorganize, reduce, or terminate business operations in geographical areas where our employees, partners or subcontractors would otherwise be subject to unacceptable economic or personal risks, e.g., due to ongoing or threatened civil unrest, terror attacks, or wars. Some of our current and planned projects and service activities are in regions that are exposed to a higher risk in this respect e.g., in the Middle East and in Ukraine. Furthermore, our business prospects or the processing of our order backlog could be adversely affected by changes in the political and economic environment, for example, as a result of trade wars, punitive tariffs, sanctions, protectionist measures or boycotts. Main risks in this area are the Middle East conflicts, which could significantly delay or jeopardize the execution of planned projects and contracts, and in the South China Sea the tensions between China and Taiwan as well as the ongoing trade conflict between the USA and China, both of which carry a high risk potential for the introduction of trade-restricting barriers and disruptions to relevant supply chains. The country- and material-specific tariffs introduced by the U.S. government under President Trump – particularly on steel and aluminum – as well as the retaliatory tariffs imposed in response, pose significant economic risks and carry the potential for further trade escalation. We continuously factor these developments into our business decisions and strategic planning. The global setup of Siemens Energy with operations in almost all relevant economies, our wide range of offerings with varied exposures to business cycles, and our balanced mix of business models (e.g., equipment, components, systems, software, services and solutions) help us to absorb impacts from adverse developments in any single market. We continuously monitor all relevant geopolitical developments to identify and assess potential risks to the Siemens Energy business in good time. With the ongoing Ukraine war and the resulting significant impact on our business, not only in this region but also beyond, we are intensifying our monitoring capabilities and linking their results even more closely to our daily business activities. Also, we are continuously implementing additional measures to further mitigate this Risk Theme e.g., by investing in geopolitical forecasting to anticipate disruptions.
In addition, we see an opportunity to actively contribute to the reconstruction and long-term development of energy infrastructure in various regions. This includes the pursuit of joint power generation projects as well as participation in government-owned or state-owned utility-led programs for the expansion of transmission and distribution networks. These initiatives not only align with broader sustainability and energy transition goals but also open up further business potential, particularly in regions recovering from political instability (e.g., Syria), where infrastructure rebuilding efforts are expected to be a key driver of economic revitalization. This opportunity is further supported by a dedicated Corporate Function, which is currently assessing potential risks and opportunities linked to such international infrastructure projects.

Critical supply chain

The financial performance of our operating units relies significantly on the reliable and effective management of our supply and logistics chain for components, parts, materials, and services. Any capacity constraints and supply bottlenecks can lead to late deliveries to customers, production delays, delivery interruptions, increased inventory requirements, and additional costs. When third parties handle manufacturing, assembly, and functional testing, our ability to directly influence quality assurance, delivery schedules, and expenses may be limited. Unexpected increases in component or raw material prices due to market disruptions or other factors can also negatively impact our operational results. Since the COVID-19 pandemic in early 2020, we have faced ongoing supply chain challenges and managed disruptions successfully. These challenges have become more complex due to a combination of geopolitical and economic conflicts (such as those related to US tariffs, the Ukraine war, the Middle East, and China and Taiwan), capacity constraints, shortages of materials and energy, and extended delivery times. Furthermore, we are encountering a rising number of adverse events, such as natural disasters, cyber incidents at our suppliers, the persistent risk of supplier insolvency, and stricter regulatory requirements (such as restrictions on the use of environmentally harmful gases and chemicals), all of which can threaten material availability. In addition to challenges in material availability, we have been facing fast changing levels of material, raw material, and logistics costs for some time. Further risks arise from quality issues in deliveries and the lengthy process of developing and qualifying alternative suppliers, given the high complexity of our products. To identify risks at an early stage, initiate measures to mitigate them, and ensure material availability in our production facilities, customer projects, and service business, we have implemented systematic, stringent and proactive supply chain risk and

resilience management. A crisis management system and various task forces at the top management level are established to address the situation. Supported by our market intelligence team and various forecasting tools, we strive to detect developments in the markets and supply chains early, enabling prompt action. Further, we have introduced multiple measures to improve quality and attenuate the financial impact on our and our clients' side. For example, the expanded use of quality management tools improves transparency, strengthens root cause analysis, and serves as a preventive strategy. We also continuously monitor our suppliers and supply chains to detect trends at an early stage and proactively initiate and implement countermeasures. Also, we are continuously implementing additional measures to further mitigate this Risk Theme e.g., by strengthening our supply chain resilience through regionalization of raw materials.

Adverse developments in financial and bank markets

Siemens Energy continues to operate in a stable financial environment, supported by solid credit ratings and positive market indicators. In addition to the S&P Global Rating of BBB–, we hold a stronger Baa2 rating from Moody's, both with a "positive" outlook. As a result, the risk of a downgrade to sub-investment grade has notably decreased. Still, a deterioration in financial performance could impact our credit profile, potentially increasing financing costs and tightening conditions (e.g., through stricter covenants or collateral requirements). In volatile markets, access to capital could become more restricted. However, the recently established €9bn committed guarantee facility significantly reduces the risk of banks withdrawing and strengthens our ability to provide guarantees – even in the event of a downgrade, which would primarily affect uncommitted lines. In addition to ratings, other key risk indicators currently reflect a positive market view of Siemens Energy. To further safeguard our financial stability, we have strengthened the balance sheet through strategic divestments (e.g., Trench and Siemens Limited, India) and successfully replaced a major state-backed financial facility and are committed to maintaining a net cash positive position with significant liquidity available. This supports our project business and growth ambitions. We maintain close communication with rating agencies and see our overall business performance as the key driver for continued improvements in market perception, ratings, and access to financing.
In addition, we see an opportunity to fully leverage the integration of SG by realizing the full synergy potential. This includes strategic alignment across the Siemens Energy Group, streamlined governance, and reduced complexity. Key focus areas are improved cross-business collaboration, joint go-to-market activities, integration of supply chains, centralized administrative functions, and harmonized IT systems. Furthermore, SG benefits from access to Siemens Energy's customer base and technology portfolio. Overall, we expect to achieve substantial cost synergies and significant additional revenue synergies by the end of the decade.

Business interruption or data leakage due to cyber attack

Our business operations and digital offerings rely heavily on the uninterrupted functioning and security of information technologies, which include systems operated both internally and by third-party providers, suppliers, and vendors. The growing sophistication and professionalism of cybercriminals – increasingly driven by the use of artificial intelligence and often supported by organized crime or nation-state actors – pose increasing threats to the confidentiality, integrity, and availability of our systems, products, and data. Cyber attacks may take the form of advanced persistent threats, affecting internal systems, externally hosted cloud environments, or third-party networks. These attacks can lead to system outages, production downtime, and supply chain disruptions, severely impacting our operational performance and competitive position. Moreover, as we offer digital solutions such as instrumentation and controls for power plants – often critical infrastructure – cyber incidents can have particularly severe consequences, including liability claims and reputational damage. Cyber attacks may also result in unauthorized access, theft, or manipulation of sensitive data – ours or that of customers and partners. This can include intellectual property, project-specific information, pricing structures, and data essential to energy network security. Such incidents could trigger contractual penalties, regulatory sanctions, and loss of customer trust. To mitigate these risks, we employ experienced cybersecurity professionals and apply a layered defense strategy to secure our critical assets and services. This includes global employee training and awareness programs, data classification schemes, as well as comprehensive monitoring of our networks and systems through our cyber defense teams. Additionally, our cyber insurance provides coverage for first-party losses and, in certain cases, third-party losses stemming from cyber breaches or data privacy violations at Siemens Energy (as the insured). Also, we are continuously implementing additional measures to further mitigate this Risk Theme e.g., by implementing a dedicated cyber security maturity program.

Technical and quality Issues

Certain products sold in the past – and potentially in the future – may experience quality issues due to design flaws, manufacturing defects, commissioning problems, or software-related faults. These risks are heightened at our technologically complex global engineering, production, and project sites. A malfunction or failure can impact not only individual products but also entire product lines, power plants, wind farms, or facilities – whether already installed or being commissioned. Consequences may include operational shutdowns, commissioning delays, property damage, customer claims, and reputational harm. These risks are especially pronounced for new technologies, where limited operational data makes it difficult to predict long-term performance. Our quality assurance processes, while robust, may not always detect or address all issues promptly, especially in early-stage technologies. In the SG Business Area, technical defects or quality issues affecting the entire fleet remain a significant risk. The introduction of new onshore and offshore platforms, alongside rapid factory ramp-up, may lead to increased nonconformity costs and execution delays. Moreover, existing warranty or service contract provisions may not reflect updated failure rates, increasing the risk of insufficient accruals. Resolving complex technical issues may take longer and cost more than initially anticipated. To mitigate these risks, we are implementing and tracking corrective actions through cross-functional task forces, weekly workstreams, and oversight by a Steering Committee. Legal is reviewing critical serial defect clauses in new bids, and we aim to reinforce contractual safeguards with suppliers. Additionally, SG is executing an ambitious cost-out program to reduce exposure and improve financial resilience against technical or quality-related setbacks. We are continuously implementing additional measures to further mitigate this Risk Theme e.g., by improving the level of non-conformance costs.

Risk from project execution

We regularly execute large, complex, and long-term projects – often turnkey and exceeding several hundred million euros. Despite project-specific risk assessments, deviations from planned execution and costs may occur, especially in cases involving untested technologies or operations in regions with limited prior experience. Key risk drivers include unforeseeable changes in personnel availability, partner or customer financial instability, quality issues, supplier or contractor underperformance, technical failures, site-specific challenges, legal or political changes, and logistical difficulties. Pandemics, geopolitical shifts, and climate-related events can further delay approvals and execution, significantly increasing costs and potentially resulting in legal disputes. These effects can adversely impact project performance, financial results, and our business position. To mitigate these risks, we have established a global project excellence organization across all Business Areas and as a Global Function. It ensures a standardized risk assessment and bid approval process, systematic project execution methods, targeted project management training, and a continuous improvement process based on lessons learned. For long-term SG contracts, especially in the offshore segment, risk from cost fluctuations is managed through contractual indexing and risk-sharing clauses. Where needed, contract renegotiations are pursued to address cost inflation. Additional productivity measures include material cost reductions, operational and footprint optimization, quality improvements, and fixed cost savings. To further reduce exposure, we focus on fewer product variants, target selected onshore markets and limit technical risk through contractual safeguards such as caps on liquidated damages and liability clauses. Also, we are continuously implementing additional measures to further mitigate this Risk Theme e.g., by continuously optimizing the project approval process.

Manufacturing capacity

Siemens Energy is on an extensive growth path; therefore, we face significant risks related to our ability to scale operations effectively. The primary causes of these risks include potential supply chain disruptions and the challenge of maintaining quality standards while ramping up production to meet the increased demand for our products and solutions. If these risks are not managed effectively, they could lead to production bottlenecks, delays in fulfilling customer orders, compromised product quality, and ultimately, a negative impact on customer satisfaction and the company's reputation. To mitigate these risks, we focus on enhancing manufacturing capacity through strategic investments in technology and our existing infrastructure, ensuring that production facilities are equipped to handle increased demand. Strengthening relationships with suppliers will be crucial to minimize supply chain disruptions, including diversifying the supplier base and implementing robust inventory management practices to ensure the availability of critical components. Additionally, we prioritize workforce development by investing in training programs to equip employees with the necessary skills to adapt to new technologies and processes. Implementing lean manufacturing principles helps optimize production efficiency and maintain high quality standards during periods of rapid growth. Regular monitoring of production metrics and customer feedback enable the company to identify potential issues early and make data-driven adjustments to operations. By proactively addressing these challenges, we can effectively manage our growth while ensuring the reliability and quality of our manufacturing processes. Also, we are continuously implementing additional measures to further mitigate this Risk Theme e.g., by dedicated programs to improve production process control.

In addition, we see an opportunity to increase public and governmental funding support for our capital expenditure (CAPEX) investments across key markets. Enhanced access to such funding – through mechanisms like the EU's Clean Industrial Deal State Aid Framework (CISAF) – allows us either to increase total CAPEX volumes or to reduce our own capital share in specific projects. We are also closely involved in discussions on the new multiannual financial framework (MFF), the EU budget for the period 2028–2035. This provides for substantial investment in environmentally friendly technologies through the European Competitiveness Fund, as well as simplified governance at Member State level through national and regional partnership plans. This strengthens the overall business case for our manufacturing facilities by enabling more competitive cost structures and greater responsiveness to rising customer demand. These funding initiatives are directly aligned with global decarbonization strategies and aim to accelerate clean technology manufacturing as part of the energy transition. As a result, we are better positioned to scale production, expand capacity, and drive innovation in support of a sustainable energy future.

S/4 HANA implementation

The introduction of the new SAP management and enterprise software S/4HANA, which is an integrated system for planning and controlling operational processes (ERP system), entails considerable risks arising from possible operational disruptions during the company's growth and the complexity of the transition from legacy systems to a new integrated platform. Key causes of these risks include the potential fit of the template to our business needs, data migration issues, inadequate user training, resistance to change among employees, and challenges in aligning business processes with the new system landscape. If these risks materialize, they could lead to operational disruptions, data integrity issues, increased costs, and delays in realizing the anticipated benefits of the new system, ultimately affecting our business performance and financial position. To mitigate these risks, we developed a comprehensive integrated program approach, a data migration strategy to ensure the accurate and complete transfer of data from legacy systems to S/4 HANA, incorporating thorough testing and validation processes to identify and rectify any issues before going live. A robust change management program is in implementation, featuring extensive user training and support to facilitate a smooth transition and encourage employee buy-in, alongside regular communication to address concerns and highlight the benefits of the new system. A dedicated project management team oversees the implementation process, ensuring adherence to timelines and budgets while monitoring progress and addressing any emerging challenges promptly. Post-implementation reviews are planned to assess the effectiveness of the new system and make necessary adjustments, ensuring that we fully realize the benefits of S/4 HANA while minimizing disruption to operations.

Market and price development

Global markets for Siemens Energy's products, solutions, and services are highly competitive, shaped by variables such as pricing, quality, innovation, and customer engagement. Macroeconomic uncertainties, evolving climate transition strategies, and volatility in energy prices and supply dynamics influence both investment behaviors and market demand. Inflationary pressures may require price adjustments to maintain profit margins. However, should such adjustments not be possible, overall profitability could be impacted. Our markets may also be impacted by reduced power demand from data centers, particularly if hyperscalers scale back investments in energy infrastructure, which could affect demand for our offering. Additionally, geopolitical factors - including the ongoing war in Ukraine, the conflicts in the Middle East, and global trade tensions -

continue to affect Siemens Energy's markets. The company competes with both established industry players and new market entrants, particularly from Asia, which may influence pricing strategies and market share. To mitigate these risks and maintain competitiveness, Siemens Energy implements a range of strategies, including benchmarking, ongoing productivity enhancements, targeted cost management initiatives, and the integration of price adjustment clauses into sales agreements. We also evaluate options such as rightsizing, outsourcing, mergers, and joint ventures. Exports from lower-cost regions are directed at price-sensitive markets, while our portfolio is continuously optimized with an emphasis on decarbonization. Market and competitive dynamics are systematically monitored to anticipate evolving conditions and facilitate proactive adaptation.
In addition, we see an opportunity to grow order entry and profitability supported by positive market trends, including increased investment in grid infrastructure, rising energy security needs, and growing demand from data centers. Decarbonization efforts – driven by public funding programs such as the EU's Net Zero Industry Act – further boost demand across all Siemens Energy Business Areas. This includes technologies like wind turbines, hydrogen-capable gas turbines, and grid equipment. Planned electricity market reforms in Germany and the EU may offer additional upside. Realizing this potential depends on expanding production and supply chain capacities.

EHS adverse events

The industries in which Siemens Energy operates are highly regulated, requiring strict adherence to environmental, health, and safety (EHS) laws and regulations across all production facilities, project and service sites, and customer locations. As current and future EHS laws and regulations evolve, they may necessitate changes in our operational practices, potentially leading to significant increases in operating or production costs. The inherent high-risk nature of some of our work profiles further heightens the risk of incidents and non-compliance with EHS laws and regulations, which could result in serious injuries, penalties, reputational damage, internal or external investigations, and project delays. To mitigate these risks, we have established comprehensive EHS programs that create a global framework with high-level standards and expectations, encompassing our EHS principles, behaviors and essentials for environmental, health, and safety management. Regular compliance audits are conducted to ensure adherence to EHS laws and regulations and to proactively identify any potential non-compliance issues. Additionally, ongoing training and awareness programs are implemented for employees and contractors to foster a strong culture of safety and compliance, thereby reducing the likelihood of incidents. Environmental risk assessments are performed for all facilities, particularly those acquired with a history of industrial use, to identify and address potential contamination issues. Furthermore, we regularly review and update our insurance policies to ensure adequate coverage for potential environmental liabilities and losses, minimizing our financial exposure. Finally, robust incident response plans are developed and maintained to ensure prompt and effective action in the event of any EHS-related incidents, thereby minimizing impact and ensuring compliance with laws and regulatory requirements. Also, we are continuously implementing additional measures to further mitigate this Risk Theme e.g., strengthened monitoring of Zero Harm focus areas.

Assessment of the overall risk and opportunity situation

We have adjusted our assessments of individual risks and opportunities in fiscal year 2025 compared to the previous year due to the development of external conditions, adjustments in our business portfolio and the effect of our own countermeasures. Siemens Energy's overall risk and opportunity position has not changed significantly compared to the previous year. The risk arising from political instability and conflicts is the most significant challenge for us, followed by the risk of critical supply chain.

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

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

2.9.1 Overview

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

Siemens Energy AG is the parent company of the Siemens Energy Group and acts as a strategic management holding company. Its results are significantly influenced by its directly or indirectly owned subsidiaries. The business development of Siemens Energy AG is through its shareholdings fundamentally subject to the same risks and opportunities as the Siemens Energy Group. The outlook of the Group directly affects our expectations for Siemens Energy AG. Therefore, the foregoing explanations for the Siemens Energy Group also apply for Siemens Energy AG. There is no separate management of Siemens Energy AG as the parent company of the Siemens Energy Group based on its own key performance indicators.

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

As of September 30, 2025, Siemens Energy AG employed 38 employees, including members of the Executive Board.

Siemens Energy AG allows employees and members of the Managing Board to participate in share-based payment programs. For the purpose of servicing share-based payment programs, Siemens Energy AG also delivers Siemens Energy shares, which have been granted by affiliated companies. The treasury shares purchased under the share buybacks may be exclusively used for the purpose of issuing shares to employees and members of the Company's Executive Board as well as to employees and board members of affiliated companies in the context of share-based compensation or employee share programs. In fiscal year 2025, Siemens Energy AG re-issued in total 5,384,693 treasury shares under the exclusion of subscription rights in connection with share-based payments and employee share programs in the Group, equaling a nominal amount of €5,385 thousand and 0.63% of the capital stock.

On May 9, 2025, Siemens Energy announced a share buyback with a volume of up to €170,000 thousand ending September 30, 2025, at the latest. In fiscal year 2025, Siemens Energy AG repurchased a total of 2,030,920 shares, completing the share buyback program on June 26, 2025. This represents a nominal amount of €2,030 thousand or 0.24% of the capital stock as of September 30, 2025. For this purpose, €170,000 thousand were spent excluding incidental transaction charges. This represents an average stock price of €83.70 per share.

2.9.2 Results of operations

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

	Fiscal year		
(in thousands of €)	**2025**	2024	Change
Revenue	**218,998**	61,131	>200%
Cost of sales	(195,494)	(52,176)	>200%
Gross profit	**23,503**	8,955	162%
as percentage of revenue	*10.7%*	*14.6%*	
General administrative expenses	(18,690)	(20,788)	(10)%
Other operating income (expenses), net	2,236	2,480	(10)%
Income (loss) from operations	**7,049**	(9,353)	n/a
Financial income, net	703,969	123,519	>200%
thereof Income (loss) from investments, net	*693,997*	*112,408*	*>200%*
Income (loss) from business activity	**711,018**	114,148	>200%
Income taxes	(48,351)	(25,522)	89%
Other taxes	(93)	(58)	59%
Net income (loss)	**662,574**	88,568	>200%
Profit (loss) carried forward	151,568	64,941	133%
Allocation to capital reserve	(2,031)	(10,146)	(80)%
Release of capital reserve	5,385	8,206	(34)%
Offsetting the difference resulting from treasury shares acquired	(24,309)	—	n/a
Unappropriated net income (loss)	**793,187**	151,568	>200%

- Revenue in the amount of €206,684 thousand (2024: €54,522 thousand) resulted from providing management services to affiliated companies, as well as from fees received from Group companies for guarantees given to customers in connection with the provision of services in the amount of €12,313 thousand (2024: €6,609 thousand). The sharp increase was mainly due to the development of cost of sales, as management services are billed using the cost-plus method in accordance with the contractual terms. In addition, the volume of fees received from Group companies for guarantees given to customers in connection with the provision of services increased sharply. The fees received are only offset by a low amount of cost of sales.
- Cost of sales essentially included personnel expenses resulting from the provision of management services to affiliated companies. The sharp increase resulted primarily from higher personnel expenses to be offset, due to a sharp increase in expenses for share-based payments in connection with the positive development of the share price.
- General administrative expenses declined clearly, mainly due to lower expenses for purchased services.
- Other operating income (expenses), net decreased clearly. It comprised other operating income in the amount of €2,332 thousand (2024: €2,576 thousand) and other operating expenses in the amount of €96 thousand (2024: €97 thousand). The decline in other operating income is mainly attributable to the reduced expenses for D&O insurance, which is recharged to Group companies.
- The sharp increase in financial income, net was mainly due to the income from investments. In fiscal year 2025, it included withdrawals from Siemens Energy Global GmbH & Co. KG in the amount of €693,997 thousand (2024: €112,408 thousand).
- Income taxes increased sharply due to higher foreign income taxes. The surplus of deferred tax assets was not recognized in accordance with Section 274 para. 1 s. 2 German Commercial Code.
- In the course of the share buyback and the issue of treasury shares to employees, €2,031 thousand (2024: €10,146 thousand) was transferred from the net income to the capital reserve and €5,385 thousand (2024: €8,206 thousand) was reversed from the capital reserve in analogous application of Section 237 para. 5 of the German Stock Corporation Act (AktG).

2.9.3 Net assets and financial position

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

(in thousands of €)	Sep 30, 2025	2024	Change
Assets			
Non-current assets	**13,023,860**	13,023,862	(0)%
Property, plant and equipment	5	7	(19)%
Financial assets	13,023,855	13,023,855	—
Current assets	**3,533,115**	2,559,425	38%
Receivables and other assets	3,532,995	2,558,489	38%
Trade Receivables	—	26	n/a
Receivables from affiliated companies	3,428,865	2,486,738	38%
Other assets	104,130	71,724	45%
Cash and cash equivalents	120	937	(87)%
Prepaid expenses	**63**	60	5%
Active difference resulting from offsetting	**276**	52	>200%
Total assets	**16,557,315**	15,583,399	6%
Shareholders' equity and liabilities			
Shareholders' equity	**16,255,345**	14,520,799	12%
Provisions	**189,603**	52,405	>200%
Provisions for pensions and similar commitments	19,344	17,537	10%
Other provisions	170,259	34,868	>200%
Liabilities	**112,367**	1,010,196	(89)%
Trade payables	2,176	1,867	17%
Liabilities to affiliated companies	96,291	994,507	(90)%
Other liabilities	13,900	13,823	1%
Total shareholders' equity and liabilities	**16,557,315**	15,583,399	6%

- Financial assets consisted of 100% of the shares in Siemens Energy Global GmbH & Co. KG and Siemens Energy Management GmbH.
- Receivables from affiliated companies increased substantially and continue to include two significant receivables from Siemens Energy Global GmbH & Co. KG. Due to the mandatory convertible note issued in fiscal year 2022, a loan amounting to €960,000 thousand were concluded, by means of which the proceeds received were forwarded via Siemens Energy AG to Siemens Energy Global GmbH & Co. KG. This loan was extended interest-free for another year. In addition, Siemens Energy Global GmbH & Co. KG was granted an interest-free loan of €1,245,964 thousand to pass on the proceeds from the capital increase on March 15, 2023, for the purpose of acquiring the outstanding Siemens Gamesa Renewable Energy S.A shares. Furthermore, receivables from affiliated companies included receivables from cash pooling with Siemens Energy Global GmbH & Co. KG, which were primarily related to withdrawals from Siemens Energy Global GmbH & Co. KG and share-based payments granted by affiliated companies.
- Other assets increased sharply due to higher receivables from tax authorities amounting to €101,661 thousand (2024: €67,597 thousand) and included €2,405 thousand (2024: €4,000 thousand) applied research subsidies, which were reported at the level of Siemens Energy AG as the tax group parent.
- Shareholders' equity increased due to the conversion of the mandatory convertible note issued in fiscal year 2022 by €960,000 thousand, the issuance of treasury shares under various share-based payment and employee share programs by €281,971 thousand, and the net income for the year of €662,574 thousand. The forecasted net income for fiscal year 2025, which was expected to be roughly at the level of the prior year (2024: €88,568 thousand), was sharply exceeded. This was partly offset by the share buyback with a total volume of €170,000 thousand.
- Provisions for pensions and similar commitments increased clearly mainly due to the vesting of new entitlements.
- Other provisions increased sharply due to higher provisions for share-based payments of €147,302 thousand (2024: €28,001 thousand), mainly driven by the positive development of the share price, and higher personnel-related provisions of €22,944 thousand (2024: €6,853 thousand).
- Liabilities to affiliated companies decreased sharply due to the conversion of the issued mandatory convertible note and the associated elimination of the intra-group loan of €960,000 thousand from Siemens Energy Finance B.V., Rijswijk, Netherlands.

- With cash and cash equivalents of €120 thousand (2024: €937 thousand) and short-term receivables from cash pooling from Siemens Energy Global GmbH & Co. KG of €1.068.265 thousand (2024: €280,774 thousand), liquidity totaling €1,068,385 thousand (2024: €281,771 thousand) is available. The sharp increase is primarily attributable to withdrawals from Siemens Energy Global GmbH & Co. KG and to share-based payments granted by affiliated companies.

Opportunities and risks

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

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

Outlook

Due to its interrelationships with the companies in the Siemens Energy Group, the general expectations for Siemens Energy AG are reflected in the forecast for the Group. Siemens Energy AG's net assets, financial position, and results of operations are dependent on the results of the Group companies (see **2.7 Report on expected developments**). In order to distribute a dividend, the amount of which is intended to be 40% to 60% of the Group's net income in accordance with the Siemens Energy Financial Framework, Siemens Energy AG ensures that sufficient net income for the year is available. This essentially results from withdrawals from Siemens Energy Global GmbH & Co. KG.

Siemens Energy AG is the sole limited partner of Siemens Energy Global GmbH & Co. KG and holds all shares in the Siemens Energy Management GmbH as its sole general partner. In this structure withdrawals from Siemens Energy Global GmbH & Co. KG, which Siemens Energy AG receives, will lead to income from investments for Siemens Energy AG, provided the fair value of Siemens Energy Global GmbH & Co. KG exceeds the carrying amount of the investment. In addition, changes in the valuation of these participations may affect the asset position and results of operations of Siemens Energy AG.

2.9.4 Corporate Governance Statement

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

2.11 Takeover-relevant information

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

2.11.1 Composition of common stock

As of September 30, 2025 the Company's common stock amounted to a total of €861,104,914. The capital stock is divided into 861,104,914 ordinary registered shares with no par value. The shares are fully paid in. All shares confer the same rights and obligations. The shareholders' rights and obligations are governed in detail by the provisions of the German Stock Corporation Act, in particular by Sections 12, 53a et seq., 118 et seq. and 186 of the German Stock Corporation Act.

2.11.2 Restrictions on voting rights or transfer of shares

At a Shareholders' Meeting, each share of stock has one vote and accounts for the shareholders' proportionate share in the Company's net income. An exception to this rule applies with regard to treasury shares held by the Company, which do not entitle the Company to any rights. Under Section 136 of the German Stock Corporation Act the voting right of the affected shares is excluded.

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

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

The von Siemens-Vermögensverwaltung GmbH (vSV) has, on a sustained basis, powers of attorney allowing it to exercise the voting rights for 4,448,480 shares (as of September 30, 2025) on behalf of members of the Siemens family. These shares are part of the total number of shares held by the family's members. The powers of attorney are based on an agreement between the vSV and, among others, members of the Siemens family. The shares are voted together by vSV, taking into account the suggestions of a family partnership established by the family's members or of one of this partnership's governing bodies.

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

As of the reporting date, Siemens Beteiligungen Inland GmbH, Munich, a wholly owned subsidiary of Siemens AG, Berlin and Munich, held more than 10% of the voting rights in Siemens Energy AG. Pursuant to Section 34 German Securities Trading Act, the voting rights held by Siemens Beteiligungen Inland GmbH are attributable to Siemens AG, so that Siemens AG indirectly held more than 10% of the voting rights in Siemens Energy AG as of the reporting date. Siemens Energy AG has not been notified of any other direct or indirect interests in the share capital of Siemens Energy AG that exceed 10% of the voting rights, nor is it aware of any other such interests.

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

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

Pursuant to Section 179 of the German Stock Corporation Act, any amendment to the articles of association requires a resolution of the Shareholders' Meeting. The authority to adopt purely formal amendments to the Articles of Association was transferred to the Supervisory Board under Section 9 para. 4 of the Articles of Association. In addition, by resolution of the Shareholders' Meeting, the Supervisory Board has been

authorized to amend Section 4 of the Articles of Association in accordance with the utilization of the Authorized and Conditional capital, and after expiration of the authorization period applicable at the time.

Resolutions of the Shareholders' Meeting require a simple majority vote, unless a greater majority is required by law or by the Articles of Association. Pursuant to Section 179 para. 2 of the German Stock Corporation Act, amendments to the Articles of Association require a majority of at least three quarters of the capital stock represented at the time of the casting of the votes, unless another capital majority is prescribed by the articles of association. The Articles of Association of Siemens Energy AG do not prescribe another majority.

2.11.5 Powers of the Executive Board to issue and repurchase shares

The Shareholder's Meeting of the Company, by resolution of February 26, 2024, authorized the Executive Board to increase, with the approval of the Supervisory Board, the capital stock until February 25, 2029 by €399,654,856 through the issuance of 399,654,856 ordinary registered shares with no par value against cash contributions and (or) contributions in kind (Authorized Capital 2024). Simultaneously, the Authorized Capital 2023 was cancelled. The Shareholders' Meeting further authorized the Executive Board, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the event of capital increases against cash contributions in certain cases, amongst others if the issue price of the new shares is not significantly lower than the stock exchange price of the Company's listed shares. Under the authorization, the computational share of the capital stock relating to shares that are issued with exclusion of subscription rights under the Authorized Capital 2024 is limited in total to 10% of the capital stock at the time the authorization becomes effective or – if it is lower – at the time the authorization is utilized. Further details of the authorization and its limitations are specified in Section 4 para. 5 of the Articles of Association. As of September 30, 2025, this authorization had not been utilized.

Simultaneously cancelling the existing authorization of February 7, 2023, the Shareholders' Meeting of the Company, by resolution of February 26, 2024, authorized the Executive Board to issue until expiry of February 25, 2029 convertible bonds/ warrant bonds in the total nominal amount of up to €4 billion and, in this context, to grant/ impose conversion and (or) option rights and conversion obligations in respect of ordinary registered shares with no par value in Siemens Energy AG representing a pro rata amount in its capital stock totaling to €79,930,971. The convertible bonds/ warrant bonds may be issued against contribution in cash and (or) in kind. Generally, the convertible bonds/ warrant bonds must be offered for subscription to the shareholders. However, the Shareholders' Meeting authorized the Executive Board, with the approval of the Supervisory Board, to exclude the subscription rights of the shareholders (i) provided that the convertible bonds/ warrant bonds are issued against cash payment and the issue price of a convertible bond/ warrant bond is not significantly lower than its theoretical market price computed in accordance with generally accepted actuarial methods, (ii) to the extent necessary for fractional amounts resulting from the subscription ratio, (iii) in order to grant holders/ creditors of conversion or option rights to shares of the company or of conversion obligations under convertible bonds/ warrant bonds issued or guaranteed by Siemens Energy AG or any of its Group companies subscription rights as compensation against effects of dilution in the amount in which they would be entitled to such rights upon exercising such conversion or option rights or fulfilling any conversion obligations, and (iv) if the Bonds are issued against contributions in kind, particularly in connection with business combinations or the direct or indirect acquisition of companies, businesses, parts of companies, equity interests or other assets or rights to acquire assets, including receivables against the Company or its Group companies. Further details of the authorization and its limitations are specified in the Shareholders' resolution. Together with the aforementioned authorization and simultaneously cancelling the Conditional Capital 2023, on February 26, 2024 the Shareholders' Meeting resolved to conditionally increase the capital stock by up to €79,930,971 (Conditional Capital 2024) for the purpose of meeting option or conversion rights, or fulfilling conversion obligations under these bonds. The details are set out in Section 4 para. 6 of the Articles of Association. Until September 30, 2025, no use has been made of such authorization.

The Company may not repurchase its own shares unless so authorized by a resolution duly adopted by the shareholders at a general meeting or in other very limited circumstances set forth in the German Stock Corporation Act. On February 26, 2024, the Shareholders' Meeting authorized the Company – under cancellation of the existing authorization granted by the Shareholders' Meeting on February 7, 2023 – to acquire until the end of February 25, 2029 for any permissible purpose treasury shares in an amount of up to 10% of the capital stock existing at the time this authorization takes effect or – if this amount is lower – of the capital stock existing at the time the authorization is exercised. The aggregate of shares of Siemens Energy AG repurchased under this authorization and any other Siemens Energy AG shares previously acquired and still held in treasury by the Company or attributable to the Company pursuant to Sections 71d and 71e of the German Stock Corporation Act may at no time exceed 10% of the then existing capital stock. Any repurchase of Siemens Energy AG shares shall be accomplished at the discretion of the Executive Board either (i) by acquisition over the stock exchange, (ii) through a public share repurchase offer, or (iii) through a public offer to swap Siemens Energy AG shares for shares in a listed company within the meaning of Section 3 para. 2 of the German Stock Corporation Act.

In addition to selling shares over the stock exchange or through a public sales offer to all shareholders in the proportion of their shareholdings or for the purpose of retiring the shares without further shareholders' resolution, the Executive Board is authorized by resolution of the Shareholders' Meeting on February 26, 2024, to also use Siemens Energy AG shares repurchased on the basis of this authorization, or on the basis of earlier authorizations, for every permissible purpose, in particular as follows, whereby the shareholders' subscription rights are excluded:

- The shares may be issued in connection with share-based compensation programs and (or) employee share programs of the Company or any of its group companies to individuals currently or formerly employed by the Company or any of its group companies as well as to Executive Board members of any group companies.
- The shares may be sold with the approval of the Supervisory Board to third parties against payment in cash if the price at which such Siemens Energy AG shares are sold is not significantly lower than the market price of Siemens Energy stock. The notional pro rata amount of the capital stock attributable to shares used in this way must not exceed 10% of the capital stock.

- The shares can be used to service or secure obligations or rights to acquire Siemens Energy AG shares specifically under or in connection with convertible bonds and warrant bonds issued by the Company or its Group companies.
- With the approval of the Supervisory Board, they may be offered and transferred in exchange for considerations in kind, particularly in connection with business combinations or the direct or indirect acquisition of companies, businesses, parts of companies, equity interests or other assets or rights to acquire assets, including receivables against the Company or its Group companies.
- The shares may be used to float shares of the Company on foreign stock exchanges on which they are currently not listed.

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

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

Using the Shareholders' Meeting's authorization given on February 26, 2024, between May 12, 2025, and June 26, 2025, the Company purchased 2,030,920 own shares for a total consideration of about €170 million (excluding incidental transaction costs). The buyback had the exclusive purpose of issuing shares to employees and members of the Executive Board of the Company, as well as to employees and board members of affiliated companies in the framework of share-based compensation or employee share programs. As of September 30, 2025, the Company held 5,760,701 shares of stock in treasury.

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

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

On February 23, 2024, two consolidated subsidiaries of Siemens Energy AG with Siemens Energy AG as guarantor and additional borrower agreed on a line of credit in an amount of €4 billion. On June 5, 2025, a consolidated subsidiary of Siemens Energy AG with Siemens Energy AG as guarantor agreed on a guarantee facility in an amount of €9 billion. The above credit lines and guarantee facilities provide each lender with a right to cancel its credit commitment and to request for prepayment of loans in the event that (1) Siemens Energy AG becomes a subsidiary of any other company or (2) any person or group of persons acting together acquires control over Siemens Energy AG (Art. 3(2) of Council Regulation (EC) 139/2004).

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

No other significant agreements of Siemens Energy AG which are subject to a change of control clause upon a takeover bid existed as of September 30, 2025.

2.11.7 Other takeover-relevant information

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

2.12 Further information

Corporate Governance Statement

The corporate governance declaration in accordance with Sections 289f and 315d of the German Commercial Code is a component of the Combined Management Report and is published on our website **www.siemens-energy.com/german-corporate-governance-code**.

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