Siemens Energy Half-year Financial Report

for the first half of
fiscal year 2023

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Content

About this Report

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This Half-year Financial Report contains the Interim Group Management Report and the Half-year Consolidated Financial Statements of Siemens Energy AG and its subsidiaries ("Siemens Energy Group", "Siemens Energy", "the Group", "the Company", "our" or "we") as of March 31, 2023, as well as a Responsibility Statement. It complies with the requirements of Section 115 of the German Securities Trading Act ("Wertpapierhandelsgesetz"). This Half-year Financial Report should be read in conjunction with our Annual Report for fiscal year 2022, which includes a detailed analysis of our operations and activities as well as explanations of financial measures used.

The Half-year Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) applicable to interim financial reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU).

This document contains statements related to our future business and financial performance and future events or developments involving Siemens Energy, that may constitute forward-looking statements. These statements may be identified by words such as "expect", "look forward to", "anticipate", "intend", "plan", "believe", "seek", "estimate", "will", "project", or words of similar meaning. We may also make forward-looking statements in other reports, prospectuses, presentations, material delivered to shareholders and press releases. In addition, our representatives may from time to time make verbal forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens Energy's management, of which many are beyond Siemens Energy's control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapters **2.7 Report on expected developments** and **2.8 Report on the internal control and risk management system and material risks and opportunities** of the Annual Report, and the corresponding chapters in the Half-year Financial Report. Should one or more of these risks or uncertainties materialize, should acts of force majeure, such as pandemics, occur, or should underlying expectations including future events occur at a later date or not at all, or should assumptions not be met, Siemens Energy's actual results, performance, or achievements may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens Energy neither intends, nor assumes any obligation to update or revise these forward-looking statements in light of developments, which differ from those anticipated.

This document includes supplemental financial measures not clearly defined in the applicable financial reporting standards, that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures should not be viewed in isolation, or as alternatives to measures of Siemens Energy's net assets and financial positions or results of operations as presented in accordance with the applicable financial reporting framework in its Consolidated Financial Statements. Other companies, that report or describe similarly titled alternative performance measures, may calculate them differently.

Due to rounding, numbers presented throughout this Half-year Financial Report, may not add up precisely to the totals provided, and percentages may not precisely reflect the absolute figures.

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative and universally valid version.

Interim Group Management Report

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2.1 Results of operations

As of fiscal year 2023, Siemens Energy (SE) changed its corporate and reporting structure. As a result of this reorganization the former Divisions of the reportable segment Gas and Power (GP) were reassigned into Gas Services (GS), Grid Technologies (GT) and Transformation of Industry (TI), which together with Siemens Gamesa now form the four Business Areas of Siemens Energy Group. GS, GT and Siemens Gamesa represent reportable segments, TI is voluntarily presented as a reportable segment (all of the aforementioned hereinafter referred to as segment). Central items previously reported under GP are now presented in the Reconciliation to Consolidated Financial Statements.

Starting with fiscal year 2023, the financial performance indicator Adjusted EBITA margin before Special items has been replaced by Profit margin before Special items, the definition of which excludes the financial result from operations. Furthermore, the definition of restructuring and integration costs that are reported as Special items was changed. In addition, as of fiscal year 2023, receivables from and payables to Siemens Group (Siemens AG and its subsidiaries) from financing activities are no longer part of Adjusted net debt/ net cash.

Prior-year figures are presented on a comparable basis for the above-mentioned topics and reflect an adjustment due to a change in accounting policy for derivative financial instruments.

For further information on the above-mentioned topics see **Note 1 General principles in 3.6 Notes to the Half-year Consolidated Financial Statements**.

During the first quarter of the current fiscal year, Siemens Energy AG successfully completed a voluntary cash tender offer for outstanding shares in Siemens Gamesa Renewable Energy, S.A. (see **Note 2 Acquisitions and disposals in 3.6 Notes to the Half-year Consolidated Financial Statements**).

2.1.1 Orders and revenue

				Orders				Revenue
Orders and revenue		**First half**		**Change**		**First half**		**Change**
(in millions of €)	**FY 2023**	FY 2022	Actual	Comp.	**FY 2023**	FY 2022	Actual	Comp.
Gas Services	8,232	6,586	25%	23%	5,402	4,318	25%	25%
Grid Technologies	9,222	3,925	135%	132%	3,336	2,707	23%	23%
Transformation of Industry	2,599	2,817	(8)%	(9)%	2,153	1,812	19%	18%
therein								
Sustainable Energy Systems	*128*	*33*	*>200%*	*>200%*	*35*	*23*	*53%*	*53%*
Electrification, Automation, Digitalization	*676*	*737*	*(8)%*	*(9)%*	*531*	*477*	*11%*	*12%*
Industrial Steam Turbines & Generators	*827*	*867*	*(5)%*	*(5)%*	*701*	*594*	*18%*	*17%*
Compression	*1,024*	*1,193*	*(14)%*	*(16)%*	*898*	*734*	*22%*	*20%*
Siemens Gamesa	5,252	3,670	43%	45%	4,446	4,006	11%	12%
Total segments	**25,305**	**16,998**	**49%**	**48%**	**15,338**	**12,844**	**19%**	**19%**
Reconciliation to Consolidated Financial Statements	(322)	(760)	—	—	(246)	(305)	—	—
Siemens Energy	**24,983**	**16,238**	**54%**	**53%**	**15,092**	**12,539**	**20%**	**20%**

Orders

- Against the backdrop of improving macroeconomic conditions and a favorable market environment, orders of **Siemens Energy** rose sharply on a comparable basis (excluding currency translation and portfolio effects) mainly due to a higher volume of large orders.
- Orders at **GS** rose substantially. Growth was primarily driven by an increased volume of large orders and a positive development of the service business.
- Orders at **GT** more than doubled year-on-year as a result of the largest order in Siemens Energy's history for an offshore grid connection in Germany and the generally strong demand in GT's product and grid connection business.
- **TI's** orders declined clearly, compared to relatively high orders in the same period of the prior fiscal year, which were supported by large orders. This was applicable mainly for the compression business.
- **Siemens Gamesa** recorded a sharp increase in orders. All businesses contributed to this growth, which was driven by a €1.7 billion order for an offshore wind farm including service in the United Kingdom.
- The book-to-bill ratio of **Siemens Energy** was 1.66. The order backlog exceeded the €100 billion mark for the first time rising to a record of €102 billion compared to €97 billion at the end of the prior fiscal year.
- On a geographical basis, a sharp growth on a comparable basis in the reporting regions **Europe, C.I.S., Middle East and Africa (EMEA)** and the **Americas** was accompanied by a significant decline in **Asia, Australia**.
- The main reason for the development in **EMEA** was the increase at the GT segment, whose regional orders almost tripled as a result of the above-mentioned large grid connection order in Germany. Orders at GS grew sharply and Siemens Gamesa achieved a substantial growth in orders due to the aforementioned large order in the United Kingdom. All in all, total orders in the region grew sharply despite a significant decline at TI.
- In the **Americas**, growth was driven by orders from the U.S., which more than doubled year-on-year. Orders at GS and GT in particular benefited rising substantially and sharply respectively. Siemens Gamesa also recorded a sharp increase due to orders from the U.S. and Canada. TI's orders in the region also increased significantly mainly as a result of demand from the U.S.
- Development in **Asia, Australia** was driven by a substantial decline at GS. All other segments increased their orders or remained at the prior year level.

Revenue

- **Siemens Energy's** revenue increased significantly on a comparable basis. All segments achieved growth, led by GS, and benefited both from the execution of the strong orders of the prior fiscal year and from a positive development of the market environment.
- **GS** recorded a substantial increase driven by growth in both the new units and service businesses.
- Revenue at **GT** also increased substantially supported by all businesses. The largest contribution came from the product business.
- **TI** experienced significant revenue growth with contributions from all four separate businesses.
- Revenue at **Siemens Gamesa** increased significantly primarily due to the positive development in the Wind Turbines business, especially in the offshore business. In addition, revenue from the service business rose substantially.
- Regional development of revenue on a comparable basis was characterized by substantial or significant growth in all reporting regions.
- In **EMEA**, the significant increase in revenue was mainly due to a substantial increase at Siemens Gamesa. In addition, GT showed a substantial increase, and TI with a clear increase contributed to the overall growth. GS recorded a slight increase.
- Substantial growth in the **Americas** was driven by substantial increases at GS and GT and a sharp increase at TI. At Siemens Gamesa, revenue in the region clearly declined.
- In **Asia, Australia,** revenue also increased substantially. The biggest contribution came from the sharp growth of GS. TI substantially increased its revenue in the region. GT recorded a moderate increase and Siemens Gamesa a slight decrease.

Orders and revenue (location of customer)	Orders				Revenue			
	First half		Change		First half		Change	
(in millions of €)	FY 2023	FY 2022	Actual	Comp.	FY 2023	FY 2022	Actual	Comp.
Europe, C.I.S., Middle East, Africa	13,271	7,525	76%	80%	6,866	6,081	13%	16%
therein Germany	*4,789*	*1,522*	*>200%*	*>200%*	*1,194*	*1,119*	*7%*	*7%*
Americas	8,649	5,194	67%	58%	4,819	3,728	29%	22%
therein U.S.	*5,488*	*2,487*	*121%*	*106%*	*2,606*	*1,990*	*31%*	*23%*
Asia, Australia	3,063	3,519	(13)%	(12)%	3,407	2,730	25%	27%
therein China	*972*	*883*	*10%*	*12%*	*740*	*715*	*3%*	*5%*
Siemens Energy	**24,983**	**16,238**	**54%**	**53%**	**15,092**	**12,539**	**20%**	**20%**

2.1.2 Profitability

(in millions of €, earnings per share in €)	First half FY 2023	FY 2022	Change
Profit Siemens Energy before Special items	**(241)**	**(117)**	**(105)%**
Gas Services	*616*	*349*	*76%*
Grid Technologies	*224*	*118*	*89%*
Transformation of Industry	*130*	*(19)*	*n/a*
Siemens Gamesa	*(1,134)*	*(609)*	*(86)%*
Reconciliation to Consolidated Financial Statements	*(77)*	*42*	*n/a*
Profit margin Siemens Energy before Special Items	(2)%	(1)%	(1) p.p.
Gas Services	*11%*	*8%*	*3 p.p.*
Grid Technologies	*7%*	*4%*	*2 p.p.*
Transformation of Industry	*6%*	*(1)%*	*7 p.p.*
Siemens Gamesa	*(25)%*	*(15)%*	*(10) p.p.*
Special items (for details see table below)	(79)	(49)	62%
Profit Siemens Energy	(320)	(166)	(93)%
Gas Services	*649*	*375*	*73%*
Grid Technologies	*210*	*110*	*90%*
Transformation of Industry	*133*	*(59)*	*n/a*
Siemens Gamesa	*(1,209)*	*(642)*	*(88)%*
Reconciliation to Consolidated Financial Statements	*(103)*	*50*	*n/a*
Profit margin Siemens Energy	(2)%	(1)%	(1) p.p.
Gas Services	*12%*	*9%*	*3 p.p.*
Grid Technologies	*6%*	*4%*	*2 p.p.*
Transformation of Industry	*6%*	*(3)%*	*9 p.p.*
Siemens Gamesa	*(27)%*	*(16)%*	*(11) p.p.*
Amortization of intangible assets acquired in business combinations and goodwill impairments	(167)	(192)	13%
Financial result	(67)	(17)	>(200)%
Income (loss) before income taxes	**(554)**	**(376)**	**(47)%**
Income tax gains/ (expenses)	(234)	(127)	(85)%
Net income (loss)	**(787)**	**(502)**	**(57)%**
Basic earnings per share	(0.85)	(0.41)	(107)%

Profit and Profit before Special items

- Development of Profit of **Siemens Energy** was driven by the increase in negative Profit at Siemens Gamesa. This more than offset Profit improvements in the remaining three segments. Compared with the prior year, negative Special items increased sharply. The prior-year period included a positive effect related to the sale of assets previously written-off due to the decision to streamline the offering of aeroderivative gas turbines (reported under strategic portfolio decisions). Included in Special items from restructuring and integration costs was a positive effect of €78 million in connection with the "Accelerating Impact" program resulting from a change in the assessment of the further progress of the program. This almost offset the increase in other restructuring and integration costs, in particular originating from Siemens Gamesa.
- **GS** increased Profit sharply. This was due to higher revenue, an improved cost structure and a higher contribution from the service business. In addition, positive effects from price escalation clauses in customer contracts more than offset the increased costs. As in H1 FY 2022, Profit included positive Special items in total. These were related to the aforementioned change in the assessment of the further progress of the "Accelerating Impact" program and the

positive one-time effect from strategic portfolio decisions in the prior year, respectively. Profit before Special items of GS and the corresponding margin increased sharply.

- Profit at **GT** almost doubled. The development in the past half-year benefited from higher revenue volume and higher margins as well as operational improvements, which led to an improved cost position, and positive hedging effects. The prior-year period was burdened by impacts related to higher material and logistics costs. The negative impact from Special items increased, but remained at a comparatively low level. As a result, Profit before Special items and the corresponding margin increased sharply.
- Profit at **TI** continued the positive trend, which began in the prior fiscal year. With exception of the investment-intensive future-oriented business of Sustainable Energy Systems, all businesses increased their Profit contribution sharply, led by Industrial Steam Turbines & Generators. The development was based on higher revenue and higher margins, an improved business mix with a higher service share, and operational improvements resulting in a better cost position. Special items benefited from a change in the assessment of the further progress of the “Accelerating Impact”-program. Furthermore, H1 FY 2022 included an impairment associated with the sale of a business (reported under strategic portfolio decisions). After a loss in prior fiscal year, past half-year resulted in a firmly positive Profit before Special items including a corresponding margin increase.

Profit margin Transformation of Industry before Special items

	First half		
	FY 2023	FY 2022	Change
Transformation of Industry	**6.0%**	**(1.0)%**	**7.1 p.p.**
therein			
Sustainable Energy Systems	(75.2)%	(101.5)%	26.3 p.p.
Electrification, Automation, Digitalization	4.9%	1.5%	3.4 p.p.
Industrial Steam Turbines & Generators	11.8%	2.2%	9.6 p.p.
Compression	5.4%	(2.1)%	7.5 p.p.

- The negative profit of **Siemens Gamesa** in the past half-year increased again sharply compared to the loss in H1 FY 2022. During an evaluation of its installed fleet, Siemens Gamesa identified an extraordinarily negative development of failure rates in specific components, which led to an adjustment of assumptions for warranty and maintenance costs. This had a negative profit impact in the amount of €472 million, mainly affecting the service business. In addition to these negative charges, Profit continued to reflect the impact of the inflation, the challenges related to the supply chain and the ramp-up of the offshore activities as well as effects from onerous projects. The past half-year benefited from one-off effects in revenues totaling a higher two-digit million amount from non-recurring business activities. The sharp increase in negative Special items was attributable to higher restructuring costs year-on-year mainly in connection with the "Mistral" program. The negative Profit before Special items increased sharply.
- The item **Reconciliation to Consolidated Financial Statements** includes items which management does not consider to be indicative of the segments’ performance – mainly group management costs (management and corporate functions) and other central items, Treasury activities as well as eliminations. Other central items include Siemens brand fees, corporate services (e.g. management of the Group's real estate portfolio (except Siemens Gamesa), which was allocated to the GP segment in the prior year), corporate projects, centrally held equity investments and other items. The negative change compared to the prior half-year period in Reconciliation to Consolidated Financial Statements was mainly due to increased costs for corporate functions. In contrast to prior year, past half-year included negative Special items, mainly due to restructuring and integration costs. Integration costs were mainly related to the further integration of Siemens Gamesa into Siemens Energy Group. Restructuring costs, on the other hand, benefited from a change in the assessment of the further progress of the “Accelerating Impact” program.

Net Income (Loss), Basic Earnings per Share

- The negative financial result increased sharply in the past half-year. Higher interest income, mainly due to higher interest on deposits, was more than offset by a stronger increase in interest expenses related to higher debt and a higher interest level.
- Overall, however, the increase in Loss before income taxes was driven by the development of Profit.
- The Group's effective tax rate was negative 42,3% (H1 FY 2022: negative 33.7%). The negative tax rate was mainly due to losses without corresponding tax relief at Siemens Gamesa.
- Due to the developments described above, Siemens Energy experienced a sharp year-on-year increase in Net loss in the past half-year. The percentage increase in corresponding negative basic earnings per share was significantly higher than in Net loss. This was due to the purchase of most of the minority interests in Siemens Gamesa Renewable Energy, S.A., which led to a higher share of Net loss attributable to shareholders of Siemens Energy AG compared to the prior year (see **Note 2 Acquisitions and disposals in 3.6 Notes to the Half-year Consolidated Financial Statements**).

Siemens Energy Special items

	First half		
(in millions of €)	**FY 2023**	**FY 2022**	**Change**
Restructuring and integration costs	(47)	(43)	11%
Gas Services	*35*	*(6)*	*n/a*
Grid Technologies	*(2)*	*(4)*	*(54)%*
Transformation of Industry	*10*	*(0)*	*n/a*
Siemens Gamesa	*(75)*	*(34)*	*124%*
Reconciliation to Consolidated Financial Statements	*(15)*	*2*	*n/a*
Stand-alone costs	(26)	(25)	4%
Gas Services	*(7)*	*(7)*	*(2)%*
Grid Technologies	*(3)*	*(4)*	*(20)%*
Transformation of Industry	*(3)*	*(4)*	*(14)%*
Siemens Gamesa	*—*	*—*	*n/a*
Reconciliation to Consolidated Financial Statements	*(13)*	*(10)*	*25%*
Strategic portfolio decisions	(6)	19	n/a
Gas Services	*4*	*39*	*(89)%*
Grid Technologies	*(9)*	*—*	*n/a*
Transformation of Industry	*(3)*	*(36)*	*(91)%*
Siemens Gamesa	*—*	*—*	*n/a*
Reconciliation to Consolidated Financial Statements	*2*	*16*	*(88)%*
Siemens Energy Special items	**(79)**	**(49)**	**62%**
Gas Services	*32*	*25*	*27%*
Grid Technologies	*(14)*	*(8)*	*73%*
Transformation of Industry	*3*	*(40)*	*n/a*
Siemens Gamesa	*(75)*	*(34)*	*124%*
Reconciliation to Consolidated Financial Statements	*(26)*	*7*	*n/a*

2.2 Net assets and financial position

(in millions of €)	Mar 31, 2023	Sep 30, 2022	Change
Total current assets	**26,821**	**28,617**	**(6)%**
therein			
Cash and cash equivalents	5,201	5,959	(13)%
Trade and other receivables	5,870	5,572	5%
Contract assets	4,678	4,718	(1)%
Inventories	8,747	7,983	10%
Total non-current assets	**21,499**	**22,467**	**(4)%**
therein			
Goodwill	9,784	10,456	(6)%
Other intangible assets	3,238	3,592	(10)%
Property, plant and equipment	5,543	5,435	2%
Total assets	**48,320**	**51,084**	**(5)%**

(in millions of €)	Mar 31, 2023	Sep 30, 2022	Change
Total current liabilities	**28,970**	**27,932**	**4%**
therein			
Short-term debt and current maturities of long-term debt	2,033	749	171%
Trade and other payables	6,411	6,782	(5)%
Contract liabilities	14,604	13,010	12%
Current provisions	2,004	2,129	(6)%
Total non-current liabilities	**6,637**	**6,034**	**10%**
therein			
Long-term debt	3,268	2,474	32%
Provisions for pensions and similar obligations	546	570	(4)%
Provisions	1,811	1,799	1%
Total equity	**12,713**	**17,118**	**(26)%**
Total liabilities and equity	**48,320**	**51,084**	**(5)%**

Assets, liabilities and equity

- As of March 31, 2023, **total assets** of Siemens Energy Group were moderately below the level at the end of prior fiscal year. The development of individual balance sheet items on the assets and liabilities side reflects the acquisition of the outstanding shares in Siemens Gamesa. The main cause of changes in assets were currency translation differences, affecting, for example, goodwill. In addition, the decrease in assets was due to the decrease in cash and cash equivalents and other current financial assets. On the liabilities side, the decline was due to the reduction in equity, which was partly offset by an increase in debt and contract liabilities.
- The significant decrease in **cash and cash equivalents** resulted mainly from the negative Free cash flow pre tax in H1 FY 2023 (see below) and the effect of changes in exchange rates.
- **Other current financial assets** declined sharply to a total of €851 million (September 30, 2022 €2,509 million), mainly due to the use of cash deposits in the amount of €1,148 million provided to Spain's National Securities Market Commission in connection with the purchase of the outstanding shares in Siemens Gamesa Renewable Energy, S.A., (see **Note 2 in 3.6 Notes to the Half-year**

Consolidated Financial Statements) as well as related to the development of fair values of derivative financial instruments resulting from currency translation effects.
- **Operating net working capital** decreased to negative €1,720 million (September 30, 2022: negative €1,520 million). A very sharp reduction at GT, mainly as a result of increased project prepayments in connection with the high order intake, more than offset a substantial increase at Siemens Gamesa. Higher total inventories were mainly related to strong volume growth.
- **Assets classified as held for disposal** decreased as a result of the closing of the underlying transactions.
- **Debt** increased to a total of €5,302 million (September 30, 2022 €3,224 million), primarily due to higher loans from banks. This was mainly related to the utilization of credit lines at Siemens Gamesa and to the financing of the purchase of the minority interests in Siemens Gamesa Renewable Energy, S.A.
- **Other current financial liabilities** declined sharply to €640 million (September 30, 2022: €1,423 million). This was mainly related to the development of fair values of derivative financial instruments.
- **Liabilities associated with assets classified as held for disposal** decreased in line with assets classified as held for disposal.
- **Equity** was substantially below the level at the end of the prior fiscal year. In addition to the negative Total comprehensive loss, this was mainly due to the purchase of the outstanding shares in Siemens Gamesa Renewable Energy, S.A., as this was a transaction with owners recognized directly in equity, which primarily resulted in a reduction of retained earnings in the amount of €4,134 million. This was partly offset by an increase of the capital stock and the capital reserve by €73 million and €1,171 million, respectively (see Note 4 in 3.6 Notes to the Half-year Consolidated Financial Statements).

Cash flows

- **Free cash flow pre tax** of Siemens Energy Group was negative in H1 FY 2023 but improved significantly compared to the same period of the prior year. This was mainly due to a sharp decline in cash outflows resulting from the change in other assets and liabilities of €215 million (H1 FY 2022: €680 million). One reason for this were higher cash outflows in the prior-year period in connection with matters that resulted or had resulted in warranty provisions and personnel-related provisions and liabilities. This was partly offset by the fact that cash inflows from changes in net working capital turned into cash outflows in the first half of the year; and by a significant increase in capital expenditures.
- At segment level, the sharp improvement of **Free cash flow pre tax** at GT, which was mainly due to increased Profit and higher prepayments from customers related to strong orders, more than offset decreases in all other segments and Reconciliation to Consolidated Financial Statements. The main reason for the sharp decline at GS and the decline at TI was the swing of cash inflows from change in operating net working capital in the prior year to outflows in the past half-year. Siemens Gamesa's negative Free cash flow pre tax increased clearly compared with the prior-year period; this was due to an higher negative Profit and increased cash outflows year-on-year from change in operating net working capital and clearly higher investments, which were partly offset by the change in other assets and liabilities. The item Reconciliation to Consolidated Financial Statements experienced a sharp negative swing mainly due to higher cash outflows from corporate functions.
- The substantial increase in cash outflows in the **cash flows from investing activities** was mainly attributable to increased investments, especially at Siemens Gamesa.
- **Cash flows from financing activities** were dominated by the purchase of the minority shares in Siemens Gamesa Renewable Energy, S.A. (cash outflow of €2,649 million), by the related financing activities, including in the form of an increase in capital stock (cash inflow of €1,246 million), and by the increase in financial debt (cash inflow of €1,604 million) (for further information on debt, see Note 3 in 3.6 Notes to the Half-year Consolidated Financial Statements). Other cash outflows included €85 million for the purchase of treasury shares.
- Siemens Energy's **net debt** – determined by total debt less total liquidity – was €101 million as of March 31, 2023 (September 30, 2022: net cash €2,736 million). The development reflects the decrease in cash and cash equivalents and the increase in debt.

	First half		
(in millions of €)	**FY 2023**	FY 2022	Change
Free cash flow pre tax by segment			
Gas Services	464	777	(40)%
Grid Technologies	918	(2)	n/a
Transformation of Industry	(66)	105	n/a
Siemens Gamesa	(1,496)	(1,356)	(10)%
Reconciliation to Consolidated Financial Statements	(170)	56	n/a
Free cash flow pre tax of Siemens Energy	**(351)**	**(420)**	**16%**
therein Additions to intangible assets and property, plant and equipment	*(494)*	*(434)*	*(14)%*
Cash flows from			
Operating activities	(41)	(198)	79%
Investing activities	(528)	(427)	(23)%
Financing activities	(46)	248	n/a

2.3 Report on expected developments

Due to the financial performance in the first half-year and business volume growing faster than previously planned, we amended the outlook for the fiscal year 2023 for Siemens Energy. The new forecast is based on higher revenue growth assumptions for all segments. Profit assumptions for the GS, GT and TI segments remain unchanged. In the first half of the fiscal year, GT was well in its anticipated range which is expected to continue while GS and TI outperformed partly benefiting from positive nonrecurring effects. For Siemens Gamesa the situation remains volatile. However, we expect an improvement in the second half of the fiscal year but not compensating the weak first half. Siemens Gamesa continues to focus on managing operational problems and the turnaround, primarily through the rigorous execution of the "Mistral" program. The performance of Siemens Gamesa throughout the fiscal year 2023 will also depend on the timely ramp up of the offshore activities.

Therefore, we now expect Siemens Energy to achieve a comparable revenue growth (excluding currency translation and portfolio effects) in a range of 10% to 12% (previously between 3% and 7%). Profit margin before Special items is now expected around the low end of the guidance range of 1% to 3% due to Siemens Gamesa's poor performance in the first half-year. Accordingly, Net loss of Siemens Energy Group is expected to exceed prior fiscal year's level of €712m by up to a low-triple-digit million amount (previously to be on prior fiscal year's reported level). We confirm previous quarter's guidance of a positive Free cash flow pre tax up to a low triple-digit million amount for fiscal year 2023.

The outlook for Siemens Energy assumes no major negative financial impacts from COVID-19 or other pandemic related events, no further deterioration in the supply chain and raw material cost environment, and excludes charges related to legal and regulatory matters. The outlook is based on the following overall assumptions for the segments:

- GS now plans to achieve a comparable revenue growth of 10% to 12% (previously between 0% and 4%). The targeted Profit margin before Special items remains between 9% and 11% (unchanged).
- GT now plans to achieve a comparable revenue growth of 12% to 14% (previously between 5% and 9%). The targeted Profit margin before Special items remains between 6% and 8% (unchanged).
- TI now plans to achieve a comparable revenue growth of 8% to 10% (previously between 5% and 9%). The targeted Profit margin before Special items remains between 3% and 5% (unchanged).
- Siemens Gamesa plans to achieve a comparable revenue growth of 6% to 10% for the fiscal year 2023 and to reach a Profit margin before Special items towards negative 11%.

2.4 Report on material risks and opportunities

In our Annual Report 2022, we described risks that could have a significant adverse impact on our business, net assets and financial position, results of operations (including effects on assets, liabilities, and cash flows), as well as our reputation, our most significant opportunities, and the design of our risk management system.

In the reporting period, we did not identify any further significant risks and opportunities beyond those presented in our Annual Report for the financial year 2022 and in this Half-year Financial Report.

Assessment of the overall risk situation

While our evaluation of individual risks in the first half of fiscal year 2023 was continuously updated in light of developments in the external environment, effects of our own mitigation measures and the revision of our risk assessment, the overall risk situation for Siemens Energy did not change significantly compared to the prior year. To improve the transparency of our risk register, some aspects of risks already described in fiscal year 2022 were transferred to separate risks in fiscal year 2023. For example, we now distinguish the risk from a cyberattack according to the impact of a business interruption from that of a data leakage. In addition, we now report the risk for a potential downgrade of our credit rating as a result of Siemens Gamesa's continued poor financial development, which was previously included in our existing risk of adverse developments in the financial and bank markets, as a stand-alone risk. Furthermore, we now report the risk of a shortage of key personnel, which was previously included in the risk related to project execution, as a separate risk, due to a high order intake. Based on an in-depth analysis in connection with the introduction of a new organizational structure and on the expected business development, we no longer assess the risk of impairment of goodwill or other assets as significant. Furthermore, we assess the risk potential of COVID-19 as no longer material after its after-effects have subsided. In addition, the previous risk of failure of the cash tender offer for Siemens Gamesa is no longer relevant following shareholder approval for the delisting of Siemens Gamesa. We currently still assess the operational risk of the critical supply chain as the greatest challenge for us, followed by the strategic risk arising from adverse market and price development.

Additional risks and opportunities not known to us or that we currently consider immaterial could also affect our business operations. At present, no risks have been identified that either individually or in combination with other risks could endanger our ability to continue as a going concern.-

Half-year Consolidated Financial Statements

3

3.1 Consolidated Statements of Income

(in millions of €, earnings per share in €)	Note	First half FY 2023	FY 2022
Revenue	8	15,092	12,539
Cost of sales		(13,645)	(11,107)
Gross profit		**1,447**	**1,432**
Research and development expenses		(528)	(491)
Selling and general administrative expenses		(1,437)	(1,313)
Other operating income		33	35
Other operating expenses		(49)	(80)
Income (loss) from investments accounted for using the equity method, net		48	59
Operating income (loss)		**(487)**	**(358)**
Interest income		73	22
Interest expenses		(130)	(69)
Other financial income (expenses), net		(10)	30
Income (loss) before income taxes		**(554)**	**(376)**
Income tax (expenses) benefits		(234)	(127)
Net income (loss)		**(787)**	**(502)**
Attributable to:			
Non-controlling interests		(110)	(211)
Shareholders of Siemens Energy AG		(677)	(292)
Basic earnings per share		**(0.85)**	**(0.41)**
Diluted earnings per share		**(0.85)**	**(0.41)**

3.2 Consolidated Statements of Comprehensive Income

(in millions of €)	First half FY 2023	FY 2022
Net income (loss)	**(787)**	**(502)**
Remeasurements of defined benefit plans	(11)	117
therein Income tax effects	*2*	*(47)*
Remeasurements of equity instruments	—	0
Income (loss) from investments accounted for using the equity method, net	2	0
Items that will not be reclassified to profit or loss	**(9)**	**118**
Currency translation differences	(1,089)	469
Derivative financial instruments	139	2
therein Income tax effects	*(51)*	*(7)*
Income (loss) from investments accounted for using the equity method, net	(47)	12
Items that may be reclassified subsequently to profit or loss	**(997)**	**483**
Other comprehensive income (loss), net of income taxes	**(1,006)**	**601**
Total comprehensive income (loss)	**(1,793)**	**99**
Attributable to:		
Non-controlling interests	(40)	(198)
Shareholders of Siemens Energy AG	(1,753)	297

3.3 Consolidated Statements of Financial Position

(in millions of €)	Note	Mar 31, 2023	Sep 30, 2022
Assets			
Cash and cash equivalents		5,201	5,959
Trade and other receivables		5,870	5,572
Other current financial assets		851	2,509
Contract assets		4,678	4,718
Inventories		8,747	7,983
Current income tax assets		332	467
Other current assets		1,134	1,091
Assets classified as held for disposal		8	318
Total current assets		**26,821**	**28,617**
Goodwill		9,784	10,456
Other intangible assets		3,238	3,592
Property, plant and equipment		5,543	5,435
Investments accounted for using the equity method		960	833
Other financial assets		434	504
Deferred tax assets		1,163	1,264
Other assets		378	384
Total non-current assets		**21,499**	**22,467**
Total assets		**48,320**	**51,084**
Liabilities and equity			
Short-term debt and current maturities of long-term debt	3	2,033	749
Trade and other payables		6,411	6,782
Other current financial liabilities		640	1,423
Contract liabilities		14,604	13,010
Current provisions		2,004	2,129
Current income tax liabilities		274	431
Other current liabilities		2,997	3,120
Liabilities associated with assets classified as held for disposal		6	289
Total current liabilities		**28,970**	**27,932**
Long-term debt	3	3,268	2,474
Provisions for pensions and similar obligations		546	570
Deferred tax liabilities		203	145
Provisions		1,811	1,799
Other financial liabilities		230	383
Other liabilities		579	661
Total non-current liabilities		**6,637**	**6,034**
Total liabilities		**35,608**	**33,966**
Equity	4		
Issued capital		799	727
Capital reserve		14,447	13,262
Retained earnings		(2,437)	2,384
Other components of equity		(153)	916
Treasury shares, at cost		(150)	(168)
Total equity attributable to shareholders of Siemens Energy AG		**12,506**	**17,122**
Non-controlling interests		207	(4)
Total equity		**12,713**	**17,118**
Total liabilities and equity		**48,320**	**51,084**

3.4 Consolidated Statements of Cash Flows

(in millions of €)	First half FY 2023	FY 2022
Cash flows from operating activities		
Net income (loss)	(787)	(502)
Adjustments to reconcile net income (loss) to cash flows from operating activities		
Amortization, depreciation and impairments	719	734
Income tax expenses (benefits)	234	127
Interest (income) expenses, net	56	48
(Income) loss related to investing activities	4	(70)
Other non-cash (income) expenses	171	70
Change in operating net working capital		
Contract assets	(267)	388
Inventories	(1,096)	(1,282)
Trade and other receivables	(651)	(157)
Trade and other payables	(112)	(120)
Contract liabilities	1,996	1,422
Change in other assets and liabilities	(215)	(680)
Income taxes paid	(184)	(211)
Dividends received	27	21
Interest received	64	15
Cash flows from operating activities	**(41)**	**(198)**
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment	(494)	(434)
Acquisitions of businesses, net of cash acquired	(0)	—
Purchase of investments and financial assets	(17)	(145)
Disposal of intangibles and property, plant and equipment	18	25
Disposal of businesses, net of cash disposed	(35)	—
Disposal of investments and financial assets	0	126
Cash flows from investing activities	**(528)**	**(427)**
Cash flows from financing activities		
Issuance of new shares	1,246	—
Purchase of treasury shares	(85)	—
Other transactions with non-controlling interests[1]	(2,649)	45
Issuance of mandatory convertible note	(13)	—
Change in debt and other financing activities	1,604	383
Interest paid	(93)	(51)
Dividends paid to shareholders of Siemens Energy AG	—	(72)
Dividends attributable to non-controlling interests	(56)	(58)
Cash flows from financing activities	**(46)**	**248**
Effect of changes in exchange rates on cash and cash equivalents	**(204)**	**75**
Change in cash and cash equivalents	**(819)**	**(302)**
Cash and cash equivalents at beginning of period	**6,020**	**5,333**
Cash and cash equivalents at end of period	**5,201**	**5,031**
Less: Cash and cash equivalents of assets classified as held for disposal at end of period	—	1
Cash and cash equivalents at end of period (Consolidated Statements of Financial Position)	**5,201**	**5,030**

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

3.5 Consolidated Statements of Changes in Equity

(in millions of €)	Issued capital	Capital reserve	Retained earnings	Currency translation differences	Equity instruments	Derivative financial instruments	Treasury shares at cost	Total equity attributable to shareholders of Siemens Energy AG	Non-controlling interests	Total equity
Balance as of September 30, 2021 (as previously reported)	727	12,418	2,605	(523)	(0)	11	(281)	14,958	262	15,220
Effect of retrospective change in accounting policy of embedded foreign currency derivatives	—	—	(5)	—	—	—	—	(5)	—	(5)
Balance as of October 1, 2021	727	12,418	2,600	(523)	(0)	11	(281)	14,952	262	15,215
Net income (loss)	—	—	(292)	—	—	—	—	(292)	(211)	(502)
Other comprehensive income (loss), net of income taxes	—	—	117	466	0	5	—	588	13	601
Total comprehensive income (loss)	—	—	(174)	466	0	5	—	297	(198)	99
Dividends	—	—	(72)	—	—	—	—	(72)	(52)	(123)
Share-based payment	—	124	(0)	—	—	—	—	124	(2)	121
Purchase of treasury shares	—	—	—	—	—	—	—	—	—	—
Re-issuance of treasury shares	—	(113)	1	—	—	—	112	—	—	—
Issuance of mandatory convertible note	—	—	—	—	—	—	—	—	—	—
Other transactions with non-controlling interests	—	—	68	—	—	—	—	68	(8)	60
Other changes in equity	—	—	2	—	—	—	—	2	0	2
Balance as of March 31, 2022	727	12,429	2,425	(57)	—	17	(170)	15,372	2	15,374
Balance as of October 1, 2022	**727**	**13,262**	**2,384**	**1,003**	**—**	**(87)**	**(168)**	**17,122**	**(4)**	**17,118**
Net income (loss)	—	—	(677)	—	—	—	—	(677)	(110)	(787)
Other comprehensive income (loss), net of income taxes	—	—	(7)	(1,214)	—	145	—	(1,076)	71	(1,006)
Total comprehensive income (loss)	—	—	(684)	(1,214)	—	145	—	(1,753)	(40)	(1,793)
Dividends	—	—	—	—	—	—	—	—	(46)	(46)
Share-based payment	—	110	(8)	—	—	—	—	102	(0)	101
Purchase of treasury shares	—	—	—	—	—	—	(88)	(88)	—	(88)
Re-issuance of treasury shares	—	(96)	(9)	—	—	—	105	—	—	—
Issuance of new shares	73	1,171	—	—	—	—	—	1,243	—	1,243
Other transactions with non-controlling interests	—	—	(4,134)	—	—	—	—	(4,134)	325	(3,809)
Other changes in equity	—	—	14	—	—	—	—	14	(29)	(14)
Balance as of March 31, 2023	**799**	**14,447**	**(2,437)**	**(212)**	**—**	**58**	**(150)**	**12,506**	**207**	**12,713**

3.6 Notes to Half-year Consolidated Financial Statements

NOTE 1 Basis of presentation

The accompanying Half-year Consolidated Financial Statements as of March 31, 2023, present the operations of Siemens Energy AG with registered office at Otto-Hahn-Ring 6, 81739 Munich, Germany (registry number HRB 252581), and its subsidiaries.

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

Since the beginning of fiscal year 2023, the reporting structure as described in section 2.3.2 Events and Developments responsible for the course of business of the Annual Report 2022 has consisted of:

- The Business Area Gas Services (GS) as a reportable segment bundles all business activities related to gas turbines, large steam turbines, large generators and heat pumps, incl. instrumentation and controls. The Business Area's offering includes products, solutions and services for central and distributed power generation. The business is centered around the service of the installed fleet of gas and steam turbines. The comprehensive service offering covers maintenance services, performance enhancements, operations services, digitalization offerings (e.g., cyber security) and professional consulting.
- The Business Area Grid Technologies (GT) as a reportable segment focuses its business activities on the key market trends: digitalization, decarbonization, and electrification. Through the offered products, systems, solutions and services GT solves the challenges related to the increasing complexity of grid infrastructure resulting from the integration of renewables and the trend towards distributed power generation. The product portfolio includes high voltage direct current transmission systems, offshore windfarm grid connections, flexible AC transmission systems (FACTS), high voltage substations, air- and gas-insulated switchgear, transformers, digital grid solutions and components as well as storage solutions.
- The Business Area Transformation of Industry (TI) comprises of four non-reportable operating segments (Sustainable Energy Systems (SES), Electrification, Automation, Digitalization (EAD), Industrial Steam Turbines & Generators (STG) and Compression (CP)) and is voluntarily presented as a reportable segment. The activities of the Business Area are primarily focused on reducing energy consumption and greenhouse gas emissions in industrial processes, supporting industrial customers in the reduction of their carbon footprint as well as on the shaping of their decarbonization journey. TI offers integrated systems and solutions across various process industries (e.g., oil & gas, chemicals, petrochemicals, fiber) and the maritime sector. The portfolio of TI includes electrolyzers, industrial steam turbines up to 250 MW, industrial generators, turbo and reciprocating compressors including compression trains, systems and solutions as well as service offerings for the full portfolio.
- The Business Area Siemens Gamesa as a reportable segment offers onshore and offshore wind turbines as well as services over the entire life cycle of wind turbines. The service business consists of the management, operation and maintenance of wind farms.
- Reconciliation to Consolidated Financial Statements includes items which management does not consider to be indicative of the segments' performance – mainly group management costs (management and corporate functions) and other central items, Treasury activities as well as eliminations. Other central items include Siemens brand fees, corporate services, e.g. management of the Group's real estate portfolio (except Siemens Gamesa), which was allocated to the segment GP in the prior year, corporate projects, centrally held equity interests and other items.

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

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

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

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

The Half-year Consolidated Financial Statements are in accordance with International Financial Reporting Standards (IFRS) applicable to interim financial reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The Half-year Consolidated Financial Statements should be read in conjunction with the Siemens Energy Consolidated Financial Statements as of September 30, 2022. Results for the interim reporting period are not necessarily indicative of future results.

The Half-year Consolidated Financial Statements apply the same accounting principles and practices as those used in fiscal year 2022

Consolidated Financial Statements with the following exception. The accounting policy regarding the separation of embedded foreign currency derivatives from operating host contracts has been revised to better reflect the economics of our internal and external cross-border contractual relationships and therefore provide more relevant information. Comparative figures have been adjusted as follows: Other (current) financial assets as of September 30, 2022 decreased as a result of embedded derivatives by €99 million and other (current) financial liabilities decreased as a result of embedded derivatives by €8 million. In addition, deferred tax assets as of September 30, 2022 increased by €10 million and deferred tax liabilities decreased by €11 million. Within equity, retained earnings reduced by €68 million and non-controlling interests by €2 million. Net loss for the comparable half-year period ended March 31, 2022, increased by €10 million.

Income tax expenses in the interim periods are calculated based on the currently expected effective tax rate of Siemens Energy for the full year.

The accounting estimates and uncertainties used in the Half-year Consolidated Financial Statements as of March 31, 2023, including those related to the COVID-19 pandemic, the war in Ukraine, the macroeconomic environment, and the impacts of the transition to a lower carbon economy, have not changed significantly compared to the Consolidated Financial Statements for fiscal year 2022, with the exception of the further progress of the "Accelerating Impact" program (AIP).

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

The Half-year Consolidated Financial Statements are unaudited and were authorized for issue by the Executive Board on May 4, 2023.

NOTE 2 Acquisitions and disposals

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

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

As part of a standing offer open between December 23, 2022, and February 7, 2023, a further 5.1% of the share capital of Siemens Gamesa Renewable Energy, S.A. were purchased also at a price of €18.05 per share. Consequently, as of March 31, 2023, Siemens Energy's total shareholding in Siemens Gamesa Renewable Energy, S.A. amounted to 97.8%.

The total purchase price including transaction costs for the acquisition of the outstanding shares amounted to €3,809 million. As Siemens Gamesa Renewable Energy, S.A. was already fully consolidated, this was a transaction with owners recognized directly in equity, which resulted in an increase of equity attributable to non-controlling interests in the amount of €410 million as well as a reduction of retained earnings in the amount of €4,134 million and of other components of equity in the amount of €84 million.

Disposals

Sale of the gas engines business

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

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

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

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

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

NOTE 3 Debt

	Current debt		Non-current debt	
(in millions of €)	Mar 31, 2023	Sep 30, 2022	Mar 31, 2023	Sep 30, 2022
Loans from banks	1,536	432	1,847	1,220
Lease liabilities	277	263	1,346	1,151
Notes and bonds	52	52	76	100
Other financial indebtedness	169	2	—	3
Total debt	**2,033**	749	**3,268**	2,474

Credit facilities and loans

As of March 31, 2023 and September 30, 2022, Siemens Energy had an unused €3,000 million syndicated revolving credit facility for general corporate purposes. In the first half of fiscal year 2023, the second of two one-year extension options was exercised. The credit facility will now mature in 2026.

Additionally, in May 2022, Siemens Energy signed a syndicated bridge credit facility amounting to €4,200 million, which was reduced to an amount of €690 million by March 31, 2023. As of March 31, 2023, €350 million had been drawn (September 30, 2022: €0 million). The credit line serves to finance the acquisition of all outstanding shares in

Siemens Gamesa. The credit line has a maturity of twelve months with two extension options of six months each.

As of March 31, 2023 and September 30, 2022, Siemens Gamesa had a multi-currency revolving credit facility amounting to €2,500 million. The credit facility includes a fully drawn term loan tranche of €500 million maturing in December 2023 and a revolving credit line tranche of €2,000 million maturing in December 2026, of which €1,500 million had been drawn as of March 31, 2023 (September 30, 2022: €200 million). The credit facility may be used for general corporate purposes and to refinance outstanding debt.

Commercial paper program

As of March 31, 2023, €170 million (September 30, 2022: €0 million) were outstanding under the commercial paper program with a maximum volume of €3,000 million.

NOTE 4 Equity

Capital increase against cash contributions

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

Authorized Capital

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

Following the capital increase on March 15, 2023, Siemens Energy AG's authorized capital was of up to €291 million divided into up to 290,658,077 shares as of March 31, 2023 (September 30, 2022: €363 million divided into up to 363,322,596 shares).

Conditional Capital

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

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

Treasury shares

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

The following table presents the development of treasury shares:

(in thousands of shares)	FY 2023	FY 2022
Treasury shares, beginning of fiscal year	7,119	11,959
Share buyback	4,613	—
Issuance under share-based payment and employee share programs	(4,730)	(4,756)
Treasury shares, end of first half	**7,001**	**7,203**

By resolution of the Shareholders' Meeting of February 7, 2023, the authorization to acquire treasury shares resolved at the Shareholders' Meeting of September 18, 2020, was cancelled, and replaced by a new authorization of the Executive Board to acquire treasury shares for any permissible purpose in an amount up to a total of 10% of the capital stock until February 6, 2028, in accordance with the resolution of the Shareholders' Meeting.

NOTE 5 Commitments and contingencies

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

(in millions of €)	Mar 31, 2023	Sep 30, 2022
Credit guarantees	46	77
Guarantees of third-party performance	112	211
Other guarantees	162	107
Total	**321**	**394**

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

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

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

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

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

NOTE 6 Legal proceedings

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

NOTE 7 Financial instruments

Generally, the carrying amount of financial assets and financial liabilities is approximately equivalent to their fair value. As of March 31, 2023, the fair value of loans from banks measured at cost or amortized cost amounted to €3,302 million (September 30, 2022: €1,676 million), while the carrying amount amounted to €3,382 million (September 30, 2022: €1,652 million).

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

				Mar 31, 2023
(in millions of €)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value[1]	**—**	**738**	**37**	**775**
Equity instruments measured at fair value through profit or loss	—	—	34	34
Debt instruments measured at fair value through profit or loss	—	—	3	3
Derivative financial instruments	—	738	—	738
thereof not designated in a hedge accounting relationship (including embedded derivatives)	—	*443*	—	*443*
thereof in connection with cash flow hedges	—	*295*	—	*295*
Financial liabilities measured at fair value – Derivative financial instruments[2]	**—**	**640**	**—**	**640**
thereof not designated in a hedge accounting relationship (including embedded derivatives)	—	*423*	—	*423*
thereof in connection with cash flow hedges	—	*217*	—	*217*

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

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

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

The fair values of equity instruments measured at fair value are estimated by discounting future cash flows using current market interest rates. The fair values of debt instruments are estimated by discounting future cash flows using current market interest rates.

NOTE 8 Segment information

(in millions of €)	Revenue First half FY 2023	Revenue First half FY 2022	Orders First half FY 2023	Orders First half FY 2022	Profit before Special items First half FY 2023	Profit before Special items First half FY 2022
Gas Services	5,402	4,318	8,232	6,586	616	349
Grid Technologies	3,336	2,707	9,222	3,925	224	118
Transformation of Industry	2,153	1,812	2,599	2,817	130	(19)
Siemens Gamesa	4,446	4,006	5,252	3,670	(1,134)	(609)
Total segments	**15,338**	**12,844**	**25,305**	**16,998**	**(163)**	**(160)**
Reconciliation to Consolidated Financial Statements	(246)	(305)	(322)	(760)	(77)	42
Siemens Energy	**15,092**	**12,539**	**24,983**	**16,238**	**(241)**	**(117)**

(in millions of €)	External revenue First half FY 2023	External revenue First half FY 2022	Internal revenue First half FY 2023	Internal revenue First half FY 2022
Gas Services	5,351	4,257	51	61
Grid Technologies	3,224	2,657	112	51
Transformation of Industry	2,058	1,608	95	205
Siemens Gamesa	4,446	4,006	1	0
Total segments	**15,079**	**12,527**	**259**	**317**
Reconciliation to Consolidated Financial Statements	13	11	(259)	(317)
Siemens Energy	**15,092**	**12,539**	**—**	**—**

(in millions of €)	Assets Mar 31, 2023	Assets Sep 30, 2022	Free cash flow pre tax First half FY 2023	Free cash flow pre tax First half FY 2022	Additions to intangible assets and property, plant and equipment First half FY 2023	Additions to intangible assets and property, plant and equipment First half FY 2022
Gas Services	2,405	2,139	464	777	46	40
Grid Technologies	2,286	3,128	918	(2)	46	37
Transformation of Industry	1,968	1,970	(66)	105	16	14
Siemens Gamesa	2,963	2,725	(1,496)	(1,356)	343	321
Total segments	**9,622**	**9,963**	**(181)**	**(476)**	**450**	**412**
Reconciliation to Consolidated Financial Statements	38,698	41,121	(170)	56	43	22
Siemens Energy	**48,320**	**51,084**	**(351)**	**(420)**	**494**	**434**

(in millions of €)	Amortization, depreciation and impairments		Investments accounted for using the equity method	
	First half			
	FY 2023	FY 2022	Mar 31, 2023	Sep 30, 2022
Gas Services	95	102	234	70
Grid Technologies	42	42	192	187
Transformation of Industry	37	73	2	2
Siemens Gamesa	395	374	92	93
Total segments	**569**	**590**	**520**	**352**
Reconciliation to Consolidated Financial Statements	150	144	440	480
Siemens Energy	**719**	**734**	**960**	**833**

Disaggregation of external revenue

(in millions of €)	First half	
	FY 2023	FY 2022
Siemens Energy New Units	9,694	7,952
therein		
Gas Services	2,087	1,529
Grid Technologies	3,024	2,493
Transformation of Industry	1,135	868
Siemens Gamesa	3,448	3,062
Siemens Energy Service	5,385	4,575
therein		
Gas Services	3,264	2,728
Grid Technologies	201	164
Transformation of Industry	923	740
Siemens Gamesa	997	943

Transformation of Industry

(in millions of €)	First half	
	FY 2023	FY 2022
Sustainable Energy Systems		
Orders	128	33
Revenue	35	23
Profit margin before Special items	(75.2)%	(101.5)%
Electrification, Automation, Digitalization		
Orders	676	737
Revenue	531	477
Profit margin before Special items	4.9%	1.5%
Industrial Steam Turbines & Generators		
Orders	827	867
Revenue	701	594
Profit margin before Special items	11.8%	2.2%
Compression		
Orders	1,024	1,193
Revenue	898	734
Profit margin before Special items	5.4%	(2.1)%

Reconciliation to Consolidated Financial Statements

Profit (in millions of €)	First half FY 2023	First half FY 2022
Profit before Special items Total segments	**(163)**	**(160)**
Reconciliation to Profit of Siemens Energy	(77)	42
Siemens Energy Profit before Special items	**(241)**	**(117)**
Special items	(79)	(49)
Siemens Energy Profit	**(320)**	**(166)**
Amortization of intangible assets acquired in business combinations and goodwill impairments	(167)	(192)
Financial result	(67)	(17)
Income (loss) before income taxes	**(554)**	**(376)**
Income tax (expenses) benefits	(234)	(127)
Net income (loss)	**(787)**	**(502)**

Assets (in millions of €)	Mar 31, 2023	Sep 30, 2022
Asset-based adjustments:		
Tax-related assets	*1,494*	*1,731*
Liability-based adjustments	29,629	29,778
Eliminations, Treasury and other central items	7,575	9,612
Reconciliation to Consolidated Financial Statements	**38,698**	**41,121**

In the Segment Siemens Gamesa, an extraordinarily negative development of failure rates in specific components led to an adjustment of assumptions for warranty and maintenance costs with an earnings effect in the amount of €472 million. In addition to these negative charges, Profit continued to reflect the impact of the inflation, the challenges related to the supply chain and the ramp-up of the offshore activities as well as effects from onerous projects.

The Executive Board has changed its assessment of the further progress of the AIP restructuring program. This resulted in a positive effect on earnings in the amount of €78 million, which affected the GS segment, the TI segment and the Reconciliation to Consolidated Financial Statements.

NOTE 9 Related party transactions

Transactions and contracts with Siemens Group

Sales of goods and services and other income, as well as purchases of goods and services and other expenses from transactions with Siemens Group (excluding Siemens Group joint ventures and associates), are presented in the following table:

(in millions of €)	Sales of goods and services and other income – First half FY 2023	Sales of goods and services and other income – First half FY 2022	Purchase of goods and services and other expenses[1] – First half FY 2023	Purchase of goods and services and other expenses[1] – First half FY 2022
Siemens Group	224	235	598	512

[1] For better comparability, the item "Purchase of goods and services and other expenses" includes inventories received, in analogy to transactions with joint ventures and associates.

Supply and delivery agreements exist between Siemens Energy and Siemens Group. Siemens Energy is supplied with and delivers to Siemens Group goods and services generally on arm’s length terms. In certain countries, the business of the business areas Gas Services, Grid Technologies and Transformation of Industry is carried out under agency and distributorship agreements that were concluded between Siemens Energy Global GmbH & Co. KG and the respective local Siemens Group companies. A preferred financing agreement governs the cooperation in the financing of Siemens Energy customers and their projects by Siemens.

During the Carve-Out, some contracts could not be or were not yet legally transferred from Siemens Group to Siemens Energy. These contracts are generally subcontracted from Siemens Group to Siemens Energy with recourse to Siemens Energy in respect to risks. Provisions that Siemens Energy has recognized for warranties, litigations, and other project-related risks relating to such contracts amounted to €813 million as of March 31, 2023 (September 30, 2022: €904 million).

As part of the Spin-Off, Siemens Energy and Siemens Group also entered into an agreement that obliges Siemens Energy to acquire a 40% share in the joint venture Shanghai Electric Power Generation Equipment Co. LTD., Shanghai, China. The Local Equity Transfer Agreement was signed on June 29, 2022. The purchase price amounts to €304 million. The closing of the transaction took place on April 1, 2023.

In the first half of fiscal year 2023, Siemens Energy received central corporate services from Siemens Group resulting in expenses of €225 million (first half of fiscal year 2022: €191 million). Included therein are expenses of €69 million in the first half of fiscal year 2023 (first half of fiscal year 2022: €24 million) for the use of the Siemens brand.

Guarantees

Siemens Group has issued guarantees and similar declarations of liability for the Siemens Energy business for which Siemens Group has a right of recourse against Siemens Energy in case the guarantees are invoked. As of March 31, 2023, the volume amounted to €7,365 million (September 30, 2022: €8,784 million); of which €6,827 million (September 30, 2022: €8,129 million) related to obligations of Siemens Energy companies and €538 million (September 30, 2022: €655 million) to obligations of third parties.

Siemens Energy had issued guarantees for Siemens Group entities amounting to €107 million as of March 31, 2023 (September 30, 2022: €114 million).

Receivables, Contract assets, Payables and Contract liabilities from transactions with Siemens Group (excluding Siemens Group joint ventures and associates)

As of March 31, 2023, receivables and contract assets from the Siemens Group amounted to €980 million (September 30, 2022: €801 million). Payables and contract liabilities to the Siemens Group amounted to €305 million (September 30, 2022: €299 million).

Leasing

As of March 31, 2023, leases with Siemens Group continued to mainly include real estate. The carrying amounts of the recognized right-of-use-assets and lease liabilities amounted to €261 million and €280 million respectively, as of March 31, 2023 (September 30, 2022: €241 million and €260 million).

Transactions with joint ventures and associates

Siemens Energy has relationships with Siemens Group joint ventures as well as its own joint ventures and associates, whereby Siemens Energy buys and sells a variety of products and services generally on arm's length terms.

	Sales of goods and services and other income		Purchases of goods and services and other expenses		Receivables and contract assets		Payables and contract liabilities	
	First half		First half					
(in millions of €)	FY 2023	FY 2022	FY 2023	FY 2022	Mar 31, 2023	Sep 30, 2022	Mar 31, 2023	Sep 30, 2022
Siemens Group joint ventures	31	87	0	1	19	37	57	33
Siemens Energy joint ventures	54	43	45	58	22	14	15	35
Siemens Energy associates	46	45	108	126	41	190	50	57
Total	**130**	**176**	**153**	**185**	**82**	**241**	**121**	**125**

Siemens Energy issued guarantees for its own joint ventures and associates amounting to €53 million as of March 31, 2023 (September 30, 2022: €84 million). Commitments to make capital contributions to associated companies amounted to €161 million as of March 31, 2023 (September 30, 2022: €16 million).

NOTE 10 Subsequent events

In addition to the closing of the acquisition of the share in Shanghai Electric Power Generation Equipment Co. LTD., Shanghai, China, as detailed in Note 9 Related party transactions, the following material transactions occurred in the period between the end of the reporting period and the date when the Half-year Consolidated Financial Statements were authorized for issue:

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

Additional information

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4.1 Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, for half-year reporting , the Half-year Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Interim Group Management Report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Munich, May 4, 2023

Siemens Energy AG
The Executive Board

Christian Bruch	Maria Ferraro
Karim Ahmed Amin Aly Khalil	Tim Holt
Anne-Laure Parrical de Chammard	Vinod Philip

4.2 Review Report

To Siemens Energy AG

We have reviewed the half-year consolidated financial statements of Siemens Energy AG, Munich, comprising the consolidated statements of income, comprehensive income, financial position, cash flows and changes in equity, and notes to half-year consolidated financial statements, and the interim group management report, for the period from October 1, 2022 to March 31, 2023 which are part of the half-year financial report pursuant to Sec. 115 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The Company's management is responsible for the preparation of the half-year consolidated financial statements in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the half-year consolidated financial statements and the interim group management report based on our review.

We conducted our review of the half-year consolidated financial statements and of the interim group management report in compliance with German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) and in supplementary compliance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the half-year consolidated financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of the Company's employees and analytical assessments and therefore does not provide the assurance obtainable from an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor's report.

Based on our review nothing has come to our attention that causes us to believe that the half-year consolidated financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Munich, May 4, 2023

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Breitsameter	Oßmann
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[German Public Auditor]	[German Public Auditor]

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