

SIEMENS GAMESA RENEWABLE ENERGY LIMITED
Annual report and financial statements
Registered number 10253129
September 30, 2021



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SIEMENS GAMESA RENEWABLE ENERGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

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, 2021.

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.

General business review - Statement of Income

Revenue for the year is mainly driven by the construction of Hornsea Two wind farm (£696m) and £280m from wind farm servicing. The Company earned a gross profit of £102m in the year with operating profit of £86m. The operating profit has been further impacted by marketing and distribution expenses of £12m, in relation to wages and salaries, foreign exchange losses and insurance expenses.

The Company made a profit for the year, net of taxation of £67m from its continuing operations.

The performance in 2021 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 strategy is to reduce the levelised cost of renewable energy for its customers, through increased reliability, efficient installation, world class manufacturing 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 £775m, of which £337m relates to land and buildings, mainly in relation to Hull blade factory and preassembly site and the right of use assets recognised under IFRS16. £197m of the assets relate to receivables from group companies. The Company also has £27m inventories and cash held in the external bank amounted to £12m at year end.

Total liabilities amounted to £720m of which £41m relates to trade payables and £231m relates to contract liabilities, on construction and long term service contracts. £20m 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 £56m, 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 £112m. Of this amount £86m relates to operating profit for the year.

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 £1,696m, mainly relating to the offshore and service business units. Significant order entries related to Sofia offshore build contract £1,191m and East Anglia service contract £289m.

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.

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 include price and product competition, performance risks under long term fixed price contracts, loss of supply of product components, changes in the regulatory and legal environment, and credit and interest rate risks, which may increase due to the global shortage of credit.

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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 2021, 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

	2021	2020	Units
Energy consumption used to calculate emissions	9,406,662	9,402,440	kWh
Emissions from combustion of gas	1,713.4	1,710.9	tCO2e
Emissions from business travel in rental cars or employee-owned vehicles where Company is responsible for purchasing the fuel	1,575	569	tCO2e
Emissions from purchased electricity	-	-	tCO2e

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.

The Company engages with stakeholders through dedicated channels (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 was established right at the beginning of the merger to ensure and support the development of a shared corporate culture across the group based on trust, empowerment, diversity and 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 labor) must work in shifts. Nevertheless, shifts can be rotated to adjust working hours to

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YEAR ENDED SEPTEMBER 30, 2021

workers' specific needs. 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, and promote, 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 involving 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 embeds cultural diversity, a commitment to combating discrimination, and support for equal opportunities in its human capital management processes. We value openness and tolerance and treat each other with respect and dignity. We aim to contribute actively to a society where everyone feels included and valued. We are dedicated to fostering an inclusive corporate culture that welcomes different perspectives and allows for every employee to have a full sense of belonging within our organization.

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 surveys on how people would like to work 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, the term for the way we work at Siemens Gamesa, has been upgraded to version 2.0, a key step towards becoming One Siemens Gamesa. We have reviewed and revised the existing open, digital and flexible concepts to move from new ways of working to more ways of working.

The Smart Working concept launched by Human Resources enables employees to reach an agreement with their manager to work at home, or in a satellite location, for part or all of their working week. Office 365 and the new IT infrastructure provide a collaboration platform for all Siemens Gamesa employees, regardless of where they are. And the New Office Standard 2.0 (NOS 2.0) provides modern office space to support flexible working and a standardized global office set-up. With NOS 2.0, we will step up the focus on flexibility and collaboration for our employees.

Suppliers

Our sustainable supply chain management approach integrates environmental, social and governance aspects. We closely monitor sustainability risks in order to avoid negative impacts resulting from our supply chain. We also view sustainability performance as an important aspect since we encourage and incentivize our suppliers to not only comply with legal requirements but to create additional value by embedding sustainability in their operations.

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, integrate the Principles of the UN Global Compact on Human Rights, Environment and Anti-Corruption and provide fundamental guidance for our business activities.

Customers

SGRE customers are mainly companies that are active within the energy sector. The main categorization of customers per activity is the following:

- Utilities – companies that own projects to sell power to their distribution network to reach the final demand of energy.
- Independent Power Producers – companies that own projects in order to sell power to an off-taker (via a power purchasing agreement) with the aim to make a financial return in excess of their cost of capital.
- Project Developers – companies that develop a project 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, self-consumers, etc.

With the energy transition, customer profiles have expanded, with other participants other than the traditional players (such as utilities and independent power producers) gaining in importance.

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Communities

Siemens Gamesa is deeply anchored in the communities in which we operate. We see it as our duty to support them in their sustainable development. That is our business model. Long-term acceptance by local communities is our main priority, and our goal is to be an active part of their activities and their community. By contributing to the achievement of the United Nations' Sustainable Development Goals (SDG), we also meet the concerns of employees by engaging with communities through volunteer activities.

Environment

Climate change and resource scarcity are some of the greatest global challenges facing society today. As a leading supplier of wind power solutions, Siemens Gamesa's business model is based on the development of sustainable products and services that address these global challenges. 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. Waste reduction, promoting a circular economy and conserving biodiversity 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.

Moreover, environmental excellence is essential to contributing to achieve the UN's 17 Sustainable Development Goals (SDGs) and meeting the requirements set out in the Paris Agreement for climate change. 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.

As envisaged in our global Sustainability Strategy 2040 that is approved by the group Board of Directors, the main environmental topics that have been identified are climate change and resource efficiency. A prioritized set of actions is implemented on this basis to ensure we focus our efforts and drive performance improvements in the areas that are material to our business.

The Company has qualified personnel in relevant functional and geographical areas, which enables us to not only comply with the strictest environmental standards, but also to drive environmental improvements at our factories and across our project sites. However, we recognize 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, research institutes and similar. 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.

Government, Regulators and Trade Associations Regulators and Trade Associations

Continuous 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:

Martin Heath

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M Heath

Company Secretary

17th May 2022

Approved by the directors on

Registered office:

Blade Factory

Sir William Siemens Way

Alexandra Dock, Hull, HU9 1TA

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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, 2021 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

A dividend of £78,881k was paid on 18 November 2020 and a further dividend of £76,841k paid on 27 November 2021. The directors have not recommended a further 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, 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 £113m 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

There were no subsequent events that have occurred post year end that would materially impact transactions recorded and presented in the financial statements for 2021. As such no events have been disclosed.

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.

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.

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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, 2021, 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.

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, free from discrimination and harassment and values the contribution of all employees. All job applicants and employees, customers, visitors or contractors will receive equal treatment regardless of sex, race, disability, sexual orientation, religion or belief, age, colour, marital status, trade union membership, nationality or ethnic or national origins.

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, we will assist disabled employees to enable them to work for the Company and maximise their contribution and performance.

POLITICAL DONATIONS

No political donations were made during the current period.

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.

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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 17th May 2022

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, 2021

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 September 30, 2021 which comprise the Statement of Income, the Statement of Other Comprehensive Income, the Statement of Financial Position, the 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 September 30, 2021 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 8, 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 reporting framework (United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework and the Companies Act 2006) and UK Tax Legislation. In addition, the company has to comply with laws and regulations relating to its operations, including health and safety, employment, data protection, anti-bribery and corruption.
- We understood how Siemens Gamesa Renewable Energy Limited is complying with these frameworks by making inquiries of management, legal counsel and those charged with governance, with consideration of the potential for the override of controls or other inappropriate influence over the financial reporting process during planning and execution of our audit procedures. We corroborated our enquiries with the review of board minutes as well as considerations of the results of audit procedures.
- 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 and other areas that involve professional judgment.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of different levels of management and those charged with governance, execution of detailed audit procedures for the areas deemed susceptible to the elevated risk of management override and evaluation of the appropriateness of management's judgments particularly for the critical accounting estimates.

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.

Ernst & Young LLP

Spela Stefanov (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London 19.05.2022

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**STATEMENT OF INCOME****For the year ended September 30, 2021 (in thousands of £)****Statement of Income**

	<i>Note</i>	2021	2020
Turnover	5	1,081,823	1,195,089
Cost of sales		(980,298)	(1,073,934)
Gross profit		101,525	121,155
Marketing and distribution expenses		(12,255)	(10,533)
Administrative expenses		(2,553)	(5,561)
Other operating expenses		(410)	(619)
Operating profit	6	86,307	104,442
Interest income		499	-
Interest expense		(3,248)	(6,352)
Profit on ordinary activities before taxation		83,558	98,090
Tax	9	(16,080)	(21,248)
Profit for the financial year		67,478	76,842
Attributable to:			
Owners of the Company		67,478	76,842

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, 2021 (in thousands of £)

Statement of Other Comprehensive Income	2021	2020
	<i>Note</i>	
Profit for the year	67,478	76,842
Items that may be reclassified subsequently to profit and loss		
(Loss) / Gain on derivative financial instruments	(5,007)	87
Tax effect of the fair value movement on derivative financial instruments	1,190	(36)
	<hr/>	<hr/>
Total items that may be reclassified subsequently to profit and loss	(3,817)	51
	<hr/>	<hr/>
Other comprehensive income for the year, net of tax	(3,817)	51
	<hr/>	<hr/>
Total comprehensive profit for the year	63,661	76,893
	<hr/>	<hr/>
Attributable to:		
Owners of the Company	63,661	76,893

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

STATEMENT OF FINANCIAL POSITION
As of September 30, 2021 (in thousands of £)

Statement of Financial Position

	<i>Notes</i>	2021	2020
Fixed assets			
Property, plant and equipment	<i>14</i>	368,593	390,536
Other financial assets	<i>15</i>	29,601	39,654
Other assets		727	18
		<hr/> 398,921	<hr/> 430,208
Current assets			
Cash and cash equivalents		12,046	8,097
Trade and other receivables	<i>10</i>	220,631	254,206
Other current financial assets	<i>11</i>	7,946	6,433
Inventories	<i>12</i>	26,575	39,620
Contract Assets	<i>5</i>	65,382	57,426
Corporation tax receivable		6,110	-
Other current assets	<i>13</i>	37,521	3,032
		<hr/> 376,211	<hr/> 368,814
Creditors: amounts falling due within one year			
Lease Liabilities	<i>20</i>	5,899	8,003
Trade payables	<i>16</i>	195,545	177,363
Other current financial liabilities	<i>17</i>	5,995	2,328
Current provisions	<i>19</i>	7,107	6,949
Corporation tax payable		-	1,597
Contract Liabilities	<i>5</i>	231,128	180,403
Other current liabilities	<i>18</i>	43,375	33,489
Deferred tax liabilities	<i>9</i>	226	2,517
		<hr/> 489,275	<hr/> 412,649
Net current liabilities		113,064	43,835
Total assets less current liabilities		285,857	386,373
Creditors: amounts falling due after more than one year			
Lease Liabilities	<i>20</i>	204,736	212,354
Provisions	<i>19</i>	1,714	1,689
Other liabilities	<i>22</i>	5,982	6,613
Other financial liabilities	<i>21</i>	17,919	20,667
		<hr/> 230,351	<hr/> 241,323
Net assets		55,506	145,050

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

STATEMENT OF FINANCIAL POSITION

As of September 30, 2021 (in thousands of £)

Capital and reserves			
Share capital	23	175,687	175,687
Cash flow hedging reserve		436	4,253
Other reserves		(188,095)	(190,612)
Retained earnings		67,478	155,722
Total equity		55,506	145,050

These financial statements were approved and authorised for issue by the board of directors on 17th May 2022 and were signed on their behalf by:

DocuSigned by:

Ross Dean

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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, 2021 (in thousands of £)**

	Share capital	Cash flow hedging reserve	Other reserves	Retained profit	Total equity
Balance at October 1, 2019	175,687	4,202	(191,102)	78,880	67,667
Profit for the financial year	-	-	-	76,842	76,842
Other comprehensive gain/(loss), net of tax	-	51	-	-	51
Total comprehensive income for the year	-	51	-	76,842	76,893
Dividend to equity holders	-	-	-	-	-
Reserves from business combination	-	-	490	-	490
Balance at September 30, 2020	175,687	4,253	(190,612)	155,722	145,050
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
Dividends 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

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 (£3,817k) (2020: £51k), 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, 2021 (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 as an individual Company and do not contain consolidated financial information as the parent of a group. 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, 2020. 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, 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 £113m 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, 2021 (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.

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 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

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2021 (in thousands of £)**

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 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.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2021 (in thousands of £)**

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.

New and amended standards effective for the year ended September 30, 2021:**Definition of a Business - Amendments to IFRS 3**

The IASB issued amendments, effective for annual periods beginning on or after January 1, 2020, to the definition of a business in IFRS 3, Business Combinations, to help entities determine whether an acquired set of activities and assets is a business or not. This is effective from October 1, 2020. There was no impact from this amendment on the acquisitions disclosed in note 4.

Definition of Material – Amendments to IAS 1 and IAS 8

In October 2018, the IASB issued amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (in thousands of £)

a specific reporting entity. The amendments require an entity to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. This is effective from October 1, 2020, however the Company is not materially impacted by these amendments on transition.

Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR). This is effective from October 1, 2020, however, the Company is not impacted by these amendments on transition.

The Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. For preparers who develop accounting policies based on the Conceptual Framework, it is effective from October 1, 2020.

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, 2021, and have not been applied in preparing these financial statements. Those standards that have relevance to the Company are mentioned below:

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

In January 2020, amendments were issued to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities 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

These amendments will be effective for annual reporting period beginning on or after January 1, 2022 (October 1, 2022). No significant impact is expected.

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.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (in thousands of £)

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.

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, 2021 (in thousands of £)****4. Acquisitions and discontinued operations***a) Acquisitions in the 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 1st January 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, 2021 (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 in the year ending September 30, 2021. An amount of £698k is recognised in other reserves related to these transactions.

b) Acquisitions in prior year*Trade and asset transfers to group companies*

The Company transferred Plant, property and equipment of £523k to Siemens Gamesa Renewable Energy A/S in the year ending September 30, 2020. An amount of £490k is recognised in other reserves related to these transactions.

5. Revenue

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

	2021	2020
New build	805,298	896,290
Services	276,525	298,799
	1,081,823	1,195,089

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:

	2021		2020	
	Within one year	More than one year	Within one year	More than one year
New build	566,523	1,535,632	1,376,429	289,165
Services	208,080	1,952,786	159,655	1,770,275
	774,603	3,488,418	1,536,084	2,059,440

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2021 (in thousands of £)**

The majority of revenues are recognised over time from the Companies long term contracts. Items such as service spares are recognized at a point in time, but are immaterial.

Contract Balances

	2021	2020
Trade Receivables (note 10)	220,631	254,206
Contract Assets	65,382	57,426
Contract Liabilities	(231,128)	(180,403)

Trade Receivables are non-interest bearing and typically on terms of 30 to 90 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)

	<u>Year ended September 30,</u>	
	2021	2020
Net foreign exchange (gains)/losses	5,968	(3,741)
Depreciation of property, plant and equipment	30,213	29,436
Impairment of plant, property and equipment (inc. in cost of goods sold)	-	-
Staff costs (see note 7)	129,108	126,586
Operating lease expense	7,058	4,570
Government grants	(173)	(166)
Loss on disposal of property, plant and equipment and intangible assets	(526)	(551)
Auditor's remuneration for audit services		
- audit services of financial statements	290	259

Amounts payable to Ernst & Young LLP and their associates by the Company in respect of non-audit services were £Nil and September 30, 2020 £Nil.

7. Staff numbers and costs

	<u>Year ended September 30,</u>	
	2021	2020
Wages and salaries	109,737	107,528
Social security costs	11,637	11,561
Expenses relating to pension plans and employee benefits	7,734	7,497
	<u>129,108</u>	<u>126,586</u>

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

For the year ended September 30, 2021 (in thousands of £)

The average number of employees (including executive directors) during 2021 was 1,962 and in 2020 were 1,929. Part-time employees are included on a proportionate basis rather than being counted as full units. The employees were engaged in the following activities:

Staff Numbers

	<u>Year ended September 30,</u>	
	2021 Number	2020 Number
Manufacturing and services	1,749	1,717
Sales and marketing	158	158
Research and development	55	54
	<hr/>	<hr/>
	1,962	1,929
	<hr/>	<hr/>

8. Directors' emoluments

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

Directors

	<u>Year ended September 30,</u>	
	2021	2020
Emoluments receivable	964	950
Employer contributions to defined contribution pension schemes	17	6
	<hr/>	<hr/>
	981	956
	<hr/>	<hr/>

The highest paid director was £584k in 2021 and £400k in 2020. One (2020: Two) 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, 2021 (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>	
	2021	2020
Current tax:		
UK corporation tax	18,203	22,123
Adjustments for prior year	(1,021)	80
	<u>17,182</u>	<u>22,203</u>
Deferred tax:		
Origination and reversal of temporary differences - current year	(1,570)	(1,221)
Origination and reversal of temporary differences - prior year	(265)	(119)
Deferred tax rate change adjustment	733	385
	<u>16,080</u>	<u>21,248</u>
Tax expense	<u>16,080</u>	<u>21,248</u>

Of the deferred tax expense or credit in 2021 and 2020, (£1,102k) and (£955k), respectively, relate to the origination and reversal of temporary differences.

For both the years ended September 30, 2021 and 2020, the Company was subject to UK corporation tax at a rate of 19%.

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

	2021	2020
Profit from continuing operations before tax	<u>83,558</u>	<u>98,090</u>
Tax at 19.0% (2020:19.0%)	15,876	18,637
Increase / (decrease) in income taxes resulting from:		
Non-deductible losses and expenses	1,134	2,265
Research and development tax credit	-	-
Over provided in prior years – deferred tax	(265)	(119)
(Under) / Over provided in prior years – current tax	(1,021)	80
Difference between current tax and deferred tax rate impact	(377)	-
Deferred Tax rate change adjustment	733	385
Total income tax expense	<u>16,080</u>	<u>21,248</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 2020 Budget announced that a corporation tax rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. Therefore, the UK deferred tax asset / (liability) as at 30 September 2020 has been calculated based on this rate.

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

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2021 (in thousands of £)**

Deferred tax liabilities, net in the table below:

	2021	2020
Assets:		
Property, plant and equipment	2,689	1,599
Deferred tax assets	<u>2,689</u>	<u>1,599</u>
Liabilities:		
Derivative financial instruments	(2,915)	(4,116)
Deferred tax liabilities	<u>(2,915)</u>	<u>(4,116)</u>
Total deferred tax liabilities, net	<u>(226)</u>	<u>(2,517)</u>

10. Trade and other receivables

	<u>September 30,</u>	
	2021	2020
Trade receivables from the sale of goods and services	23,189	18,966
Receivables from group companies	197,442	235,240
	<u>220,631</u>	<u>254,206</u>

As at September 30, 2021 trade and other receivables are stated net of valuation allowance of £68k (2020: £103k). Further disclosure in relation to the allowance has not been made as it is immaterial. Receivables from group companies are non-interest bearing and do not have set payment date terms.

11. Other current financial assets

	<u>September 30,</u>	
	2021	2020
Derivative financial instruments	2,904	4,005
Other current financial assets	5,042	2,428
	<u>7,946</u>	<u>6,433</u>

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2021 (in thousands of £)****12. Inventories**

	<u>September 30,</u>	
	2021	2020
Raw materials and supplies	15,066	10,568
Work in progress	3,966	15,215
Finished goods and products held for resale	7,017	8,699
Advances to suppliers	526	5,138
	<u>26,575</u>	<u>39,620</u>

13. Other current assets

	<u>September 30,</u>	
	2021	2020
Other tax receivables	32,713	28
Prepaid expenses	425	2,449
Other	4,383	555
	<u>37,521</u>	<u>3,032</u>

Other tax receivables mainly relates to value added tax which had increased due to significant project related purchases.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (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, 2020	374,225	30,551	46,909	3,677	455,362
Additions	1,333	705	3,382	4,148	9,568
Disposals	(2,223)	(2,913)	(2,569)	-	(7,705)
Transfers from group companies	1,147	-	206	-	1,353
Transfers to group companies	-	-	(5,611)	-	(5,611)
Reclassification of assets	3	1,568	1,013	(2,584)	-
At September 30, 2021	374,485	29,911	43,330	5,241	452,967
Accumulated Depreciation					
At October 1, 2020	24,211	12,468	28,147	-	64,826
Charge for the year	15,351	6,648	8,214	-	30,213
Disposals	(1,972)	(1,060)	(2,604)	-	(5,636)
Impairment	-	-	-	-	-
Transfers from group companies	358	-	85	-	443
Transfers to group companies	-	-	(5,472)	-	(5,472)
At September 30, 2021	37,948	18,056	28,370	-	84,374
Net book value					
At October 1, 2020	350,014	18,083	18,762	3,677	390,536
At September 30, 2021	336,537	11,855	14,960	5,241	368,593

As of September 30, 2021 contractual commitments for the purchase of plant, property and equipment amount to £89,300k (2020: £Nil).

Transfers from group companies relates 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.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2021 (in thousands of £)**

Included in the Property, plant and equipment table for the year ended September 30, 2021 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, 2020	296,619	8,030	2,211	306,860
Additions	1,183	198	1,766	3,147
Disposals	(1,791)	-	(20)	(1,811)
Disposals due to lease reassessment	(128)	(1,578)	-	(1,706)
Transfers In	1,147	-	143	1,290
Transfers	-	-	(40)	(40)
At September 30, 2021	<u>297,030</u>	<u>6,650</u>	<u>4,060</u>	<u>307,740</u>
Accumulated Depreciation				
At October 1, 2020	9,875	2,028	801	12,704
Charge for the year	11,397	1,705	952	14,054
Disposals	(1,763)	-	(16)	(1,779)
Transfer In	358	-	85	443
Transfers	-	-	(3)	(3)
At September 30, 2021	<u>19,867</u>	<u>3,733</u>	<u>1,819</u>	<u>25,419</u>
Net book value				
At October 1, 2020	286,744	6,002	1,410	294,156
At September 30, 2021	<u>277,163</u>	<u>2,917</u>	<u>2,241</u>	<u>282,321</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, 2021 (in thousands of £)

15. Other financial assets

	<u>September 30,</u>	
	2021	2020
Derivative financial instruments	29,601	39,654
	<u>29,601</u>	<u>39,654</u>

16. Trade payables

	<u>September 30,</u>	
	2021	2020
Trade payables	40,987	35,827
Amounts due to group companies	154,558	141,536
	<u>195,545</u>	<u>177,363</u>

17. Other current financial liabilities

	<u>September 30,</u>	
	2021	2020
Derivative financial instruments	2,089	2,296
Other financial liabilities	3,906	32
	<u>5,995</u>	<u>2,328</u>

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (in thousands of £)

18. Other current liabilities

	<u>September 30,</u>	
	2021	2020
Payroll and social security taxes	5,297	5,965
Bonus obligations	3,800	5,408
Other employee related costs	2,839	2,000
Other tax liabilities	-	2,182
Deferred income	(41)	166
Other accrued liabilities	31,480	17,768
	43,375	33,489

Other employee related costs primarily includes vacation payments, accrued overtime and service anniversary awards. *Other tax liabilities* relate to value added tax that is due to HMRC. *Other accrued liabilities* primarily includes accruals mainly relating to the long term projects.

19. Provisions

Provisions changed during 2021 as follows:

	Warranties	Order related losses and risks	Asset retirement obligation	Other	Total
Balance at October 1, 2020	5,745	1,868	208	814	8,635
Additions	336	1,138	-	-	1,474
Usage	(14)	(38)	-	(550)	(602)
Reversals	(715)	(25)	-	(40)	(780)
Transfer in from group companies	-	-	-	94	94
Balance at end of the year	5,352	2,943	208	318	8,821
Current provisions					7,107
Non-current provisions					1,714

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, 2021 (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>	
	2021	2020
Lease liabilities less than one year	5,899	8,003
Lease liabilities greater than one year	204,736	212,354

The maturity analysis shows undiscounted lease liabilities.

	2021
Within one year	9,203
After one year but not more than five years	31,201
More than five years	246,850

The interest expense on lease liabilities for the year was £3,405k (2020: £4,708k).

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 £7,058k (2020: £4,570k).

21. Other financial liabilities

	<u>September 30,</u>	
	2021	2020
Derivative financial instruments	17,919	20,667
	17,919	20,667

22. Other liabilities

	<u>September 30,</u>	
	2021	2020
Other non-current liabilities	5,982	6,779
	5,982	6,779

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2021 (in thousands of £)**

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

23. Share capital

	<u>September 30,</u>	
	2021	2020
Authorised Share Capital		
175,687,423 Ordinary shares of £1 each	175,687	175,687

	September 30, 2021		September 30, 2020	
	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, 2021, there are no further material lease commitments (2020:£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, 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.

27. Ultimate parent undertaking

The ultimate parent undertaking is Siemens Energy AG, incorporated in Germany, which directly holds approx. 67% of the shares of Siemens Gamesa Renewable Energies S.A. 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>.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2021 (in thousands of £)

28. Post balance sheet events

There were no subsequent events that have occurred post year end that would materially impact transactions recorded and presented in the financial statements for 2021. As such no events have been disclosed.