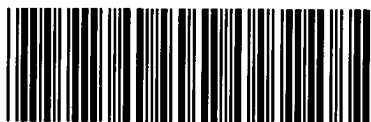


SIEMENS GAMESA RENEWABLE ENERGY LIMITED
Annual report and financial statements
Registered number 10253129
September 30, 2022

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SIEMENS GAMESA RENEWABLE ENERGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

The directors of Siemens Gamesa Renewable Energy Limited ("the Company") present the annual report containing a strategic report, directors' report and the financial statements for the year ended September 30, 2022.

STRATEGIC REPORT

Principal activities

Siemens Gamesa Renewable Energy Limited is engaged in the manufacture, construction, installation and servicing of wind farms, in the area of renewable electricity generation. The Company sources the main components for its wind farm construction and servicing from Siemens Gamesa Renewable Energy A/S and Siemens Gamesa Renewable Energy GmbH, while producing 81m blades from its factory in Hull. From the summer of 2023 the factory is scheduled to begin production of the next generation of blades with a length of 108 metres.

General business review - Statement of Income

Revenue for the year is mainly driven by the construction of Hornsea Two wind farm (£440m) and Nearth na Gaoithe (£151m) as well as £303m from wind farm servicing. The Company earned a gross profit of £108m in the year with operating profit of £97m. The operating profit has been further impacted by marketing and distribution expenses of £9m, in relation to wages and salaries, foreign exchange losses and insurance expenses.

The Company made a profit for the year, net of taxation of £74m from its continuing operations.

The performance in 2022 is in line with the expectations of the directors, and the directors believe the results for the year, reflect the ongoing trading performance of the Company.

The directors work closely with management to anticipate risks from economic or global factors and plan accordingly. An evaluation of the potential impact of market factors is undertaken regularly by the management, so that the Company can respond appropriately.

The Company's vision is to be the global leader in the renewable energy industry, driving the transition towards a sustainable world. The strategy is to return to sustainable profitability through the Mistral programme, which will allow it to continue to invest in technology to reduce the levelised cost of renewable energy for its customers, through world class manufacturing, efficient installation, increased reliability and best in class servicing.

Health and Safety statement

The renewable energy industry is a relatively new industry but a rapidly growing one, and we take our leading position in the industry seriously, particularly in relation to health and safety. We see it as our responsibility to be part of the development of the industry. We are actively involved in driving health and safety improvements both in terms of direct engagement with our customers and also providing significant commitment and resources to industry health and safety groups and bodies, such as the Global Wind Organisation, the G+ Global Offshore Wind Health & Safety Organisation and the equivalent onshore group, SafetyOn.

General business review - Statement of Financial Position

Total assets amounted to £1,051m, of which £345m relates to land and buildings, mainly in relation to Hull blade factory and preassembly site and the right of use assets recognised under IFRS16. £261m of the assets relate to receivables from group companies. The Company also has £36m inventories and cash held in the external bank amounted to £14m at year end.

Total liabilities amounted to £906m of which £112m relates to trade payables and £275m relates to contract liabilities, on construction and long term service contracts. £47m of the liabilities relates to fair value losses on derivative financial instruments placed to hedge foreign currency risk.

The Company has an equity balance of £145m, mainly consisting of share capital of £176m and other reserves of -£188m. The other reserves represents the excess of purchase price paid over the wind power assets and liabilities acquired from Siemens plc, Siemens Gamesa Renewable Energy B9 Limited, Siemens Gamesa Renewable Energy Wind Limited and Siemens Gamesa Renewable Energy UK Limited. The Company has adopted the pooling of interest method to account for the intercompany business combination. Please refer to the note 2 'business combinations' and note 4 for further details.

Net cash from operations for the year was £141m.

Analysis of Financial Key Performance Indicators

The Company measures its performance on a number of key performance indicators, including new orders received, revenue, profit from operations and net cash from operations. In addition to these financial performance indicators there are also a number of non financial indicators which are noted in the section 172 statement.

New orders received

New orders received in the year were £1,181m, mainly relating to the offshore and service business units. Significant order entries related to Moray West offshore build contract £847m and Moray West service contract £39m as well as Clyde extension service contract £39m.

Covid 19

The Company provided substantial additional disclosure on the impact of Covid 19 in its 2019 and 2020 financial statements. The financial impact of Covid-19 for the Company has been minimal, with the majority of long-term contracts entered into with either large utilities companies or institutional investors, with a significant secured order backlog.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**ANNUAL REPORT AND FINANCIAL STATEMENTS****YEAR ENDED SEPTEMBER 30, 2022****Principal risks and uncertainties**

The Company has implemented a coordinated set of risk management and control systems, including strategic planning and management reporting, to help anticipate, measure, monitor and manage its exposure to risk. Risks which the Company faces are as follows:

- Price and product competition is managed by entering into fixed price agreements with suppliers where possible.
- Performance risks under long term fixed price contracts are managed by formal project assessment procedures and regular project status meetings with the business units and project managers.
- Loss of supply of product components is mitigated through careful procurement process and controlled by effective contract management engagement with suppliers
- Changes in the regulatory and legal environment is assessed by our legal function and senior management team regularly. In addition the Company engages in ongoing dialogue with policy-makers and various industry bodies to keep abreast with regulatory changes that impact us.
- Credit and interest rate risks are monitored closely by our global treasury function. Where amounts become overdue, specific measures may be taken on assessment of risk

Further details on the Company's approach to the risk environment are described in the Directors' report.

Based on the Company's forecasts, the directors consider that the Company will trade profitably and generate positive cash flows from operations over the next 12 months. For 2022, based on their assessment of the Company's financial position, future performance, liquidity and risks, the directors have a reasonable expectation that the Company has adequate resources to adopt the going concern basis of preparation for the financial statements.

Streamlined Energy and Carbon Reporting

	2022	2021	Units
Energy consumption used to calculate emissions	7,742,704	9,406,662	kWh
Emissions from combustion of gas	1,410.3	1,713.4	tCO ₂ e
Emissions from business travel in rental cars or employee -owned vehicles where Company is responsible for purchasing the fuel	1,339	1,575	tCO ₂ e
Emissions from purchased electricity	-	-	tCO ₂ e

Section 172(1) Statement

The directors of the Company must act in accordance with a set of general duties. These include a duty under s.172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members, and in doing so have regard (amongst other matters) to:

- 1) the likely consequences of any decision in the long term;
- 2) the interests of the Company's employees;
- 3) the need to foster the Company's business relationships with suppliers, customers and others;
- 4) the impact of the Company's operations on the community and the environment;
- 5) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- 6) the need to act fairly as between members of the Company.

Understanding the perspectives of the Company's stakeholders and building good relationships enables their views to be taken into account by the Board of directors of the Company ("Board"). The Board uses forums such as the Wind Management Board ("WMB") and other sessions to ensure they are well informed to make key decisions. All Board members participate in the WMB which have representation from all Business Unit and Support functions. Given the size and nature of SGRE in the UK, stakeholder engagement often takes place at both an operational and senior management level as well as by the Board, the mechanisms that are in place provide a good basis to ensure stakeholder feedback is considered in the operation of the Company.

Stakeholder relationships

The Company's relationship with stakeholders is two-fold: from the standpoint of sustainability, responding to their expectations and needs and, from a reputational perspective, managing the perception these stakeholders have of the Company. Siemens Gamesa has a wide variety of stakeholders that include: i) Customers; ii) Employees; iii) Shareholders; iv) Investors, analysts & ESG rating agencies; v) Suppliers; vi) Governments and regulators; vii) Media and viii) Society and communities in general. The Company's stakeholders are identified through internal processes of reflection involving the management team and based on established relationships with key groups to meet both their expectations and the Company's needs.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

The Company engages with stakeholders through dedicated channels (direct contact, conferences, meetings, mailboxes, dedicated portals, annual or multi-annual surveys) to identify the most important issues and provide a reasonable response to their expectations whenever possible

Employees

Empowering people to lead the future and maintaining a culture of trust are essential to Siemens Gamesa's business model. They are central to the business strategy, organization, hiring and decision-making process and daily operations, and to how the Company and employees grow.

The Culture of Trust program supports the development of a shared corporate culture across the group based on trust, empowerment, diversity and inclusion as well as continuous learning. These four pillars support our Company values.

Siemens Gamesa aims to be an employer of choice by pursuing improvements in people's quality of life, and by empowering and motivating all employees with an exciting culture, life-long learning and development possibilities. Our employment model is based on respect for and compliance with universal human rights standards and labour legislation, professional development, inclusiveness and occupational health and safety.

Due to the very nature of its business, Siemens Gamesa's production plants need to operate round the clock, with the result that certain groups (generally those classified as direct and indirect labour) must work in shifts. Siemens Gamesa provides work-life balance measures where this is possible. They include flexible hours, straight shifts, and adapting work schedules to certain family circumstances.

We pursue labour relationships that are based on trust, transparency, and good faith negotiations. We believe in workers' right to freedom of association, union membership and collective bargaining.

We offer professional development opportunities in the form of training and job experience in a multicultural and multinational environment; these are the cornerstones on which we base our talent management cycle. Siemens Gamesa has talent management tools that include both general programs and individual plans for high potential employees. Such plans are aimed at contributing to personal growth and developing desired competencies and skills. In addition to individual development plans, the Company has other programs for developing talent.

The Company is committed to equal opportunities for all. One of the main objectives is to create a working environment in which there is no unlawful discrimination and all employees are remunerated on the basis of their merits and contributions.

All job applicants and employees, customers, visitors, suppliers, agency workers or contractors will be treated with dignity and respect regardless of race, nationality, ethnicity, religion, beliefs, sex, sexual orientation, gender, circumstances of pregnancy or maternity, age, disability or marital status.

Within the Company, applicants and employees will be recruited, selected, trained and promoted on objective grounds, i.e on the basis of abilities to contribute most effectively to the success of the Company. Wherever possible and reasonable, we will make adjustments to accommodate disabled employees.

Occupational health & safety is embedded everywhere in the Siemens Gamesa culture. Our Company complies with existing legislation in every market where we have a presence, and we establish such safety measures as may be necessary. Beyond specific market requirements, we are always guided by excellence and continuous improvement, and we apply an integrated health and safety, environment and quality management policy lens to all that we do. We have a zero-tolerance policy towards negligent occupational health and safety conduct.

Our labour policies and practices are underpinned by endorsement of the most stringent international labour standards (including the conventions of the International Labor Organization – ILO – and United Nations) and are expressed in the promotion of employee rights, particularly the right to freedom of association and collective bargaining, going beyond local requirements in this respect.

As a modern flexible Company, we want to be able to adapt quickly to changes in our circumstances and to our employees' needs. Therefore, we carry out employee engagement surveys and have developed a sustainable work model that is both socially responsible in terms of work-life balance and well-being, and environmentally responsible in accordance with our Company purpose.

FlexAgility is the term for the way we work at Siemens Gamesa. Based on the concepts of smart working, modern office space and digital office, it fully develops our individual potential and opens up space for creativity, collaboration and ownership.

Smart working enables employees to work at home or from a satellite location part of their work week through a voluntary and cooperative agreement with their manager. It is a viable, flexible work option when both the employee and the job are suited to such an arrangement. It fosters an engaging work environment, supports health and wellbeing, improves work-life balance and facilitates stronger work relationships.

Our new office standards (NOS) reflect the Company's values and the proper configuration of a flexible and modern office space makes an important contribution to achieving our company's efficiency goals.

An excellent and innovative IT environment is a prerequisite for the FlexAgility concept. Siemens Gamesa provides Office 365 state-of-the-art communication and collaboration platforms including voice, data and video communication.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

We recognize that meaningful change takes time and none of our actions will succeed without the right culture and working environment. That is why we will continue developing flexible working, digital disconnection and inclusive policies as the cornerstones of our aim to be the employer of choice.

Suppliers

Our sustainable supply chain management approach integrates environmental, social and governance aspects. We closely monitor sustainability risks to avoid negative impacts resulting from our supply chain. In addition, we encourage and incentivize our suppliers to not only comply with legal requirements but go beyond them. Accordingly, we understand sustainability performance as an important aspect to create additional value and generate positive impacts.

This approach is grounded in Siemens Gamesa's Supplier Relationship Policy, the Code of Conduct for suppliers and Third-Party Intermediaries, the General Purchasing Conditions and our internal rules and procedures, as they all set minimum expectations for suppliers, while integrating the Principles of the UN Global Compact on Human Rights, Environment and Anti-Corruption.

Customers

SGRE customers are mainly companies that are active within the energy sector. The main customer categories are:

- Utilities – companies that own projects to sell power to their distribution network to reach the final energy demand.
- Independent Power Producers – companies that own projects in order to sell power to an off-taker (via a power purchasing agreement) with the aim of obtaining a financial return in excess of their cost of capital.
- Project Developers – companies that develop a project in order to sell it to a future owner with the interest and financial capability to build and operate it.
- Others – financial investors, oil & gas players, companies that need to consume green energy in order to meet their environmental corporate targets, etc.

The range of customer profiles has expanded with the energy transition, and participants other than the traditional players are gaining importance.

Communities

Siemens Gamesa is deeply anchored in the communities in which we operate. We see it as our duty to collaborate in their sustainable development. That is our business model. Long-term acceptance by local communities is our main priority, and being an active part of their activities and their community, our goal. Through the achievement of the UN's Sustainable Development Goals (SDGs), we also meet the concerns of employees while being engaged with communities through volunteer activities.

Environment

The main challenges facing our society currently are climate change and resource scarcity. As an abundant and inexhaustible natural resource, few question wind power's status as one of the most sustainable ways to generate electricity. Yet the environmental impact associated with the industry remains a point to debate – especially the CO₂ emissions released during the extraction of raw material and turbine disposal. Siemens Gamesa focuses on all the pros and cons of wind energy – and works on the cons: Improving the environmental performance of products and their impact throughout their entire life cycle is one of Siemens Gamesa's main drivers.

The Company also considers these global challenges in its operations as we continuously strive to improve energy efficiency and reduce CO₂ emissions associated with our production technologies and services.

Pollution prevention, waste reduction, sustainable use and protection of resources, transition to a circular economy, and protection of biodiversity and ecosystems are also important. Given that any industrial activity has potential environmental impacts, the Company adheres to the precautionary principle and manages its environmental risks in an integrated manner.

Environmental excellence is essential to achieving the UN's 17 SDGs, meeting the requirements set out in the Paris Agreement on climate change and complying with the new taxonomy standards. We are committed to fostering the sustainable use of resources, a culture of respect for the natural environment, and to leading the fight against climate change by reducing the environmental impact of our activities.

The main environmental topics identified in our Sustainability Strategy are climate change and resource efficiency, and a prioritised set of actions is being implemented on this basis to ensure we focus our efforts and drive performance improvements in the areas that are material to our business.

Because of our highly qualified personnel, we not only comply with the strictest environmental standards but also drive environmental improvements at our factories and across our project sites. However, we recognise that our internal efforts to reduce our environmental impacts are enhanced if combined with other collaborative initiatives with our business partners, such as customers, suppliers, authorities and political parties, industry associations, and research institutes. We therefore seek, lead and support environmental improvements throughout our product value chain to ensure appropriate improvements are implemented in all stages of our product and service lifecycles.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

Government, Regulators and Trade Associations Regulators and Trade Associations

Ongoing dialogue with policy-makers is extremely important for the success of a global Company like Siemens Gamesa.

Siemens Gamesa is politically neutral. However, we operate in markets which are shaped by UK Government policy, either directly or indirectly. We are also providers of solutions to the most pressing issue facing the planet - de-carbonisation. As a result, we are regularly consulted on economic and policy issues by governments, business associations and civil society.

Siemens Gamesa engages with policymakers at all levels in the UK Government, devolved nations and on a cross-party basis.

Signed by order of the board of directors

DocuSigned by:

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M Heath
Company Secretary

Approved by the directors on 20 June 2023

Registered office:
Blade Factory
Sir William Siemens Way
Alexandra Dock, Hull, HU9 1TA

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

DIRECTORS' REPORT

The directors who served the Company during the year and subsequently were as follows:

MacFarlane, William Clark

Keyzer-Dean, Ross

O'Brien, Felicity Catherine

None of the directors holding office at September 30, 2022 had notified a beneficial interest in any contract to which the Company was a party to during the financial year.

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

DIVIDENDS

The directors have not recommended a dividend.

RESEARCH AND DEVELOPMENT

The Company continues to invest in research and development in the UK. The research and development costs are reimbursed by Siemens Gamesa Renewable Energy A/S, a subsidiary Company of Siemens Gamesa group.

GOING CONCERN

Based on the Company's forecasts, the directors consider that the Company will continue to trade profitably during the going concern period of 12 months from the date of approval of the balance sheet. The Company's forecasts incorporate appropriate management judgement for risks associated with business activities. Such assumptions are deemed prudent and are applied to risks on elements such as disruption to supply chain, extension of timelines for projects being delivered as well as amendments to customer and supplier payments. These judgements are amended on a regular basis in response to changing internal and external factors.

In addition, the parent company Siemens Gamesa Renewable Energy SA operates a global cash facility across its group where cash generated by entities are passed to Siemens Gamesa Renewable Energy SA and group companies are able to draw down on these facilities if required.

Due to the group's global cash facility and the Company being in a net current liability position of £125m as at the financial year end, Siemens Gamesa Renewable Energy SA has provided the Company with an undertaking for the going concern period of 12 months from the date of approval of the balance sheet, they will continue to support the Company to allow it to satisfy its financial obligations in the normal course of business. Given the continued parental support and confirmation as explained above, the Directors believe that there will be sufficient liquidity available to cover severe downturn scenario. Accordingly, the directors have a reasonable expectation that the Company has adequate resources to adopt the going concern basis of preparation for the financial statements.

SUBSEQUENT EVENTS

In the first quarter of 2023 an evaluation of the installed fleet identified an upward trend in the failure rate of certain components resulting in higher than expected warranty and service maintenance costs. In addition there was an updated assessment on liquidated damages and risks associated with some servicing projects. As these were deemed to have a material impact on the financial statements, adjustments have been made to reflect these events.

As at September 30 2022, the Company's ultimate parent undertaking Siemens Energy AG directly held approximately 67% of the shares of Siemens Gamesa Renewable Energies S.A. Subsequent to this a cash offer for the remaining shares was approved by the Spanish authorities and this offer was accepted by the majority of individual shareholders in December 2022. This resulted in a suspension in trade of shares and delisting of Siemens Gamesa Renewable Energies S.A. from the Spanish Stock Exchange Market on February 14, 2023. This has no material impact on the transactions recorded and presented in the financial statements for 2022.

FUTURE DEVELOPMENTS

The Company intends to continue its current operations of wind turbine installation and servicing throughout the UK along with the production of blades at its Hull facility. Work has been ongoing to extend the blade factory in Hull to accommodate production of the next generation of blades with a length of 108 metres. Production of these blades is scheduled to start in the summer of 2023.

FINANCIAL INSTRUMENTS

The Company incurs foreign currency risk through its operating activities. In order to mitigate the foreign currency risk the Company follows the currency guideline with the use of forward contracts and where applicable the adoption of hedge accounting. Embedded derivatives have been utilised within a limited customer contracts and associated forward derivatives taken out.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

Credit risk

The Company is exposed to credit risk in connection with its external sales. Credit risk is defined as an unexpected loss in cash and earnings if the customer is unable to pay its obligations in due time, if the value of financial uncertainty may cause customer default rates to increase and collateral values to decline. The effective monitoring and controlling of credit risk is a core competency of our risk management system. Customer ratings, analysed and individual customer limits, are based on generally accepted rating methodologies, the input from external rating agencies and Siemens Gamesa default experiences. Credit evaluations and ratings are performed on all customers with an exposure or requiring credit beyond a defined limit and are carefully considered in determining the conditions under which direct or indirect financing will be offered to customers. The Company's customers are principally large commercial and specific project companies backed by large commercial organisations that have low credit risk, although credit risk is recorded and monitored on an ongoing basis.

Concerning trade receivables and other receivables, as well as other receivables included in Other financial assets that are neither impaired nor past due, there were no indications as of September 30, 2022, that defaults in payment obligations will occur.

Liquidity risk

Liquidity risk results from the Company's potential inability to meet its financial liabilities, e.g. settlement of its financial debt, paying its suppliers and settling finance lease obligations. Beyond effective net working capital and cash management, the Company mitigates liquidity risk by arranging borrowing facilities with other Group companies. Amounts payable to other group companies are repayable on demand, but historically other Group companies have not demanded repayment of these intercompany balances.

Cash flow risk

Siemens Gamesa Renewable Energy SA operates a global cash facility across its group where cash generated by entities are passed to Siemens Gamesa Renewable Energy SA and group companies are able to draw down on these facilities if required.

Due to the Group's global cash facility, Siemens Gamesa Renewable Energy SA has provided the Company with an undertaking for the going concern period of 12 months from the date of approval of the balance sheet, they will continue to support the Company to allow it to satisfy its financial obligations in the normal course of business.

Price Risk

The main price risk in the Company relates to fluctuations in raw materials which are used in the production of wind turbines. This risk is managed by entering into fixed price agreements with suppliers where possible. In addition to this where also possible, price indexation agreements are entered into with customers to protect against increases in raw material costs.

GROUP POLICIES

Employee participation

The directors continue to encourage employee participation within the Company. Team briefings, intranet information and notices and staff forums, encourage an open and participative style of management and communication. We encourage suggestions and innovations for improving business performance through business suggestion schemes and the staff dialogue process.

Environmental

The Company has a responsibility to comply with the highest ethical and legal standards, while protecting the environment and benefiting society as a whole. There are a number of initiatives, to highlight and honour those individuals and employee teams whose projects highlight our commitment to making the world a better place.

Equal opportunities

The Company is committed to equal opportunities for all. One of the main objectives is to create a working environment in which there is no unlawful discrimination and all employees are remunerated on the basis of their merits and contributions.

All job applicants and employees, customers, visitors, suppliers, agency workers or contractors will be treated with dignity and respect regardless of race, nationality, ethnicity, religion, beliefs, sex, sexual orientation, gender, circumstances of pregnancy or maternity, age, disability or marital status.

Within the Company, applicants and employees will be recruited, selected, trained and promoted on objective grounds, i.e. on the basis of their abilities to contribute most effectively to the success of the Company. Wherever possible and reasonable, we will make adjustments to accommodate disabled employees.

POLITICAL DONATIONS

No political donations were made during the current period.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who held office at the date of approval of this annual report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that ought to have been taken as director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Ernst & Young LLP were appointed auditors of the Company and in accordance with section 487(2) of the Companies Act 2006, Ernst and Young LLP will continue in office as auditor of the Company.

Signed by order of the board of directors

DocuSigned by:

Martin Heath

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M Heath

Company Secretary

Approved by the directors on 20 June 2023

Registered office:

Blade Factory

Sir William Siemens Way

Alexandra Dock

Hull

HU9 1TA

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable laws in the United Kingdom. Under Company law the directors have elected to prepare the financial statements in accordance with the International Financial Reporting Standards (IFRSs) in conformity with the Companies Act 2006 including Financial Reporting Standard 101 "Reduced Disclosure Framework".

Under Company Law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cashflows of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in the IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with IFRSs in conformity with the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIEMENS GAMESA RENEWABLE ENERGY LIMITED

Opinion

We have audited the financial statements of Siemens Gamesa Renewable Energy Limited for the year ended 30 September 2022 which comprise the Statement of Income, Statement of Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. 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 financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those relating to the accounting framework (United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the company has to comply with laws and regulations including health and safety, employment, data protection and anti-bribery and corruption.
- We understood how Siemens Gamesa Renewable Energy Limited is complying with those frameworks by making inquiries with management, legal counsel and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reading supporting documentation such as board meeting minutes and correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by evaluating the risks of management override in particular for the areas related to revenue recognition. We incorporated data analytics into our testing of journals and revenue recognition. We tested specific transactions to source documentation, ensuring appropriate authorisation of the transactions. For revenues recognised over time we inspected contracts with customers, considered management's estimates of cost to complete each contract and checked that revenue had been correctly calculated based on the percentage of completion method.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Spela Stefanov (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
City
20th June 2023

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**STATEMENT OF INCOME****For the year ended September 30, 2022 (in thousands of £)****Statement of Income**

	<i>Note</i>	2022	2021
Turnover	5	1,005,916	1,081,823
Cost of sales		(898,011)	(980,298)
Gross profit		107,905	101,525
Marketing and distribution expenses		(9,103)	(12,255)
Administrative expenses		(2,087)	(2,553)
Other operating expenses		(170)	(410)
Operating profit	6	96,945	86,307
Interest income		-	499
Interest expense		(3,600)	(3,248)
Profit on ordinary activities before taxation		92,945	83,558
Tax	9	(19,237)	(16,080)
Profit for the financial year		73,708	67,478
Attributable to:			
Owners of the Company		73,708	67,478

The profit for the year is from continuing operations.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended September 30, 2022 (in thousands of £)**

Statement of Other Comprehensive Income	2022	2021
	<i>Note</i>	
Profit for the year	73,708	67,478
Items that may be reclassified subsequently to profit and loss		
(Loss) / Gain on derivative financial instruments	20,793	(5,007)
Tax effect of the fair value movement on derivative financial instruments	(5,199)	1,190
	<hr/>	<hr/>
Total items that may be reclassified subsequently to profit and loss	15,594	(3,817)
	<hr/>	<hr/>
Other comprehensive income for the year, net of tax	15,594	(3,817)
	<hr/>	<hr/>
Total comprehensive profit for the year	89,302	63,661
	<hr/>	<hr/>
Attributable to:		
Owners of the Company	89,302	63,661

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

STATEMENT OF FINANCIAL POSITION
As of September 30, 2022 (in thousands of £)

Statement of Financial Position


	<i>Notes</i>	2022	2021
Fixed assets			
Property, plant and equipment	<i>14</i>	467,650	368,593
Other financial assets	<i>15</i>	70,305	29,601
Other assets		18	727
		<hr/> 537,973	<hr/> 398,921
Current assets			
Cash and cash equivalents		13,708	12,046
Trade and other receivables	<i>10</i>	349,530	220,631
Other current financial assets	<i>11</i>	9,712	7,946
Inventories	<i>12</i>	35,816	26,575
Contract Assets	<i>5</i>	63,525	65,382
Corporation tax receivable		11,800	6,110
Other current assets	<i>13</i>	28,761	37,521
		<hr/> 512,852	<hr/> 376,211
Creditors: amounts falling due within one year			
Lease Liabilities	<i>20</i>	10,707	5,899
Trade payables	<i>16</i>	281,231	195,545
Other current financial liabilities	<i>17</i>	3,446	5,995
Current provisions	<i>19</i>	7,650	7,107
Contract Liabilities	<i>5</i>	275,146	231,128
Other current liabilities	<i>18</i>	45,075	43,375
Deferred tax liabilities	<i>9</i>	14,486	226
		<hr/> 637,741	<hr/> 489,275
Net current liabilities		124,889	113,064
Total assets less current liabilities		413,084	285,857
Creditors: amounts falling due after more than one year			
Lease Liabilities	<i>20</i>	214,812	204,736
Provisions	<i>19</i>	3,539	1,714
Other liabilities	<i>22</i>	5,809	5,982
Other financial liabilities	<i>21</i>	44,116	17,919
		<hr/> 268,276	<hr/> 230,351
Net assets		144,808	55,506

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

STATEMENT OF FINANCIAL POSITION
As of September 30, 2022 (in thousands of £)

Capital and reserves			
Share capital	23	175,687	175,687
Cash flow hedging reserve		16,030	436
Other reserves		(188,095)	(188,095)
Retained earnings		141,186	67,478
Total equity		144,808	55,506

These financial statements were approved and authorised for issue by the board of directors on 20th June 2023 and were signed on their behalf by:

DocuSigned by:

.....C528ECF0F005486.....

R Keyzer-Dean
Director

Registered number: 10253129
Siemens Gamesa Renewable Energy Limited

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2022 (in thousands of £)

	Share capital	Cash flow hedging reserve	Other reserves	Retained profit	Total equity
Balance at October 1, 2020	175,687	4,253	(190,612)	155,722	145,050
Profit for the financial year	-	-	-	67,478	67,478
Other comprehensive gain/(loss), net of tax	-	(3,817)	-	-	(3,817)
Total comprehensive income for the year	-	(3,817)	-	67,478	63,661
Dividend to equity holders	-	-	-	(155,722)	(155,722)
Reserves from business combination	-	-	2,517	-	2,517
Balance at September 30, 2021	175,687	436	(188,095)	67,478	55,506
Balance at October 1, 2021	175,687	436	(188,095)	67,478	55,506
Profit for the financial year	-	-	-	73,708	73,708
Other comprehensive gain/(loss), net of tax	-	15,594	-	-	15,594
Total comprehensive income for the year	-	15,594	-	73,708	89,302
Dividends to equity holders	-	-	-	-	-
Reserves from business combination	-	-	-	-	-
Balance at September 30, 2022	175,687	16,030	(188,095)	141,186	144,808

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging transactions related to hedged transactions that have not yet occurred.

Other comprehensive income

Other comprehensive income is allocated to retained earnings with the exception of £15,594k (2021: (£3,817k)), which relates to gains/(losses) on derivative financial instruments. This is allocated to the cash flow hedging reserve.

Other reserves

Other reserves, represents the excess of purchase price paid for the wind power assets and liabilities acquired from Siemens plc, Siemens Gamesa Renewable Energy B9 Limited, Siemens Gamesa Renewable Energy UK Ltd, Siemens Gamesa Renewable Energy Wind Ltd, Siemens Gamesa Renewable Energy A/S and Siemens Gamesa Renewables Energy Services Limited. The Company has adopted the pooling of interest method to account for these intercompany business transactions. See note 4.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2022 (in thousands of £)****1. Basis of presentation**

The accompanying financial statements present the operations of the Company and have been prepared and approved by the directors in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and applied in accordance with the Companies Act 2006. The financial statements are generally prepared on the historical cost basis, except as stated in note 2.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IFRS 7 Financial Instruments: Disclosures
- b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1
 - ii. paragraph 73(e) of IAS 16 Property Plant and Equipment
 - iii. paragraph 118(e) of IAS 38 Intangible Assets
- d) the requirements of paragraphs 10(d), 10(f) 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- e) the requirements of IAS 7 Statement of Cash Flows
- f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- g) the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures
- h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- i) the requirements of paragraphs 130(f) (ii)-(iii), 134(d)-134(f) and 135(c) to (e) of IAS 36 Impairment of Assets

Siemens Gamesa Renewable Energy Limited has prepared and reported its financial statements in Great British Pounds (GBP or £) and the financial information is disclosed in thousands of £, except where stated otherwise. 'k' denotes thousands of £ and 'm' denotes millions of £. Siemens Gamesa Renewable Energy Limited is a private company limited by shares incorporated in England and Wales with a portfolio of activities within the renewable energy market.

The financial statements contain information about Siemens Gamesa Renewable Energy Limited. The Company has no investments.

The Company applied all standards and interpretations issued by the International Accounting Standards Board ('IASB') that were effective as of September 30, 2022. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going Concern

Based on the Company's forecasts, the directors consider that the Company will continue to trade profitably during the going concern period of 12 months from the date of approval of the balance sheet. The Company's forecasts incorporate appropriate management judgement for risks associated with business activities. Such assumptions are deemed prudent and are applied to risks on elements such as disruption to supply chain, extension of timelines for projects being delivered as well as amendments to customer and supplier payments. These judgements are amended on a regular basis in response to changing internal and external factors.

In addition, the parent company, operates a global cash facility across its group where cash generated by entities are passed to Siemens Gamesa Renewable Energy SA and group companies are able to draw down on these facilities if required.

Due to the group's global cash facility and the Company being in a net current liability position of £125m as at the financial year end, Siemens Gamesa Renewable Energy SA has provided the Company with an undertaking for the going concern period of 12 months from the date of approval of the balance sheet, they will continue to support the Company to allow it to satisfy its financial obligations in the normal course of business. Given the continued parental support and confirmation as explained above, the Directors believe that there will be sufficient liquidity available to cover severe downturn scenario. Accordingly, the directors have a reasonable expectation that the Company has adequate resources to adopt the going concern basis of preparation for the financial statements.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended September 30, 2022 (in thousands of £)

2. Summary of significant accounting policies

Business combinations — Business combinations are accounted for under the pooling of interest method, for entities under common control. The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination. Adjustments are made to align accounting policies. No 'new' goodwill is recognised as a result of the combination. Any existing goodwill relating to either of the combining entities will be accounted for at the value on acquisition date. Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity. The income statement reflects the results of the combining entities.

Foreign currency transactions — Transactions that are denominated in a currency other than the functional currency of an entity are recorded at that functional currency applying the spot exchange rate at the date when the underlying transactions are initially recognised. At the end of the reporting period, foreign currency-denominated monetary assets and liabilities are re-valued to functional currency applying the spot exchange rate prevailing at that date. Gains and losses arising from these foreign currency revaluations are recognised in the Statement of Income. Those foreign currency-denominated transactions which are classified as non monetary are re-measured using the historical spot exchange rate.

Revenue recognition — The Company recognises revenue, when or as control over distinct goods or services is transferred to the customer i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account the Company's customer's creditworthiness. Revenue is the transaction price the Company expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved. The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration. Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Company reasonably estimates those. Revenue is recognised for each performance obligation either at a point in time or over time.

Sales from construction-type contracts: Revenues are recognised over time under the percentage-of-completion method, based on the percentage of costs incurred to date compared to total estimated costs. An expected loss on the contract is recognised as an expense immediately, while payment terms are usually 30 days from the date of invoice issued according to the contractual terms. The percentage-of-completion method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These significant estimates include total estimated costs, total estimated revenues, contract risks, including technical, political and regulatory risks, and other judgments. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenue. In addition, the Company needs to assess whether the contract is expected to continue or to be terminated. In determining whether the continuation or termination of a contract is expected to be the most likely scenario, all relevant facts and circumstances relating to the contract are considered on an individual basis. (if applicable)

Revenues from services: Revenues are recognised over time on a straight-line basis or, if the performance pattern is other than straight-line, as services are provided, i.e. under the percentage-of-completion method as described above. Payment terms are usually 30 days from the date of invoice issued according to the contractual terms.

Sale of goods: Revenues are recognised at a point in time when control of the goods passes to the buyer, usually upon delivery of the goods. Invoices are issued at that point in time and are usually payable within 30 days.

Income from interest: Interest is recognised using the effective interest rate method.

Government grants — Government grants are recognized when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to deferred income account and are released as income by equal amounts over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Product-related expenses and losses from onerous contracts — Expected losses from onerous contracts are recognised in the period when the current estimate of total contract costs exceeds contract revenue.

Research and development costs — Costs of research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are expensed as incurred.

Costs for development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalised if (1) development costs can be measured reliably, the product or process is (2) technically and (3) commercially feasible, (4) future economic benefits are probable and (5) the Company intends, and (6) has sufficient resources, to complete development and to use or sell the asset. The costs capitalised include the cost of materials, direct labour and other directly attributable expenditure that serves to prepare the asset for use. Such capitalised costs are included in line item Other intangible assets as other internally generated intangible assets. Other development costs are expensed as incurred. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses with an amortisation period of generally three to five years.

Government grants for research and development activities are offset against research and development costs. They are recognised as income over the periods in which the research and development costs incur that are to be compensated. Government grants for future research and development costs are recorded as deferred income.

Property, plant and equipment — Property, plant and equipment is valued at cost less accumulated depreciation and impairment losses. If the costs of certain components of an item of property, plant and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation expense is recognised using the straight-line method. Residual values and useful lives are reviewed annually and, if expectations differ from previous estimates, adjusted accordingly. Costs of construction of qualifying assets, i.e. assets that require

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2022 (in thousands of £)**

a substantial period of time to be ready for its intended use, include capitalised interest, which is amortised over the estimated useful life of the related asset. The estimated useful lives are assumed:

Land & buildings	20 to 50 years
Leasehold improvements	1 to 15 years
Technical machinery & equipment	5 to 10 years
Furniture & office equipment	Generally 5 years

Impairment of property, plant and equipment — The Company reviews property, plant and equipment and for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by the comparison of the carrying amount of the asset to the recoverable amount, which is the higher of the asset's value in use and its fair value less costs to sell. If assets do not generate cash inflows that are largely independent of those from other assets or groups of assets, the impairment test is not performed at an individual asset level, instead, it is performed at the level of the cash-generating unit the asset belongs to. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the assets exceeds their recoverable amount. If the fair value cannot be determined, the assets' value in use is applied as their recoverable amount. The assets' value in use is measured by discounting their estimated future cash flows. If there is an indication that the reasons which caused the impairment no longer exist, the Company assesses the need to reverse all or a portion of the impairment.

The Company's property, plant and equipment to be disposed of are recorded at the lower of carrying amount or fair value less costs to sell and depreciation is ceased.

Taxes — The Company applies IAS 12, Income Taxes. Under the liability method of IAS 12, deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax laws is recognised in the Statement of Income, unless related to items directly recognised in equity, in the period the new laws are enacted or substantively enacted. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Inventories — Inventories are valued at the lower of acquisition or production cost or net realisable value, cost being generally determined on the basis of an average or first-in, first-out method. Production costs comprise direct material and labour and applicable manufacturing overheads, including depreciation charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provisions — A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are recognised at present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When a contract becomes onerous, the present obligation under the contract is recognised as a provision and measured at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract as far as they exceed the expected economic benefits of the contract. Additions to provisions and reversals are generally recognised in the Statement of Income. The present value of recognised obligations associated with the retirement of property, plant and equipment (asset retirement obligations) that result from the acquisition, construction, development and normal use of an asset is added to the carrying amount of the related asset. The additional carrying amount is depreciated over the life of the related asset. Additions to and reductions from the present value of asset retirement obligations that result from changes in estimates are generally recognised by adjusting the carrying amount of the related asset and provision. If the asset retirement obligation is settled for other than the carrying amount of the liability, the Company recognises a gain or loss on settlement.

Termination benefits — Termination benefits are recognised in the period incurred and when the amount is reasonably estimable. Termination benefits in accordance with IAS 19, Employee Benefits, are recognised as a liability and an expense when the entity has demonstrably committed itself, through a formal termination plan or otherwise created a valid expectation, to either provide termination benefits as a result of an offer made in order to encourage voluntary redundancy or terminate employment before the normal retirement date.

Financial instruments — A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets of the Company mainly include cash and cash equivalents, trade receivables, loans receivable, and derivative financial instruments with a positive fair value, including receivables from group companies. Cash and cash equivalents are not included within the category available-for-sale financial assets as these financial instruments are not subject to fluctuations in value. The Company does not make use of the category held to maturity. Financial liabilities of the Company mainly comprise, trade payables, and derivative financial instruments with a negative fair value, including amounts due to group companies. The Company does not make use of the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (Fair Value Option). Based on their nature, financial instruments are classified as financial assets and financial liabilities measured at cost or amortised cost and financial assets and financial liabilities measured at fair value and as receivables from finance leases.

Financial instruments are recognised on the statement of financial position when the Company becomes a party to the contractual obligations of the instrument. Regular purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, are accounted for at the trade date.

Initially, financial instruments are recognised at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognised in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss.

Cash and cash equivalents — The Company considers all highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at cost. The Company is able to draw down from cash resources

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2022 (in thousands of £)**

available from Siemens Gamesa Renewable Energies, S.A. Balances within this facility are classified as *Receivables from group companies* and *Amounts due to group companies*.

Loans and receivables — Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method less any impairment losses. Impairment losses on trade and other receivables are recognised using separate allowance accounts. See note 3 for further information regarding the determination of impairment. Loans and receivables bearing no or lower interest rates compared to market rates with a maturity of more than one year are being discounted.

Financial liabilities — The Company measures financial liabilities, except for derivative financial instruments, at amortised cost using the effective interest method.

Derivative financial instruments — Derivative financial instruments, such as foreign currency exchange contracts, are measured at fair value. Derivative financial instruments are classified as held for trading unless they are designated as hedging instruments, for which hedge accounting is applied. Changes in the fair value of derivative financial instruments are recognised periodically either in the Statement of Income or, in the case of a cash flow hedge, in line item *Other comprehensive income*, net of applicable deferred income taxes. Certain derivative instruments embedded in host contracts are also accounted for separately as derivatives.

Fair value hedges — The carrying amount of the hedged item is adjusted by the gain or loss attributable to the hedged risk. Where an unrecognised firm commitment is designated as the hedged item, the subsequent cumulative change in its fair value is recognised as a separate financial asset or liability with corresponding gain or loss recognised in net income. For hedged items carried at amortised cost, the adjustment is amortised such that it is fully amortised by maturity of the hedged item. For hedged firm commitments the initial carrying amount of the assets or liabilities that result from meeting the firm commitments are adjusted to include the cumulative changes in the fair value that were previously recognised as separate financial assets or liabilities.

Cash flow hedges — The effective portion of changes in the fair value of derivative instruments designated as cash flow hedges are recognised in line item *Other comprehensive income*, net of applicable deferred income taxes, and any ineffective portion is recognised immediately in net income. Amounts accumulated in equity are reclassified into net income in the same periods in which the hedged item affects net income. The Company hedges its foreign currency risks via forward contracts transacted with Siemens Financial Services.

Leases - The Company as a lessee:

The Company leases properties, vessels, machinery and motor vehicles. Under IFRS 16, a contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Initial recognition

At the commencement date a lessee recognises a right-of-use asset and a lease liability. At the commencement date a lessee measures a right-of-use asset at cost. The cost of the right of use asset includes:

- the initial measurement of the lease liability measured at the present value of the lease payments payable over the lease term, discounted at the implicit rate in the lease if that can be readily determined. If that rate can not be readily determined, the lessee will use their incremental borrowing rate.
- the lease payments made before or after commencement, less the lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of the costs incurred by the lessee upon disassembling and eliminating the underlying asset, restoring the place where it was located or restoring the underlying asset to the condition required by the terms of the lease.

Subsequent measurement of the right-of-use asset

After the commencement date, the Company measures its right-of-use asset using a cost model and depreciation is recognised on a straight line basis over the lease period. Adjustments are made to the carrying value of the right-of-use asset where the lease liability is re-measured, as stated in the below. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in Impairment of property, plant and equipment and other intangible assets.

Subsequent measurement of the lease liability

After the commencement date, the Company measures a lease liability:

- increasing the carrying amount to reflect the interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- measuring the carrying amount again to reflect the new measurements or changes in the lease and to reflect the in-substance fixed lease payments that have been reviewed.

Pension costs and other post-retirement benefits

Defined contribution plan — The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the Statement of Income represents the contributions payable to the scheme in respect of the accounting period and represents the full extent of the Company's liability.

Borrowing costs — The Company pays or receives interest on some of its intercompany cash balances. These are recognised within interest in the Statement of Income when incurred or receivable. All costs directly attributable to the cost of a qualifying asset are capitalised.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended September 30, 2022 (in thousands of £)

New and amended standards effective for the year ended September 30, 2022:**COVID-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16**

In March 2021, the IASB amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. This was effective for annual periods beginning on or after January 1, 2021 (October 1, 2021 for the Company). The Company is not impacted by these amendments, as it did not receive any rent concessions.

Recently adopted accounting pronouncements

Since October 1, 2021, the Company has applied the amendments to IAS 39/ IFRS 4/ IFRS 7/IFRS 9/IFRS 16, Interest rate benchmark reform – phase 2. The Company is not impacted by these amendments.

New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended September 30, 2022, and have not been applied in preparing these financial statements. Those standards that have relevance to the Company are mentioned below:

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively and are intended to update a reference to the Conceptual Framework without significantly changing requirements of IFRS 3. This is effective for annual periods beginning on or after January 1, 2022 (October 1, 2022 for the Company). The Company is not expected to have an impact by these amendments on transition.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). This is effective for annual periods beginning on or after January 1, 2022 (October 1, 2022 for the Company) and intended to provide clarity and help ensure consistent application of the standard. The Company is not expected to have an impact by these amendments on transition.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment was applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. This is effective for annual periods beginning on or after January 1, 2022 (October 1, 2022 for the Company). The Company is not expected to have an impact by these amendments on transition.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. This is effective for annual periods beginning on or after January 1, 2023 (October 1, 2023 for the Company). The impact for this amendment is currently being assessed by the Company.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments may impact the accounting policy disclosures of entities, determining whether accounting policies are material or not requires use of judgement. This is effective for annual periods beginning on or after January 1, 2023 (October 1, 2023 for the Company). The impact for this amendment is currently being assessed by the Company.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

In May 2021, the IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended September 30, 2022 (in thousands of £)

the asset and liability. This is effective for annual periods beginning on or after January 1, 2023 (October 1, 2023 for the Company). The impact for this amendment is currently being assessed by the Company.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities (right to defer settlement) as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

3. Management estimates and judgments

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Certain of these accounting policies described in note 2 require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change.

Revenue recognition on construction contracts — The Company accounts for construction projects using the percentage-of-completion method, recognising revenue as performance on contract progresses. Certain long-term service contracts are accounted for under the percentage-of-completion method as well. This method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These significant estimates include total contract costs, total contract revenues, contract risks, including technical, political and regulatory risks, and other judgments. Under the percentage of completion method, such changes in estimates may lead to an increase or decrease of revenues.

The creditworthiness of our customers is taken into account in estimating the probability that economic benefits associated with a contract will flow to the Company. In addition, we need to assess whether the contract is expected to continue or to be terminated. In determining whether the continuation or termination of a contract is expected to be the most likely scenario, all relevant facts and circumstances relating to the contract are considered on an individual basis. For contracts expected to be continued, amounts already included in revenue for which collectability ceases to be probable are recognised as an expense.

For contracts expected to be terminated, including terminations due to expected payment defaults of our customers or terminations due to force majeure events, the estimates on the scope of deliveries and services provided under the contracts are revised accordingly, typically resulting in decrease of revenue in the respective reporting period. Management continually review all estimates involved in such construction contracts and adjust them as necessary.

Trade and other receivables — The allowance for doubtful accounts involves significant management judgment and review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical bad debts on a portfolio basis.

Impairment — Whenever property, plant and equipment are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates by management and can have a material impact on the respective values and ultimately the amount of any impairment.

Provisions Significant estimates are involved in the determination of provisions related to onerous contracts, warranty costs, asset retirement obligations and legal proceedings. A significant portion of the business is performed pursuant to long-term contracts. The Company records a provision for onerous sales contracts when current estimates of total contract costs exceed expected contract revenue. Such estimates are subject to change based on new information as projects progress toward completion. Onerous sales contracts are identified by monitoring the progress of the project and updating the estimate of total contract costs, which also requires significant judgment relating to achieving certain performance standards. Significant estimates and assumptions are also involved in the determination of provisions related to major asset retirement obligations. Uncertainties surrounding the amount to be recognised include, for example, the estimated costs of decommissioning because of the long time frame over which future cash outflows are expected to occur including the respective interest accretion.

The Company is subject to legal and regulatory proceedings in various jurisdictions. Such proceedings may result in criminal or civil sanctions, penalties or disgorgements against the Company. If it is more likely than not that an obligation of the Company exists and will result in an outflow of resources, a provision is recorded if the amount of the obligation can be reliably estimated. Regulatory and legal proceedings as well as government investigations often involve complex legal issues and are subject to substantial uncertainties. Accordingly, management exercises considerable judgment in determining whether there is a present obligation as a result of a past event at the end of the reporting period, whether it is more likely than not that such a proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. The Company periodically reviews the status of these proceedings with both inside and outside counsel. These judgments are subject to change as new information becomes available. The required amount of a provision may change in the future due to new developments in the particular matter. Revisions to estimates may significantly impact future net income. Upon resolution, the Company may incur charges in excess of the recorded provisions for such matters. It cannot be excluded that the financial position or results of operations of the Company will be materially affected by an unfavourable outcome of legal or regulatory proceedings or government investigations.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2022 (in thousands of £)

For further explanation of the movement in provisions in the year see note 19.

Taxes —Deferred tax assets are recognised if sufficient future taxable profit is available, including income from forecasted operating earnings, the reversal of existing taxable temporary differences and established tax planning opportunities. As of each period-end, management evaluates the recoverability of deferred tax assets, based on projected future taxable profits. As future developments are uncertain and partly beyond management's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will recover. Estimates are revised in the period in which there is sufficient evidence to revise the assumption. If management considers it probable that all or a portion of a deferred tax asset cannot be realized, a corresponding valuation allowance is taken into account.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended September 30, 2022 (in thousands of £)

4. Acquisitions and discontinued operations*a) Acquisitions in the current year*

The Company did not have any trade and asset acquisitions of group companies for the year ended September 30, 2022.

b) Acquisitions in the prior year

Trade and asset acquisitions of group companies

The Company acquired the trade and assets of Siemens Gamesa Renewable Energy Services Limited (SGRE Service Ltd) on January 1, 2021.

The total net assets acquired of SGRE Services Ltd were:

	2021
Cash and cash equivalents	2,927
Trade receivables	3,644
Property, plant and equipment	910
Other assets	202
	<hr/> 7,683 <hr/>
Short Term Debt	63
Trade payables	1,279
Other current financial liabilities	1,303
Current Provisions	93
Corporation Taxes payables	986
Other current liabilities	138
	<hr/> 3,862 <hr/>
Net identifiable assets and liabilities	3,821
Other reserves	(1,819)
	<hr/>
Consideration	2,002 <hr/>

The results of the acquired operations, in the year of acquisition, since the date of acquisition (January 1, 2021 to September 30, 2021) are as follows:

	2021
Revenue	8,484
Operating Profit	592

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended September 30, 2022 (in thousands of £)

The results of the combined operations, as if the above acquisition had been made at the beginning of the period in the year of acquisition are as follows:

	2021
Revenue	1,084,785
Operating Profit	86,739

For the year ended September 30, 2021 the above net identifiable assets and liabilities are at their carrying values. Consideration for the trade and assets acquired from group companies have been settled via cash.

The Company also transferred Plant, property and equipment of £139k to Siemens Gamesa Renewable Energy A/S for the year ended September 30, 2021. An amount of £698k is recognised in other reserves related to these transactions.

5. Revenue

Revenue is earned from and analyzed into the following business categories:

	2022	2021
New build	702,765	805,298
Services	303,151	276,525
	<hr/>	<hr/>
	1,005,916	1,081,823
	<hr/>	<hr/>

All revenue relates to customers and wind farms located in the United Kingdom.

Timing of Revenue Recognition

The below table shows the expected timing of revenue recognition for the order backlog of Company:

	2022		2021	
	Within one year	More than one year	Within one year	More than one year
New build	360,367	2,017,236	566,523	1,535,632
Services	187,486	1,659,874	208,080	1,952,786
	<hr/>	<hr/>	<hr/>	<hr/>
	547,853	3,677,110	774,603	3,488,418
	<hr/>	<hr/>	<hr/>	<hr/>

The majority of revenues are recognised over time from the Companies long term contracts. Non-project items such as service spares and blades produced in Hull are recognized at a point in time. £130,102k revenue has been recognised for these items in 2022 (2021: £71,224k).

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended September 30, 2022 (in thousands of £)

Contract Balances

	2022	2021
Trade Receivables (note 10)	349,530	220,631
Contract Assets	63,525	65,382
Contract Liabilities	(275,146)	(231,128)

Trade Receivables are non-interest bearing and typically payable on terms of within 30 days.

Contract assets relates to contracts with net asset balances where contract costs plus recognised profits less recognised losses exceed progress billings. Contract liabilities relate to progress billings which exceed costs and recognised profits less recognised losses. These balances change depending on project progress.

6. Operating profit from continuing operations has been arrived at after charging / (crediting)**Year ended September 30,**

	2022	2021
Net foreign exchange (gains)/losses	4,841	5,968
Depreciation of total property, plant and equipment including right of use assets	27,758	30,213
Staff costs (see note 7)	142,025	129,108
Operating lease expense	5,205	7,058
Government grants	(166)	(173)
Loss on disposal of property, plant and equipment	(177)	(526)
Auditor's remuneration for audit services - audit services of financial statements	205	290

Amounts payable to Ernst & Young LLP and their associates by the Company in respect of non-audit services were £Nil and September 30, 2021 £Nil.

7. Staff numbers and costs**Year ended September 30,**

	2022	2021
Wages and salaries	120,675	109,737
Social security costs	13,020	11,637
Expenses relating to pension plans and employee benefits	8,330	7,734
	<u>142,025</u>	<u>129,108</u>

The average number of employees (including executive directors) during 2022 was 1,994 and in 2021 were 1,962. Part-time employees are included on a proportionate basis rather than being counted as full units. The employees were engaged in the following activities:

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended September 30, 2022 (in thousands of £)

Staff Numbers**Year ended September 30,**

	2022	2021
	Number	Number
Manufacturing and services	1,764	1,749
Sales and marketing	170	158
Research and development	60	55
	<u>1,994</u>	<u>1,962</u>

8. Directors' emoluments

The directors' aggregate emoluments, including pension contributions, in respect of qualifying services were:

Directors**Year ended September 30,**

	2022	2021
Emoluments receivable	1,114	964
Employer contributions to defined contribution pension schemes	19	17
	<u>1,133</u>	<u>981</u>

The highest paid director was £608k in 2022 and £584k in 2021. Three (2021: One) of the directors have qualifying services shares receivable from a long term incentive scheme.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended September 30, 2022 (in thousands of £)

9. Taxes

The analysis below is in reference to the total tax expense or credit included in the Statement of Income.

	<u>Year ended September 30,</u>	
	2022	2021
Current tax:		
UK corporation tax	10,198	18,203
Adjustments for prior year	-	(1,021)
	<u>10,198</u>	<u>17,182</u>
Deferred tax:		
Origination and reversal of temporary differences - current year	8,905	(1,570)
Origination and reversal of temporary differences - prior year	134	(265)
Deferred tax rate change adjustment	-	733
	<u>19,237</u>	<u>16,080</u>
Tax expense	<u>19,237</u>	<u>16,080</u>

Of the deferred tax expense in 2022 and the deferred tax credit in 2021, 9,039k and (£1,102k), respectively, relate to the origination and reversal of temporary differences.

For both the years ended September 30, 2022 and 2021, the Company was subject to UK corporation tax at a rate of 19%.

The total tax expense differs from the amounts computed by applying the statutory UK tax rate as follows:

	2022	2021
Profit from continuing operations before tax	<u>92,945</u>	<u>83,558</u>
Tax at 19.0% (2021:19.0%)	17,660	15,876
Increase / (decrease) in income taxes resulting from:		
Non-deductible losses and expenses	1,165	1,134
Effect of super-deduction	(1,842)	-
Under/ (over) provided in prior years – deferred tax	134	(265)
Under provided in prior years – current tax	-	(1,021)
Rate change adjustment difference between current tax and deferred tax rate	2,120	(377)
Deferred Tax rate change adjustment	-	733
Total income tax expense	<u>19,237</u>	<u>16,080</u>

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

The March 2021 Budget announced that an increase in the corporation tax rate from 19% to 25% would apply with effect from 1 April 2023, and this change was substantively enacted on 24 May 2021. Therefore, the UK deferred tax asset / (liability) as at 30 September 2021 and as at 30 September 2022 has been calculated based on the rate of 25%.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended September 30, 2022 (in thousands of £)

Deferred tax liabilities, net in the table below:

	2022	2021
Assets:		
Property, plant and equipment	-	2,689
Deferred tax assets	-	2,689
Liabilities:		
Property, plant and equipment	(5,926)	-
Derivative financial instruments	(8,560)	(2,915)
Deferred tax liabilities	(14,486)	(2,915)
Total deferred tax liabilities, net	(14,486)	(226)

10. Trade and other receivables**September 30,**

	2022	2021
Trade receivables from the sale of goods and services	88,683	23,189
Receivables from group companies	260,847	197,442
	349,530	220,631

As at September 30, 2022 trade and other receivables are stated net of valuation allowance of £3,603k (2021: £68k). Further disclosure in relation to the allowance has not been made as it is immaterial. Receivables from group companies are non-interest bearing, do not have set payment date terms and are not insured.

11. Other current financial assets**September 30,**

	2022	2021
Derivative financial instruments	5,267	2,904
Other current financial assets	4,445	5,042
	9,712	7,946

Other current financial assets mainly relate to duty tax receivable.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended September 30, 2022 (in thousands of £)

12. Inventories

	<u>September 30,</u>	
	2022	2021
Raw materials and supplies	26,643	15,066
Work in progress	5,753	3,966
Finished goods and products held for resale	3,416	7,017
Advances to suppliers	4	526
	<u>35,816</u>	<u>26,575</u>

13. Other current assets

	<u>September 30,</u>	
	2022	2021
Other tax receivables	25,324	32,713
Prepaid expenses	574	425
Other current assets	2,863	4,383
	<u>28,761</u>	<u>37,521</u>

Other tax receivables mainly relates to value added tax which had decreased due purchases being lower reflecting activity in new build projects during the year.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2022 (in thousands of £)

14. Property, plant and equipment

	Land & buildings	Technical machinery & equipment	Furniture & office equipment	Construction in progress	Total property, plant & equipment
Cost					
At October 1, 2021	374,485	29,911	43,330	5,241	452,967
Additions	22,966	1,331	2,725	100,178	127,200
Disposals	(1,353)	(742)	(6,948)	(16)	(9,059)
Reclassification of assets	296	-	713	(1,009)	-
At September 30, 2022	396,394	30,500	39,820	104,394	571,108
Accumulated Depreciation					
At October 1, 2021	37,948	18,056	28,370	-	84,374
Charge for the year	14,675	5,799	7,284	-	27,758
Disposals	(1,353)	(715)	(6,606)	-	(8,674)
At September 30, 2022	51,270	23,140	29,048	-	103,458
Net book value					
At October 1, 2021	336,537	11,855	14,960	5,241	368,593
At September 30, 2022	345,124	7,360	10,772	104,394	467,650

As of September 30, 2022 contractual commitments for the purchase of plant, property and equipment amount to £55,418k (2021: £89,300k).

There were no transfers to group companies for the year ended September 30, 2022. Transfers from group companies in the prior year relate to the acquisition of Siemens Gamesa Renewable Energy Services Limited on 1st January 2021. Transfers to group companies relate to property, plant & equipment transferred to Siemens Gamesa Renewable Energy A/S. Further details are shown in Note 4.

The amount of borrowing costs capitalised during the year ended September 30, 2022 was £378k (2021: Nil). The rate used to determine the amount of borrowing costs eligible for capitalization was 0.892%. The interest capitalized relates to extension works ongoing in the Hull blade factory. No assets are pledged as security for liabilities.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended September 30, 2022 (in thousands of £)

Included in the Property, plant and equipment table for the year ended September 30, 2022 are the below right of use assets presented by asset class:

	Land & buildings	Vessels and Other Machinery	Vehicles	Total property, plant & equipment
Cost				
At October 1, 2021	297,030	6,650	4,060	307,740
Additions	4,774	1,172	1,578	7,524
Additions due to lease reassessment	15,672	91	-	15,763
Disposals	(1,291)	-	(96)	(1,387)
Disposals due to lease reassessment/modifications	-	-	(548)	(548)
At September 30, 2022	<u>316,185</u>	<u>7,913</u>	<u>4,994</u>	<u>329,092</u>
Accumulated Depreciation				
At October 1, 2021	19,867	3,733	1,819	25,419
Charge for the year	10,560	1,286	1,203	13,049
Disposals	(1,291)	-	(96)	(1,387)
Disposals due to lease reassessment/modifications	-	-	(325)	(325)
At September 30, 2022	<u>29,136</u>	<u>5,019</u>	<u>2,601</u>	<u>36,756</u>
Net book value				
At October 1, 2021	277,163	2,917	2,241	282,321
At September 30, 2022	<u>287,049</u>	<u>2,894</u>	<u>2,393</u>	<u>292,336</u>

The majority of the Land and Buildings right of use assets relate to the lease of the blade factory at Alexandra Docks in Hull.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended September 30, 2022 (in thousands of £)

15. Other financial assets

	<u>September 30,</u>	
	2022	2021
Derivative financial instruments	70,305	29,601
	<u>70,305</u>	<u>29,601</u>

16. Trade payables

	<u>September 30,</u>	
	2022	2021
Trade payables	112,416	40,987
Amounts due to group companies	168,815	154,558
	<u>281,231</u>	<u>195,545</u>

Trade payables include £58,615k for the year ended September 30, 2022 (2021: £2,631k) due to suppliers that have signed up to a supply chain programme, under which suppliers are entitled to receive a discounted early payment from the relationship bank rather than being paid in line with the agreed payment terms. If the option is taken, the Company's liability is assigned by the supplier to be due to the relationship bank rather than the supplier. The value of the liability payable to the Company remains unchanged. The Company assesses the arrangement against indicators to assess if debts, which vendors have sold to the funder under the supplier financing scheme, continue to meet the definition of trade payables or should be classified as borrowings. At September 30, 2022, the payables met the criteria of Trade payables.

17. Other current financial liabilities

	<u>September 30,</u>	
	2022	2021
Derivative financial instruments	3,146	2,089
Other financial liabilities	300	3,906
	<u>3,446</u>	<u>5,995</u>

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2022 (in thousands of £)

18. Other current liabilities

	<u>September 30,</u>	
	2022	2021
Payroll and social security taxes	6,300	5,297
Bonus obligations	4,325	3,800
Other employee related costs	3,344	2,839
Deferred income	(149)	(41)
Other accrued liabilities	31,255	31,480
	<u>45,075</u>	<u>43,375</u>

Other employee related costs primarily includes vacation payments, accrued overtime and service anniversary awards. *Other accrued liabilities* primarily includes accruals mainly relating to the long term projects.

19. Provisions

Provisions changed during 2022 as follows:

	Warranties	Order related losses and risks	Asset retirement obligation	Other	Total
Balance at October 1, 2021	5,352	2,943	208	318	8,821
Additions	4,202	1,288	-	1,235	6,725
Usage	(1,209)	(512)	-	(72)	(1,793)
Reversals	(153)	(2,183)	-	(228)	(2,564)
Balance at end of the year	<u>8,192</u>	<u>1,536</u>	<u>208</u>	<u>1,253</u>	<u>11,189</u>
Current provisions					7,650
Non-current provisions					3,539

Warranties

Warranties relate to blades and services sold. See note 3 for further information concerning the Company's policy for estimating warranty provisions.

Order related losses and risks

Provisions for order related losses and risks are recognised for anticipated losses on uncompleted construction contracts.

Asset retirement obligation

Provisions for asset retirement obligations are the aggregate of the estimated cash flows of obligations associated with the retirement of tangible long-lived assets.

Other provisions

Other provisions are estimated obligations resulting from dilapidations, record retention and legal matters.

Further details on transfer in from group companies are given in note 4.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended September 30, 2022 (in thousands of £)

20. Lease Liabilities

The following tables show the discounted lease liabilities included in the Statement of financial position and a maturity analysis of the contractual undiscounted lease payments:

	<u>September 30,</u>	
	2022	2021
Lease liabilities less than one year	10,707	5,899
Lease liabilities greater than one year	214,812	204,736

The maturity analysis shows undiscounted lease liabilities.

	2022	2021
Within one year	14,152	9,203
After one year but not more than five years	36,126	31,201
More than five years	256,011	246,850

The interest expense on lease liabilities for the year was £3,939k (2021: £3,405k).

The majority of these balances relate to the lease of the blade factory at Alexandra Docks in Hull.

Expenses relating to short term leases and leases of low value assets was £5,205k (2021: £7,058k).

The Company had total cash outflow for leases of £14,771k (2021: £11,748k).

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised. The Company does not have any material potential future rental payments relating to periods following the exercise date of extension and terminations options that are not included in the lease term.

21. Other financial liabilities

	<u>September 30,</u>	
	2022	2021
Derivative financial instruments	44,116	17,919
	44,116	17,919

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended September 30, 2022 (in thousands of £)

22. Other liabilities

	<u>September 30,</u>	
	2022	2021
Other non-current liabilities	5,809	5,982
	<hr/>	<hr/>
	5,809	5,982
	<hr/>	<hr/>

Other non-current liabilities mainly consists of government grants received for Alexandra Docks.

23. Share capital

	<u>September 30,</u>	
	2022	2021
Authorised Share Capital		
175,687,423 Ordinary shares of £1 each	175,687	175,687
	<hr/>	<hr/>

	September 30, 2022		September 30, 2021	
	Number '000	£'000	Number '000	£'000
Ordinary shares of £1 each	175,687	175,687	175,687	175,687

24. Commitments and contingencies*Guarantees and other commitments*

The Company has not provided any guarantees and performance bonds in respect of contractual obligations.

Under IFRS16, as of September 30, 2022, there are no further material lease commitments (2021:£nil), other than the right of use asset balances disclosed in property, plant and equipment and lease liabilities notes.

25. Directors' transactions

No such transactions occurred in 2021 and 2022, which require disclosure under the requirements of s413 of the Companies Act 2006 and IAS 24 with the directors (or other key management personnel).

26. Related Party Transactions

As permitted by FRS101, the Company has taken advantage of the disclosure exemptions available under the standard in relation to related party transactions.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2022 (in thousands of £)

27. Ultimate parent undertaking

The ultimate parent undertaking is Siemens Energy AG, incorporated in Germany. As at September 30, 2022 Siemens Energy AG directly held approximately 67% of the shares of Siemens Gamesa Renewable Energies S.A. Subsequent to this, a cash offer for the remaining shares was approved by the Spanish authorities and this offer was accepted by the majority of individual shareholders in December 2022. This resulted in a suspension in trade of shares and delisting of Siemens Gamesa Renewable Energies S.A from the Spanish Stock Exchange Market on February 14, 2023. Copies of the Group financial statements are available on the internet at:

<https://www.siemens-energy.com/global/en/company/investor-relations/publications-ad-hoc.html#QuarterlyandAnnualResults>

or obtained from:

Siemens Energy AG
Otto-Hahn-Ring 6
81739 Munich
Germany

The immediate parent undertaking is Siemens Gamesa Renewable Energies S.A. a Company incorporated in Spain. Copies of Siemens Gamesa Renewable Energies S.A. group financial statements are available on the internet at <http://www.siemensgamesa.com/en/investors-and-shareholders/financial-information>.

28. Post balance sheet events

In the first quarter of 2023 an evaluation of the installed fleet identified an upward trend in the failure rate of certain components resulting in higher than expected warranty and service maintenance costs. In addition there was an updated assessments on liquidated damages and risks associated with some servicing projects. As these were deemed to have a material impact on the financial statements, adjustments have been made to reflect these events.

As at September 30, 2022, the Company's ultimate parent undertaking Siemens Energy AG directly held approximately 67% of the shares of Siemens Gamesa Renewable Energies S.A. Subsequent to this a cash offer for the remaining shares was approved by the Spanish authorities and this offer was accepted by the majority of individual shareholders in December 2022. This resulted in a suspension in trade of shares and delisting of Siemens Gamesa Renewables Energies S.A. from the Spanish Stock Exchange Market on February 14, 2023.