

SIEMENS GAMESA RENEWABLE ENERGY LIMITED
Annual report and financial statements
Registered number 10253129
September 30, 2023



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SIEMENS GAMESA RENEWABLE ENERGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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, 2023.

STRATEGIC REPORT

Principal activities

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

General business review - Statement of Income

Revenue for the year is mainly driven by the construction of the Neart na Gaoithe wind farm (£127m) as well as £355m from wind farm servicing. The Company earned a gross profit of £39m in the year with operating profit of £21m. Profit is lower than the prior year attributable to lower offshore construction activity in the year as well as ramp-up costs in the factory in Hull as production has transitioned to the new generation of blades. The operating profit has been further impacted by marketing and distribution expenses of £13m, in relation to wages and salaries, foreign exchange losses and insurance expenses.

The Company made a profit for the year, net of taxation of £8m from its continuing operations.

The performance in 2023 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 follows the vision of its immediate parent undertaking Siemens Gamesa Renewable Energy, S.A.U (“Siemens Gamesa”) to be the global leader in the renewable energy industry, driving the transition towards a sustainable world. The strategy is to return to sustainable profitability through the Mistral programme, which will allow it to continue to invest in technology to reduce the levelised cost of renewable energy for its customers, through world class manufacturing, efficient installation, increased reliability and best in class servicing.

Health and Safety statement

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

General business review - Statement of Financial Position

Total assets amounted to £1,212m, of which £438m relates to land and buildings, mainly in relation to Hull blade factory and preassembly site and the right of use assets recognised under IFRS16. £408m of the assets relate to receivables from group companies. The Company also has £72m inventories and cash held in the external bank which amounted to £8m at year end.

Total liabilities amounted to £1,082m of which £86m relates to trade payables and £594m relates to contract liabilities, on construction and long term service contracts. £35m 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 £130m, mainly consisting of share capital of £176m, retained profit of £149m 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 UK Ltd, Siemens Gamesa Renewable Energy Wind Limited, 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 the intercompany business combination. Please refer to the note 2 ‘business combinations’ for further details.

Net cash from operations for the year was £301m.

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 £1,936m, mainly relating to the offshore and service business units. Significant order entries related to the East Anglia 3 turbine supply agreement £1,362m and the East Anglia 3 service contract £202m as well as the Neart na Gaoithe service contract £46m.

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:

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

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

Based on the Company's forecasts, the directors consider that the Company will trade profitably and generate positive cash flows from operations over the next 12 months. For 2023, 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 of the financial statements.

Streamlined Energy and Carbon Reporting

	2023	2022	Units
Energy consumption used to calculate emissions	10,899,300	7,742,704	kWh
Emissions from combustion of gas and diesel	2,249.6	1,410.3	tCO ₂ e
Emissions from business travel in rental cars or employee -owned vehicles where Company is responsible for purchasing the fuel	2,727	1,339	tCO ₂ e
Emissions from purchased electricity	-	-	tCO ₂ e

FY23 Intensity Measure: 7.53 tCO₂e/£million

FY22 Intensity Measure: 2.73 tCO₂e/£million

The Streamlined Energy and Carbon Reporting (SECR) disclosure has been prepared in line with the Company's annual accounts made up to September 30, 2023. Turnover is deemed the most appropriate intensity metric due to the varied nature of the Company's business operations. Emissions data from combustion of gas and diesel is collated from meter readings and reported in Enablon which is a third-party data system. Fleet data is sourced from fuel cards and mileage expense claims and includes commercial vehicles, hire cars, company cars and personal cars driven for business. The DEFRA average vehicle conversion factors are used (Petrol, Diesel, PHEV, BEV). Energy efficiency actions are described further in the Taskforce climate related financial disclosure (TCFD) on page 6.

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") to ensure they are well informed to make key decisions. All Board members participate in the WMB which has representation from all business unit and support functions. Given the size and nature of the Company, stakeholder engagement often takes place at both an operational and senior management level as well as by the Board. The Company follows Siemens Gamesa's approach and has the mechanisms in place to ensure stakeholder feedback is considered in its operation. These are set out in further detail below:

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Stakeholder relationships

The Company's relationship with its 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. The Company has a wide variety of stakeholders that include: i) customers; ii) employees; iii) shareholders; iv) investors, analysts & 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 Board and 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 (direct contact, conferences, meetings, mailboxes, dedicated portals, annual or more frequent 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 the Company's business model. People 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 programme supports the development of a shared corporate culture across the Company based on trust, empowerment, diversity and inclusion as well as continuous learning. These four pillars support the Company's values.

The Company 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. The Company's 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, The Company's production plant in Hull needs to operate round the clock, with the result that certain groups (generally those classified as direct and indirect labour) must work in shifts. The Company provides work-life balance measures where this is possible. They include flexible hours, straight shifts, and adapting work schedules to certain family circumstances.

The Company pursues labour relationships that are based on trust, transparency, and good faith negotiations.

The Company offers 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. The Company has talent management tools that include both general programmes 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 programmes for developing talent.

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

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

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

Occupational health & safety is embedded everywhere in the Siemens Gamesa culture. The Company complies with existing legislation in every market where Siemens Gamesa Renewable Energy, S.A.U has a presence, and the Company establishes such safety measures as may be necessary. Beyond specific market requirements, the Company is always guided by excellence and continuous improvement, and the Company applies an integrated health and safety, environment and quality management policy lens to all that the Company does. The Company has a zero-tolerance policy towards negligent occupational health and safety conduct.

The Company's 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.

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

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

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

The Company recognises that meaningful change takes time and none of its actions will succeed without the right culture and working environment. That is why the Company will continue developing flexible working, digital disconnection and inclusive policies as the cornerstones of its aim to be the employer of choice. Employees are consulted on their views of the Company as well as work environment and individual jobs in a confidential manner via Employment Engagement Surveys which are carried out on an annual basis with follow up reviews and analysis in teams. The Company encourages suggestions and innovations for improving business performance through business suggestion schemes, employee forums, engagement surveys and the staff dialogue process and these influence decisions taken by management.

Suppliers

The Company's sustainable supply chain management approach integrates environmental, social and governance aspects. The Company closely monitors sustainability risks to avoid negative impacts resulting from its supply chain. In addition, the Company encourages and incentivizes its suppliers to not only comply with legal requirements but go beyond them. Accordingly, the Company understands sustainability performance as an important aspect to create additional value and generate positive impacts.

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

Since over 95% of the carbon footprint of the Company's wind turbines is generated in its supply chain, the Company is working to engage the supply chain in the decarbonization strategy. The Company has a verified science-based target related to its suppliers, in which 30% of suppliers by spend, covering purchased goods and services and transportation and distribution, will have science-based targets by 2025. A sustainability department has been established in the procurement function to support this goal.

Customers

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

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

The range of customer profiles has expanded with the energy transition, and participants other than the traditional players are gaining importance. The Company engages with its customers to develop energy technology products, solutions and services in the delivery of their operational business requirements. Strong relationships are developed to assist in their journey to a more sustainable environment and a carbon neutral target. The Company engages with its customers through a number of contractual models for its major infrastructure projects and service contracts supporting the installed assets over their lifetime.

Communities

The Company is deeply anchored in the communities in which it operates. The Company sees it as its duty to collaborate in their sustainable development. That is the Company's business model. Long-term acceptance by local communities is one of its main priorities, and being an active part of their activities and their community, its goal. Through the achievement of the UN's Sustainable Development Goals (SDGs), the Company also meets the concerns of employees while being engaged with communities through volunteer activities as well as fundraising and community programmes across sites and projects in the UK. The Company has championed Science, Technology, Engineering and Maths (STEM) subjects through a range of school visits and activities including participating in STEMfest 2023, holding an Offshore Wind4Kids session at Hornsea Beach and hosting a Lego league tournament based on a series of challenges based on renewable energy development.

Environment

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

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

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

Environmental excellence is essential to achieving the UN's 17 SDGs, meeting the requirements set out in the Paris Agreement on climate change and complying with the new taxonomy standards. The Company is 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 its activities.

The main environmental topics identified in the Company's Sustainability Strategy are climate change and resource efficiency, and a prioritised set of actions is being implemented on this basis to ensure the Company focuses its efforts and drives performance improvements in the areas that are material to its business.

Because of the Company's highly qualified personnel, it not only comply with the strictest environmental standards but also drives environmental improvements at its Hull factory and across its project sites. However, the Company recognises that its internal efforts to reduce its environmental impacts are enhanced if combined with other collaborative initiatives with its business partners, such as customers, suppliers, authorities and political parties, industry associations, and research institutes. The Company therefore seeks, leads and supports environmental improvements throughout its product value chain to ensure appropriate improvements are implemented in all stages of its product and service lifecycles. Further information on the Company's approach to the environment and the impact on principle decisions made are described in the Taskforce climate related financial disclosure (TCFD) on page 6.

Government, Regulators and Trade Associations Regulators and Trade Associations

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

The Company is politically neutral. The Company operates in markets which are shaped by UK Government policy, either directly or indirectly. The Company is a provider of solutions to the most pressing issue facing the planet - de-carbonisation. As a result, the Company is regularly consulted on economic and policy issues by governments, business associations and society.

The Company engages with policymakers at all levels in the UK Government, devolved nations and on a cross-party basis to discuss and understand the UK Government's approach to reaching net zero and how energy policy will deliver this. There is also political engagement with MPs and local political stakeholders in relation to construction projects and site footprints.

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Taskforce climate related financial disclosures (TCFD)

Reporting requirements under sections 414CA and 414CB of the Companies Act 2006

Introduction

The Company is a member of the Siemens Energy AG (“Siemens Energy”) group of companies (“Group”) and as such the strategic decisions of the Group have a major influence on the Company. The corporate purpose of Siemens Energy is “To empower our customers to meet the growing global demand for energy while transitioning to a more sustainable world”. The Company’s immediate parent company is Siemens Gamesa Renewable Energy, S.A.U (“Siemens Gamesa”) whose corporate purpose is “We make real what matters: clean energy for generations to come”.

Sustainability is an integral part of the Group strategy, which is embedded in every Group subsidiary in the world including The Company. To create transparency on the Company’s climate actions, the Company’s directors disclose how they address risks and opportunities arising from climate change. To do so, the directors are committed to implement the recommendations and guidance provided by the ‘UK Department for Business, Energy and Industrial Strategy’ on Climate-related Financial Disclosures (TCFD), and to meet the targets set out in the ‘Sustainability Vision 2040’ published by Siemens Gamesa.

Governance

A: The Board’s oversight of Climate-Related Risks and Opportunities (“CROs”)

Sustainability and climate action play a key role in the Company’s decision-making processes. The Company is committed to making an important contribution to the global economy’s decarbonisation and supporting its customers in transitioning to a more sustainable world.

Siemens Gamesa sets the strategic direction and ambition for sustainability aligned with Corporate Strategy. They approve the Sustainability targets and monitor their achievement.

Siemens Gamesa approves the portfolio of Sustainability programmes, assigns responsibility and resources for the programs at executive level and monitors progress of the portfolio. The Company follows Siemens Gamesa’s strategic direction and ambition for sustainability and complies with its targets and programmes.

The Group has a Risk Control and Management System that is covered by the rules of Corporate Governance within an internal framework that is called ERM (Enterprise Risk Management). The ERM process includes climate issues and is promoted by the Board of Directors and top management and implemented throughout the organization. The Company adheres to the Group’s ERM framework.

As part of Siemens Gamesa’s Sustainability Vision 2040, ambitious objectives have been defined such as the goal to reach climate positive emissions by 2040 and it is a priority to implement the necessary actions to meet them. Internally, the business units and corporate functions set their annual targets according to Siemens’s strategic financial and non-financial objectives.

B. Management’s role in assessing and managing CROs

To reflect the importance of sustainability and climate action, Siemens Gamesa has established the Sustainability Working Group. This Working Group is accountable for the development and championing of the sustainability strategy, that contains the sustainability programs and targets. The Sustainability Working Group reviews the Sustainability Strategy on an annual basis, provides recommendations for inclusion or update of programmes and targets, monitors performance and Key Performance Indicators (KPIs) related to the programmes and approves related data. Further the Sustainability Working Group proposes the Sustainability Programmes Portfolio for Siemens Gamesa. The Sustainability Working Group is chaired by the Head of Quality Management and Health, Safety and Environment. It meets periodically, and each member has governance responsibility of assigned programs, policies and procedures. The Company adheres to Siemens Gamesa’s sustainability strategy, sustainability programmes and targets.

The business units and corporate functions are responsible for developing procedures, defining and implementing actions to fulfil the programmes and targets applicable to their scope and reporting on performance to achieve the sustainability programs. Further the business units and corporate functions perform a yearly review of the existing themes, programs and targets, proposing updates to the Sustainability Working Group. The directors of the Company adhere to Siemens Gamesa’s sustainability strategy, sustainability programmes and targets and are responsible in the application of these for the Company to address climate risks and opportunities.

The Company has an environmental specialist tasked with maintaining the Company’s compliance with local environmental regulations, providing mitigation and response to environmental incidents and facilitating progress towards sustainability and climate goals. In addition, the Company will be further integrating its activities with Siemens Energy Limited in the forthcoming year. Siemens Energy Limited has established a Decarbonisation Steering Committee to coordinate the Climate Neutral Programme and work on a portfolio of topics for its business activities in the UK.

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Risk Management

A. Processes for identifying and assessing climate-related risks

Climate-related risks and opportunities are analysed within the Group's dedicated ERM process to assess the risks arising from transition to lower-carbon economy or physical impacts of climate change. Risk is also assessed within further operational processes, e.g., in location-specific Environment Health and Safety (EHS) risks (e.g., fires, floods). The Company adheres to and complies with the Group's ERM process.

The ERM process is a continuous cycle intended to proactively manage opportunities and risks that could materially affect the achievement of the Group's strategic, operational, financial, climate and compliance objectives across the entire Group. It is based on six phases:

- **Identify:** Aims to identify significant risks and opportunities that could adversely or positively impact the achievement of the Group's objectives. The identification of risks and opportunities is a continuous process for which everyone is responsible in their day-to-day work. It is based on top-down and bottom-up approaches throughout the organization, represented by corporate, business-unit and regional risk and opportunity maps supported by specific risk management systems and the necessary consistency between micro- and macro-risk.
- **Evaluate:** Evaluate and prioritize the identified risks and opportunities in order to focus management attention and resources on the most important ones. All identified risks and opportunities are evaluated based on their impact on the organization and the probability of occurrence, taking into account a three-year time period and different perspectives, including effects on business objectives, reputation, regulation, top management time and financial matters. Considering that some climate related risks may have implications beyond the three years' time horizon, the mid-term (3 to 5 years) and long-term (5 to 30 years) have been introduced. ERM is based on net risk, taking into account residual risks and opportunities after the implementation of existing control and mitigation measures.
- **Respond:** Focuses on the definition, approval and implementation of response plans to manage identified risks by selecting one of our general risk response strategies (avoid, transfer, accept and mitigate). Our general response strategy in relation to opportunities is to seize or take advantage of the most significant ones.
- **Monitor:** Deals with appropriate controls and continuous supervision to permit timely notification of significant changes in the risk and opportunity situation, of progress on KPIs and of response plans.
- **Report and scale:** Focuses on the standardized and structured reporting of identified risk and opportunities. This process provides comprehensive information about risks and opportunities including the actions to mitigate risks to take advantage of opportunities to management.
- **Continuous improvement:** Risk management in the Group's ERM evolves based on the application of the principle of continuous improvement, audits, self-assessments, benchmarking, etc., and is based on reviews of the effectiveness of the ERM process and compliance with legal and regulatory requirements in order to ensure sustainability.

It is not the ultimate purpose of ERM to avoid or eliminate business risks, but to support entrepreneurial decision-making by finding the right balance of managing risks and pursuing opportunities.

The Group uses three levels of risk tolerance: "risk acceptance", "risk monitoring" and "risk escalation". A risk is considered to exceed tolerance and require mitigation plans when it is rated as major or high. This assessment is based on the use of various perspectives on impact according to a number of criteria combined with the probability of occurrence.

For a particular risk identified and assessed as major or high and for which a risk policy and/or limit has also been exceeded or breached, or if it is anticipated that it could be exceeded or breached, such mitigation actions must be implemented as necessary to reduce the risk below its tolerance threshold.

Once the risks threatening the achievement of objectives have been identified, the risk owners or those delegated thereby with the support of the Risk and Internal Control (RIC) Department and other support functions, make an assessment thereof and manage the plans for their mitigation.

B. Processes for managing climate-related risks

Climate change is integrated into the ERM process to the extent that it influences risks and opportunities across the different organisational units and areas assessed, e.g., in relation to corporate sustainability, Health Safety & Environment (HSE), supply chain, or financing activities.

Assessment of physical climate risks in operations is managed by the Real Estate department who are responsible for safeguarding of the Group's and the Company's assets. Scenario analysis is performed on different climate change scenarios to prepare for potential climate risk situations.

The Group continuously reviews its compliance with the environmental rules and regulations and takes Environmental Social and Governance (ESG) as a high priority. The HSE department and the EQS departments continuously monitor the environmental and ESG situation.

Severe weather, such as fires, hurricanes, high winds and seas, blizzards, flooding, and extreme temperatures may cause evacuation of personnel, curtailment of services and suspension of operations, inability to deliver materials to job sites in accordance with contract schedules, loss of or damage to equipment and facilities, supply chain disruption, and reduced productivity. The likelihood of severe weather impacting the Company's ability to deliver on its commitments is limited but will be monitored frequently. For example, the UK hit the highest temperature on record in the Summer of 2022 impacting the work environment. A prolonged period of high temperatures, and more frequent occurrences of

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severe weather, is likely to increase the impact on the work environment in future years. Storms could impact the Company's ability to work on project sites in more remote regions of the country and wildfires from high temperatures could disrupt travel and supply deliveries.

In the UK as part of the Company's integration with Siemens Energy Limited, a joint process will be developed in financial year 2024 to consider climate related risk and opportunities as part of the regional/ERM review on a quarterly basis. This will help the Company to identify UK based risks and opportunities, thereby strengthening the Company's local response to climate related scenarios.

Strategy

A. CROs identified over the short, medium and long term

Definition of Time Horizons

All identified risks and opportunities are evaluated based on their impact on the organization and the probability of occurrence, taking into account a three-year time period and different perspectives, including effects on business objectives, reputation, regulation, top management time and financial matters. Considering that some climate related risks may have implications beyond the three years' time horizon, the mid-term (3 to 5 years) and long-term (5 to 30 years) have been introduced. ERM is based on net risk, taking into account residual risks. All risks and opportunities are categorized into:

- Transitional risks: policy & legal, technology, market, reputation
- Physical risks: acute, chronic
- Opportunity: resource efficiency, energy source, products & services, market, resilience

The potential impact can be assessed from a quantitative or qualitative perspective.

Identified Climate Related Risk & Opportunities

The 'rapid low-carbon transition' below 2 °C scenario is where greenhouse gas emissions (GHG) and rapid transition towards cleaner energy limits average warming to below 2 °C. It was analysed that this scenario offers significant opportunities to the Company in relation to the expansion of onshore and offshore markets as well as the development and expansion of clean technologies such as green hydrogen and offshore wind. Offshore growth was identified as a possibility in the UK under this scenario in addition to various policy and social benefits to encourage policymakers and other public authorities to adopt more ambitious targets and regulatory frameworks in support of the expansion of renewable capacity and employment opportunities. However, the below 2 °C scenario also suggests that there are some key risks for the Company regarding the demand for raw materials, such as concrete, steel and rare earth elements, and its suppliers' ability to keep pace with technological developments in a sustainable way. Other identified risks are carbon pricing of key raw materials, an increased risk of 'NIMBYism' (Not In My Back Yard) with larger turbines and greenfield expansion, and competition with the maritime industries (fisheries and oil & gas sectors).

The 'high physical impact' 4 °C warming scenario is where GHG continue to rise to an average 4 °C by the end of the century. Analysis mainly suggests risks such as acute and chronic weather conditions – particularly changes in wind speed and patterns, extreme temperatures, large seasonal differences and variations in precipitation that cause floods or droughts. The specific risk of floods from heavy precipitation was identified for the UK in the 2030's. The physical risks identified tended to be high impact but low likelihood events which result in comparatively low annualized risk levels affecting specific factories or wind farm assets.

The identified risks and opportunities were assessed in accordance with TCFD guidelines.

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B. Impact of CROs on business, strategy and financial planning

The scenario analysis highlighted more tangible linkages between climate risks and business operations for the Company. This also helped to inform the Company on how to respond with appropriate mitigation actions in a variety of ways, as described below.

- **Operations:** Siemens Gamesa became carbon-neutral in 2019 and has a commitment to becoming a net-zero CO2 emissions company by 2040, 10 years earlier than its original target. This is a strategic target linked to the overall business strategy with three verified Science-Based targets to cover the short-term actions until 2025. Six emission reduction levers have also been defined to support this goal and they have been reinforced as a result of the identified physical and transitional risks.
- **Process and procedures:** In 2021, Siemens Gamesa carried out a global analysis of potential climate change risks and opportunities. Based on this, an integration plan is under development to embed climate change in its risk management and financing processes.
- **Supply chain:** As part of its decarbonization strategy, Siemens Gamesa has a verified Science-Based target related to its suppliers, in which 30% of Siemens Gamesa's suppliers by spend covering purchased goods and services and transportation and distribution will have Science-Based targets by 2025. The Company has switched to 100% renewable electricity for its facilities in the UK to help reduce (market-based) scope 2 emissions. The Company promotes sustainability within its supply chain. The Company's commitment to environmental protection is an important pillar of its business decisions, and it wants our suppliers to share this objective.
- **Investment in Research & Development (R&D):** Siemens Gamesa continues to capitalize on the transitional opportunities presented by climate change through its various pilot projects and R&D investments within green technologies such as floating wind, energy storage and green hydrogen. For example, current efforts on onshore green hydrogen production have already enabled Siemens Gamesa to integrate an electrolyzer into a 3 MW onshore wind turbine. This will enable Siemens Gamesa to test large-scale, cost-efficient green hydrogen production without using any power from the grid which could pave the way for a low carbon future where decentralized cheap large-scale hydrogen production is possible. Furthermore, the Company's technology function has a department specifically focussing on future renewable technologies.
- **Products and services:** Siemens Gamesa's product development strategy is directly influenced by the transitional opportunity to constantly expand its portfolio of products and services. With increasing rotor sizes, its wind turbines deliver high annual energy production at lower levelized energy costs, specifically with the SG 14-222 DD, SG 11-200 DD and SG 5.X-170 products in its offshore and onshore wind markets. Siemens Gamesa also continues to open new factories and/or adapt its product and services portfolio to new markets to meet the growing needs for clean energy in its expanding customer base.
- **Financial planning:** Siemens Gamesa's carbon neutral plan directly influences financial planning through the procurement of low-carbon alternatives and the implementation of many energy-efficiency projects to reduce absolute emissions from operations and construction, such as switching to Light Emitting Diode (LED) lamps, changing from diesel-fuelled equipment to electric, and making sustainable transportation options available to employees. Also, Siemens Gamesa has integrated this risk of carbon pricing into financial planning by using a shadow carbon price to guide internal procurement decisions. In particular, the shadow carbon price is used to inform future decisions regarding our large volumes of procured steel. This also enables Siemens Gamesa to leverage momentum for its science-based target and mitigate risks associated with supply-side carbon pricing. The time-horizon associated with this shift includes a detailed plan until 2025 and further targets to build on this commitment from 2025 onwards. Another climate-related opportunity is presented through increased access to capital as a result of the financial market's focus on ESG investments. Financing instruments are increasingly being tied to ESG KPIs, affording Siemens Gamesa increased access to capital due to its core role in the low-carbon transition.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**ANNUAL REPORT AND FINANCIAL STATEMENTS****YEAR ENDED SEPTEMBER 30, 2023****C. Resilience of the Siemens Gamesa strategy, taking into considerations different climate-related scenarios including a 2°C or lower scenario**

Siemens Gamesa assessed climate-related risks and opportunities to identify, assess and better understand all possible types/ sources of climate risks and opportunities in the short, medium and long term. It analyzed both a 'rapid low-carbon transition' scenario, where strict control of GHG emissions and rapid transition towards cleaner energy limits average warming by end-century to below 2 °C and also a 'high physical impact' scenario, where GHG emissions continue to rise, and we see on average 4 °C of warming by end-century. Transitional and physical risks and opportunities were assessed based on the scenarios reviewed. Where the scenarios suggested significant potential risk and/or opportunity to the business, a financial impact assessment was undertaken to understand the scale of the impact to Siemens Gamesa. The analysis showed that, without action, there are risks in both the scenarios presented. However, while these would need to be managed, some of these changes represent material opportunities.

In the UK, with the 'high physical impact' scenario a low risk was accorded to wind conditions including storms in respect of disruption to construction and maintenance of wind farms. A moderate climate risk was accorded to sea levels rising and coastal flooding given the location of the blade manufacturing facility in Hull on the Humber estuary as well as the disruption that high sea-states can have on offshore service activities. A high-risk was assigned to heavy precipitation and flash flooding onland given the deemed likelihood and impact on access and temporary roads that the business relies on for its construction and maintenance activities in what are quite often remote locations.

Based on the analysis and actions taken in Siemens Gamesa's sustainability vision 2040, the Company considers itself to have resilience to the risks identified.

Metrics and targets used to assess CROs in-line with strategy and risk management processes

Science Based Targets (SBTi): SBTi is a joint international initiative of the Carbon Disclosure Project, United Nations Global Compact, World Resources Institute, Worldwide Fund for Nature and the We Mean Business coalition. It aims to reduce carbon emissions in a measurable manner and to meet the objective of not exceeding 2 degrees Celsius of global warming established in the Paris Climate Agreement. Siemens Gamesa joined this initiative on September 12, 2018. In August 2020, SBTi checked that its emission reduction strategy is aligned with what climate science says is required to meet the 1.5°C trajectory.

Greenhouse gas (GHG): ISO 14064 validation and verification provides third-party confirmation that the Company can deliver GHG removals or emission reductions against an agreed set of criteria; that validation also confirms that the Company has an appropriate management system to produce true, fair and reliable climate-related data.

ESG performance: Siemens Gamesa monitors sustainability performance constantly and takes pride in having its commitment to sustainability recognized by the world's most relevant sustainability indexes and ratings. Siemens Gamesa has achieved top ESG performance and highest recognition from ESG rating agencies. Siemens Gamesa obtained the top ranking in the sector from ESG rating agencies ISS ESG and FTSE Russell and second in the sector from Moody's Vigeo Eiris. It also ranked third in the Corporate Sustainability Assessment (CSA) from S&P Global (and 99th industry percentile). Additionally, Sustainalytics includes Siemens Gamesa in its 'Industry Top Rated List' reaching a top 3rd industry percentile.

Siemens Gamesa puts decarbonisation and recyclability at the heart of its ambitious sustainability strategy. Therefore, it is essential to set targets and measure the performance against those targets.

Decarbonization: Among the numerous projects and initiatives, the Sustainability Vision 2040 outlines a way to help achieve a decarbonized economy with the goal of reaching net-zero emissions by 2040, including emissions produced by the Siemens Gamesa's whole value chain. Previously, the net-zero target was for 2050.

To this end, the Siemens Gamesa will pursue opportunities to achieve a carbon intensity rate of zero-emissions per MW installed without any offsets. Some of the main actions will involve replacing existing heating and cooling systems with new zero carbon alternatives, and self-generation in wind farms and factories.

An example of one such project to advance its mission in this respect is the Greener Tower which allows for a maximum of 0.7t of CO₂ equivalent emissions are permitted per ton of steel. This means a CO₂ reduction of at least 63% compared to conventional steel production.

A further example is Siemens Gamesa's commitment to increase annual sourcing of renewable electricity from 58% in 2017 to 100% by 2025. In 2023 renewable sources cover 100% of the Company's needs ensuring that this target has been achieved ahead of schedule.

Commitment to the circular economy: The wind industry is still relatively young and is aware of its responsibility to find a sustainable way to deal with wind turbine components at the end of their life cycle. Most of the components of a wind turbine are already recyclable, but wind turbine blades, specifically, represent a challenge due to the materials used and their complex composition.

Siemens Gamesa has announced an ambitious goal to redesign its turbines to ensure that, by 2040, all turbines it markets will be recyclable at 100%, and that blades will be fully recyclable by 2030. This marks a milestone on the path towards a fully recyclable wind turbine value chain.

Progress has already been taken in respect of this as for the first time in the industry we are able to separate and recycle the blade materials to be used in new applications. The first recyclable blades have been produced in the Company's factory in Hull. This is a major step towards achieving 100% recyclability of our offshore turbines.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

Engagement across the value chain: Since over 95% of the carbon footprint of the Company's wind turbines is generated in its supply chain, the Company is working to engage the supply chain in the decarbonization strategy. The Company has a verified science-based target related to its suppliers, in which it commits that 30% of suppliers by spend, covering purchased goods and services and transportation and distribution, will have science-based targets by 2025. A sustainability department has been established in the procurement function to support this goal.

In the base year of 2017 the Company did not have any suppliers with science-based targets whereas in 2023 it has 13% of suppliers with targets and an additional 11% committed. The Company considers that this target is currently on track and scheduled to be achieved.

Waste generation: In an assessment on biodiversity across Siemens Gamesa's entire value chain, results showed that the greatest pressures were from solid waste generation. Siemens Gamesa has a target for zero burning or disposal of solid waste for landfill by 2030.

Scope 1, 2 & 3 greenhouse gas emissions and related risks

Siemens Gamesa has in their overall business strategy an ambition of reaching net-zero CO2 emissions by 2040. The global roadmap involves the following emission reduction levers with respect to scope 1,2 & 3 greenhouse gas emissions. The Company adheres to and follows Siemens Gamesa strategy and ambition.

- Implement energy reduction, substitution and efficiency measures related to its operations across production facilities and project sites to reduce our scope 1 emissions;
- Siemens Gamesa is powered 100% by electricity supply from renewable sources which effect in a reduction in its market-based scope 2 emissions. The remaining scope 2 emissions are related to district heating;
- Various projects have been implemented to reduce fleet emissions including i) replacement of material handling vehicles worldwide with low-carbon alternatives to reduce Siemens Gamesa's scope 1 (direct) GHG emissions, and ii) the Siemens Gamesa Employee Mobility & Transport Benefits Policy, in combination with the policy to support the Siemens Gamesa's scope 3 (indirect) GHG emissions.
- Siemens Gamesa has a commitment to reduce scope 1 and scope 2 GHG emissions by 70% per MW installed by 2025 from a 2017 base year. In the base year the intensity ratio was 12.3 t GHG/MW installed and in 2023 this is now 3.6 GHG/MW installed. This target is currently considered on track and scheduled to be achieved.

Further information relating to Siemens Gamesa's environmental metrics and targets and progress in achievement are published in Siemens Gamesa's Consolidated Non-Financial Statements which are available on the internet <http://www.siemensgamesa.com/en-int/sustainability>

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 12 December 2023

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

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

DIRECTORS' REPORT

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

MacFarlane, William Clark

Keyzer-Dean, Ross

Heath, Martin James (appointed on October 18, 2023)

O'Brien, Felicity Catherine (resigned on September 30, 2023)

None of the directors holding office at September 30, 2023 had notified a beneficial interest in any contract to which the Company was a party to during the financial year.

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

DIVIDENDS

The directors have not recommended a dividend.

RESEARCH AND DEVELOPMENT

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

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.

Due to the group's global cash facility and the Company being in a net current liability position of £164m as at the financial year end, Siemens Energy Global GmbH & Co. KG 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.

This is based on sensitivity analysis where management have prepared a worst-case scenario forecast to estimate the impact on the results and cashflow forecast for the period of 12 months (until December 31, 2024) including order intake and revenue assumptions. This forecast considers the ongoing contracts in the Company's New Build and Service business. This worst-case forecast shows an expected shortfall in the cash flow at the end of 12 months period (until December 31, 2024). This funding is limited to a maximum amount sufficient to cover the forecasted cash shortfall in the worst-case situation. 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

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YEAR ENDED SEPTEMBER 30, 2023

Statement of Corporate Governance Arrangements

For the financial year ended 30 September 2023, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies published by the Financial Reporting Council (FRC) in December 2018. The Wates Principles offer the Company an opportunity to demonstrate good practice and assess its corporate governance arrangements. Set out below are details of how these six broad Principles are applied throughout the Company's business.

Principle 1 – Purpose and Leadership

The Company is a member of the Siemens Energy AG (“**Siemens Energy**”) group of companies (“**Group**”) and as such the strategic decisions of the Group have a major influence on the decisions of the Company. The corporate purpose of Siemens Energy is “To empower our customers to meet the growing global demand for energy while transitioning to a more sustainable world”. The Company's immediate parent company is Siemens Gamesa Renewable Energy, S.A.U (“**Siemens Gamesa**”) whose corporate purpose is “We make real what matters: clean energy for generations to come”.

The board of directors of the Company (“**Board**”) is responsible for developing and promoting the Group's and Siemens Gamesa's purpose in the UK and ensuring that the values, strategy and culture align with that purpose.

The Company is a renewable energy company focused on the design, development, manufacturing, installation and servicing of wind turbines. The Company focuses on innovation, productivity and asset management, operational excellence, as well as sustainability and people. The group has a comprehensive sustainability agenda with ambitious sustainability goals comprising of targets for environmental and social sustainability.

Further details on the Company's Board and the way it engages with stakeholders in relation to its purpose can be found in the Strategic Report and other sections of this statement.

Principle 2 – Board Composition

Board membership is comprised of the Managing Director, Finance Director and Global Head of Human Resources for Service who, together with the company secretary, have high levels of experience and knowledge of their respective functions and bring together business, commercial, financial and legal skills and expertise. The Board believe that its diversity and experience are appropriate to meet the strategic needs and challenges of the business and to enable effective decision-making. The Board has a responsibility for promoting diversity, equality and inclusion and recognise the importance of working hard to ensure it is truly embedded in everything the Company does.

Principle 3 – Director Responsibilities

The directors occupy positions of authority within the Siemens Gamesa organisation and are jointly responsible for the management of the Company, leading and directing the affairs of the Company having regard to its business policy and corporate strategy. The Board has reserved certain principal matters for its own approval whilst the day-to-day management of the Company is undertaken by the Wind Management Board (“**WMB**”). All Board members are members of the WMB which is designated as a committee of the Board to support the Board in the performance of its duties. The Board uses the WMB to get regular updates on business and financial performance, human resources, legal, compliance, and environmental, health and safety matters. The Board combines this knowledge to make informed decisions.

As part of the Company's governance review this year the Company is conducting a thorough review of the allocation and responsibility of reserved matters and focus topics across the board, its committees and working groups to ensure effective decision making and independent challenge. From this a WMB+ committee has been established which plays an important business-focused and commercial role in the UK operations with representatives from each of the main businesses as well as leaders from corporate and governance functions including HR, EHS and Business Development.

Further corporate governance practices are contained in the Siemens Gamesa Business Conduct Guidelines which are binding for all employees. The Siemens Gamesa Business Conduct Guidelines provide the ethical and legal framework within which Siemens Gamesa wants to conduct its activities and remain on course for success. They contain the basic principles and rules for conduct within Siemens Gamesa and in relation to its external partners and the general public. They set out how Siemens Gamesa meets its ethical and legal responsibility as a company and give expression to the company values: “Responsible” – “Excellent” – “Innovative.” The Company adheres to and follows the Siemens Gamesa Business Conduct Guidelines.

The Siemens Gamesa compliance system aims to ensure that its business practices comply with the Business Conduct Guidelines and obey all applicable laws. To this end, and to protect against compliance risks, the Siemens Gamesa compliance system combines strong governance at company and group level with the presence of qualified compliance officers. They work closely with management and indeed all employees who assume personal responsibility for compliance in their respective areas. Secure reporting channels are in place for all employees and external stakeholders to report violations of external and internal rules. The Company adheres to and follows the Siemens Gamesa compliance system. In addition, the Company reviews its compliance with the Global Siemens Gamesa team and use this channel for training and advice to UK colleagues.

Principle 4 – Opportunities and Risk

The Board follows the Siemens Gamesa's values when considering the impact of key decisions. Siemens Gamesa is setting the course for long-term value creation through long term growth and stronger profitability with a simplified and leaner company structure.

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Risk management at Siemens Gamesa builds on a comprehensive, interactive and management-oriented Enterprise Risk Management (ERM) approach that is integrated into the organization and that addresses both risks and opportunities. The ERM process aims for early identification and evaluation of, and response regarding, risks and opportunities that could materially affect the achievement of strategic, operational, financial and compliance objectives. The time horizon is typically three years, and Siemens Gamesa takes a net risk approach, addressing risks and opportunities remaining after the execution of existing control measures. In order to provide a comprehensive view of its business activities, risks and opportunities are identified in a structured way combining elements of both top-down and bottom-up approaches. Reporting generally follows a quarterly cycle; Siemens Gamesa complements this periodic reporting with an ad-hoc reporting process that aims to escalate critical issues in a timely manner. Relevant risks and opportunities are prioritized in terms of impact and likelihood, considering different impact perspectives, including business objectives, reputation and regulatory requirements. The bottom-up identification and prioritization process is supplemented by workshops with the respective management. The top-down element ensures that potential new risks and opportunities are discussed at different management levels and are included in the subsequent reporting process, if found to be relevant. The Company adheres to and follows Siemens Gamesa's ERM approach and processes.

Principle 5 – Remuneration

The executive remuneration is set by Siemens Gamesa and structures are aligned across all Global Senior Managers (Senior Manager). Criteria considered for the appropriateness of remuneration are economic situation, company performance, future prospects and alignment with market practice. Furthermore it is based on the following principles:

Compensation linked to impact and growth: The Company's size and economic position is also to be reflected in Senior Manager's compensation. Exceptional achievements are to be adequately rewarded, while falling short of targets results in an appreciable reduction in compensation.

Ensuring competitiveness: In order to attract outstanding candidates for the Senior Manager roles and to retain them for the long term, compensation should be attractive compared to that offered by competitors.

Focus on successful, sustainable management of the Company: Senior Managers are expected to make a long-term commitment to and on behalf of the Company. As a result, they can benefit from any sustained increase in the Company's value. For this reason, a portion of their total compensation is linked to the long-term performance of the Siemens Energy shares.

Based on these principles Senior Manager's remuneration comprises both non-performance-based and performance-based elements and is divided into three main components: base compensation, short-term variable compensation and long-term stock based compensation.

Base compensation: Each Senior Manager receives base compensation for performing his or her duties. This compensation is paid in 12 monthly instalments. Base compensation is defined taking into consideration individual performance and salary benchmark of the role.

Short-term variable compensation (Bonus): The Management Bonus scheme is mandatorily applied to all Senior Managers globally. The plan design is focusing on high level business targets as well as personal targets. Senior Manager's will be given an on-target Bonus that is defined as a percentage of basic compensation. The percentage depends on the internal and external benchmark of the role. The payout amount of the Bonus depends on the Company's business performance as well as personal performance during the past fiscal year.

Long-term stock-based compensation (Siemens Energy Stock Awards): Senior Managers are expected to make a long-term commitment to and on behalf of the Company. For this reason, a portion of nominated Senior Manager's total compensation are tied to the long-term performance of the Siemens Energy AG share.

Benefits: Siemens Gamesa offers a broad portfolio of benefits to all employees such as pensions, private medical, employee discounts to name a few.

Similar principles and remuneration structures are applied to the rest of the Siemens Gamesa workforce as appropriate.

Principle 6 – Stakeholder Relationship and Engagement

A range of mechanisms have been established to ensure the perspectives of the Company's stakeholders are understood and taken into account in decision-making. 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 (direct contact, conferences, meetings, mailboxes, dedicated portals, annual or more frequent surveys) to identify the most important issues and provide a reasonable response to their expectations whenever possible. The Company also play a prominent role in engagement with industry bodies such as Renewable UK, Offshore Wind Industry Council (OWIC), G+ Global Offshore Wind Health & Safety Organisation and the equivalent onshore group, SafetyOn. Further detail is set out in the section 172(1) statement set out in the Strategic Report.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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 2023. 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. Work has been ongoing to extend the blade factory in Hull to accommodate production of the next generation of blades with a length of 108 metres. Production of these blades started in the summer of 2023.

FINANCIAL INSTRUMENTS

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

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 the Company's 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, 2023, 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 S.A.U operates a global cash facility across its group where cash generated by entities are passed to Siemens Gamesa Renewable Energy S.A.U and group companies are able to draw down on these facilities if required.

Due to the Group's global cash facility, Siemens Energy Global GmbH & Co. KG 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 up to a maximum amount to allow it to satisfy its financial obligations in the normal course of business.

Price Risk

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

GROUP POLICIES

Employee participation

The directors continue to encourage open employee participation and communication within the Company. Information on matters of concern to employees are provided in team briefings, intranet information and notices and staff forums. In addition, the UK senior leadership team regularly provide updates on company financial and operational performance to employees via town halls which are held virtually in which all UK staff are encouraged to join and have the opportunity to ask questions of senior management. Employees are consulted on their views of the Company as well as work environment and individual jobs in a confidential manner via Employment Engagement Surveys which are carried out on an annual basis with follow up reviews and analysis in teams. The Company encourages suggestions and innovations for improving business performance through business suggestion schemes, employee forums and the staff dialogue process. Employees are incentivized with variable remuneration offered based on a combination of individual and company performance targets.

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.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

Equal opportunities

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

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

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

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.

AUDITOR

Ernst & Young LLP will not continue in office as auditor of the Company. In accordance with s489 of the Companies Act 2006, a resolution for the appointment of KPMG Audit Plc as auditor of the Company is to be proposed by the directors.

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 **12 December 2023**

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

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

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

YEAR ENDED SEPTEMBER 30, 2023

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 United Kingdom Generally Accepted Accounting Practice (UK GAAP) in conformity with the Companies Act 2006 including Financial Reporting Standard 101 "Reduced Disclosure Framework".

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

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

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

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

Opinion

We have audited the financial statements of Siemens Gamesa Renewable Energy Limited for the year ended 30 September 2023 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 30 September 2023 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 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

Use of our report

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

Spela Stefanov (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
15 December 2023

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

STATEMENT OF INCOME

For the year ended September 30, 2023 (in thousands of £)

Statement of Income

	<i>Note</i>	2023	2022
Turnover	5	660,810	1,005,916
Cost of sales		(621,719)	(898,011)
Gross profit		39,091	107,905
Marketing and distribution expenses		(13,138)	(9,103)
Administrative expenses		(2,939)	(2,087)
Other operating expenses		(2,223)	(170)
Operating profit	6	20,791	96,545
Interest income		4,181	
Interest expense		(4,615)	(3,600)
Profit on ordinary activities before taxation		20,357	92,945
Tax	9	(12,239)	(19,237)
Profit for the financial year		8,118	73,708
Attributable to:			
Owners of the Company		8,118	73,708

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, 2023 (in thousands of £)

Statement of Other Comprehensive Income	2023	2022
	<i>Note</i>	
Profit for the year	8,118	73,708
Items that may be reclassified subsequently to profit and loss		
(Loss) / Gain on derivative financial instruments	(31,057)	20,793
Tax effect of the fair value movement on derivative financial instruments	7,772	(5,199)
	<hr/>	<hr/>
Total items that may be reclassified subsequently to profit and loss	(23,285)	15,594
	<hr/>	<hr/>
Other comprehensive income for the year, net of tax	(23,285)	15,594
	<hr/>	<hr/>
Total comprehensive profit/(loss) for the year	(15,167)	89,302
	<hr/>	<hr/>
Attributable to:		
Owners of the Company	(15,167)	89,302

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

STATEMENT OF FINANCIAL POSITION
As of September 30, 2023 (in thousands of £)

Statement of Financial Position

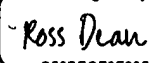
	<i>Notes</i>	2023	2022
Fixed assets			
Property, plant and equipment	14	558,985	467,650
Other financial assets	15	14,282	70,305
Other assets		-	18
		<u>573,267</u>	<u>537,973</u>
Current assets			
Cash and cash equivalents		7,983	13,708
Trade and other receivables	10	481,228	349,530
Other current financial assets	11	5,549	9,712
Inventories	12	71,836	35,816
Contract Assets	5	71,058	63,525
Corporation tax receivable		366	11,800
Other current assets	13	780	28,761
		<u>638,800</u>	<u>512,852</u>
Creditors: amounts falling due within one year			
Lease Liabilities	20	9,338	10,707
Trade payables	16	113,634	281,231
Other current financial liabilities	17	13,603	3,446
Current provisions	19	2,404	7,650
Contract Liabilities	5	593,900	275,146
Other current liabilities	18	47,424	45,075
Deferred tax liabilities	9	22,837	14,486
		<u>803,140</u>	<u>637,741</u>
Net current liabilities		164,340	124,889
Total assets less current liabilities		408,927	413,084
Creditors: amounts falling due after more than one year			
Lease Liabilities	20	244,092	214,812
Provisions	19	5,447	3,539
Other liabilities	22	8,001	5,809
Other financial liabilities	21	21,746	44,116
		<u>279,286</u>	<u>268,276</u>
Net assets		129,641	144,808

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**STATEMENT OF FINANCIAL POSITION
As of September 30, 2023 (in thousands of £)****Capital and reserves**

Share capital	23	175,687	175,687
Cash flow hedging reserve		(7,255)	16,030
Other reserves		(188,095)	(188,095)
Retained earnings		149,304	141,186
Total equity		129,641	144,808

These financial statements were approved and authorised for issue by the board of directors on 12th December 2023 and were signed on their behalf by:

DocuSigned by:



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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, 2023 (in thousands of £)**

	Share capital	Cash flow hedging reserve	Other reserves	Retained profit	Total equity
Balance at October 1, 2021	175,687	436	(188,095)	67,478	55,506
Profit for the financial year	-	-	-	73,708	73,708
Other comprehensive gain/(loss), net of tax	-	15,594	-	-	15,594
Total comprehensive income for the year	-	15,594	-	73,708	89,302
Dividends to equity holders	-	-	-	-	-
Reserves from business combination	-	-	-	-	-
Balance at September 30, 2022	175,687	16,030	(188,095)	141,186	144,808
Balance at October 1, 2022	175,687	16,030	(188,095)	141,186	144,808
Profit for the financial year	-	-	-	8,118	8,118
Other comprehensive gain/(loss), net of tax	-	(23,285)	-	-	(23,285)
Total comprehensive income for the year	-	(23,285)	-	8,118	(15,167)
Dividends to equity holders	-	-	-	-	-
Reserves from business combination	-	-	-	-	-
Balance at September 30, 2023	175,687	(7,255)	(188,095)	149,304	129,641

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 (£23,285k) (2022: £15,594k), 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.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2023 (in thousands of £)

1. Basis of presentation

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

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

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

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

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

The Company applied all standards and interpretations issued by the International Accounting Standards Board ('IASB') that were effective as of September 30, 2023. 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.

Due to the group's global cash facility and the Company being in a net current liability position of £164m as at the financial year end, Siemens Energy Global GmbH & Co. KG 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.

This is based on sensitivity analysis where management have prepared a worst-case scenario forecast to estimate the impact on the results and cashflow forecast for the period of 12 months (until December 31, 2024), including order intake and revenue assumptions. This forecast considers the ongoing contracts in the Company's New Build and Service business. This worst-case forecast shows an expected shortfall in the cash flow at the end of 12 months period (until December 31, 2024). This funding is limited to a maximum amount sufficient to cover the forecasted cash shortfall in the worst-case situation. 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, 2023 (in thousands of £)****2. Summary of significant accounting policies**

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

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

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

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

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

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

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

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

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

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

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

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

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

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2023 (in thousands of £)**

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

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

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

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

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

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

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

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

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

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

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

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

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2023 (in thousands of £)**

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

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

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

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

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

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

Leases - The Company as a lessee:

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

Initial recognition

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

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

Subsequent measurement of the right-of-use asset

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

Subsequent measurement of the lease liability

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

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

Pension costs and other post-retirement benefits

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

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

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2023 (in thousands of £)****New and amended standards effective for the year ended September 30, 2023:****Reference to the Conceptual Framework – Amendments to IFRS 3**

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. This was effective for annual periods beginning on or after January 1, 2022 (October 1, 2022 for the Company). The Company have not noted any impact on transition.

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

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. This was effective for annual periods beginning on or after January 1, 2022 (October 1, 2022 for the Company). The Company have not noted any impact on transition.

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

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). The Company have not noted any impact on transition.

First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter – Amendments to IFRS 1

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The Company have not noted any impact on transition.

Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities – Amendments to IFRS 9

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). The Company have not noted any impact on transition.

Agriculture – Taxation in fair value measurements – Amendments to IAS 41

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The Company have not noted any impact on transition.

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, 2023, and have not been applied in preparing these financial statements. Those standards that have relevance to the Company are mentioned below:

Definition of Accounting Estimates - Amendments to IAS 8

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

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

In May 2022, the IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2023 (in thousands of £)**

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

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

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

Amendment to IFRS 16 – Leases on sale and leaseback

In September 2022, the IASB issued amendments to IFRS 16 – Leases on sale and leaseback. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. This is effective for annual periods beginning on or after January 1, 2024 (October 1, 2024 for the Company). The impact for this amendment is currently being assessed by the Company.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The impact for this amendment is currently being assessed by the Company

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The impact for this amendment is currently being assessed by the Company.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. The impact for this amendment is currently being assessed by the Company.

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

In January 2020, IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities (right to defer settlement) as current or non-current. The amendment is still going through the consultation process and hence proposed effective date is currently scheduled for no earlier than January 1, 2024 (October 1, 2024 for the Company).

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2023 (in thousands of £)

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.

Further details on revenue is provided in Note 5.

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. Further details on trade and other receivables are provided in Note 10.

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.

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

For the year ended September 30, 2023 (in thousands of £)

4. Acquisitions and discontinued operations

The Company did not have any trade and asset acquisitions or discontinued operations for the year ended September 30, 2023 or in the prior year for the year ended September 30 2022.

5. Revenue

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

	2023	2022
New build	306,276	702,765
Services	354,534	303,151
	<u>660,810</u>	<u>1,005,916</u>

The majority of revenue relates to customers and wind farms located in the United Kingdom. Within revenue for new build is included an amount of £54,864k (2022: £67,541k) relating to the sale of blades produced at the Hull factory to other group entities and within services is an amount of £30,868k (2022:£11,871k) relating to the sale of service spare parts.

Timing of Revenue Recognition

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

	2023		2022	
	Within one year	More than one year	Within one year	More than one year
New build	1,345,330	2,228,127	360,367	2,017,236
Services	164,831	1,792,894	187,486	1,659,874
	<u>1,510,161</u>	<u>4,021,021</u>	<u>547,853</u>	<u>3,677,110</u>

The majority of revenues are recognised over time from the Companies long term contracts. Non-project items such as service spares and blades produced in Hull are recognized at a point in time. £129,208k revenue has been recognised for these items in 2023 (2022: £130,102k).

Contract Balances

	2023	2022
Trade Receivables (note 10)	481,228	349,530
Contract Assets	71,058	63,525
Contract Liabilities	(593,900)	(275,146)

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

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2023 (in thousands of £)**

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>	
	2023	2022
Net foreign exchange (gains)/losses	14,373	4,841
Depreciation of total property, plant and equipment including right of use assets	32,156	27,758
Staff costs (see note 7)	154,085	142,025
Operating lease expense	5,693	5,205
Government grants	(166)	(166)
Loss on disposal of property, plant and equipment	(1,816)	(177)
Auditor's remuneration for audit services - audit services of financial statements	260	291

Amounts payable to Ernst & Young LLP and their associates by the Company in respect of non-audit services were £24k and September 30, 2022 £Nil.

7. Staff numbers and costs

	<u>Year ended September 30,</u>	
	2023	2022
Wages and salaries	132,422	120,675
Social security costs	12,651	13,020
Expenses relating to pension plans and employee benefits	9,012	8,330
	154,085	142,025

The average monthly number of employees (including executive directors) during 2023 was 2,161 and in 2022 were 1,994. 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>	
	2023	2022
	Number	Number
Manufacturing and services	1,949	1,764
Sales and marketing	145	170
Research and development	67	60
	2,161	1,994

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2023 (in thousands of £)****8. Directors' emoluments**

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

Directors	<u>Year ended September 30,</u>	
	2023	2022
Emoluments receivable	908	1,114
Employer contributions to defined contribution pension schemes	28	19
	<u>936</u>	<u>1,133</u>

The highest paid director was £431k in 2023 and £608k in 2022. Three (2022: Three) 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, 2023 (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>	
	2023	2022
Current tax:		
UK corporation tax	-	10,198
Adjustments for prior year	(2,131)	-
	<u>(2,131)</u>	<u>10,198</u>
Deferred tax:		
Origination and reversal of temporary differences - current year	9,324	8,905
Origination and reversal of temporary differences - prior year	5,046	134
	<u>12,239</u>	<u>19,237</u>
Tax expense	<u>12,239</u>	<u>19,237</u>

For the year ended September 30, 2023, the Company was subject to UK corporation tax of 19% in the period from 1st October 2022 to 31st March 2023 and then a tax rate of 25% which was applied on 1 April 2023. For the previous year end of September 30, 2022, the Company was subject to a rate of 19%.

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

	2023	2022
Profit from continuing operations before tax	<u>20,357</u>	<u>92,945</u>
Tax at 22.0% (2022:19.0%)	4,479	17,660
Increase / (decrease) in income taxes resulting from:		
Non-deductible losses and expenses	2,144	1,165
Effect of super-deduction	(2,705)	(1,842)
Research and development tax credit	(141)	-
Under/ (over) provided in prior years – deferred tax	5,046	134
Under provided in prior years – current tax	(2,131)	-
Rate change adjustment difference between current tax and deferred tax rate	1,119	2,120
Movement of unrecognised tax losses	4,428	-
Total income tax expense	<u>12,239</u>	<u>19,237</u>

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

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

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2023 (in thousands of £)**

Deferred tax liabilities, net in the table below:

	2023	2022
Assets:		
Property, plant and equipment	-	-
Deferred tax assets	-	-
Liabilities:		
Property, plant and equipment	(22,402)	(5,926)
Derivative financial instruments	(435)	(8,560)
Deferred tax liabilities	(22,837)	(14,486)
Total deferred tax liabilities, net	(22,837)	(14,486)

Management considers to what extent it is probable that the deferred tax asset will be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible.

The deferred tax asset has not been recognized on trading losses arising in the period of £19,953k due to uncertainty on whether the Company will realise the deferred tax asset or whether it will be realised against profits of other group companies.

10. Trade and other receivables

	<u>September 30,</u>	
	2023	2022
Trade receivables from the sale of goods and services	73,301	88,683
Receivables from group companies	407,927	260,847
	<u>481,228</u>	<u>349,530</u>

As at September 30, 2023 trade and other receivables are stated net of valuation allowance of £8,100k (2022: £7,215k). Further disclosure in relation to the allowance has not been made as it is immaterial. Receivables from group companies are non-interest bearing, do not have set payment date terms and are not insured.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2023 (in thousands of £)

11. Other current financial assets

	<u>September 30,</u>	
	2023	2022
Derivative financial instruments	5,443	5,267
Other current financial assets	106	4,445
	<u>5,549</u>	<u>9,712</u>

Other current financial assets mainly relate to duty tax receivable.

12. Inventories

	<u>September 30,</u>	
	2023	2022
Raw materials and supplies	31,759	26,643
Work in progress	19,233	5,753
Finished goods and products held for resale	8,666	3,416
Advances to suppliers	12,178	4
	<u>71,836</u>	<u>35,816</u>

The inventory balance above contain valuation allowances of £6,160k (2022: £5,743k):

13. Other current assets

	<u>September 30,</u>	
	2023	2022
Other tax receivables	-	25,324
Prepaid expenses	780	574
Other current assets	-	2,863
	<u>780</u>	<u>28,761</u>

Other tax receivables mainly relates to value added tax.

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

For the year ended September 30, 2023 (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, 2022	396,394	30,500	39,820	104,394	571,108
Additions	53,128	31,560	9,865	24,918	119,471
Disposals	(12)	(16,012)	(8,287)	-	(24,311)
Transfers from group companies	-	85	13,196	-	13,281
Transfers to group companies	-	(1,748)	(3,401)	-	(5,149)
Reclassification of assets	59,133	19,200	4,206	(82,539)	-
At September 30, 2023	508,643	63,585	55,399	46,773	674,400
Accumulated Depreciation					
At October 1, 2022	51,270	23,140	29,048	-	103,458
Charge for the year	19,739	6,961	5,456	-	32,156
Disposals	(11)	(10,530)	(7,595)	-	(18,136)
Transfers from group companies	-	85	1,388	-	1,473
Transfers to group companies	-	(1,450)	(2,086)	-	(3,536)
At September 30, 2023	70,998	18,206	26,211	-	115,415
Net book value					
At October 1, 2022	345,124	7,360	10,772	104,394	467,650
At September 30, 2023	437,645	45,379	29,188	46,773	558,985

As of September 30, 2023 contractual commitments for the purchase of plant, property and equipment amount to £3,103k (2022: £55,418k).

Transfers from group companies mainly relate to equipment for the Hull blade factory transferred from Siemens Gamesa Renewable Energy A/S. Transfers to group companies mainly relate to property, plant & equipment transferred to Siemens Gamesa Renewable Energy A/S (£2,199k) and Siemens Gamesa Renewable Energy S.A.S (£2,704k) respectively. There were no transfers to group companies in the prior year for the year ended September 30, 2022.

The amount of borrowing costs capitalised during the year ended September 30, 2023 was £1,138k (2022: £378k). The rate used to determine the amount of borrowing costs eligible for capitalization was 0.892%. The interest capitalized relates to extension works ongoing in the Hull blade factory. No assets are pledged as security for liabilities.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2023 (in thousands of £)**

Included in the Property, plant and equipment table for the year ended September 30, 2023 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, 2022	316,185	7,913	4,994	329,092
Additions	4,194	10,275	1,238	15,707
Additions due to lease reassessment	28,998	535	14	29,547
Disposals	-	-	-	-
Disposals due to lease reassessment/modifications	-	(4,064)	(4)	(4,068)
At September 30, 2023	<u>349,377</u>	<u>14,659</u>	<u>6,242</u>	<u>370,278</u>
Accumulated Depreciation				
At October 1, 2022	29,136	5,019	2,601	36,756
Charge for the year	12,991	3,747	1,190	17,928
Disposals	-	-	-	-
Disposals due to lease reassessment/modifications	-	-	-	-
At September 30, 2023	<u>42,127</u>	<u>8,766</u>	<u>3,791</u>	<u>54,684</u>
Net book value				
At October 1, 2022	287,049	2,894	2,393	292,336
At September 30, 2023	<u>307,250</u>	<u>5,893</u>	<u>2,451</u>	<u>315,594</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, 2023 (in thousands of £)****15. Other financial assets**

	<u>September 30,</u>	
	2023	2022
Derivative financial instruments	14,282	70,305
	<u>14,282</u>	<u>70,305</u>

16. Trade payables

	<u>September 30,</u>	
	2023	2022
Trade payables	86,403	112,416
Amounts due to group companies	27,231	168,815
	<u>113,634</u>	<u>281,231</u>

Trade payables include £23,457k for the year ended September 30, 2023 (2022: £58,615k) due to suppliers that have signed up to a supply chain programme, under which suppliers are entitled to receive a discounted early payment from the relationship bank rather than being paid in line with the agreed payment terms. If the option is taken, the Company's liability is assigned by the supplier to be due to the relationship bank rather than the supplier. The value of the liability payable to the Company remains unchanged. The Company assesses the arrangement against indicators to assess if debts, which vendors have sold to the funder under the supplier financing scheme, continue to meet the definition of trade payables or should be classified as borrowings. At September 30, 2023, the payables met the criteria of Trade payables.

17. Other current financial liabilities

	<u>September 30,</u>	
	2023	2022
Derivative financial instruments	13,076	3,146
Other financial liabilities	527	300
	<u>13,603</u>	<u>3,446</u>

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

For the year ended September 30, 2023 (in thousands of £)

18. Other current liabilities

	<u>September 30,</u>	
	2023	2022
Payroll and social security taxes	8,312	6,300
Bonus obligations	4,765	4,325
Other employee related costs	3,902	3,344
Other tax liabilities	14,558	-
Deferred income	295	(149)
Other accrued liabilities	15,592	31,255
	47,424	45,075

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

Other tax liabilities mainly relates to value added tax.

19. Provisions

Provisions changed during 2023 as follows:

	Warranties	Order related losses and risks	Asset retirement obligation	Other	Total
Balance at October 1, 2022	8,192	1,536	208	1,253	11,189
Additions	664	2,704	-	8	3,376
Usage	-	(1,349)	-	(465)	(1,814)
Reversals	(3,689)	(1,003)	(208)	-	(4,900)
Balance at end of the year	5,167	1,888	-	796	7,851
Current provisions					2,404
Non-current provisions					5,447

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.

SIEMENS GAMESA RENEWABLE ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended September 30, 2023 (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>	
	2023	2022
Lease liabilities less than one year	9,338	10,707
Lease liabilities greater than one year	244,092	214,812

The maturity analysis shows undiscounted lease liabilities:

	2023	2022
Within one year	13,589	14,152
After one year but not more than five years	40,696	36,126
More than five years	286,041	256,011

The interest expense on lease liabilities for the year was £4,417k (2022: £3,939k).

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

Expenses relating to short term leases and leases of low value assets was £5,693k (2022: £5,205k).

The Company had total cash outflow for leases of £16,137k (2022: £14,771k).

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

- 21. Other financial liabilities

	<u>September 30,</u>	
	2023	2022
Derivative financial instruments	21,746	44,116
	21,746	44,116

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

For the year ended September 30, 2023 (in thousands of £)

22. Other liabilities

	<u>September 30,</u>	
	2023	2022
Other non-current liabilities	8,001	5,809
	<hr/>	<hr/>
	8,001	5,809
	<hr/>	<hr/>

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

23. Share capital

	<u>September 30,</u>	
	2023	2022
Authorised Share Capital		
175,687,423 Ordinary shares of £1 each	175,687	175,687
	<hr/>	<hr/>

	September 30, 2023		September 30, 2022	
	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, 2023, there are no further material lease commitments (2022: £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 2022 and 2023, which require disclosure under the requirements of s413 of the Companies Act 2006 and IAS 24 with the directors (or other key management personnel).

26. Related Party Transactions

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

SIEMENS GAMESA RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2023 (in thousands of £)

27. Ultimate parent undertaking

The ultimate parent undertaking is Siemens Energy AG, incorporated in Germany, which directly holds all of the shares of Siemens Gamesa Renewable Energy, S.A.U. 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 Energy, S.A.U a Company incorporated in Spain. Copies of Siemens Gamesa Renewable Energy S.A.U group financial statements are available on the internet at <http://www.siemensgamesa.com/investors-and-shareholders/financial-information>.

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 2023. As such no events have been disclosed.