

Siemens Healthineers AG

Annual financial statements as of September 30, 2019

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Combined Management Report

The Management Report of Siemens Healthineers AG has been combined with the Management Report of the Siemens Healthineers Group in accordance with Section 315 para. 5 together with Section 298 para. 2 of the German Commercial Code (Handelsgesetzbuch) and is published in the 2019 Annual Report of the Siemens Healthineers Group.

The Annual Financial Statements and the Combined Management Report of Siemens Healthineers AG for the fiscal year 2019 are filed with the operator of the German Federal Gazette and published in the German Federal Gazette.

The Annual Financial Statements of Siemens Healthineers AG as well as the Annual Report for the fiscal year 2019 are also available for download on the Internet at:

www.corporate.siemens-healthineers.com/investor-relations/presentations-financial-publications

A.

Annual financial statements

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A.1 Income Statement

(in millions of €)	Notes	Fiscal year 2019	Short fiscal year 2018
Revenue	1	14	7
Cost of Sales		-13	-7
Gross profit		1	0
General administrative expenses		-23	-9
Other operating income	2	6	1
Other operating expenses		0	0
Income from operations		-16	-8
Income from investments	3	1,415	472
Interest income	4	0	0
Interest expenses	4	-9	-5
Other financial income (expenses), net	5	-1	-1
Income from business activity		1,389	459
Income taxes	6	-356	-126
Income after taxes / Net income		1,034	333
Appropriation of net income			
Net income		1,034	333
Profit carried forward		24	-
Transfer from capital reserves		-	390
Unappropriated net income		1,057	723

A.2 Balance Sheet

(in millions of €)	Notes	Sept 30, 2019	Sept 30, 2018
Assets			
Non-current assets	8	16,185	14,399
Property, plant and equipment		0	-
Financial assets		16,185	14,399
Current assets		1,529	566
<i>Receivables and other assets</i>	9	1,524	566
Receivables from affiliated companies		1,428	479
Other receivables and other assets		96	86
Cash and cash equivalents		4	0
Prepaid expenses	10	33	0
Total assets		17,747	14,965
Shareholders' equity and liabilities			
Shareholders' equity	12	12,811	12,493
Subscribed capital		1,000	1,000
Treasury shares		-1	0
<i>Issued capital</i>		999	1,000
Capital reserve		10,754	10,770
Unappropriated net income		1,057	723
Provisions		162	54
Provision for pensions and similar commitments	13	19	16
Other provisions	14	143	38
Liabilities	15	4,774	2,418
Trade payables		0	0
Liabilities to affiliated companies		4,759	2,414
Other liabilities		15	4
Total shareholders' equity and liabilities		17,747	14,965

A.3 Notes

A.3.1 General Disclosures

Siemens Healthineers AG has its registered office in Munich, Germany, where it is registered under entry number HRB 237558 with Munich Local Court.

The Company was founded in December 2017 and serves as the management holding company for the Siemens Healthineers Group providing central administrative services. The Company's shares were admitted for trading on the Frankfurt Stock Exchange on March 16, 2018. As of September 30, 2019, the Siemens Group held an interest of approximately 85% of Siemens Healthineers AG.

The previous year was a short fiscal year covering the period from the founding of the Company on December 1, 2017, to September 30, 2018. This limits the comparability of the previous year's figures in the Income Statement.

The Annual Financial Statements as of September 30, 2019, were prepared in accordance with Section 264 para. 1 of the German Commercial Code (Handelsgesetzbuch, HGB) in conjunction with Section 267 para. 3 and Section 264d of that Code, on the basis of the German Commercial Code's provisions for the financial reporting of large capital corporations, as well as under the terms of the German Stock Corporation Act (Aktiengesetz, AktG). Amounts are generally presented in millions of euros (€ million). Because of rounding, it is possible that some figures may not add up precisely to the presented totals.

The Income Statement was prepared using the cost of sales method.

A.3.2 Accounting policies and methods

Proceeds from management services for affiliated companies are recognized as **revenue**.

Financial assets acquired by way of contributions in kind from shareholders are generally recognized in the amount issued according to the resolution to increase the share capital, up to a maximum of their fair value at the time of the contribution. Contributions in kind to other entities are carried as acquisition costs either at their carrying amount or at the fair value of the asset contributed, up to a maximum of the fair value, on a case by case basis, exercising the option provided under the principles governing exchanges of assets. Grants made to affiliated companies without consideration are capitalized as acquisition costs only when the grant increases the intrinsic value of the equity

investment. Distributions from other entities are recognized as repayment of capital or a reduction in acquisition costs to the extent to which distributions demonstrably relate to reserves arising prior to the acquisition of the investment and therefore included in the acquisition costs, or the distributions involve previously executed capital increases or additional capital contributions. Distributions of liquidity by partnerships are generally treated as repayment of capital. Impairment losses are recognized if the decline in value is presumed to be other than temporary. This applies when objective evidence, particularly events or changes in circumstances, indicate a significant or other than temporary decline in value.

The Company exercises the option to recognize debt discounts as **prepaid expenses**.

Pensions and similar commitments: Siemens Healthineers AG measures its pension obligations using the settlement amount calculated with the actuarial projected unit credit method on the basis of biometric probabilities. Entitlements resulting from plans based on asset returns are generally measured at the fair value of the underlying assets at the reporting date. If the performance of the underlying assets is lower than a guaranteed return, the pension obligation is measured by projecting forward the contributions at the guaranteed fixed return and discounting back to a present value. The discount rate used for discounting pension obligations corresponds to the average market interest rate for instruments with an assumed remaining maturity of 15 years as published by Deutsche Bundesbank. In the 2019 fiscal year, the mortality rates are based on Siemens' own mortality tables (Siemens Bio 2017) for the first time, instead of the Siemens-specific tables (Richttafeln) with a mortality trend based on the Heubeck mortality tables RT 2005 G. This change did not have any material effect in fiscal year 2019.

Other provisions are recognized in an appropriate and sufficient amount to cover individual obligations for all identifiable risks relating to liabilities of uncertain timing and amount, taking account of price and cost increases expected to arise in the future. Significant provisions with a remaining term of more than one year are discounted using a discount rate which corresponds to the average market interest rate appropriate for the remaining term of the obligations, as calculated and published by Deutsche Bundesbank.

Distributions from other entities are presented as **income from investments** if they do not demonstrably relate to reserves arising prior to the acquisition of the investment or a repayment of previous capital increases or additional capital contributions.

Foreign currency translation: Receivables, other assets, cash and cash equivalents, provisions and liabilities as well as commitments and contingencies denominated in foreign currency are generally translated applying the mean spot exchange rate on the balance sheet date.

The option of applying **hedge accounting** is exercised on a case by case basis. All derivative financial instruments in these Annual Financial Statements were used for hedging purposes and combined with the hedged items into hedges. Hedges are recognized using the net hedge presentation method (Einfrüerungsmethode). Forward exchange contracts are generally designated as hedges as a whole. In this case, when hedge accounting is applied, the changes in the value of the hedged items and of the spot components of the forward exchange contracts are offset. Only a net negative amount from the ineffective portion of the change in market value is recognized as a provision. The unrealized gains and losses from the effective portion cancel each other out and are not recognized either in the Balance Sheet or in the Income Statement. The forward components at inception of forward exchange contracts are recognized pro rata temporis over the term of the forward as an adjustment of interest expenses, if they are accounted for as a hedge of an interest-bearing liability. If the forward component in this case results in a discount from the spot rate, this is reported under other assets as long as the presentation as a receivable from affiliated companies does not take precedent.

Deferred taxes are calculated for timing differences between valuations in accordance with the German Commercial Code and tax valuations of assets, liabilities and accruals and deferrals. Any total representing a tax liability is recognized as a deferred tax liability in the Balance Sheet. In case of a tax reduction, the capitalization option is not exercised, and the amount is not capitalized.

Classification of items in the Annual Financial Statements: Siemens Healthineers AG aggregates individual line items in the Income Statement and in the Balance Sheet if the individual line item is not material for providing a true and fair view of the Company's financial position and if such an aggregation improves clarity of presentation. Siemens Healthineers AG discloses these items separately in the notes.

In the previous year, the net income and equity figures in the list of **subsidiaries and associated companies** were generally from the consolidated IFRS-closing of the relevant company after profit transfer, if any. To make this financial data more informative, the net income and equity (after profit transfer, if any) figures that are disclosed from this fiscal year onward are generally derived from the annual financial statements of the relevant company prepared according to local accounting principles. For this reason, the figures for net income and equity in the list of subsidiaries and associated companies are not comparable with those of the prior year. This change did not affect the net assets, financial position and results of operations of Siemens Healthineers AG.

A.3.3 Notes to the Income Statement

Note 1 Revenue

Revenue results solely from providing management services to affiliated companies, in the amount of €14 million (previous year: €7 million).

Revenue is generated entirely from affiliated companies in Germany.

Note 2 Other operating income

Other operating income substantially comprised a non-recurring reimbursement by Siemens Aktiengesellschaft, Berlin and Munich, ("Siemens AG") amounting to €5 million. This item also included other reimbursements by Siemens AG for the cost of share-based payments awarded to employees of Siemens Healthineers AG as part of the IPO Incentive in the amount of €1 million (previous year: €1 million). The associated expenses are recognized within functional costs respectively personnel expenses.

Note 3 Income from investments

Income from investments, totaling €1,415 million (previous year: €472 million), derived entirely from the profit and loss transfer agreement with Siemens Healthcare GmbH, and therefore solely from affiliated companies.

The profit and loss transfer agreement between Siemens Healthineers AG and Siemens Healthcare GmbH was entered into in February 2018 with effect from April 1, 2018, and for an indefinite duration. The agreement was entered in the Commercial Register on April 16, 2018, and may be terminated for convenience on three months' notice, but not earlier than the end of the day on September 30, 2023. It includes an obligation to assume the losses of Siemens Healthcare GmbH as provided in Section 302 of the German Stock Corporation Act as amended from time to time.

Note 4 Interest income and interest expenses

Interest income pertained only to third parties and did not include negative interest. Interest expenses related exclusively to affiliated companies and included no positive interest from borrowings. The interest expenses item decreased by €12 million due to the recognition pro rata temporis of the forward components of forward exchange contracts included in hedges.

Note 5 Other financial income (expenses), net

(in thousands of €)	Fiscal year 2019	Short fiscal year 2018
Interest component of changes in the pension provisions	-1,364	-507
Financial expenses relating to the personnel-related provisions	-1	-1
Other financial income	13	-
Other financial income (expenses), net	-1,353	-508

Other financial income primarily included interest income of €1 million from the measurement of pension provisions (previous year: €1 million). Both the interest component of the change in pension provisions and the financial expenses relating to person-

nel-related provisions constitute expenses from the discounting of provisions. Other financial income exclusively relates to gains from currency translation.

Note 6 Income taxes

Income taxes included only current income taxes resulting from corporate income tax and trade tax, because the surplus of deferred tax assets was not recognized owing to the exercise of the option under Section 274 para. 1 sentence 2 of the German Commercial Code.

Note 7 Other taxes

Other taxes amounting to €252 thousand (previous year: €31 thousand) are included in the relevant functional costs.

A.3.4 Notes to the Balance Sheet

Note 8 Non-current assets

(in millions of €)	Acquisition costs				Accumulated Impairment			Carrying amount	
	10/1/2018	Additions	Disposals	9/30/2019	10/1/2018	Depreciation/ amortization	9/30/2019	9/30/2019	9/30/2018
Property, plant and equipment									
Other equipment, plant and office equipment	-	0	-	0	-	0	0	0	-
Summary	-	0	-	0	-	0	0	0	-
Financial assets									
Shares in affiliated companies	14,399	2,400	-613	16,185	-	-	-	16,185	14,399
Loans	0	-	0	0	-	-	-	0	0
Summary	14,399	2,400	-613	16,185	-	0	0	16,185	14,399

In order to establish an independent Siemens Healthineers Group structure, all companies that conduct Siemens Healthineers business were bundled under Siemens Healthineers AG and its subsidiaries in the previous year. The Siemens Healthineers Group's business is conducted by Siemens Healthcare GmbH and Siemens Healthineers Beteiligungen GmbH & Co. KG, Kemnath, together with their directly and indirectly controlled subsidiaries. Shares in affiliated companies acquired in the previous year from contributions in kind by shareholders were recognized with their fair value at the time of the contribution in accordance with the principles for the accounting for contributions in kind. The trust assets for pension obligations acquired in the previous year as an additional contribution to equity and contributed in the same year to Siemens Healthcare GmbH, Munich, were recognized and valued in the same way.

During the fiscal year 2019, Siemens Healthineers Beteiligungen GmbH & Co. KG distributed liquidity in the amount of €613 million, which was required to be treated as a repayment of

capital and therefore was presented as a disposal in shares in affiliated companies. On May 29, 2019, Siemens Healthineers AG also assumed two loans from Siemens Healthineers Beteiligungen GmbH & Co. KG under a debt assumption with full discharge of the debtor, waiving ex ante any recourse. This relates to loan liabilities to Siemens Finance B.V., The Hague / Netherlands, in the amount of US\$ 1,602 million. The loans were assumed in the course of restructuring financial liabilities within the Group, which resulted in the transfer of three Siemens Finance B.V. loans totaling US\$ 3,291 million. One of the loans remained with Siemens Healthineers Beteiligungen GmbH & Co. KG. The loans were originally made to Siemens Medical Solutions USA, Inc., Wilmington, DE/USA. This transaction was recognized as a grant without an obligation to provide consideration, applying the principles for the accounting for contributions in kind as acquisition costs for the investment in the amount of the fair value of the loans assumed. By way of a shareholder resolution dated August 16, 2019, Siemens Healthineers AG pledged to Siemens Healthineers Beteiligungen GmbH & Co. KG to make an additional

cash payment of €1,000 million, which the subsidiary had called in, into its Capital Account II.

Disposals of €613 million and additions of €2,400 million were reported in financial assets (shares in affiliated companies) as a result of the transactions described above.

Note 9 Receivables and other assets

As in the previous year, receivables from affiliated companies did not comprise trade receivables. Instead, this item exclusively comprised other receivables and other assets and included receivables with a remaining term of more than one year of €12 million (previous year: €0 million). Receivables from affiliated companies included receivables from shareholders amounting to €13 million (previous year: €0 million).

As in the previous year, all other receivables and other assets had a remaining term of less than one year at the reporting date.

Note 10 Accruals and deferrals

Prepaid expenses included debt discounts of €33 million for the first time. These discounts arose in the course of the assumption of two loans from Siemens Healthineers Beteiligungen GmbH & Co. KG, because the fair value of the loans assumed, which was recognized as acquisition costs of the shares in the subsidiary,

was below their settlement amount, at which these were carried as a liability. The debt discounts are reversed over the term of the loans, i.e., by September 2021 or 2023.

Note 11 Deferred tax assets

The calculation of deferred taxes yielded a surplus of deferred tax assets, which was not recognized, exercising the option under Section 274 para. 1 sentence 2 of the German Commercial Code.

A tax rate of 29.54% was applied for the measurement of deferred taxes. Deviating from this, for partnerships a tax rate of 15.83% was applied for temporary differences of assets, liabilities and prepaid/deferred items.

The taxable temporary differences result from intangible assets, receivables with a remaining term of less than one year, goodwill, shares in affiliated companies, and investments of Siemens Healthcare GmbH, the controlled company of Siemens Healthineers AG. The deductible temporary differences, up to the amount of the taxable temporary differences, result from the pension provisions of Siemens Healthineers AG and the controlled company. Additionally, there were deductible temporary differences relating primarily to shares in affiliated companies of Siemens Healthineers AG and to other provisions, inventories, and current liabilities of the controlled company.

Note 12 Equity

(in millions of €)	10/1/2018	Share buybacks	Issuance of treasury shares under share-based payments	Dividend 2018	Net income	9/30/2019
Subscribed capital	1,000	-	-	-	-	1,000
Treasury shares	0	-1	1	-	-	-1
Issued capital	1,000	-1	1	-	-	999
Capital reserve	10,770	-52	36	-	-	10,754
Unappropriated net income	723	-	-	-699	1,034	1,057
Shareholders' equity	12,493	-54	37	-699	1,034	12,811

Subscribed capital

As of September 30, 2019, the subscribed capital of Siemens Healthineers AG was divided into 1,000,000,000 registered shares with no par value with a notional value of €1.00 per share. The shares are fully paid in. Each share confers one vote in the Shareholders' Meeting and defines the shareholder's interest in the Company's profit after taxes. All shares carry the same rights and obligations.

Siemens Healthineers AG shares are traded on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange under the ticker symbol SHL.

Authorized capital

As of September 30, 2019, Siemens Healthineers AG had authorized capital of €500 million that may be issued in the form of a total of up to 500,000,000 new registered shares with no par value, on one or more occasions on or before February 18, 2023, in return for contributions in cash and/or in kind (Authorized Capital 2018).

Conditional capital

Additionally, as of September 30, 2019, Siemens Healthineers AG had conditional capital of €100 million, or 100,000,000 shares. This capital may be used to service convertible bonds or warrants from bonds with attached warrants issued on or before February 18, 2023 (Conditional Capital 2018).

Capital reserve

As of September 30, 2019, the capital reserve amounted to €10,754 million (previous year: €10,770 million). They primarily included the value of contributions in kind received in excess of the capital stock in the course of the capital increase of February 2, 2018, together with a voluntary additional contribution by Siemens AG in the 2018 short fiscal year from the contribution of trust assets for pension obligations.

A further addition to the capital reserve resulted from the release of treasury shares in connection with the employee share programs totaling €36 million.

An amount of €52 million was withdrawn from the freely available capital reserve for the repurchase of treasury shares.

The capital reserve was distributable in an amount of €350 million as of September 30, 2019 (previous year: €367 million) before consideration of amounts subject to dividend payout restrictions.

Treasury Shares

(in numbers of shares)	Fiscal year 2019
Treasury shares, beginning of fiscal year	247,763
Share buyback	1,446,454
Issuance under share-based payments	-1,043,059
Treasury shares, end of fiscal year	651,158

The extraordinary Shareholders' Meeting held on February 19, 2018, authorized the Managing Board to buy back treasury shares until February 18, 2023 in an amount of up to 10% of the capital stock at the time of the resolution, or at the date of the exercise of the authorization if that value is lower, for any permissible purpose.

The 651,158 treasury shares held by Siemens Healthineers AG as of September 30, 2019, correspond to a nominal value of €651,158, or 0.07% of the capital stock. During the 2019 fiscal year, Siemens Healthineers AG repurchased a total of 1,446,454 shares of its own stock under this share buyback program. This represents a nominal amount of €1,446,454, or 0.14% of the capital stock. During this period, a total of €55 million (excluding incidental transaction charges) was spent for this purpose; this represents a weighted average stock price of €36.75 per share. The purchase was made during the reporting period on 28 Xetra trading days during the months of November and December 2018 and January and September 2019, by a bank engaged by Siemens Healthineers AG; the shares were purchased solely on the electronic trading platform of the Frankfurt Stock Exchange (Xetra). The average trading volume on these trading days was about 580,333 shares. In these transactions, the purchase price per repurchased share (excluding incidental transaction charges) was not to exceed by more than 10% the price of Siemens Healthineers stock as determined in the opening auction in Xetra trading on the trading date, or fall more than 20% below that price.

In the months from February to September 2019, 918,389 shares were sold as investment shares to plan participants in the employee share programs at a weighted average price of €37.49 per share; the purchase price was determined on the basis of the closing price in Xetra trading on the transfer date of the shares. A total of €33 million accrued to Siemens Healthineers AG from these sales. This amount was generally freely available to the Company and reduced the amount of liabilities to affiliated companies. The other 124,671 shares released during the reporting period were bonus shares awarded as part of the base share program, which were issued in February 2019.

Information on amounts subject to dividend payout restrictions

The difference as provided in Section 253 para. 6 sentence 2 of the German Commercial Code between the measurement of provisions for post-retirement benefits according to the corresponding average market interest rate over the preceding ten years and the corresponding rate over the preceding seven years, which is subject to dividend payout restrictions, was €2 million (previous year: €2 million).

The profit of €1,415 million (previous year: €472 million) transferred from Siemens Healthcare GmbH (the controlled company) to the parent company for the past fiscal year also includes – as provided in Section 301 of the Stock Corporation Act – the amount of €124 million (previous year: €131 million) that is subject to dividend payout restrictions under Section 253 para. 6 sentence 2 of the German Commercial Code.

The amounts subject to payout restrictions are countered by a capital reserve of €350 million (previous year: €367 million) that is not subject to such restrictions. Therefore, there was no limitation on the payout of the unappropriated net income of €1.057 million (previous year: €723 million).

Disclosures on holdings of the capital of Siemens Healthineers AG

As of September 30, 2019, the following information on shareholdings subject to reporting requirements was available to the Company pursuant to Section 160 para. 1 No. 8 of the German Stock Corporation Act (AktG):

Siemens AG notified us on March 20, 2018, because of the first admission of Siemens Healthineers AG stock for trading on an organized market, that the percentage of voting rights in Siemens Healthineers AG that it held either directly or indirectly on March 15, 2018, amounted to 85.00% of the voting rights (850,000,000 voting rights). At that time, moreover, there was a claim for redelivery under a securities loan, as a result of the Greenshoe option for Siemens Beteiligungsverwaltung GmbH & Co. OHG with reference to 19,565,217 voting rights, or 1.96%.

Note 13 Provisions for pensions and similar obligations

In Germany, Siemens Healthineers AG generally provides pension benefits through the Siemens Healthineers BSAV (Beitragsorientierte Siemens Altersvorsorge), frozen legacy plans and deferred

compensation plans; the latter were not claimed by any of the Company's employees. The majority of the Company's active employees participate in the Siemens Healthineers BSAV. The benefits from this plan are predominantly based on notional contributions and their respective asset returns whereby a minimum return is guaranteed. For benefits provided under the frozen legacy plans, the effects of compensation increases were substantially eliminated, so that valuation assumptions for salary and pension increases including career trend are no longer of material significance for the pension obligations of Siemens Healthineers AG.

The fulfillment amount of the provisions for pensions and similar obligations came to €19 million at the reporting date (previous year: €16 million). The actuarial valuation of the fulfillment amount was based substantially on the following parameters:

For pension obligations, the 10-year average interest rate (2.82%) pursuant to Section 253 para. 2 of the German Commercial Code was applied. For other obligations, the 7-year average interest rate (2.05%) was used. The valuation difference under Section 253 para. 6 of the German Commercial Code from the discounting of pension provisions at the 10-year average interest rate and the 7-year average interest rate was €2 million at the reporting

date (previous year: €2 million). A rate of pension progression of 1.50% per year and an income progression of 2.25% per year were applied for the pension obligations. As of September 30, 2019, the mortality rates were based on Siemens' own mortality tables (Siemens Bio 2017) for the first time, instead of the Siemens-specific tables (Richttafeln) with a mortality trend based on the Heubeck mortality tables RT 2005 G. This change did not have any material effect in fiscal year 2019.

Note 14 Other provisions

Other provisions included miscellaneous provisions of €7 million (previous year: €3 million) and tax provisions of €136 million (previous year: €35 million).

The main amounts in the miscellaneous provisions related to provisions of €5 million for personnel expenses (previous year: €3 million).

For the method of determining the provision for stock awards, please refer to the discussion in → **Note 18 Share-based payment**.

Note 15 Liabilities

(in millions of €)	Sept. 30, 2019	up to 1 year	1 year up to 5 years	thereof maturities more than 5	Sept. 30, 2018	up to 1 year	1 year up to 5 years	thereof maturities more than 5
Trade payables	0	0	-	-	0	0	-	-
Liabilities to affiliated companies	4,759	3,282	1,437	-	2,414	2,414	-	-
Other liabilities	15	15	-	-	4	4	-	-
therein from taxes	0	0	-	-	0	0	-	-
therein for social security	0	0	-	-	0	0	-	-
Liabilities	4,774	3,296	1,437	-	2,418	2,418	-	-

Tax liabilities as of September 30, 2019, came to €340 thousand (previous year: €337 thousand), and liabilities for social security came to €22 thousand (previous year: €20 thousand). The liabilities to affiliated companies pertained to liabilities of €2,222 million (previous year: €2,323 million) to Siemens Healthcare GmbH for cash pooling within the Siemens Healthineers Group, loans from Siemens Finance B.V. amounting to €1,437 million, the liability from the additional contribution to

Capital Account II of Siemens Healthineers Beteiligungen GmbH & Co. KG pledged and called in amounting to €1,000 million, and other liabilities of €96 million (previous year: €91 million) resulting from the tax group for value added tax purposes with several subsidiaries, and from amounts collected for subsidiaries. The loan liabilities to Siemens Finance B.V. comprise the loans assumed from Siemens Healthineers Beteiligungen GmbH & Co. KG on May 29, 2019, discharging the obligation.

A.3.5 Other disclosures

Note 16 Material expenses

(in thousands of €)	Fiscal year 2019	Short fiscal year 2018
Expenses for raw materials, supplies and purchased merchandise	-165	-67
Costs of purchased services	-2,519	-337
Material expenses	-2,684	-404

Note 17 Personnel expenses

Personnel expenses did not include the expense for compounding the interest on the pension and personnel-related expenses, which are included in other financial income (expenses), net.

(in millions of €)	Fiscal Year 2019	Short fiscal year 2018
Wages and salaries	-22	-10
Social security contributions and expenses for other employee benefits	-1	0
Expenses for / Income from pensions	-1	-1
Personnel expenses	-23	-12

During the 2019 fiscal year, the Company had an average of 53 employees, who were engaged solely in administrative functions. The average percentage of women was 17%.

Note 18 Share-based payments

Siemens Healthineers AG allows employees and members of the Managing Board to participate in share-based payment programs. For the purpose of servicing share-based payment programs Siemens Healthineers AG also delivers Siemens Healthineers shares that have been granted by affiliated companies.

Stock awards

Siemens Healthineers AG grants stock awards to members of the Managing Board, members of the senior management and other eligible employees.

Stock awards to beneficiaries of Siemens Healthineers AG are expensed as incurred over the vesting period and are measured at the intrinsic value (= share price of Siemens Healthineers AG stock) on a pro rata basis for the proportion of the vesting period expired considering the estimated target attainment at the balance sheet date.

The following table shows the changes in the stock awards held by members of the Managing Board, senior management and other eligible employees of Siemens Healthineers AG:

(in number of shares)	Fiscal year 2019
Non-vested, beginning of fiscal year	225,702
Granted	413,376
Forfeited	-19,193
Organizational changes	-23,661
Non-vested, end of fiscal year	596,224

The pro rata intrinsic value of all stock awards issued to beneficiaries of Siemens Healthineers AG amounted to €4 million at the balance sheet date.

Share Matching program

The employees of Siemens Healthineers AG have several options for participating in the Share Matching program: the base share program and the share matching plan. Plan participants have the right to receive one Siemens Healthineers share without payment of consideration (matching share) for every three investment shares held over the vesting period. Matching shares awarded to beneficiaries of Siemens Healthineers AG are expensed as incurred over the vesting period and are measured on a pro rata basis for the proportion of the vesting period expired at the intrinsic value (= share price of Siemens Healthineers AG stock) at the balance sheet date.

The following table shows the changes in claims by beneficiaries of Siemens Healthineers AG to matching shares:

(in number of shares)	Fiscal year 2019
Outstanding, beginning of fiscal year	0
Granted	8,665
Forfeited	-198
Outstanding, end of fiscal year	8,467

The pro rata intrinsic value of all matching shares issued to beneficiaries of Siemens Healthineers AG amounted to €0 million at the balance sheet date.

Note 19 Guarantees and other commitments

For one subsidiary, Siemens Healthineers AG has undertaken under an unrestricted letter of comfort to be responsible for all liabilities recognized in this subsidiary's Annual Financial Statements for fiscal year 2019, within the meaning of Section 264 para. 3 sentence 1 No. 2 of the German Commercial Code, that were undertaken by this subsidiary up to the reporting date of

September 30, 2019. These liabilities comprise the liabilities and provisions recognized in the Balance Sheet of this subsidiary's Annual Financial Statements as of September 30, 2019, as well as the off-balance-sheet contingent liabilities and liabilities from pending transactions. The letter of comfort and the associated responsibility obligation will end at the end of fiscal year 2020.

Further, as of September 30, 2019, there were two guarantee agreements with unlimited amounts and indefinite term with affiliated companies to take advantage of disclosure simplification options abroad, and sureties in favor of an affiliated company in the amount of €2 million.

Furthermore, Siemens Healthineers AG guaranteed the payment of up to €914 million with regard to the acquisition of Corindus Vascular Robotics, Inc., Wilmington, DE/USA in case the affiliated company obliged to pay defaults in the due and punctual payment. This guarantee was valid until the earlier of the satisfaction of the payment obligation and September 7, 2020.

Siemens Healthineers AG enters into contingent liabilities only after careful consideration of the risks concerned. Based on an ongoing risk evaluation of the arrangements entered into and taking into account all information available up to the date on which the Annual Financial Statements were prepared, Siemens Healthineers AG currently concludes that the relevant subsidiaries will be able to fulfill their obligations themselves. For this reason, the Company does not consider it probable that it will be called upon to perform in conjunction with any of the commitments described above.

Note 20 Financial payment obligations under leasing and rental arrangements

There were no payment obligations under leasing and rental arrangements at the balance sheet date.

Note 21 Other financial obligations

There were no other financial obligations at the balance sheet date.

Note 22 Derivative financial instruments and hedge accounting

Siemens Healthineers AG is exposed for the first time to significant foreign currency risk from the loan liabilities to Siemens Finance B.V. assumed from Siemens Healthineers Beteiligungen GmbH & Co. KG, because these loans are denominated in U.S. dollars. Since the loans carry fixed interest, there is no interest rate risk. Siemens Healthineers AG has entered into forward exchange contracts with Siemens AG to hedge this foreign currency risk.

As of September 30, 2019, the Company held forward exchange contracts with a nominal volume of €1,411 million and a positive

market value of €53 million. The nominal volume equals the total contract value. The market value of the forward exchange contracts is calculated and measured based on exchange rate movements.

If the requisite conditions are met and a decision has been made to exercise this option, derivative financial instruments are combined with the hedged items into hedges. Hedge effectiveness was assessed both prospectively as well as retrospectively based on the critical terms match method, because the Company only had micro hedges in the 2019 fiscal year, i.e., the risk resulting from a single hedged item is hedged with a single derivative financial instrument. For this assessment, the change in the spot component of the forward exchange contracts was offset against the change in the value or payment flows of the hedged items from exchange rate movements. The forward component is recognized pro rata temporis over the term of the forward exchange contracts and reported as an adjustment to interest expenses.

Hedge accounting for currency risks

In accordance with business policy, each Siemens Healthineers unit is responsible for documenting, measuring and monitoring its foreign currency risks. The net foreign currency position of each unit serves as the key performance indicator and must be hedged in a bandwidth of no less than 75% but no more than 100%, generally with Siemens AG Group Treasury.

A separate hedge was designated for each payment due for the loan liabilities. The hedges for the loan liabilities have terms up to September 15, 2021, or up to September 15, 2023. As of the balance sheet date, based on the interest period of six months the hedges for the interest payments had a term from five-and-a-half months up to a maximum of 23.5 months or 47.5 months.

(in millions of US\$)	Sep 30, 2019
Foreign currency risk from liabilities	1,602
Foreign currency risk from firm commitments and forecast transactions	98
Net foreign currency position (before hedging)	1,700
Foreign currency exchange contracts with affiliated companies	1,700
Net foreign currency position (after hedging)	0

No provisions for pending losses were recognized because no hedge ineffectiveness was determined for the hedged foreign currency risks.

Carrying amounts of derivative financial instruments requiring recognition

Because no provisions for pending losses were required to be recognized, only the forward component of the forward exchange contracts not yet due recognized on a pro rata basis was reflected in the balance sheet. Its carrying amount totaled €12 million as of September 30, 2019, and was reported in receivables from affiliated companies.

Note 23 Proposal for the appropriation of net income

The Supervisory Board and the Managing Board propose that the unappropriated net income of Siemens Healthineers AG for the past fiscal year 2019, amounting to €1,057 million, be appropriated as follows: Distribution of a dividend of €0.80 on each no-par value share entitled to the dividend, and carry-forward of the remaining amount.

Note 24 Remuneration of the members of the Managing Board and the Supervisory Board

Remuneration of the members of the Managing Board

Members of the Managing Board received cash compensation of €4.1 million. The fair value of share-based compensation amounted to €3.9 million for 194,823 stock awards in fiscal year 2019. The Company granted contributions (including one-time special contributions) under the Siemens Healthineers BSAV pension plan to members of the Managing Board totaling €0.9 million.

Therefore, the compensation and benefits attributable to members of the Managing Board amounted to €8.8 million in total.

Total remuneration of the Managing Board member stepping down at fiscal year-end

The Managing Board member stepping down at 2019 fiscal year-end was awarded severance of €2.4 million in fiscal year 2019.

Siemens Healthineers AG has not recognized provisions for pensions commitments for the Managing Board member stepping down at the end of the 2019 fiscal year. A subsidiary holds the existing vested awards.

Remuneration of the members of the Supervisory Board

Compensation attributable to members of the Supervisory Board comprises a base compensation and additional compensation for committee work, and totaled €1.1 million (including meeting fees) in fiscal year 2019.

Information regarding the remuneration of the members of the Managing Board and Supervisory Board is disclosed on an individual basis in the Compensation Report, which is part of the Combined Management Report (Section A.8).

Note 25 Declaration of Compliance with the German Corporate Governance Code

As of September 30, 2019, the mandatory statement pursuant to Section 161 of the German Stock Corporation Act (AktG) has been issued by the Managing Board and the Supervisory Board of Siemens Healthineers AG and is accessible to the public on the Company's website at → www.corporate.siemens-healthineers.com/investor-relations/corporate-governance.

Note 26 Group affiliation

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

The Consolidated Financial Statements are published in the German Federal Gazette.

Note 27 Events after the balance sheet date

The following event of particular significance occurred after the balance sheet date:

End of October 2019 the acquisition of Corindus Vascular Robotics, Inc. was completed, and the consideration was paid. Therefore, the guarantee existing as of the balance sheet date became invalid.

Note 28 Members of the Supervisory Board and Managing Board and their mandates

Members of the Managing Board

In the 2019 fiscal year and the period up to the preparation of these Annual Financial Statements, the Managing Board had the following members:

Name and occupation	Year of birth	First appointed	Term expires	Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises	
				External positions	Group company positions
Dr. Bernhard Montag Chairman	1969	03/01/2018	02/28/2021	None	None
Dr. Jochen Schmitz Chief Financial Officer	1966	03/01/2018	02/28/2021	German Positions: • Universitätsklinikum Augsburg (since 02/01/2019)	None
Michael Reitermann Member of the Managing Board	1962	03/01/2018	original appointment ended 2021	Positions outside Germany: • Siemens Foundation, USA (until 09/30/2019)	None
Dr. Christoph Zindel Member of the Managing Board	1961	10/01/2019	09/30/2022	None	None

Michael Reitermann stepped down from the Managing Board effective at the end of the day on September 30, 2019.

Members of the Supervisory Board

The Supervisory Board of Siemens Healthineers AG has nine members. All members were appointed by the Shareholders' Meeting and represent the shareholders. Under the German rules for employee co-determination in companies, Siemens Healthineers AG is not required to appoint a Supervisory Board that includes employee representatives, as Siemens Healthineers AG has fewer than the required number of employees. Consistently with the

German provisions for employee co-determination in companies, employees at other entities of the Group are not attributed to Siemens Healthineers AG.

In the 2019 fiscal year, the Supervisory Board had the following members:

Name	Occupation	Year of birth	Member since	Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises
Michael Sen Chairman	Member of the Managing Board of Siemens Aktiengesellschaft	1968	03/01/2018	German positions: • Siemens Healthcare GmbH (Chairman) Positions outside Germany: • Siemens Gamesa Renewable Energy, S.A., Spain
Dr. Norbert Gaus Deputy Chairman	Executive Vice President Corporate Technology of Siemens Aktiengesellschaft	1961	03/01/2018	German positions: • evosoft GmbH (Chairman) Positions outside Germany: • evosoft kft, Hungary (Chairman)
Dr. Marion Helmes	Supervisory board member	1965	03/01/2018	German positions: • ProSiebenSat.1 Media SE (Vice Chairwoman) • Uniper SE Positions outside Germany: • British American Tobacco p.l.c., United Kingdom • Heineken N.V., The Netherlands
Dr. Andreas C. Hoffmann	General Counsel of Siemens Aktiengesellschaft	1964	03/01/2018	Positions outside Germany: • Siemens Ltd., China (since 04/01/2019)
Dr. Philipp Rösler	Supervisory board member	1973	03/02/2018	German positions: • Arabesque S-Ray GmbH (since 07/01/2019) • Bertelsmann Stiftung • Jacobs University Bremen Positions outside Germany: • Fortum Corporation, Finland (since 03/26/2019)
Dr. Nathalie von Siemens	Managing Director and Spokesperson of Siemens Stiftung	1971	03/01/2018	German positions: • Messer Group GmbH • Siemens Aktiengesellschaft • Siemens Healthcare GmbH
Dr. Gregory Sorensen	CEO, DeepHealth, Inc. and Executive Chairman, IMRIS (Deerfield Imaging, Inc.)	1962	03/01/2018	Positions outside Germany: • Fusion Healthcare Staffing, LLC, USA (Chairman) • Invicro, LLC, USA • DFB Healthcare Acquisitions Corp., USA
Karl-Heinz Streibich	President of acatech – Deutsche Akademie der Technikwissenschaften	1952	03/01/2018	German positions: • Dürr AG (Chairman) • Deutsche Telekom AG • Münchener Rückversicherungs-Gesellschaft AG (since 04/30/2019) • Wittenstein SE (until 03/31/2019)
Prof. Dr. Ralf P. Thomas	Member of the Managing Board of Siemens Aktiengesellschaft (Chief Financial Officer)	1961	03/01/2018	German positions: • Siemens Healthcare GmbH Positions outside Germany: • Siemens Aktiengesellschaft Österreich, Austria • Siemens Corp., USA (until 06/30/2019) • Siemens Gamesa Renewable Energy, S.A., Spain

Note 29 List of subsidiaries and associated companies of Siemens Healthineers AG pursuant to Section 285 para. 11 of the German Commercial Code

September 30, 2019	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
Germany (11 companies)			
Befund24 GmbH, Erlangen/Germany	0	2	85
Dade Behring Grundstücks GmbH, Kemnath/Germany	- ¹⁴	21 ¹⁴	94
MeVis BreastCare GmbH & Co. KG, Bremen/Germany	1	4	49
NEO New Oncology GmbH, Cologne/Germany	131 ¹³	667 ¹³	100
Siemens Healthcare Diagnostics Products GmbH, Marburg/Germany	- ¹⁴	89 ¹⁴	100
Siemens Healthcare GmbH, Munich/Germany	- ^{10,14}	2,710 ^{10,14}	100
Siemens Healthineers Beteiligungen GmbH & Co. KG, Kemnath/Germany	-37	11,651	100
Siemens Medical Solutions Health Services GmbH, Grünwald/Germany	1	31	100
Siemens Real Estate GmbH & Co. KG, Kemnath/Germany	15	91	94
Zeleni Holding GmbH, Kemnath/Germany	N/A ^{4,16}	N/A ^{4,16}	100
Zeleni Real Estate GmbH & Co. KG, Kemnath/Germany	N/A ^{4,16}	N/A ^{4,16}	100
Europe, Commonwealth of Independent States (C. I. S.), Africa, Middle East (EMEA) (without Germany) (54 companies)			
Fast Track Diagnostics Ltd, Sliema/Malta	3 ⁸	8 ⁸	100
FAST TRACK DIAGNOSTICS LUXEMBOURG S.à r.l., Esch-sur-Alzette/Luxembourg	1 ⁵	1 ⁵	100
FTD Europe Ltd, Sliema/Malta	3 ⁸	9 ⁸	100
Impilo Consortium (Pty.) Ltd., La Lucia/South Africa	-13	58	31
ITH icoserve technology for healthcare GmbH, Innsbruck/Austria	0	1	69
Medical Systems S.p.A., Genoa/Italy	4 ⁹	109 ⁹	45
Minicare B.V., Amsterdam/Netherlands	-1 ¹¹	2 ¹¹	100
PETNET Solutions SAS, Lisses/France	1	1	100
Siemens Healthcare (Private) Limited, Lahore/Pakistan	-2	-2	100
Siemens Healthcare A/S, Ballerup/Denmark	2	7	100
Siemens Healthcare AB, Solna/Sweden	1	5	100
Siemens Healthcare AG, Zurich/Switzerland	11 ¹³	80 ¹³	100
Siemens Healthcare AS, Oslo/Norway	5	17	100
Siemens Healthcare d.o.o. Beograd, Belgrade/Serbia	34	98	100
Siemens Healthcare d.o.o., Ljubljana/Slovenia	1	3	100
Siemens Healthcare d.o.o., Zagreb/Croatia	0	3	100
Siemens Healthcare Diagnostics GmbH, Vienna/Austria	7	44	100
Siemens Healthcare Diagnostics Ltd., Frimley, Surrey/United Kingdom	2	36	100
Siemens Healthcare Diagnostics Manufacturing Limited, Swords, County Dublin/Ireland	-	0	100
Siemens Healthcare Diagnostics Manufacturing Ltd, Frimley, Surrey/United Kingdom	5	26	100
Siemens Healthcare Diagnostics Products Ltd, Frimley, Surrey/United Kingdom	4	47	100
Siemens Healthcare EOOD, Sofia/Bulgaria	1 ⁹	4 ⁹	100
Siemens Healthcare FZ LLC, Dubai/United Arab Emirates	2	22	100
Siemens Healthcare Industrial and Commercial Société Anonyme, Chalandri/Greece	3	15	100
Siemens Healthcare Kft., Budapest/Hungary	1	2	100
Siemens Healthcare L.L.C., Dubai/United Arab Emirates	7	59	49
SIEMENS HEALTHCARE LIMITED LIABILITY COMPANY, Kiev/Ukraine	2 ⁹	0 ⁹	100
Siemens Healthcare Limited Liability Company, Moscow/Russian Federation	2 ⁹	0 ⁹	100
Siemens Healthcare Limited Liability Partnership, Almaty/Kazakhstan	- ⁹	1 ⁹	100
Siemens Healthcare Limited, Frimley, Surrey/United Kingdom	28	182	100

September 30, 2019	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
Siemens Healthcare Limited, Riyadh/Saudi Arabia	21	37	51
Siemens Healthcare Logistics LLC, Cairo/Egypt	0	0	100
Siemens HealthCare Ltd., Rosh HaAyin/Israel	0	3	100
Siemens Healthcare Medical Solutions Limited, Swords, County Dublin/Ireland	2	8	100
Siemens Healthcare Nederland B.V., The Hague/Netherlands	13	50	100
Siemens Healthcare NV, Beersel/Belgium	6	19	100
Siemens Healthcare Oy, Espoo/Finland	6	27	100
Siemens Healthcare Proprietary Limited, Halfway House/South Africa	4	23	75
Siemens Healthcare S.A.E., Cairo/Egypt	3	5	100
Siemens Healthcare S.R.L., Bucharest/Romania	0	7	100
Siemens Healthcare S.r.l., Milan/Italy	8	70	100
Siemens Healthcare s.r.o., Bratislava/Slovakia	1	4	100
Siemens Healthcare Saglik Anonim Sirketi, Istanbul/Turkey	6	15	100
Siemens Healthcare SARL, Casablanca/Morocco	-2	-3	100
Siemens Healthcare SAS, Saint-Denis/France	16	66	100
Siemens Healthcare Sp. z o.o., Warsaw/Poland	6	24	100
SIEMENS HEALTHCARE, S.L.U., Getafe/Spain	-1	147	100
Siemens Healthcare, s.r.o., Prague/Czech Republic	5	8	100
SIEMENS HEALTHCARE, UNIPESOAL, LDA, Amadora/Portugal	2	26	100
Siemens Healthineers Holding III B.V., The Hague/Netherlands	62	3,575	100
Siemens Medical Solutions Diagnostics Holding I B.V., The Hague/Netherlands	62	2,810	100
Siemens Medicina d.o.o., Sarajevo/Bosnia and Herzegovina	0	0	100
Steiermärkische Medizinarchiv GesmbH, Graz/Austria	1	2	52
TRIXELL SAS, Moirans/France	23 ⁹	40 ⁹	25
Americas (26 companies)			
Dade Behring Hong Kong Holdings Corporation, Tortola/Virgin Islands, British	- ^{3,13}	44 ^{3,13}	100
Dedicated2Imaging LLC, Wilmington, DE/United States	-6 ^{3,13}	3 ^{3,13}	80
EPOCAL INC., Toronto/Canada	6 ⁷	92 ⁷	100
Imricor Medical Systems, Inc., Dover, DE/United States	-5 ⁹	-5 ⁹	9
P.E.T.NET Houston, LLC, Austin, TX/United States	3 ^{3,13}	6 ^{3,13}	51
PETNET Indiana, LLC, Indianapolis, IN/United States	1 ^{3,13}	3 ^{3,13}	50 ²
PETNET Solutions Cleveland, LLC, Wilmington, DE/United States	1 ^{3,13}	3 ^{3,13}	63
PETNET Solutions, Inc., Knoxville, TN/United States	20 ^{3,13}	174 ^{3,13}	100
PhSiTh LLC, New Castle, DE/United States	N/A ^{15,16}	N/A ^{15,16}	33
Siemens Healthcare Diagnósticos Ltda., São Paulo/Brazil	17 ¹³	68 ¹³	100
Siemens Healthcare Diagnostics Inc., Los Angeles, CA/United States	57 ^{3,13}	7,713 ^{3,13}	100
Siemens Healthcare Diagnostics Manufacturing Limited, Grand Cayman/Cayman Islands	8	36	100
Siemens Healthcare Diagnostics S.A., San José/Costa Rica	0	2	100
Siemens Healthcare Diagnostics, S. de R.L. de C.V., Mexico City/Mexico	5 ⁹	34 ⁹	100
Siemens Healthcare Equipos Médicos Sociedad por Acciones, Santiago de Chile/Chile	1	14	100
Siemens Healthcare Laboratory, LLC, Wilmington, DE/United States	1 ^{3,13}	5 ^{3,13}	100
Siemens Healthcare Limited, Oakville/Canada	11	175	100
Siemens Healthcare S.A., Buenos Aires/Argentina	0	9	100
Siemens Healthcare S.A.C., Surquillo/Peru	1 ⁹	2 ⁹	100
Siemens Healthcare S.A.S., Tenjo/Colombia	1 ⁹	10 ⁹	100
Siemens Healthcare Servicios S. de R.L. de C.V., Mexico City/Mexico	1 ⁹	3 ⁹	100
Siemens Healthcare, Sociedad Anonima, Antiguo Cuscatlán/El Salvador	0 ⁹	2 ⁹	100

September 30, 2019	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
Siemens Medical Solutions USA, Inc., Wilmington, DE/United States	87 ^{3,13}	9,721 ^{3,13}	100
Siemens Molecular Imaging, Inc., Wilmington, DE/United States	-6 ^{3,13}	-108 ^{3,13}	100
Siemens S.A., Montevideo/Uruguay	0	1	100
Siemens-Healthcare Cia. Ltda., Quito/Ecuador	0 ⁹	3 ⁹	100
Asia, Australia (24 companies)			
AcroRad Co., Ltd., Okinawa/Japan	2	25	96
PETNET Radiopharmaceutical Solutions Pvt. Ltd., Mumbai/India	0	3	100
Shanghai Meiling Medical Imaging Diagnosis Center Co., Ltd., Shanghai/China	N/A ^{4,16}	N/A ^{4,16}	49
Siemens Healthcare Diagnostics K.K., Tokyo/Japan	5	71	100
Siemens Healthcare Diagnostics Manufacturing Ltd., Shanghai, Shanghai/China	-1 ⁹	28 ⁹	100
Siemens Healthcare Inc., Manila/Philippines	2	24	100
Siemens Healthcare K.K., Tokyo/Japan	51	229	100
Siemens Healthcare Limited, Auckland/New Zealand	-1	9	100
Siemens Healthcare Limited, Bangkok/Thailand	1	8	100
Siemens Healthcare Limited, Ho Chi Minh City/Viet Nam	0	3	100
Siemens Healthcare Limited, Hong Kong/Hong Kong	5	7	100
Siemens Healthcare Limited, Taipei/Taiwan, Province of China	6	23	100
Siemens Healthcare Ltd., Dhaka/Bangladesh	0 ¹³	3 ¹³	100
Siemens Healthcare Private Limited, Mumbai/India	19 ¹²	-57 ¹²	100
Siemens Healthcare Pte. Ltd., Singapore/Singapore	2	20	100
Siemens Healthcare Pty. Ltd., Melbourne/Australia	4	79	100
Siemens Healthcare Sdn. Bhd., Petaling Jaya/Malaysia	3	8	100
Siemens Healthineers Diagnostics (Shanghai) Co., Ltd., Shanghai/China	36 ⁹	300 ⁹	100
Siemens Healthineers Ltd., Seoul/Korea, Republic of	14 ⁶	55 ⁶	100
Siemens Healthineers Ltd., Shanghai/China	90 ⁹	137 ⁹	100
Siemens Shanghai Medical Equipment Ltd., Shanghai/China	67 ⁹	109 ⁹	100
Siemens Shenzhen Magnetic Resonance Ltd., Shenzhen/China	66 ⁹	96 ⁹	100
Siemens Technology Development Co., Ltd. of Beijing, Beijing/China	3 ⁹	7 ⁹	90
Siemens X-Ray Vacuum Technology Ltd., Wuxi, Wuxi/China	3 ⁹	21 ⁹	100

¹ The financial data essentially corresponds to the figures in the annual financial statements after profit transfer, if any, prepared according to locally applicable accounting rules for the fiscal year from October 1, 2017, to September 30, 2018.

² Control due to a majority of voting rights.

³ The values correspond to the annual financial statements according to the consolidated IFRS-closing.

⁴ No annual financial statements available due to founding in fiscal year 2019.

⁵ Financial data for the fiscal year January 1, 2017 – December 31, 2017.

⁶ Financial data for the short fiscal year October 25, 2017 – September 30, 2018.

⁷ Financial data for the short fiscal year November 1, 2017 – September 30, 2018.

⁸ Financial data for the short fiscal year January 1, 2018 – September 30, 2018.

⁹ Financial data for the fiscal year January 1, 2018 – December 31, 2018.

¹⁰ Financial data for the short fiscal year April 1, 2018 – September 30, 2018.

¹¹ Financial data for the short fiscal year April 6, 2018 – December 31, 2018.

¹² Financial data for the fiscal year April 1, 2018 – March 31, 2019

¹³ Financial data for the fiscal year October 1, 2018 – September 30, 2019.

¹⁴ A profit transfer agreement was in place in the fiscal year listed.

¹⁵ Usage of the exemption in accordance with Section 286 para. 3 sentence 2 German Commercial Code.

¹⁶ N/A = No data available.

B.

Additional information

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B.1 Responsibility Statement

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B.2 Independent Auditor's
Report

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B.3 Further Information

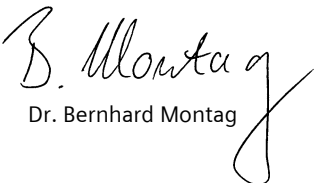
B.1 Responsibility Statement

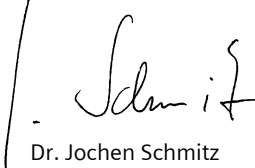
To the best of our knowledge, and in accordance with the applicable reporting principles, the Annual Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Company, and the Management Report for Siemens Healthineers AG, which has been combined with the Group Management Report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company.


Munich, November 25, 2019

Siemens Healthineers AG

The Managing Board


Dr. Bernhard Montag


Dr. Jochen Schmitz


Dr. Christoph Zindel

B.2 Independent Auditor's Report

To Siemens Healthineers AG, Munich

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of Siemens Healthineers AG, Munich, which comprise the income statement for the fiscal year from October 1, 2018 to September 30, 2019, the balance sheet as of September 30, 2019 and the notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Siemens Healthineers AG, which is combined with the group management report for the fiscal year from October 1, 2018 to September 30, 2019. In accordance with the German legal requirements we have not audited the content of chapter A.7.4 "Corporate Governance statement" of the Combined Management Report, including chapter C.3.2 "Corporate Governance statement pursuant to Sections 289f and 315d of the German Commercial Code" of the Annual Report 2019 referred to in chapter A.7.4 "Corporate Governance statement".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of September 30, 2019 and of its financial performance for the fiscal year from October 1, 2018 to September 30, 2019 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the Corporate Governance statement referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). In conducting the audit of the annual financial statements we also complied with International Standards on Auditing (ISA). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from October 1, 2018 to September 30, 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Impairment of non-current financial assets

Reasons why the matter was determined to be a key audit matter: The impairment test of non-current financial assets was a key audit matter, as in particular shares in affiliated companies entail a significant risk of material misstatement due to the materiality of these assets as well as the judgment involved in assessing whether there is objective evidence to indicate a lower net realizable value and permanent impairment. The valuations of non-current financial assets also depend to a large extent on the assessment of future cash inflows and the discount rate applied.

Auditor's response: With regard to the lower net realizable values calculated by management and its assessment as to whether an impairment is expected to be permanent, we examined the underlying processes related to the planning of future cash flows as

well as to the calculation of net realizable value. We assessed the underlying valuation models for the determination of net realizable value in terms of methodology and reperformed the calculations with the assistance of internal valuation specialists. We further obtained explanations from management regarding material value drivers of the planning and examined whether the budget reflects general and industry-specific market expectations.

Forecast accuracy was assessed on a sample basis using budget-to-actual comparisons of historically forecast data with the actual results. The parameters used to estimate net realizable value such as the estimated growth rates and the weighted average cost of capital rates were assessed by comparing them to publicly available market data and considering changes in significant assumptions, including future market conditions. We also performed sensitivity analyses to assess the impairment risk in the case of a reasonably possible change in one of the significant assumptions.

Our audit procedures did not lead to any reservations relating to the impairment of non-current financial assets.

Reference to related disclosures: With regard to the recognition and measurement policies applied for the impairment of non-current financial assets, refer to chapter A.3.2 “Accounting policies and methods” in the notes to the financial statements.

Uncertain tax positions and deferred taxes

Reasons why the matter was determined to be a key audit matter: The accounting for uncertain tax positions as well as deferred taxes requires management to exercise considerable judgment and make estimates and assumptions, and was therefore a key audit matter. In particular, this relates to the measurement and completeness of uncertain tax positions.

Auditor’s response: With the assistance of internal tax specialists who have knowledge of tax law, we examined the processes installed by management for the identification, recognition and measurement of tax positions. In the course of our audit procedures relating to uncertain tax positions, we evaluated whether management’s assessment of the tax implications of significant business transactions or events in fiscal year 2019, which could result in uncertain tax positions or influence the measurement of existing uncertain tax positions, was in compliance with tax law. In particular, this includes the tax implications arising from the acquisition or disposal of company shares, corporate (intragroup) restructuring activities, and cross-border matters, such as determining transfer prices. In order to assess measurement and completeness, we also obtained confirmations from external tax advisors. Further, we evaluated management’s assessments with respect to the prospects of success of appeal and tax court proceedings by inquiring of the Siemens Healthineers tax department and by considering current tax case law.

Our audit procedures did not lead to any reservations relating to the accounting for uncertain tax positions and the assessment of deferred taxes.

Reference to related disclosures: With regard to the recognition and measurement policies applied in accounting for income taxes,

refer to chapter A.3.2 “Accounting policies and methods” and chapter A.3.3 “Notes to the income statement”, Note 6 “Income taxes” and with respect to disclosures for deferred tax assets, refer to chapter A.3.4 “Notes to the balance sheet”, Note 10 “Deferred tax assets” in the notes to the financial statements.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board in the Annual Report 2019. In all other respects, management is responsible for the other information.

The other information, of which we received a version prior to issuing this auditor’s report, includes:

- the Responsibility Statement according to Sec. 264 (2) Sentence 3 and Sec. 289 (1) Sentence 5 HGB in chapter B.1 “Responsibility Statement” of the report “Annual financial statements as of September 30, 2019”,
- the notes in chapter B.3 “Further Information” of the report “Annual financial statements as of September 30, 2019”,
- the “Report of the Supervisory Board” in the Annual Report 2019,
- the section “To our shareholders” in the Annual Report 2019,
- the Responsibility Statement in chapter C.1 “Responsibility statement” of the Annual Report 2019,
- Corporate Governance in chapter C.3 “Corporate Governance” of the Annual Report 2019, and
- Notes and forward-looking statements in chapter C.4 “Notes and forward-looking statements” of the Annual Report 2019.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Supervisory Board for the annual financial statements and the management report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is

responsible for such internal control as it, in accordance with German legally required accounting principles, has determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company’s ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company’s position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as management has considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company’s financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor’s responsibilities for the audit of the annual financial statements and the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company’s position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation as well as in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW and in supplementary compliance with ISA will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures;
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company’s position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the Annual Shareholders’ Meeting on February 5, 2019. We were engaged by the Supervisory Board on February 25, 2019. We have been the auditor of Siemens Healthineers AG without interruption since the short fiscal year from December 1, 2017 to September 30, 2018.

We declare that the opinions expressed in this auditor’s report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Company or entities controlled by it the following services that are not disclosed in the annual financial statements or in the management report:

In addition to auditing the statutory financial statements of Siemens Healthineers AG, we performed the statutory audit of the Siemens Healthineers’ consolidated financial statements, audits of financial statements of subsidiaries of Siemens Healthineers AG, reviews of interim financial statements being integrated into the audit, project-accompanying IT audits and audit services in connection with the implementation of new accounting standards.

Other attestation services include primarily attestation services required by law, contractually agreed or requested on a voluntary basis.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Thomas Spannagl.

Munich, November 25, 2019

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft



Spannagl
Wirtschaftsprüfer
[German Public Auditor]



Tropschug
Wirtschaftsprüferin
[German Public Auditor]

B.3 Further Information

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

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

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

To facilitate readability mainly the masculine form is used in this report. However, this always relates to male and female persons alike.

Internet: www.siemens-healthineers.com

Press: www.siemens-healthineers.com/press-room

Investor Relations: www.corporate.siemens-healthineers.com/investor-relations

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