

Siemens Healthineers

Half-Year Financial Report

First half of fiscal year 2022

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Introduction

Siemens Healthineers AG's Half-Year Financial Report complies with the applicable legal requirements of the German Securities Trading Act ("Wertpapierhandelsgesetz") and comprises condensed half-year consolidated financial statements, an interim group management report and a responsibility statement in accordance with Section 115 of the German Securities Trading Act.

The Half-Year Financial Report should be read in conjunction with the Annual Report for fiscal year 2021.

A. Interim group management report

Elisabeth Staudinger was appointed a member of the Managing Board of Siemens Healthineers AG, effective December 1, 2021. Dr. Christoph Zindel resigned from the Managing Board, effective March 31, 2022.

A.1 Market development

Compared with the estimates contained in the Annual Report 2021, market developments changed as follows:

For the Imaging segment, the markets for major modalities such as magnetic resonance tomography and molecular imaging for nuclear medicine continued their recovery and exceeded our expectation by posting sharply higher growth compared to the estimates of the annual report 2021. On a geographic basis, the main growth drivers for the increase in the two imaging modalities mentioned above were the U.S. and European markets, along with the Chinese market in the case of molecular imaging. Our addressed markets for computer tomography and x-ray systems showed a stronger than expected decline compared to the first half of fiscal year 2021, which was characterized by high customer demand due to COVID-19. China was the main contributor to the decline, due mainly to lower demand for these modalities. The EMEA region was also affected by the decline in the market for X-ray systems and computed tomography.

At the time the Annual Report 2021 was published, we could not predict the spread of new SARS-CoV-2 variants. This lack of predictability regarding the development of the pandemic and the resulting volatility in the Diagnostics markets means that market development in the first half of fiscal year 2022, compared with the market development anticipated in the Annual Report 2021, deviated in the following way. After demand for the tests for acute infection with SARS-CoV-2 increased, these markets grew sharply overall. Rapid COVID-19 antigen tests, which have been in demand mainly in developed markets such as Europe and U.S., represented the major share.

The assessments for market developments in the Varian and Advanced Therapies segments contained in the Annual Report 2021 were realized in the reporting period.

A.2 Results of operations

A.2.1 Revenue by segment and region

(in millions of €)¹	First half 2022	First half 2021	%-Change Act.	%-Change Comp.²
Siemens Healthineers	10,528	7,833	34%	13%
Therein:				
Imaging	5,146	4,687	10%	6%
Diagnostics	3,214	2,420	33%	29%
Varian	1,456	-	-	-
Advanced Therapies	893	820	9%	5%

¹ Siemens Healthineers: revenue according to IFRS, segments: total adjusted revenue.

² Year-over-year on a comparable basis, excluding effects in line with revaluation of contract liabilities from IFRS 3 purchase price allocations as well as currency translation and portfolio effects.

Revenue by region (location of customer)

(in millions of €)	First half 2022	First half 2021	%-Change Act.	%-Change Comp.¹
Europe, C.I.S., Africa, Middle East (EMEA)	3,783	2,929	29%	15%
Therein: Germany	893	652	37%	29%
Americas	4,047	2,686	51%	21%
Therein: United States	3,506	2,271	54%	23%
Asia, Australia	2,698	2,219	22%	-1%
Therein: China	1,203	1,100	9%	-9%
Siemens Healthineers	10,528	7,833	34%	13%

¹ Year-over-year on a comparable basis, excluding currency translation and portfolio effects as well as effects in line with revaluation of contract liabilities from IFRS 3 purchase price allocations.

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On a comparable basis, revenue increased by 13% compared to the prior-year period. Excluding rapid COVID-19 antigen tests, comparable growth was 4%. All segments contributed to the growth. The Diagnostics segment posted sharp growth, driven particularly by high demand for rapid COVID-19 antigen tests. On a nominal basis, revenue increased by 34% to €10,528 million. The positive impact from currency translation effects was around 4 percentage points on revenue growth, while the positive impact of portfolio effects was around 19 percentage points, mainly related to the Varian acquisition. Revenue in the first half was slightly negatively impacted by COVID-19 restrictions in China and by supply chain disruptions. The equipment book-to-bill ratio was at excellent 1.21 in the first half, clearly above the strong prior-year figure of 1.12.

Segments

Adjusted revenue in Imaging rose by 6% on a comparable basis. Magnetic Resonance reported significant growth, while Computed Tomography and Molecular Imaging recorded very strong growth. From a geographic perspective, comparable revenue growth was significant in the Americas and strong in EMEA, whereas adjusted revenue was slightly down in Asia, Australia due to a significant decrease in China compared with a very strong prior-year period. On a nominal basis, adjusted revenue rose by 10% to €5,146 million.

Adjusted revenue in Diagnostics rose by 29% on a comparable basis. Excluding rapid COVID-19 antigen tests, comparable growth was 2%. All regions contributed to the growth, in particular EMEA and the Americas with a sharp increase driven mainly by high demand for rapid COVID-19 antigen tests, which were sold primarily in Germany and the United States. Asia, Australia recorded moderate growth. On a nominal basis, adjusted revenue rose by 33% to €3,214 million. This includes revenue of €1,007 million from the sale of rapid COVID-19 antigen tests (prior year: €320 million).

The Varian segment achieved adjusted revenue of €1,456 million, around half of it in the Americas region.

Adjusted revenue of Advanced Therapies increased by 5% on a comparable basis. EMEA recorded significant growth and the Americas very strong comparable revenue growth. This was partly offset by a moderate decline in Asia, Australia compared with a strong prior-year period. On a nominal basis, adjusted revenue rose by 9% to €893 million.

Regions

In EMEA, revenue rose by 15% on a comparable basis. Diagnostics contributed sharp growth, Advanced Therapies significant growth and Imaging strong growth. Varian generated adjusted revenue of €421 million in EMEA. Germany reported sharp comparable revenue growth due to high demand for rapid COVID-19 antigen tests in the Diagnostics segment.

A 21% increase in comparable revenue in the Americas was driven by sharp growth in the Diagnostics segment. Imaging contributed significant growth and Advanced Therapies very strong growth. Varian generated adjusted revenue of €630 million in the Americas.

The United States posted sharp revenue growth on a comparable basis over a weak prior-year period, especially benefiting from high demand for rapid COVID-19 antigen tests in the Diagnostics segment. Siemens Healthineers rapid COVID-19 antigen tests were sold in the United States for the first time since January of 2022. Imaging posted significant growth and Advanced Therapies reported moderate growth.

In Asia, Australia, revenue declined slightly on a comparable basis. Imaging recorded a slight decline and Advanced Therapies a moderate decline compared with the strong prior-year period. These declines were mostly offset by moderate growth in Diagnostics. Varian generated adjusted revenue of €405 million in Asia, Australia.

China posted a very strong revenue decline on a comparable basis. This was primarily due to a significant decline in Imaging compared with a very strong prior-year period, which had benefited especially from high demand for computer tomographs and X-ray products during the COVID-19 pandemic. The Advanced Therapies segment recorded a moderate decline, whereas revenue in the Diagnostics segment increased slightly.

A.2.2 Adjusted EBIT

(Adjusted EBIT in millions of €, margin in %)	First half 2022	First half 2021
Adjusted EBIT Siemens Healthineers	1,879	1,404
Therein:		
Imaging	1,035	1,041
Diagnostics	586	268
Varian	212	-
Advanced Therapies	117	136
Adjusted EBIT margin Siemens Healthineers	17.8%	17.9%
Therein:		
Imaging	20.1%	22.2%
Diagnostics	18.2%	11.1%
Varian	14.5%	-
Advanced Therapies	13.1%	16.5%

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In the first half of fiscal year 2022, adjusted EBIT increased by 34% from the prior-year period, supported by positive revenue development, especially from the rapid COVID-19 antigen testing business, and the earnings contribution from Varian. The adjusted EBIT margin was 17.8%, close to the prior-year level of 17.9%. Higher procurement and logistics costs as well as currency effects were negatively impacting the margin. Higher contributions from the antigen testing business had a positive effect. Expenses for performance-related remuneration components were lower than in the prior-year period in all segments. This effect was partially offset by a slight rebound in travel and marketing costs compared with the pandemic-related very low level in the prior-year period.

Research and development (hereinafter "R&D") expenses increased by €192 million, or around 29%. This includes €152 million from the Varian segment. Excluding Varian and adjusted for currency translation, R&D expenses rose slightly compared to the prior-year-level. R&D intensity was roughly 8%, as in the prior-year period.

Selling and general administrative expenses increased by €511 million, or around 46%. Adjusted for currency translation, these expenses rose significantly compared to the prior-year-level, due partly to the inclusion of Varian.

Segments

The Imaging segment's adjusted EBIT margin was 20.1%, below the prior-year level. This was due, in particular, to negative currency effects and higher procurement and logistics costs. Adjusted EBIT declined to €1,035 million.

In Diagnostics, the adjusted EBIT margin of 18.2% was clearly above the prior-year level of 11.1%, driven by additional revenue from rapid COVID-19 antigen tests. Negative currency effects and higher procurement and logistics costs held back profitability. Adjusted EBIT increased to €586 million.

The Varian segment's adjusted EBIT margin was 14.5% based on adjusted EBIT of €212 million. High procurement and logistics costs had a negative impact.

In Advanced Therapies, the adjusted EBIT margin of 13.1% was below the prior-year level of 16.5%. Margin development was negatively affected by currency effects, increased procurement and logistics costs, and higher expenses for further development of the Corindus business. Adjusted EBIT declined to €117 million.

Reconciliation to net income

(in millions of €)	First half 2022	First half 2021
Adjusted EBIT	1,879	1,404
Amortization, depreciation and other effects from IFRS 3 purchase price allocation adjustments	-361	-66
Transaction, integration, retention and carve-out costs	-26	-23
Gains and losses from divestments	1	-
Severance charges	-40	-37
Total adjustments	-426	-126
EBIT	1,452	1,278
Financial income, net	-37	-56
Income before income taxes	1,415	1,223
Income tax expenses	-360	-338
Net income	1,055	885

Amortization, depreciation and other effects from IFRS 3 purchase price allocation adjustments increased to €361 million due to the acquisition of Varian.

Financial income improved from the prior-year period by €19 million to negative €37 million. The prior-year period included expenses in connection with the acquisition of Varian.

Income tax expenses increased by €22 million. The effective income tax rate was low at 25.4% in the first half of fiscal year 2022, compared to 27.6% in the prior-year period. This is due to a positive effect from the recognition of deferred tax assets.

Based on the effects described above, net income increased by €170 million to €1,055 million.

Reconciliation to basic earnings per share

(in €)	First half 2022	First half 2021
Basic earnings per share	0.93	0.81
Amortization, depreciation and other effects from IFRS 3 purchase price allocation adjustments	0.32	0.06
Transaction, integration, retention and carve-out costs	0.02	0.02
Gains and losses from divestments	-0.00	-
Severance charges	0.04	0.03
Transaction-related costs within financial income	-	0.03
Tax effects on adjustments ¹	-0.10	-0.04
Adjusted basic earnings per share	1.21	0.92

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

Due to the developments described above, adjusted basic earnings per share grew by 32% to €1.21 in the first half of fiscal year 2022. The higher adjustments compared with the prior-year period included in particular expenses connected with the acquisition of Varian.

A.3 Net assets and financial position

A.3.1 Net assets and capital structure

(in millions of €)	Mar 31, 2022	Sept 30, 2021 ¹
Operating net working capital	3,162	3,210
Remaining current assets	943	822
Remaining non-current assets	31,387	30,652
Net debt (including pensions)	-13,217	-12,809
Remaining current liabilities	-2,577	-3,135
Remaining non-current liabilities	-2,775	-2,686
Total equity	16,924	16,055

¹ Values include retrospective adjustments from the purchase price allocation from the acquisition of Varian as of April 15, 2021 within the twelve-months measurement period according to IFRS 3.

Material developments in the first half of the current fiscal year within net assets and capital structure are described below.

Operating net working capital

(in millions of €)	Mar 31, 2022	Sept 30, 2021 ¹
Trade and other receivables	3,941	3,740
Contract assets	1,174	1,116
Inventories	3,673	3,179
Trade payables	-2,252	-1,921
Contract liabilities	-3,383	-2,901
Receivables from and payables to the Siemens Group from operating activities	10	-3
Operating net working capital	3,162	3,210

¹ Values include retrospective adjustments from the purchase price allocation from the acquisition of Varian as of April 15, 2021 within the twelve-months measurement period according to IFRS 3.

Operating net working capital declined by €48 million to €3,162 million, slightly below the level of the prior fiscal year.

Trade and other receivables and inventories rose by €201 million and €494 million, respectively, due to the growth in business volume, in particular related to the additional business from rapid COVID-19 antigen tests. The significant increase in inventories served to ensure future delivery capability. Correspondingly, trade payables increased by €331 million. The contract liabilities increased by €483 million.

Remaining current assets

(in millions of €)	Mar 31, 2022	Sept 30, 2021
Other current financial assets ¹	185	163
Current income tax assets	30	56
Other current assets	613	489
Remaining current receivables from the Siemens Group	115	114
Remaining current assets	943	822

¹ Excluding market value of forwards for hedging of foreign currency liabilities from financing activities.

Remaining non-current assets

(in millions of €)	Mar 31, 2022	Sept 30, 2021 ²
Goodwill	17,875	17,456
Other intangible assets	8,117	8,074
Property, plant and equipment	3,911	3,712
Investments accounted for using the equity method	33	33
Other financial assets ¹	439	436
Deferred tax assets	528	481
Other assets	484	460
Remaining non-current assets	31,387	30,652

¹ Excluding market value of forwards for hedging of foreign currency liabilities from financing activities.

² Values include retrospective adjustments from the purchase price allocation from the acquisition of Varian as of April 15, 2021 within the twelve-months measurement period according to IFRS 3.

Remaining non-current assets increased by €735 million to €31,387 million. Therein, effects from currency translation had a positive impact, especially in the line item Goodwill. The increase of property, plant and equipment by €199 million continued to be the result of investments in capacity expansions, primarily in Germany and China.

Net debt (including pensions)

(in millions of €)	Mar 31, 2022	Sept 30, 2021
Cash and cash equivalents	-1,076	-1,322
Current receivables from the Siemens Group from financing activities	-848	-594
Receivables from the Siemens Group from financing activities	-3	-
Current liabilities to the Siemens Group from financing activities	3,524	1,926
Liabilities to the Siemens Group from financing activities	11,078	11,708
Market value of forwards for hedging of foreign currency liabilities from financing activities	-918	-498
Short-term financial debt and current maturities of long-term financial debt	238	225
Long-term financial debt	442	457
Net debt	12,438	11,901
Provisions for pensions and similar obligations	779	908
Net debt (including pensions)	13,217	12,809

Net debt

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

Net debt rose by €537 million to €12,438 million, mainly due to the decrease of the balance of current receivables from and liabilities to the Siemens Group from financing activities, among others, as a result of the dividend payout of €955 million in the first half of fiscal year 2022.

Current liabilities to the Siemens Group from financing activities increased due to the reclassification of a loan amounting to US\$1.2 billion due to mature in March, 2023, while liabilities to the Siemens Group from financing activities decreased accordingly.

The strengthening of the U.S. dollar against the Euro led, in particular, to an increase of liabilities to the Siemens Group from financing activities, which, however, was largely offset by the rise in the market value of forwards for hedging of foreign currency liabilities from financing activities.

The decrease of €246 million in cash and cash equivalents was due, on the one hand, to the investment of cash from Siemens Healthineers entities in China with the Siemens Group. On the other hand, the line item declined as a result of the repayment of an intra-group loan from a Varian company that is not yet integrated into the cash pooling. Both factors positively affected the balance of current receivables from and current liabilities to the Siemens Group from financing activities.

Pensions

Provisions for pensions and similar obligations decreased by €129 million, mainly due to an increase in the underlying discount rate in countries with significant pension commitments. For additional information, please refer to → **Note 5 Provisions for pensions and similar obligations** in the notes to the half-year consolidated financial statements.

Financing management

As of March 31, 2022, the two multicurrency revolving credit facilities of up to in total €2.1 billion (September 30, 2021: €2.1 billion) granted by the Siemens Group, were utilized in the total amount of €498 million (September 30, 2021: €311 million).

Remaining current liabilities

(in millions of €)	Mar 31, 2022	Sept 30, 2021 ²
Other current financial liabilities ¹	288	263
Current provisions	369	386
Current income tax liabilities	390	468
Other current liabilities	1,531	2,016
Remaining current liabilities to the Siemens Group	-	1
Remaining current liabilities	2,577	3,135

¹ Excluding market value of forwards for hedging of foreign currency liabilities from financing activities.

² Values include retrospective adjustments from the purchase price allocation from the acquisition of Varian as of April 15, 2021 within the twelve-months measurement period according to IFRS 3.

Remaining current liabilities declined by €558 million to €2,577 million, primarily due to the decrease of other current liabilities by €486 million. This is mainly a result of lower accruals for performance-related remuneration components and a special one-time payment to employees.

Remaining non-current liabilities

(in millions of €)	Mar 31, 2022	Sept 30, 2021
Deferred tax liabilities	2,200	2,082
Provisions	133	150
Other financial liabilities ¹	17	19
Other liabilities	425	435
Remaining non-current liabilities	2,775	2,686

¹ Excluding market value of forwards for hedging of foreign currency liabilities from financing activities.

Total equity

(in millions of €)	Mar 31, 2022	Sept 30, 2021 ¹
Issued capital	1,128	1,128
Capital reserve	15,818	15,818
Retained earnings	-117	-300
Other components of equity	298	-369
Treasury shares	-210	-240
Total equity attributable to shareholders of Siemens Healthineers AG	16,916	16,037
Non-controlling interests	8	18
Total equity	16,924	16,055

¹ Values include retrospective adjustments from the purchase price allocation from the acquisition of Varian as of April 15, 2021 within the twelve-months measurement period according to IFRS 3.

Equity rose by €869 million to €16,924 million. This includes an increase of retained earnings by €183 million, mainly due to net income of €1,055 million for the first half of fiscal year 2022. The payment of dividends in an amount of €955 million had a reducing effect. Furthermore, the other components of equity increased by €667 million, mainly as a result of currency translation differences. This was partly offset by a decrease of the cost of hedging reserve associated with foreign currency loans.

For further details regarding equity, please see → **Note 6 Equity** in the notes to the half-year consolidated financial statements.

A.3.2 Cash flows

(in millions of €)	First half 2022	First half 2021
Net income	1,055	885
Change in operating net working capital	101	54
Other reconciling items to cash flows from operating activities	-55	378
Cash flows from operating activities	1,101	1,316
Cash flows from investing activities	-383	-328
Cash flows from financing activities	-1,022	-1,073

Operating activities

Despite higher net income, which, unlike the prior-year period, includes Varian, cash inflows from operating activities decreased by €215 million to €1,101 million.

The decrease in other reconciling items to cash flows from operating activities of €433 million is, in particular, related to changes in other assets and liabilities. This mainly resulted from the fact that, in contrast to the prior-year period, non-cash expenses for performance-related remuneration components were significantly lower than the payouts, including a special one-time payment deferred in the prior year.

The growth in business volume led to increases in all items of operating net working capital in the first half of fiscal year 2022, which largely offset each other. The change in operating net working capital resulted in a net release of funds of €101 million in cash flow from operating activities.

Investing activities

Cash outflows from investing activities increased by €56 million to €383 million. Compared to the prior-year period, this was due mainly to higher cash outflows for capacity expansions in Germany and China.

Financing activities

In the first half of the fiscal year 2022, cash outflows from financing activities amounted to €1,022 million and were thus on the level of the prior-year period. This includes, in particular, an increase of €98 million within dividend payouts totaling €955 million. Cash outflows for the purchase of treasury shares to fulfill share-based payment programs totaled €84 million, €78 million lower compared to the prior-year period.

In the prior-year period, cash inflows from borrowings and from the capital increase to finance the acquisition of Varian was largely offset by cash outflows for the investment of these funds with the Siemens Group.

Free cash flow

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

(in millions of €)	First half 2022	First half 2021
Cash flows from operating activities	1,101	1,316
Additions to intangible assets and property, plant and equipment	-382	-289
Free cash flow	719	1,027

A.4 Outlook

Expected market development

Siemens Healthineers markets are influenced by various factors. The development of the pandemic and the occurrence of infection will depend on the evolution of vaccination rates, local COVID-19 regulations and potential new virus variants, among other factors. As market development remains characterized by volatility and rapid change, the customary and historic development patterns for Siemens Healthineers markets may be only partially suitable for forecasting purposes because of this unpredictability. Therefore, it is challenging to reliably estimate the impact of COVID-19 on our addressed markets and, thus, the expected development of these markets is challenging.

It is anticipated that global economic growth will slow in the current year. However, the healthcare sector is more independent of the broader business cycle than other sectors. Essentially, the short-term development of our addressed markets will be influenced by shortages of intermediate goods (especially semiconductors) and raw materials, disruption to supply chains, and geopolitical unrest, mainly due to the war in Ukraine. Supply chain bottlenecks and geopolitical tensions could represent challenges for the markets and customers' willingness to invest in new equipment. However, the actual effects on our addressed markets will become evident only in the months ahead.

Compared with the estimates given in the annual report 2021, we expect the following changes in the second half of fiscal 2022:

In the markets for our Imaging segment, we expect the strong recovery of the market for molecular imaging to continue and the sharp market growth to reach a higher level than in fiscal year 2021.

For the Diagnostics' markets, we expect a sharp decline in demand for tests for acute infection with the SARS-CoV pathogen. In particular, the markets for rapid COVID-19 antigen tests will experience a sharp decline.

The market for Varian is likely to continue its recovery in the second half of fiscal year 2022, even though the effects of the pandemic are still ongoing. COVID-19-related delays and interruptions to treatment in 2020 and 2021 will likely have an impact on the success of treating cancer patients and their mortality in the years ahead. Future variants could further reinforce this trend. This could result in greater public investment in cancer treatment, as it could be observed for example in Spain.

Growth in Advanced Therapies' market is likely to exceed the pre-pandemic level in the second half of 2022. This development is being driven primarily by refocusing on issues other than COVID-19. For this reason, we are expecting a positive influence on the market from major tenders and public initiatives for treating stroke.

Expected business development

Due to the further increased demand for rapid COVID-19 antigen tests, we again raise our outlook for fiscal year 2022.

We now expect comparable revenue growth between 5.5% and 7.5% from fiscal year 2021 (previously 3% to 5% in the outlook from the first quarter of fiscal year 2022 (hereinafter "Q1 2022") and 0% to 2% in the annual report 2021). We expect adjusted basic earnings per share (adjusted for expenses for portfolio-related measures, and severance charges, net of tax) to be between €2.25 and €2.35 (previously €2.18 to €2.30 in the outlook from Q1 2022 and €2.08 to €2.20 in the annual report 2021).

In fiscal year 2022, we now expect comparable revenue growth between 6% and 8% in the Imaging segment (previously 5% to 8% in the annual report 2021) and an adjusted EBIT margin between 21% and 22% (previously 22% to 23% in the annual report 2021).

For the Diagnostics segment we now expect a mid-single digit comparable revenue growth (previously low-single digit negative in the outlook from Q1 2022 and mid-teens negative in the annual report 2021) and an adjusted EBIT margin in the low- to mid-teens (previously low-teens in the outlook from Q1 2022 and high-single digits in the annual report 2021) in fiscal year 2022. The outlook is now based on the assumption that the segment will generate around €1,300 million (previously around €700 million in the outlook from Q1 2022 and around €200 million in the annual report 2021) in revenue with rapid COVID-19 antigen tests.

The expectations for the Varian segment and the Advanced Therapies segment remain unchanged.

The outlook is based on several assumptions. These include the expectation that the main COVID-19 related restrictions in China will cease during the third quarter of the fiscal year and that beyond this, there will be no negative impact from measures to keep the COVID-19 pandemic globally under control. We expect that procurement and logistics costs will remain high in the second half of the fiscal year. It is assumed that developments related to the war in Ukraine will have no material adverse effect on our business activities. The outlook is also based on current exchange rate assumptions and excludes portfolio activities. Furthermore, it is based on the number of outstanding shares at the end of fiscal year 2021 and excludes charges related to legal, tax, and regulatory matters and frameworks.

A.5 Risks and opportunities

In our annual report for fiscal year 2021 we described certain risks which could have a material adverse effect on our business situation, net asset and financial position (including effects on cash flows), results of operations and reputation. In addition, we described our significant opportunities as well as the design of our risk management system.

During the reporting period, we identified no additional significant risks and opportunities besides those presented in our annual report for fiscal year 2021.

Nevertheless, there continues to be an unstable political, regulatory and economic environment in certain countries. Geopolitical tensions and resulting conflicts significantly increased our existing risk from economic, political and geopolitical developments. Especially the war in Ukraine and its broad geopolitical and macroeconomic consequences might adversely impact our business considerably. In addition, there are increasing localization requirements and regulations being imposed or considered by several countries, partly triggered by the recent conflict. We see that more countries are implementing protectionist measures and starting efforts towards deglobalization and more economic independence. Such initiatives could worsen our competitive position by adversely affecting our business volume and market share as well as our cost position. In order to ensure business operations and reduce business impacts, we initiated measures such as setting up dedicated task forces and coordinating local response plans. However, due to the highly volatile situation and uncertainty the full extent of the worldwide effects and consequences cannot yet be anticipated. We continue to observe developments on an ongoing basis in order to quickly identify changes, evaluate potential impacts, assess risks and adjust our measures accordingly.

The war in Ukraine currently mainly impacts our risk from economic, political and geopolitical developments but also has an influence on other risks such as supply chain management and compliance with laws for example due to tightened export regulations and sanctions imposed on Russia.

Considering the aspects mentioned above, the most significant risks now are economic, political and geopolitical developments, cybersecurity and legal and regulatory environment.

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 in their known form either individually or in combination with other risks could endanger our ability to continue as a going concern. Chapter → **C.3 Notes and forward-looking statements** should be noted.

B. Half-year consolidated financial statements

B.1 Consolidated statements of income

(in millions of €, earnings per share in €)	Note	First half 2022	First half 2021
Revenue	8	10,528	7,833
Cost of sales		-6,582	-4,761
Gross profit		3,946	3,073
Research and development expenses		-852	-660
Selling and general administrative expenses		-1,629	-1,118
Other operating income		4	2
Other operating expenses		-18	-18
Income from investments accounted for using the equity method, net		2	1
Earnings before interest and taxes		1,452	1,278
Interest income		20	11
Interest expenses	9	-49	-35
Other financial income, net		-8	-31
Income before income taxes		1,415	1,223
Income tax expenses		-360	-338
Net income		1,055	885
Thereof attributable to:			
Non-controlling interests		11	10
Shareholders of Siemens Healthineers AG		1,045	875
Basic earnings per share		0.93	0.81
Diluted earnings per share		0.93	0.81

B.2 Consolidated statements of comprehensive income

(in millions of €)	Note	First half 2022	First half 2021
Net income		1,055	885
Remeasurements of defined benefit plans	5	101	89
Therein: Income tax effects		-42	-24
Remeasurements of equity instruments		-1	-
Therein: Income tax effects		-1	-
Other comprehensive income that will not be reclassified to profit or loss		100	89
Currency translation differences		763	63
Cash flow hedges		28	14
Therein: Income tax effects		-14	-9
Cost/Income from hedging		-123	-139
Therein: Income tax effects		53	49
Other comprehensive income that may be reclassified subsequently to profit or loss		668	-62
Other comprehensive income, net of taxes		768	27
Comprehensive income		1,823	912
Thereof attributable to:			
Non-controlling interests		11	11
Shareholders of Siemens Healthineers AG		1,812	901

B.3 Consolidated statements of financial position

(in millions of €)	Note	Mar 31, 2022	Sept 30, 2021 (adjusted) ¹	Sept 30, 2021 (reported)
Cash and cash equivalents	7	1,076	1,322	1,322
Trade and other receivables	7	3,941	3,740	3,740
Other current financial assets	7	274	169	169
Current receivables from the Siemens Group	7, 9	978	711	711
Contract assets		1,174	1,116	1,159
Inventories		3,673	3,179	3,179
Current income tax assets		30	56	56
Other current assets		613	489	489
Total current assets		11,759	10,782	10,824
Goodwill	3	17,875	17,456	17,512
Other intangible assets		8,117	8,074	8,211
Property, plant and equipment		3,911	3,712	3,712
Investments accounted for using the equity method		33	33	33
Other financial assets	7	1,268	928	928
Receivables from the Siemens Group		3	-	-
Deferred tax assets		528	481	481
Other assets		484	460	460
Total non-current assets		32,219	31,145	31,338
Total assets		43,978	41,927	42,162
Short-term financial debt and current maturities of long-term financial debt	7	238	225	225
Trade payables	7	2,252	1,921	1,921
Other current financial liabilities	7	288	263	263
Current liabilities to the Siemens Group	7, 9	3,529	1,932	1,932
Contract liabilities		3,383	2,901	2,883
Current provisions		369	386	356
Current income tax liabilities		390	468	468
Other current liabilities		1,531	2,016	2,016
Total current liabilities		11,979	10,113	10,065
Long-term financial debt	7	442	457	457
Provisions for pensions and similar obligations	5	779	908	908
Deferred tax liabilities		2,200	2,082	2,082
Provisions		133	150	150
Other financial liabilities	7	17	19	19
Other liabilities		425	435	435
Liabilities to the Siemens Group	7, 9	11,078	11,708	11,708
Total non-current liabilities		15,075	15,758	15,758
Total liabilities		27,053	25,871	25,823
Issued capital		1,128	1,128	1,128
Capital reserve		15,818	15,818	15,818
Retained earnings		-117	-300	-300
Other components of equity		298	-369	-85
Treasury shares		-210	-240	-240
Total equity attributable to shareholders of Siemens Healthineers AG	6	16,916	16,037	16,321
Non-controlling interests		8	18	18
Total equity		16,924	16,055	16,339
Total liabilities and equity		43,978	41,927	42,162

¹ Values include retrospective adjustments from the purchase price allocation from the acquisition of Varian as of April 15, 2021 within the twelve-months measurement period according to IFRS 3. For further information, please refer to → [Note 3 Acquisitions](#).

B.4 Consolidated statements of cash flows

(in millions of €)	First half 2022	First half 2021
Net income	1,055	885
Adjustments to reconcile net income to cash flows from operating activities:		
Amortization, depreciation and impairments	669	408
Income tax expenses	360	338
Interest income/expenses, net	29	24
Income/loss related to investing activities	6	1
Other non-cash income/expenses, net	54	41
Change in operating net working capital		
Contract assets	-35	44
Inventories	-373	-74
Trade and other receivables	-135	-201
Receivables from and payables to the Siemens Group from operating activities	-13	4
Trade payables	277	116
Contract liabilities	380	164
Change in other assets and liabilities	-691	76
Additions to equipment leased to others in operating leases	-129	-125
Income taxes paid	-370	-416
Dividends received	1	-
Interest received	16	31
Cash flows from operating activities	1,101	1,316
Additions to intangible assets and property, plant and equipment	-382	-289
Purchase of investments and financial assets for investment purposes	-	-6
Acquisitions of businesses, net of cash acquired	-11	-35
Disposal of investments, intangible assets and property, plant and equipment	12	2
Disposal of businesses, net of cash disposed	-2	-
Cash flows from investing activities	-383	-328
Purchase of treasury shares	-84	-163
Issuance of new shares	-	2,315
Other transactions with owners	1	2
Repayment of long-term debt (including current maturities of long-term debt)	-79	-61
Change in short-term financial debt and other financing activities	-2	4
Interest paid	-10	-8
Dividends paid to shareholders of Siemens Healthineers AG	-955	-856
Dividends paid to non-controlling interests	-19	-17
Interest paid to the Siemens Group	-106	-62
Other transactions/financing with the Siemens Group	232	-2,226
Cash flows from financing activities	-1,022	-1,073
Effect of changes in exchange rates on cash and cash equivalents	58	-13
Change in cash and cash equivalents	-246	-97
Cash and cash equivalents at beginning of period	1,322	656
Cash and cash equivalents at end of period	1,076	559

B.5 Consolidated statements of changes in equity

(In millions of €)	Other components of equity										Total equity
	Issued capital	Capital reserve	Retained earnings	Currency translation differences	Reserve of equity instruments measured at fair value through other comprehensive income	Cash flow hedges reserve	Cost of hedging reserve	Treasury shares at cost	Total equity attributable to shareholders of Siemens Healthineers AG	Non-controlling interests	
Balance as of October 1, 2020	1,075	13,476	-1,276	-862	-33	37	117	-36	12,498	13	12,511
Net income	-	-	875	-	-	-	-	-	875	10	885
Other comprehensive income, net of taxes	-	-	89	62	-	14	-139	-	26	1	27
Dividends	-	-	-856	-	-	-	-	-	-856	-17	-873
Share-based payment	-	23	-	-	-	-	-	-	23	-	23
Purchase of treasury shares	-	-	-	-	-	-	-	-161	-161	-	-161
Reissuance of treasury shares	-	3	-	-	-	-	-	38	41	-	41
Issuance of new shares	53	2,275	-	-	-	-	-	-	2,328	-	2,328
Other changes in equity	-	-	-12	-	-	-	-	-	-12	1	-11
Balance as of March 31, 2021	1,128	15,777	-1,180	-800	-33	51	-22	-159	14,762	8	14,770
Balance as of October 1, 2021¹	1,128	15,818	-300	-426	-29	-3	89	-240	16,037	18	16,055
Net income	-	-	1,044	-	-	-	-	-	1,044	11	1,055
Other comprehensive income, net of taxes	-	-	101	763	-1	28	-123	-	768	-	768
Dividends	-	-	-955	-	-	-	-	-	-955	-18	-973
Share-based payment	-	-7	-	-	-	-	-	-	-7	-	-7
Purchase of treasury shares	-	-	-	-	-	-	-	-70	-70	-	-70
Reissuance of treasury shares	-	7	-	-	-	-	-	99	106	-	106
Other changes in equity	-	-	-8	-	-	-	-	-	-8	-3	-11
Balance as of March 31, 2022	1,128	15,818	-117	337	-30	25	-35	-210	16,916	8	16,924

¹ Values include retrospective adjustments from the purchase price allocation from the acquisition of Varian as of April 15, 2021 within the twelve-months measurement period according to IFRS 3. For further information, please refer to → **Note 3 Acquisitions**.

B.6 Notes to half-year consolidated financial statements

Note 1 Basis of presentation

The condensed half-year consolidated financial statements as of March 31, 2022, present the operations of Siemens Healthineers AG and its subsidiaries (hereinafter, collectively, "Group" or "Siemens Healthineers"). The half-year consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU), in particular in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. The half-year consolidated financial statements were prepared and published in euros (€). Due to rounding, numbers may not add up precisely to the totals provided.

The results achieved in the interim reporting period are not necessarily indicative of the development of future business performance. The COVID-19 pandemic and associated significant uncertainties have been considered, where relevant, in accounting estimates and judgments. In the first half of fiscal year 2022, the COVID-19 pandemic did not lead to material adjustments of the carrying amounts of recognized assets and liabilities and there is currently no significant risk that the COVID-19 pandemic will lead to material adjustments in the second half of fiscal year 2022.

In connection with the war in Ukraine, there were no material adjustments to the carrying amounts of the assets and liabilities in the first half of fiscal year 2022. Siemens Healthineers neither has production sites in Ukraine nor Russia. The business activities of the sales and service units could be negatively impacted by further escalation of the war, possible further sanctions, or the exchange rate development of the respective local currencies. Due to the volatile geopolitical situation, the impacts for the second half of fiscal year 2022 cannot be reliably estimated. The associated risks are monitored on an ongoing basis.

For further information on impacts from the COVID-19 pandemic, on the impacts of the war in Ukraine so far, on disaggregation of revenue and on segment information, please see disclosures in the interim group management report.

The half-year consolidated financial statements are unaudited. They were authorized for issue by the Managing Board of Siemens Healthineers AG on April 29, 2022.

Note 2 Accounting policies

The accounting policies applied for the preparation of the half-year consolidated financial statements are consistent with those accounting policies applied for the preparation of the consolidated financial statements for fiscal year 2021. Income tax expenses are determined in interim reporting periods on the basis of the current estimated annual effective tax rate of Siemens Healthineers for the overall year.

Note 3 Acquisitions

Acquisition of Varian

On April 15, 2021, Siemens Healthineers acquired all shares in Varian Medical Systems, Inc. (hereinafter “Varian”). In the current fiscal year 2022, the purchase price allocation, which was still preliminary as of September 30, 2021, was reviewed and finalized in accordance with the requirements of IFRS 3, Business Combinations, within the one-year measurement period. Comparative information for the period between the acquisition transaction and the completion of the purchase price allocation in the second quarter of fiscal year 2022 has been presented retrospectively as if the purchase price allocation had already been completed at the acquisition date.

The purchase price paid in cash amounted to US\$16.4 billion (€13.9 billion as of the acquisition date). Siemens Healthineers redeemed financial liabilities of Varian amounting to US\$50.1 million (€41.8 million as of the acquisition date), separately from the transaction.

The following table presents the assets and liabilities of the preliminary and final purchase price allocation:

(in millions of €)	Final purchase price allocation	Preliminary purchase price allocation
Cash and cash equivalents	552	552
Trade and other receivables	581	579
Other current financial assets	93	95
Contract assets	98	141
Inventories	764	764
Other current assets	118	114
Goodwill	8,193	8,027
Other intangible assets	6,216	6,285
Property, plant and equipment	524	525
Miscellaneous assets	191	192
Total assets	17,330	17,273
Trade payables	232	231
Other current financial liabilities	83	80
Contract liabilities	731	713
Current provisions	105	75
Current income tax liabilities	183	181
Other current liabilities	274	273
Long-term financial debt	86	86
Deferred tax liabilities	1,571	1,566
Miscellaneous liabilities	206	209
Total liabilities	3,471	3,413
<i>Non-controlling interests</i>	6	6

Adjustments were made mainly to intangible assets and goodwill. This is mainly due to valuation effects resulting from the final allocation of intangible assets, including goodwill, to the currency areas. In addition, adjustments were made to contract assets, contract liabilities and current provisions in connection with the acquired project business in the field of proton therapy centers.

Note 4 Income taxes

In the first half of fiscal year 2022, the tax rate of 25.4% was lower than the tax rate for the first half of fiscal year 2021, which was 27.6%. This resulted mainly from a positive effect from the recognition of deferred tax assets for loss carryforwards and temporary differences in the amount of €46 million.

Note 5 Provisions for pensions and similar obligations

In the first half of fiscal year 2022, provisions for pensions and similar obligations decreased by €129 million to €779 million as of March 31, 2022 (September 30, 2021: €908 million). The change resulted mainly from a decrease of the defined benefit obligation due to an increase of the weighted-average discount rate from 1.7% as of September 30, 2021, to 2.4% as of March 31, 2022. This effect was partly offset by a negative development of plan assets.

Note 6 Equity

Resolutions of the Shareholders' Meeting 2022

The Authorized Capital 2021 was canceled by resolution at the Shareholders' Meeting on February 15, 2022. With this resolution, the Managing Board was simultaneously authorized by the Shareholders' Meeting to increase the capital stock, with the approval of the Supervisory Board, on one or more occasions, in one total sum or in installments, during the period until February 14, 2027 by up to €564 million by issuing up to 564,000,000 new ordinary registered shares with no par value against contributions in cash and/or in kind (Authorized Capital 2022). Furthermore, the Managing Board was authorized to exclude the subscription rights of the shareholders with the approval of the Supervisory Board.

The Conditional Capital 2021 and the authorization to issue convertible bonds or warrants under warrant bonds as of February 12, 2021 were canceled by resolution at the Shareholders' Meeting on February 15, 2022. Simultaneously, the share capital was conditionally increased by up to €112.8 million (112,800,000 shares, Conditional Capital 2022) and the authorization of the Managing Board to issue convertible bonds and/or warrant bonds was renewed. The Conditional Capital 2022 serves to grant shares to holders or creditors of bonds issued by Siemens Healthineers AG or one of its affiliated companies until February 14, 2027. Furthermore, the Managing Board was authorized to exclude the subscription rights of the shareholders with the approval of the Supervisory Board.

The authorization of February 12, 2021 to acquire and use treasury shares was canceled by resolution at the Shareholders' Meeting on February 15, 2022. Simultaneously, the Managing Board was authorized to acquire treasury shares until February 14, 2027 for any permissible purpose in an aggregate amount of up to 10% of the capital stock existing at the time the resolution is adopted or, if this amount is lower, of the capital stock existing at the time the authorization is exercised.

Further disclosures

Authorized capital: As of March 31, 2022, the authorized capital of Siemens Healthineers AG was €564 million or 564,000,000 shares (September 30, 2021: €484.5 million or 484,500,000 shares) and the conditional capital of Siemens Healthineers AG was €112.8 million or 112,800,000 shares (September 30, 2021: €107.5 million or 107,500,000 shares).

Treasury shares: In the first half of fiscal year 2022, Siemens Healthineers repurchased 1,126,679 (first half of fiscal year 2021: 4,067,889) shares utilizing the authorization granted by the Shareholders' Meeting held on February 12, 2021, and transferred 2,072,061 (first half of fiscal year 2021: 971,827) treasury shares in conjunction with share-based payment plans.

Dividends: In the second quarter of fiscal year 2022, the dividend payout was €0.85 per share entitled to the dividend.

Note 7 Financial instruments

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

Carrying amounts as of Mar 31, 2022		In scope of IFRS 9					Not in scope of IFRS 9	Total
(in millions of €)	Category of financial assets and liabilities (IFRS 9)¹	Measured at amortized cost	Measured at fair value					
			Level 1	Level 2	Level 3			
Cash and cash equivalents	AC	1,076	-	-	-	-	1,076	
Trade receivables ²	AC	3,884	-	-	-	-	3,884	
Receivables from finance leases ³	n.a.	-	-	-	-	276	276	
Current and non-current receivables from the Siemens Group	AC	981	-	-	-	-	981	
Other current and non-current financial assets²								
Derivatives included in hedge accounting	n.a.	-	-	922	-	-	922	
Derivatives not included in hedge accounting	FVtPL	-	-	21	-	-	21	
Equity instruments and fund shares measured at fair value through profit or loss	FVtPL	-	28	6	86	-	120	
Equity instruments measured at fair value through other comprehensive income	FVtOCI	-	-	-	50	-	50	
Debt instruments measured at fair value through profit or loss	FVtPL	-	-	1	44	-	45	
Other	AC	166	-	-	-	-	166	
Total financial assets		6,107	28	950	179	276	7,540	
Short-term and current maturities of long-term financial debt as well as long-term financial debt⁴								
Short-term and current maturities of long-term financial debt as well as long-term financial debt ⁴	AC	95	-	-	-	-	95	
Trade payables	AC	2,252	-	-	-	-	2,252	
Lease liabilities ⁵	n.a.	-	-	-	-	649	649	
Current and non-current liabilities to the Siemens Group ⁴	AC	14,542	-	-	-	-	14,542	
Other current and non-current financial liabilities								
Derivatives included in hedge accounting	n.a.	-	-	65	-	-	65	
Derivatives not included in hedge accounting	FVtPL	-	-	32	-	-	32	
Contingent considerations from business combinations	FVtPL	-	-	-	7	-	7	
Liabilities from written put options on non-controlling interests	n.a.	-	-	-	-	81	81	
Other	AC	120	-	-	-	-	120	
Total financial liabilities		17,010	-	97	7	730	17,844	

¹ AC = Financial Assets/Liabilities at Amortized Cost;
FVtPL = Financial Assets/Liabilities at Fair Value through Profit or Loss;
FVtOCI = Financial Assets at Fair Value through Other Comprehensive Income;
n.a. = not applicable.

² Excluding separately disclosed receivables from finance leases.

³ Reported in the line items trade and other receivables as well as other financial assets.

⁴ Excluding separately disclosed lease liabilities.

⁵ Reported in the line items short-term financial debt and current maturities of long-term financial debt, long-term financial debt, current liabilities to the Siemens Group and liabilities to the Siemens Group.

Carrying amounts as of Sept 30, 2021

(in millions of €)	Category of financial assets and liabilities (IFRS 9) ¹	In scope of IFRS 9					Not in scope of IFRS 9	Total
		Measured at amortized cost	Measured at fair value					
			Level 1	Level 2	Level 3			
Cash and cash equivalents	AC	1,322	-	-	-	-	1,322	
Trade receivables ²	AC	3,687	-	-	-	-	3,687	
Receivables from finance leases ³	n.a.	-	-	-	-	265	265	
Current receivables from the Siemens Group	AC	711	-	-	-	-	711	
Other current and non-current financial assets ²								
Derivatives included in hedge accounting	n.a.	-	-	502	-	-	502	
Derivatives not included in hedge accounting	FVtPL	-	-	20	-	-	20	
Equity instruments and fund shares measured at fair value through profit or loss	FVtPL	-	40	4	83	-	127	
Equity instruments measured at fair value through other comprehensive income	FVtOCI	-	-	-	47	-	47	
Debt instruments measured at fair value through profit or loss	FVtPL	-	-	1	42	-	43	
Other	AC	146	-	-	-	-	146	
Total financial assets		5,866	40	528	172	265	6,871	
Short-term and current maturities of long-term financial debt as well as long-term financial debt ⁴	AC	97	-	-	-	-	97	
Trade payables	AC	1,921	-	-	-	-	1,921	
Lease liabilities ⁵	n.a.	-	-	-	-	656	656	
Current and non-current liabilities to the Siemens Group ⁴	AC	13,569	-	-	-	-	13,569	
Other current and non-current financial liabilities								
Derivatives included in hedge accounting	n.a.	-	-	45	-	-	45	
Derivatives not included in hedge accounting	FVtPL	-	-	14	-	-	14	
Contingent considerations from business combinations	FVtPL	-	-	-	27	-	27	
Liabilities from written put options on non-controlling interests	n.a.	-	-	-	-	72	72	
Other	AC	124	-	-	-	-	124	
Total financial liabilities		15,710	-	59	27	728	16,525	

¹ AC = Financial Assets/Liabilities at Amortized Cost;
FVtPL = Financial Assets/Liabilities at Fair Value through Profit or Loss;
FVtOCI = Financial Assets at Fair Value through Other Comprehensive Income;
n.a. = not applicable.

² Excluding separately disclosed receivables from finance leases.

³ Reported in the line items trade and other receivables as well as other financial assets.

⁴ Excluding separately disclosed lease liabilities.

⁵ Reported in the line items short-term financial debt and current maturities of long-term financial debt, long-term financial debt, current liabilities to the Siemens Group and liabilities to the Siemens Group.

The carrying amount of liabilities to the Siemens Group from U.S. dollar-denominated long-term loans was €10,925 million as of March 31, 2022 (September 30, 2021: €11,552 million). The fair value of these liabilities, which is based on prices provided by price service agencies (level 2), amounted to €10,332 million as of March 31, 2022 (September 30, 2021: €11,768 million). The carrying amounts of the remaining financial assets and liabilities measured at amortized cost approximated their fair value.

The determination of the fair values of derivatives depended on the specific type of instrument. The fair values of forward exchange contracts and foreign exchange swaps were based on forward exchange rates (level 2). Options were generally valued based on market prices or based on option pricing models (level 2).

Except for publicly listed investments for which a quoted price in an active market exists (level 1), the fair values of venture capital investments were generally determined on the basis of prices from most recently executed financing rounds (level 3). The fair values of other equity instruments were generally derived from a discounted cash flow valuation (level 3). Expected cash flows are thereby subject to future market and business developments as well as price volatility. The discount rates applied consider respective risk-adjusted capital costs. The fair value measurement of fund shares was based on their net asset values (level 2).

Debt instruments measured at fair value through profit or loss consisted mainly of bonds and loans related to the financing of proton therapy centers in the Varian segment. In this context, Siemens Healthineers, along with other debt investors, provided funds to various entities for the development, construction and operation of proton therapy centers, primarily in the United States. Repayment is linked either directly or indirectly to the commercial success of the respective centers. The fair values of the bonds are based on comparable bond issues, broker and dealer quotations for the same or similar investments in active markets, and other observable inputs such as yields, credit risks, default rates, and volatilities (level 2). The fair values of the loans are primarily based on parameters such as the individual creditworthiness of the debtor and the risk characteristics and operating performance of the financed project (level 3). Where appropriate, a probability weighted expected return model is used, utilizing management's assumptions of different outcomes such as the sale, refinancing or closure of the therapy center. Credit ratings are taken into account when adjusting the fair values for credit risks. Consequently, a better rating will generally result in an increased fair value of the loan receivable. As of March 31, 2022, the carrying amounts of financings provided by Siemens Healthineers and measured at fair value through profit or loss were €23 million (September 30, 2021: €22 million), while the total undiscounted amount, including accrued interest, amounted to €173 million (September 30, 2021: €160 million). In addition, the carrying amounts of trade receivables and contract assets related to the proton therapy centers amounted to €11 million (September 30, 2021: €10 million). The carrying amounts represent the maximum exposure to loss.

The fair values of contingent consideration from business combinations were derived from probability-weighted future payments, which mainly depend on the achievement of technical and commercial milestones as well as on the achievement of revenue targets during the earn-out period (level 3). If the estimated revenues or probabilities of completing certain milestones increase or decrease during the respective earn-out period, the fair value of the contingent consideration would increase or decrease, respectively.

Liabilities from written put options on non-controlling interests were measured at fair value, which is based on the present value of the exercise price of the options (level 3). The exercise price is generally derived from the proportionate enterprise value. The liabilities resulted mainly from written put options in connection with interests in ECG Management Consultants (hereinafter "ECG"). The enterprise value of ECG is calculated by an independent appraiser in accordance with a contractually agreed methodology and serves as a basis for the exercise price per share, which is determined at least once a year. The most significant unobservable input used to determine the fair value is financial information from the five-year business plan, which is mainly subject to expected business and market developments. In addition, weighted revenue and earnings multiples are considered. Changes resulting from the revaluation of liabilities from written put options were recognized in retained earnings.

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

(in millions of €)	Deal contingent forward		Equity instruments		Debt instruments measured at fair value through profit or loss		Contingent considerations from business combinations		Liabilities from written put options on non-controlling interests	
	First half 2022	2021	First half 2022	2021	First half 2022	2021	First half 2022	2021	First half 2022	2021
Balance at beginning of half year	-	25	130	53	42	-	27	7	72	31
Gains and losses recognized in profit or loss	-	-	-	-	-	-	-	-	-	-
Gains and losses recognized in equity	-	-52	-	-	-	-	-	-	9	1
Additions	-	-	-	6	-	-	-	-	-	-
Disposals and settlements	-	-	-	-	-	-	-17	-	-	-
Currency translation differences	-	-	5	-	2	-	-1	-	-	-
Other	-	-	-	-	-	-	-2	-	-	-
Balance at end of half year	-	-28	135	59	44	-	7	7	81	32

The following table shows the composition of Siemens Healthineers' financial debt:

(in millions of €)	Mar 31, 2022	Sept 30, 2021
Short-term financial debt and current maturities of long-term financial debt	238	225
Therein:		
Loans from banks	91	73
Lease liabilities	145	150
Current liabilities to the Siemens Group from financing activities	3,524	1,926
Therein: Lease liabilities	23	24
Total current financial debt	3,762	2,150
Long-term financial debt	442	457
Therein:		
Loans from banks	-	19
Lease liabilities	440	434
Liabilities to the Siemens Group from financing activities	11,078	11,708
Therein: Lease liabilities	42	47
Total non-current financial debt	11,520	12,164
Total financial debt	15,282	14,315

Current liabilities to the Siemens Group from financing activities increased due to the reclassification of a loan of US\$1.2 billion due to its maturity on March 11, 2023. Liabilities to the Siemens Group from financing activities decreased accordingly. The strengthening of the U.S. dollar against the Euro led, in particular, to an increase of liabilities to the Siemens Group from financing activities.

Note 8 Segment information

(in millions of €)	Adjusted external revenue ¹		Inter-segment revenue		Total adjusted revenue ¹		Adjusted EBIT ²		Mar 31, 2022	Assets ³ Sept 30, 2021	Free cash flow		Additions to other intangible assets and property, plant and equipment ⁴		Amortization, depreciation and impairments	
	First half 2022	First half 2021	First half 2022	First half 2021	First half 2022	First half 2021	First half 2022	First half 2021			First half 2022	First half 2021	First half 2022	First half 2021	First half 2022	First half 2021
Imaging	4,986	4,549	160	139	5,146	4,687	1,035	1,041	7,983	7,698	838	1,186	75	70	92	83
Diagnostics	3,214	2,420	-	-	3,214	2,420	586	268	5,637	5,164	235	163	261	231	198	157
Varian	1,455	-	-	-	1,456	-	212	-	14,688	14,504	120	-	30	-	32	-
Advanced Therapies	891	818	2	2	893	820	117	136	2,024	1,991	107	112	8	8	9	9
Total segments	10,546	7,787	162	141	10,709	7,927	1,951	1,444	30,331	29,356	1,300	1,461	373	308	330	249
Reconciliation to consolidated financial statements ⁵	-18	46	-162	-141	-181	-94	-535	-222	13,647	12,570	-580	-434	240	188	338	158
Siemens Healthineers	10,528	7,833	-	-	10,528	7,833	1,415	1,223	43,978	41,927	719	1,027	613	497	669	408

¹ Siemens Healthineers: IFRS revenue.

² Siemens Healthineers: Income before income taxes.

³ On segment level: net capital employed. Values include retrospective adjustments from the purchase price allocation from the acquisition of Varian as of April 15, 2021 within the twelve-months measurement period according to IFRS 3 (Varian assets reported as of September 30, 2021: €14,788 million). For further information, please refer to → **Note 3 Acquisitions**.

⁴ Including additions through business combinations, excluding goodwill.

⁵ Including effects in line with revaluation of contract liabilities from IFRS 3 purchase price allocations. For further information, please refer to → **Note 3 Acquisitions**.

Accounting policies for segment information are generally the same as those described in the annual report for fiscal year 2021.

Adjusted revenue

Siemens Healthineers' revenue included revenue from contracts with customers and income from leases. In the first half of fiscal year 2022, income from leases amounted to €173 million (first half of fiscal year 2021: €170 million).

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

Adjusted EBIT

(in millions of €)	First half 2022	First half 2021
Total segments' adjusted EBIT	1,951	1,444
Centrally carried pension service and administration expenses	-5	-7
Amortization, depreciation and other effects from IFRS 3 purchase price allocation adjustments	-361	-66
Transaction, integration, retention and carve-out costs	-26	-23
Gains and losses from divestments	1	-
Severance charges	-40	-37
Financial income, net	-37	-56
Corporate items	-70	-36
Corporate treasury, Siemens Healthineers Real Estate ¹ , eliminations and other items	3	3
Total reconciliation to consolidated financial statements	-535	-222
Siemens Healthineers' income before income taxes	1,415	1,223

¹ Siemens Healthineers Real Estate manages Siemens Healthineers' entire real estate business portfolio, operates the properties and is responsible for building projects and for the purchase and sale of real estate.

Assets

(in millions of €)	Mar 31, 2022	Sept 30, 2021 ¹
Total segments' assets	30,331	29,356
Asset-based adjustments	5,335	4,551
Therein:		
Assets corporate treasury	1,162	1,408
Assets Siemens Healthineers Real Estate	1,634	1,402
Receivables from the Siemens Group from non-operating activities	966	708
Current income tax assets and deferred tax assets	558	537
Liability-based adjustments	8,312	8,019
Total reconciliation to consolidated financial statements	13,647	12,570
Siemens Healthineers' total assets	43,978	41,927

¹ Values as of September 30, 2021 include retrospective adjustments from the purchase price allocation from the acquisition of Varian as of April 15, 2021 within the twelve-months measurement period according to IFRS 3. For further information, please refer to → **Note 3 Acquisitions**.

Free cash flow

(in millions of €)	First half 2022	First half 2021
Total segments' free cash flow	1,300	1,461
Tax-related cash flow	-370	-416
Corporate items and other	-211	-18
Total reconciliation to consolidated financial statements	-580	-434
Siemens Healthineers' free cash flow	719	1,027

Note 9 Related party transactions

The following presents the relationships Siemens Healthineers' maintained with the Siemens Group, meaning Siemens AG and its subsidiaries.

Transactions with the Siemens Group

Sales of goods and services and other income and purchases of goods and services and other expenses from transactions with the Siemens Group are shown in the following table:

(in millions of €)	Sales of goods and services and other income		Purchases of goods and services and other expenses	
	First half 2022	First half 2021	First half 2022	First half 2021
Siemens AG	4	2	128	124
Other Siemens Group entities	142	135	94	127
Total	145	138	222	251

In the first half of fiscal year 2022, Siemens Healthineers obtained support from the Siemens Group for central corporate services with a total value of €146 million (first half of fiscal year 2021: €143 million). In addition, there were leasing transactions with the Siemens Group, mainly for real estate. As of March 31, 2022, total lease liabilities amounted to €65 million (September 30, 2021: €71 million).

Receivables from and liabilities to the Siemens Group

Receivables from and liabilities to the Siemens Group were as follows:

(in millions of €)	Current receivables and receivables from the Siemens Group		Current liabilities and liabilities to the Siemens Group	
	Mar 31, 2022	Sept 30, 2021	Mar 31, 2022	Sept 30, 2021
Siemens AG	285	1	1,634	1,160
Other Siemens Group entities	696	711	12,973	12,480
Total	981	711	14,607	13,640

During the reporting period, Siemens Healthineers was included in the cash pooling and cash management of the Siemens Group. In connection with the operating activities, thereby, Siemens Healthineers invested excess liquidity in the short term and was granted overdraft facilities. In the first half of fiscal year 2022, the balance of receivables from and liabilities to the Siemens Group changed further, in particular, due to the dividend payout. Furthermore, effects from foreign currency revaluation had an increasing impact.

In the first half of fiscal year 2022, interest expenses from financing arrangements with Siemens AG amounted to €9 million (first half of fiscal year 2021: €8 million) and from financing arrangements with other Siemens Group entities to €25 million (first half of fiscal year 2021: €13 million). These included positive effects from the hedging of exchange rate risks of U.S. dollar-denominated loans.

Hedging with the Siemens Group

As of March 31, 2022, other current and other non-current financial assets resulting from hedging activities with the Siemens Group as counterparty amounted to €929 million (September 30, 2021: €506 million). As of March 31, 2022, other current and other non-current financial liabilities from hedging activities amounted to €70 million (September 30, 2021: €47 million).

C. Additional information

C.1 Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the half-year consolidated financial statements give a true and fair view of the net assets, financial position and results of operations 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, April 29, 2022

Siemens Healthineers AG
The Managing Board

Dr. Bernhard Montag

Darleen Caron

Dr. Jochen Schmitz

Elisabeth Staudinger-Leibrecht

C.2 Review report

To Siemens Healthineers AG, Munich

We have reviewed the half-year consolidated financial statements of Siemens Healthineers AG, Munich, which comprise 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, 2021 to March 31, 2022 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 IFRSs on 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 (IDW - Institute of Public Auditors in Germany) 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 IFRSs on 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 IFRSs on 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, April 29, 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Keller
Wirtschaftsprüfer
[German Public Auditor]

Dr. Eisele
Wirtschaftsprüfer
[German Public Auditor]

C.3 Notes and forward-looking statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens Healthineers that may constitute forward-looking statements. These statements may be identified by words such as “expect”, “forecast”, “anticipate”, “intend”, “plan”, “believe”, “seek”, “estimate”, “will”, “target” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations, plans and certain assumptions of Siemens Healthineers’ management, of which many are beyond Siemens Healthineers’ control. As they relate to future events or developments, these statements are subject to various risks, uncertainties and factors, including but not limited to those possibly described in the respective disclosures. Should one or more of these or other risks, uncertainties or factors (e.g. events of force majeure, including but not limited to unrest or acts of war) materialize, plans change or should underlying expectations not occur or assumptions prove incorrect, Siemens Healthineers’ management actions, actual results, performance or achievements of Siemens Healthineers may (negatively or positively) vary materially from those described explicitly or implicitly in the forward-looking statement. All forward-looking statements apply only as of the date when they were made and Siemens Healthineers neither intends nor assumes any obligation, unless required by law, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes supplemental financial measures that are or may be alternative performance measures not precisely defined in the applicable financial reporting framework (non-GAAP measures). These supplemental financial measures may have limitations as analytical tools and should not be viewed in isolation or as alternatives to measures of Siemens Healthineers’ net assets, financial position and results of operations as presented in accordance with the applicable financial reporting framework. Other companies that report or describe similarly titled alternative performance measures may calculate them differently, and therefore they may not be comparable to those included in this document. For further explanations of our (supplemental) financial measures, please see chapter „A.2 Financial performance system“ and the Notes to consolidated financial statements, Note 29 „Segment information“ of the Annual Report 2021 of Siemens Healthineers.

Due to rounding, individual numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures to which they refer.

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

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

In the event that the male form is used in this document, the information nevertheless refers to all persons (male, female, non-binary).

Siemens Healthineers AG

Henkestr. 127
91052 Erlangen, Germany
siemens-healthineers.com

Investor Relations

Phone: +49 (9131) 84-3385
Email: ir.team@siemens-healthineers.com
corporate.siemens-healthineers.com/investor-relations

Press

Email: press.team@siemens-healthineers.com
corporate.siemens-healthineers.com/press