Siemens Gamesa Renewable Energy A/S

Borupvej 16
7330 Brande

CVR no. 76 48 62 12

Annual report for 2022/23

Adopted at the annual general meeting on 8 March 2024

DocuSigned by:
Alex Merrild Andersen
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Alex Merrild Andersen
chairman

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Statement by management on the annual report

Today, the executive board and the board of directors have discussed and approved the annual report for the financial year 1 October 2022 – 30 September 2023 for Siemens Gamesa Renewable Energy A/S.

The annual report is prepared in accordance with the Danish Financial Statements Act.

We consider the accounting policies applied adequate. Against this background, it is our opinion that the annual report gives a true and fair view of the company's assets and liabilities and financial position at 30 September 2023 and of the results of its operations and cash flows for the financial year 1 October 2022 – 30 September 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

We recommend the adoption of the annual report at the annual general meeting.

Brande, 8 March 2024

Executive board

Torben Bang	Jette Halberg

Board of Directors

Jukka Pekka Pertola chairman	Thomas Herbert Albert Siegert	Joakim Kaj Wilhelm Lagerholm
Alex Merrild Andersen	Stine Rasmussen	Lars Pedersen Bak

Independent auditor's report

To the Shareholder of Siemens Gamesa Renewable Energy A/S

Opinion

We have audited the financial statements of Siemens Gamesa Renewable Energy A/S for the financial year 1 October 2022 - 30 September 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 September 2023 and of the results of the company's operations and cash flows for the financial year 1 October 2022 - 30 September 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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 and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Aarhus C, 8 March 2024

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jan Mortensen
State Authorised Public Accountant
MNE no. mne40030

Company details

The company	Siemens Gamesa Renewable Energy A/S Borupvej 16 7330 Brande	
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	E-mail:	info@siemensgamesa.com
	Website:	www.siemensgamesa.com/en/
	CVR no.:	76 48 62 12
	Reporting period:	1 October 2022 - 30 September 2023
	Domicile:	Brande
Board of Directors	Jukka Pekka Pertola, chairman Thomas Herbert Albert Siegert Joakim Kaj Wilhelm Lagerholm Alex Merrild Andersen Stine Rasmussen Lars Pedersen Bak	
Executive board	Torben Bang Jette Halberg	
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25 8000 Aarhus C	
General meeting	The Annual General Meeting is held at the company's address on 8 March, 2024	

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2022/23	2021/22	2020/21	2019/20	2018/19*
	MDKK	MDKK	MDKK	MDKK	MDKK
Key figures					
Revenue	24.837	22.159	26.265	25.085	30.459
Gross profit	-15.192	-5.795	1.035	-600	3.878
Profit/loss from ordinary operating activities	-15.603	-6.315	438	-1.259	3.239
Net financials	46	258	-23	-55	-107
Profit/loss for the year	-15.590	-5.850	421	-1.012	2.431
Balance sheet total	24.578	25.677	25.232	22.834	23.705
Equity	-12.534	-3.268	1.052	550	3.650
Cash flows from:					
- operating activities	-4.205	-636	5.207	5.717	1.299
- investing activities	-3.044	-2.380	-2.022	-1.857	-1.788
- including investment in property, plant and equipment	-2.073	-1.663	-1.317	-1.073	-907
- financing activities	5.967	1.253	-290	-2.191	-1.020
The year's changes in cash and cash equivalents	-1.282	-1.763	2.895	1.669	-1.510
Number of employees	5.923	5.576	5.507	5.348	5.701
EBIT margin	-62,8%	-28,5%	1,7%	-5,0%	10,6%
Return on assets	-62,1%	-20,6%	1,8%	-5,4%	15,4%
Gross margin	-61,2%	-26,2%	3,9%	-2,4%	12,7%
Solvency ratio	-51,0%	-12,7%	4,2%	2,4%	15,4%
Return on equity	197,3%	528,0%	52,6%	-48,2%	79,6%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

*Where the new International Financial Reporting Standards 15 & 16 have been adopted, the comparatives have not been restated.

Management's review

Business review

The company's main activity is the production, sale and installation of wind turbines, wind farms and subsequent maintenance of wind turbines. Leading the way forward in the renewable energy sector, Siemens Gamesa provides cleaner, more reliable, and affordable wind power. Our scale, global reach and proven track record ensure that we will play a central role in shaping the energy landscape of the future.

The annual report of Siemens Gamesa Renewable Energy A/S (SGRE A/S) covers only the activities of the Danish company. Activities in subsidiaries and other Siemens Gamesa entities in the wind turbine industry (including production and installations of wind turbines outside Denmark) are not covered by this annual report. Thus, the annual report does not give the full picture of Siemens Gamesa' activities in the wind turbine industry.

The company's headquarters and nacelle production facility is located in Brande. Hub production, product development, quality and service management are also carried out from this location. In addition, there is a blade and mould production facility in Aalborg.

The company mainly sells MW class wind turbines for both onshore and offshore locations, primarily in EMEA (Europe, the Middle East & Africa). The sale is primarily made through other entities in Siemens Gamesa.

Siemens Energy integration

The voluntary cash tender offer to acquire outstanding shares in Siemens Gamesa Renewable Energy S.A. announced on May 21, 2022 was publicly launched on November 8 2022 and successfully completed in the fiscal year resulting in Siemens Energy's total shareholding of 97.8%. On January 25, 2023 the shareholder of Siemens Gamesa Renewable Energy S.A. approved the delisting of the company from the Spanish stock exchanges at an extraordinary shareholder meeting. Following the approval by the Spanish National Securities Market Commission (CNMV) delisting was effective on February 14, 2023. With the subsequently approved capital reduction and compensation of the remaining minority shareholders, Siemens Energy fully owns Siemens Gamesa effective July 12, 2023.

Management's review

Financial review

Revenue amounted to DKK 24.837 million in fiscal year 2023 compared to DKK 22.159 million in fiscal year 2022 which meet expectation stated in the annual report fiscal year 2022. EBIT ended at DKK -15.603 million (EBIT margin -62,8%) which does not meet the expectations stated in the annual report fiscal year 2022.

The net result for the year decreased DKK 9.740 million compared to fiscal year 2022 and ended at DKK -15.590 million. In the past fiscal year, favorable effects came from one time revenue items in the range of 2,27 percentage of total revenue attributable to non-recurring business activities.

During fiscal year 2023, profit was affected by substantial negative impacts in connection with quality issues affecting the onshore business, in particular the 4.X and 5.X platforms. In addition, the company suffered from increased product costs and ramp-up challenges in the offshore business.
In the course of the regular annual validation process, technical issues that have occurred over a certain period of time (usually the past fiscal year) are analyzed for all platform types at the level of their respective components in order to check whether the forecast failure rates used to determine expected warranty costs need to be adjusted. The process uses a complex statistical model to forecast trends in the failure rates throughout the operating life of the respective components by extrapolating empirical data (based on technical conditions and influencing factors, practical experience, etc.). The failure rates anticipated as a result are then linked with the cost and volume data for deployment factors (e.g. operating hours, ship/crane days, tools and spare parts required together with the associated costs) for any necessary maintenance/repairs. In addition, a technical assessment based on a root cause analysis is carried out to determine the extent to which the issues relate to individual cases or the entire fleet. The statistical model is based on numerous parameters, such as technical assumptions, experience gained from many years of operating wind turbines, meteorological conditions, and information about suppliers. The results were considered when valuations of provisions or when measuring the planned costs of ongoing projects.

Following the analysis and evaluation of the observed failures described above, it was necessary to increase the underlying forecast failure rates for the affected components, especially the main bearings and rotor blades. This resulted in an increase of assumed warranty and maintenance costs.

A task force with members from all functions and external technical experts has been established to resolve the quality issues with the 4.X and 5.X platforms. The root cause analysis of the quality issues identified in fiscal year 2023 is still ongoing.

In addition to the quality-related impacts in the onshore area, there where further charges mainly due to higher product costs and challenges in the ramp-up of offshore activities.

Management's review

The ramp up of new and modified capacities has been delayed due to various factors. Due to the situation on the procurement markets, there were delays in completing the factory infrastructure. Additional delays resulted from the lack of human resources due to tight labor markets. These delays caused unexpected cost increases and meant that it was not possible to achieve the planned productivity improvements and efficiency gains expected from the capacity expansions. The combination of higher costs and lower productivity improvements and efficiency exacerbated the negative effect of the ramp up delays and impacted the product costs to be recognized. This not only affected the profit margins of ongoing projects but also means that individual projects for which binding offers have been submitted can no longer be executed profitably if the customer signs the contracts.

Subsequent events

Due to how the challenges in fiscal year 2023 affected Siemens Gamesa Renewable Energy A/S' equity, the company has ensured the availability of liquidity through group financing lines with the parent company (Siemens Energy Global GmbH & Co. KG). This will ensure that the company fulfills its obligations towards its creditors when they fall due and regularly continues its business with a maximum amount of EUR 2 billion.

In January 2024, the company has received a cash contribution of DKK 18,6 billion in order to recover the negative equity.

Outlook

The business performance in fiscal year 2024 is likely to be determined by the existing internal challenges. Orders in the onshore business are expected to be significantly impacted by the temporary interruption of sales activities for the 4.X and 5.X onshore turbines. In the offshore business, orders are likely to be slowed down by delayed contract placements and selective order acceptance. The development of revenue is expected to remain largely unaffected by this, as it will be determined by the processing of the existing order backlog. The project margins burdened by higher planned costs due to the quality issues as well as the increased product costs and challenges during the ramp-up in the offshore area in the past fiscal year are expected to be decisive for the development of profit. For fiscal year 2024, revenue is foreseen to be around DKK 24-27 billion and a negative profit of around DKK 4-5 billion.

In November 2023 at Capital Market Day in Hamburg a masterplan was presented. Siemens Gamesa will be focusing its onshore business based on specific criteria, such as supportive regulations and policies and, sizeable profit pools resulting in an optimized footprint. In offshore, Siemens Gamesa is ramping up production capacity at existing factories to meet customer demand and work through the order backlog. Strengthening operational excellence through plant-specific initiatives, commercial selectivity and implementing cost-saving measures, will increase profitability. We expect to achieve break-even by fiscal year 2026 followed by profitable growth.

Management's review

Special risks

General risks

The company is exposed to the market risks and operational risks which are usual for the business, as well as to risks associated with the company's warranty commitments. It is the opinion of management that the provisions made are sufficient to cover the company's warranty commitments.

Currency risks

The company's foreign currency risk exposure is mainly hedged by offsetting payments received against expenses in the same currency, and by the use of derivative financial instruments. Currency risks are mainly hedged via forward exchange contracts in order to reduce the impact of exchange rate fluctuations.

Interest-rate risks

The company's interest-bearing debt includes periodic drawings on the operating credit facilities and represents only a minor part of the balance sheet total. Thus, the company's income statement and balance sheet are not affected materially by interest rate fluctuations.

Credit risks

Credit risks in connection with the sale of wind turbines are hedged via prepayments, bank guarantees, letters of credit, etc. The company is not exposed to substantial risks relating to one particular customer or business partner. The main part of the company's revenue is related to activities with other Siemens Gamesa entities.

Research and development activities

All development activities are carried out within the company and in cooperation with a number of sub-suppliers. Development activities both include improvements of and changes to existing wind turbines and development of new and larger wind turbines.

Health & safety

Maintaining the health, safety, and wellbeing of our employees is a core value of the company. It is an essential part of risk management and internal controls at Siemens Gamesa. In 2023, Siemens Gamesa released the Zero Harm Framework to reinforce our commitment to safety. This framework aims to promote a culture of Zero Harm, placing responsibility on each local manager to develop and implement the principles, discuss elements that will be included in their program with their teams, and then reinforce them as part of daily work.

All employees are covered by a mandatory insurance program in case of critical illness as well as a general health insurance program.

Furthermore, all salaried employees are covered by schemes under which they can be treated for work-related muscle and joint injury by a chiropractor, physiotherapist, zone therapist or masseur. They may also book a general health check.

Management's review

Working environment

The way of working at Siemens Gamesa is open, flexible and digital. Our hybrid working model, Smart working,enables employees to work at home part of their work week through a voluntary and cooperative agreement with their manager. It is a viable, flexible work option when both the employee and the job are suited to such an arrangement. It fosters an engaging work environment, supports health and wellness, improves work-life fit and facilitates co-parenting responsibilities. Our New Office Standards reflect the Company’s values, and the proper configuration of a flexible and modern office space makes an important contribution to achieving our efficiency goals.

Siemens Gamesa is fully committed to ensuring a strong safety and Zero Harm culture across our entire business. With this commitment, we target to reduce the number of occupational accidents and illnesses by identifying potential hazards and implementing controls to manage them. Siemens Gamesa encourages its partners to share this ambition and works with both customers and suppliers to implement ongoing improvements.

We recognize that meaningful change takes time and none of our actions will succeed without the right culture and working environment. For this reason, we will continue developing flexible work, digital disconnection, and family-friendly policies as the cornerstones of our commitment to improving work-life quality.

Employees

One of the company’s key assets is its skilled, creative and committed employees. Our organization believes in continuous learning and consequently the company has a continued focus on enabling learning and training so that Siemens Gamesa employees can consistently develop their skills and competencies in order to fulfill their full potential. We aim to be an employer of choice by empowering and motivating all employees with a high-performance culture and development possibilities.

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

Management's review

Corporate Social Responsibility

The company meets the statutory requirements for Corporate Social Responsibility by following the Consolidated Sustainability Policy for Siemens Energy Group. Below is given an overview of the overall principles presented by the Siemens Energy Group. For the statutory reporting on corporate sustainability, cf. §99a, we refer to the Consolidated Sustainability Report 2023 for Siemens Energy Group, which can be accessed on the following link:
https://p3.aprimocdn.net/siemensenergy/d66ceb42-cf25-45d4-9cd1-b0cf00ce4ca9/Siemens-Energy_Sustainability-Report-2023-pdf_Original%20file.pdf.

The Sustainability Report 2023 includes Siemens Gamesa in scope. Siemens Gamesa adopts the United Nations' Sustainable Development Goals (SDGs), which guides us in our ambition to become a sustainability leader in the industry. To ensure our efforts have the biggest possible impact, we focus on five SDGs:

• To achieve SDG 5 "Gender Equality," we are striving to create equal opportunities, in the firm belief that not just our company but society as a whole can benefit from inclusion and diversity.

• By providing reliable, cost-effective, and sustainable energy for our customers, we are contributing to SDG 7 "Affordable and Clean Energy."

• We cover SDG 8 "Decent Work and Economic Growth" with the innovative power of our global operations, which stimulate economic development in many countries and create decent, future-proof jobs.

• Meanwhile, our products, services, and solutions for decarbonizing energy systems worldwide contribute to SDG 9 "Industry, Innovation and Infrastructure."

• We enact SDG 13 "Climate Action" by helping our customers reduce GHG emissions and working toward a net zero goal across the value chain.

Diversity

This section constitutes Siemens Gamesa Renewable Energy A/S' reporting on gender diversity cf. §99b in the Danish FSA.

Siemens Gamesa promotes diversity in all its locations worldwide. Diversity is considered an invaluable source of talent, creativity and experience. Valuing the importance of the individual is one of the cornerstones of the Culture of Trust that we are building within all of the Siemens Gamesa organization.

At Siemens Gamesa, the Global Mobility & Diversity team within Global HR actively works to promote gender diversity in recognition of basic fairness as well as the fact that it is in the company's general interest. Siemens Gamesa strives to integrate women at all levels, including top management.

The board of directors at Siemens Gamesa Renewable Energy A/S has six members, of which four are elected by the shareholder. The remaining two are elected by the employees. Siemens Gamesa Renewable Energy A/S have one woman in the board elected by the employees and none elected by the shareholders.

Since board members traditionally are chosen from among executives, it is imperative that the number of women in managerial positions is increased which will lead to more women executives and thus eligibility for board membership. These managerial positions consist of people with employee responsibilities.

For Siemens Gamesa Renewable Energy A/S the short-term target is at least 20% of the managerial positions to be held by women. This target was met using the following initiatives, and they still apply:

• Preparation of individual development plans for female employees with identified leadership potential

• Focus on selecting women for Siemens Gamesa' talent programmes with a view to supporting women's career development

• Assignment of mentors to women participants in talent programmes

In fiscal year 2023 22% of managerial positions were held by women which meet the expected goal of 20%.

The board has accordingly decided that the shorter-term target for composition of the board will be for at least 25% of the board members elected by the shareholder to be women. The target is expected to be met mid-term and reviewed regularly by the board.

Management's review

Data ethics
Description of the entity's work with and policy for data ethical questions

Data ethics is an important consideration in the management of any organization, including Siemens Gamesa. Ensuring that data is collected, used, and shared in a responsible and transparent manner is essential for maintaining the trust of customers, employees, and other stakeholders. At Siemens Gamesa, we are committed to upholding high standards of data ethics in all of our operations. This includes implementing robust policies and procedures for data collection and handling, as well as training our employees on the importance of data ethics and how to uphold these standards.

We also work to be transparent about our data practices, including how data is collected and used, and we are committed to respecting the privacy and data rights of all individuals. By prioritizing data ethics, we aim to ensure that our use of data is ethical, responsible, and respectful of the rights and needs of all stakeholders.

Accounting policies

The annual report of Siemens Gamesa Renewable Energy A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

Siemens Gamesa Renewable Energy A/S is a 100% owned subsidiary of Siemens Gamesa Renewable Energy S.A. Spain and is included in consolidated financial statement of Siemens Energy AG. The consolidated financial statement can be downloaded on website: siemens-energy.com

The annual report for 2022/23 is presented in TDKK.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Segment information

The company operates within two business segments, Wind Turbines and Operation and Maintenance since the Group is organizationally structured in this manner and internal information generated presented in this way. Segments information is furthermore provided by geographical markets specified in EMEA, North America and the rest of the world.

Accounting policies

Revenue

The Company´s activities are mainly focused on:

• The promotion and development of wind farms, including engineering solutions, design, production and sale of wind turbines, and

• The rendering of operation and maintenance services through advanced technology services in the renewable energy sector.

Siemens Gamesa has implemented IFRS 15 for purposes of interpreting the provisions of the Danish Financial Statements Act on revenue.

Identification of performance obligations:
• Sales from construction-type contracts: A construction-type contract is a contract specifically negotiated for the construction of an asset or a combination of assets. The elements of the construction-type contracts may comprise, for example, the design and construction of nacelles, blades, towers, transformers, wind turbines etc., the transportation and logistics, the software included in wind turbines, the engineering, the erection, installation and commissioning of new wind turbines into service, etc. and, if applicable, they may also include the development of the wind farm (obtaining permits, licenses and authorizations). The promises in a contract are highly interrelated, interdependent and involve a significant service of integration and therefore, are not capable to being distinct for themselves individually. Furthermore, the delivery of the elements in the contract requires a single overarching project management team to ensure that the promises are delivered to the customer as per the contract accordingly. Therefore, the promises form a single performance obligation that provides the customer a complete and integral solution as per the contract (that is, a complete functioning wind farm rendering the agreed megawatts of output), and therefore, there is no significant judgment in the identification of the performance obligations.

Construction-type contracts are satisfied over time because Siemens Gamesa' performance does not create an asset with alternative use for the Company (IFRS 15.36). The Company manages projects with technical features that are specific for each customer contract, and therefore Siemens Gamesa produces components as per demand of the project (i.e. not producing to stock), and furthermore each project has its site specific customization regarding the components that are produced and used in the project (there is always bespoke works which are performed specifically for the project, like for example the siting and the related engineering for offshore as well as for onshore projects). Revenues are recognized under the percentage-of-completion method, based on the percentage of costs incurred to date compared to total estimated costs.

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. The Company continuously updates the estimations (amongst others of total planned costs and estimated costs to complete) with a corresponding analysis of variances and accurate recognition and controlling of revenues. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenue. In addition, Siemens Gamesa Renewable Energy A/S 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.

In the case that separate legal entities are set-up for the development and sale of wind farms, the non-current assets (basically wind turbines, fixtures and civil engineering work) of the wind farms adopting the legal structure of a public or private limited liability company whose shares are fully consolidated in the accompanying Financial Statements, are classified as “Inventories”. These inventories are considered in the percentage-of-completion calculations as a project cost (i.e. projects consume such inventories), so that the accounting is the same as in the case of a wind farm sales contract with a customer without the existence of a separate legal entity, although this business model is a less significant practice at present.

In the Operation and Maintenance business, the promises in the contract can also comprise of several services, like for example minor services, jack-up vessel services, regular maintenance, etc.

• Revenues from services: In typical service contracts of Siemens Gamesa Renewable Energy A/S (hereinafter, “Service contracts”), the promises form a single performance obligation as the customer simultaneously receives and consumes the benefits provided by the performance of Siemens Gamesa Renewable Energy A/S, that is, the operation and maintenance of a wind farm, as the services are being rendered by the Company. The promises in the contract are highly interrelated, interdependent and involve a significant service of integration and therefore, are not capable to being distinct for themselves individually. Furthermore, the provision of the elements in the contract requires a single overarching project management team to ensure that the promises are delivered to the customer as per the contract accordingly. Therefore, the promises form a single performance obligation that provides the customer a complete and integral solution as per the contract (e.g. a complete service solution for a wind farm for a period of years ensuring the proper functioning of the wind farm according to the technical specifications of the machines), and therefore, there is no significant judgment in the identification of the performance obligations.

Accounting policies

Service contracts are satisfied over time because the customer simultaneously receives and consumes the benefits of the services performed by Siemens Gamesa. As in the construction-type contracts, revenues are recognized under the percentage-of-completion method, based on the percentage of costs incurred to date compared to total estimated costs.

In addition, it should be noted that in Siemens Gamesa' standard construction-type contracts and service contracts, there is a termination clause that typically stipulates that the Company has enforceable right to payment for performance completed to date of termination (including reasonable profit margin).

• Sale of goods (mainly related to sale of spare parts): the promise to transfer the goods to the customer correspond to the performance obligations under IFRS 15, since the respective promises are generally capable of being distinct, not tied to other promises and therefore, distinct within the context of the contract. With regard to such contracts, the sale of spare parts is not significant to Company revenues.

Revenues are recognized at the point in time when control of the goods passes to the buyer, usually upon delivery of the goods (at a point in time).

Principal or agent:
Siemens Gamesa Renewable Energy A/S acts as principal as it transfers control of and provides its own good or service directly to the customer. With that regard, the Company performs own value adding activities and furthermore, Siemens Gamesa Renewable Energy A/S is primarily responsible for fulfilling the promise to provide the specified good or service. Accordingly, e.g. in cases of subcontracted works and/or suppliers' deliveries of goods, in the context of construction contracts, the responsibility in front of the final customer remains with Siemens Gamesa.

The transaction price:
The objective when allocating the transaction price is that the entity allocates the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

Subsequent to the identification of the performance obligation in the contract, the contract price is allocated to the respective performance obligation. In general, Siemens Gamesa contracts consist of one performance obligation. Therefore, typically the contract price is fully assigned only to one performance obligation.

Variable consideration:
• Construction-type contracts: There is no significant variable component in such contracts (without considering penalties due to delay clauses considered in the contracts).

• Service contracts: There are several service contracts with variable pricing tied to the energy produced by the wind farm (normally with a floor fee). However, and when applicable, it does not represent a substantial part of the fulfilment of the performance obligation as per the contract.

In cases where variable consideration is present in the contract, Siemens Gamesa Renewable Energy A/S assesses it based on likelihood of occurrence according to past experience in the wind farms. If it's highly probable that the variable consideration will occur, then it is incorporated in the planned revenue of the contract. The assessment is performed on a contract by contract basis and is reviewed regularly.

As described above, Siemens Gamesa Renewable Energy A/S generally has identified one performance obligation for each construction type and service contract. Therefore, if a portion of variable consideration is present it is deemed as attributable to the identified performance obligation i.e. to the contract as a whole.

Relation between the timing of satisfaction of the performance obligations and the typical timing of payment and the effects that those factors have on the contract asset and the contract liability balances:
• Construction-type contracts: The planned points in time of revenue recognition are compared to the payment dates in order to identify the time period that elapses.

At contract approval date an analysis of monthly contract cash flows (collections and payments) is performed, in order to identify the financing period for discounting purposes. The company determines the existence of a significant financing component in the contracts by comparing the date on which it is expected to achieve the billing with the periods in which the contract asset is being generated, as the performance obligation is expected to be fulfilled. Based on abovementioned information it is concluded that for construction-type contracts (as also assessed on contract-by-contract basis) there is no financing component present (the average deferral period is less than 12 month).

• Service contracts and sale of goods: The timing of the rendering of the Operation and Maintenance services is generally not directly linked to the timing of payments from the customer for service contracts, although, there is a direct link referring to the sale of goods business (sale of spare parts, and sales of field services outside service contract). For the service contracts, Siemens Gamesa Renewable Energy A/S receives payments from the customer at regular intervals (typically quarterly invoicing), but timing of the service provided depends on the service season when the scheduled maintenance is performed. The timing of unscheduled lag depending on crane/jack up vessel availability, if such is needed). For example: a 15-year service contract will typically have one annual service campaign, and there could be years where unscheduled service is not necessary, while in other years there is more activity due to unscheduled service. Still, the customer payments for such service contract will not vary from the originally agreed payment schedule (apart from the possible price indexation, and from the fact that staggered pricing schemes are often agreed with the customer).

Other information about the performance obligations:
• Construction-type-contracts: The average duration of Siemens Gamesa Renewable Energy A/S construction-type contracts is 1-3 years, with contracts for onshore wind projects in the lower part of the range and those for offshore wind projects in the upper part of the range.

Payment terms for the customer are usually and in average 30-60 days from the date of issue of the invoice, always according to the contract terms.

The main warranties offered to customers in these contracts are the assurance type warranty (normal product warranty), including the power curve warranty and availability warranty. The power curve warranty offers an assurance of compliance with the wind turbine specifications in relation to the electrical power available in the wind turbine at different wind speeds. The availability warranty refers to the wind turbine being able to produce when the conditions for it are met within the technical specifications of the machine. These warranties are customary in the sales process of construction-type contracts in the wind turbine industry and can therefore not be separated as performance obligation.

• Service contracts: The average duration of Siemens Gamesa Renewable Energy A/S´s service contracts is of 8 to 9 years.

Payment terms for the customer are usually and in average 30-60 days from the date of issue of the invoice, always according to the contract terms.

The main warranty included in service contracts is related to the availability in the operation of the wind farm during the maintenance contract and is therefore an integrated element of the service performance obligation.

• Sale of goods: Payment terms for the customer in case of sale of goods are, generally and on average 30-60 days from the date of the issue of the invoice, always in accordance to the contract terms. Invoices are usually issued close to the time of delivery of the goods.

Cost of productions

Production costs comprise expenses, including amortisation/depreciation, gains and losses on securities and transactions denominated in foreign currencies and wages/salaries, incurred to generate the year's revenue.

Accounting policies

Other operating income

Other operating income comprises items of a secondary nature relative to the company's primary objective, including income from property leasing and gains on the sale of fixed assets and activities.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's primary objective, including loss/modifications from property leasing and losses on the sale of fixed assets.

Distribution costs

Distribution expenses comprise expenses related to the sale of goods and sales campaigns etc. in the year. Expenses related to sales staff, advertising and exhibitions and amortisation/depreciation charges are recognised in distribution expenses as well.

Administrative costs

Administrative expenses comprise expenses paid in the year to manage and administer the company, including expenses related to administrative staff, office expenses and amortisation/depreciation charges.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, surcharges, allowances under the on-account tax scheme and discounted leasing obligations etc.

Tax on profit/loss for the year

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense/income relating to the profit/loss for the year is recognised in the income statement. Current and deferred tax concerning changes in equity is taken directly to equity.

Accounting policies

Balance sheet

Intangible assets

Development projects, patents and licences

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Development projects that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated and where the intention is to produce, market or use the product or the process, are recognised as intangible assets provided that it is sufficiently certain that the future earnings are adequate to cover the production, sales and administrative expenses and the total development costs. Other development costs are recognised in the income statement when incurred.

Intangible assets, which are recognised in the balance sheet, are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortized on a straight-line basis over the estimated useful life. The amortisation period is usually 3-5 years.

Tangible assets

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost added revaluations and less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	10-30 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-5 years

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Accounting policies

Leases

From the perspective of the lessee, IFRS 16, requires the lessee to recognize a right-of-use asset and a lease liability at the present value of the obligation to make lease payments. From the perspective of the lessor, a lessor classifies its leases as operating leases or finance leases, and accounts for those two types of leases differently.

Right-of-use assets and lease liabilities:
A lessee measures right-of use assets similarly to other non-financial assets (such as "Property, plant and equipment") and lease liabilities similarly to other financial liabilities. Therefore, a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability and classifies cash repayments of the lease liability into a principal and an interest portion.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments) and payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

The initial value of the lease liability is calculated as the value of future lease payments that are discounted, as a general rule at the incremental rate of the underlying assets. Lease payments include:

• Fixed or substantially fixed lease instalments specified in the contract, after deduction of any incentive to be received by the lessee. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that affects the Company´s ability to exercise or not exercise the option to renew or to terminate;

• Variable instalments dependent on an index or rate;

• The amounts that the lessee expects to pay for guarantees on the residual value of the underlying asset;

• The exercise price of the purchase option, if it is reasonably certain that the lessee will exercise such option; and

• Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. In general, the agreements have renewal and cancellation clauses.

Contingent lease payments subject to the occurrence of a specific event and the variable instalments dependent on the use of underlying asset are recorded at the time when they are incurred under the heading of cost by nature of external services in the income statement, rather than as part of the lease liability. During fiscal year 2022, Siemens Gamesa has no contingent or variable lease payments.

Subsequently, the lease liability is increased to reflect the finance costs and is reduced in the amount of the payments made. The unwinding of the financial discounting is recorded under "Interest expenses" in the income statement. The lease liability is remeasured whenever there is a change in indexes or rates, in the estimated amounts to be paid for guarantees on the residual value, in those cases where the exercise of options to extend is considered reasonably certain or in those cases where the options to cancel are considered not to be exercised within reasonable expectations.

The right-of-use asset is initially recorded at cost, which includes:

- The amount of the initial measurement of the lease liability;

- Any lease payment made on or before the lease start date, minus lease incentives received;

- The initial direct costs incurred as a result of the lease, and

- An estimation of the costs that will be incurred by the lessee for the dismantling and restoration of the asset.

After the initial recognition, the right-of-use asset is recorded at cost less accumulated depreciation and impairment losses. The depreciation of the right-of-use asset is recorded in the income statement during the useful life of the underlying asset, or during the lease term, whichever is shorter. If the property is transferred to the lessee or it is practically certain that the lessee will exercise the purchase option, it will be depreciated over the useful life of the asset. In case of non-removable leasehold improvements, the useful life of the respective leasehold improvement will not exceed the term of the lease contract.

For lease contracts which may include lease and non-lease components, both elements are not being separated for accounting purposes, recognizing them as a single element, except for the type of underlying assets for which the separation may have a significant impact.

In the determination of the lease term, Siemens Gamesa considers all the relevant facts and circumstances that create a significant economic incentive for the lessee to exercise the renewal option or not to exercise the cancellation option. Renewal or termination options are only included in the determination of the lease term if it is reasonably certain that the contract will be extended or will be terminated. If a significant event or a significant change in circumstances occurs that may affect the assessment of the term, Siemens Gamesa reviews the assessment made in the determination of the lease term.

Accounting policies

Other investments

Securities and investments are measured at the market value at the balance sheet date, if they are listed or at an approximated fair value if they are not listed.

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual impairment indicator test.

In case of evidence of impairment, each asset or group of assets is tested for impairment. Assets are written down to the lower of the recoverable amount and the carrying amount.

Inventories

Inventories are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

Production overheads include the indirect cost of materials, wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

The net realisable value of inventories is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Trade receivables

Trade receivables are derived from IAS 39 and measured at amortised cost, which usually correspond to the nominal value. A provision is made for bad debts based on an individual assessment of each account receivable.

Accounting policies

Contract work in progress for third parties

Contract work in progress is measured at sales value of the work performed.

Contract work in progress includes construction work for the account of others in connection with wind turbine projects, where the supply of wind turbines also includes infrastructure such as roads, cable works, transformer stations, buildings and foundations.

The sales value is measured by reference to the stage of completion at the balance sheet date and the total expected income on each individual work in progress.

The stage of completion is made up as the costs incurred up to the balance sheet date compared to the total expected costs.

Individual contract work in progress is recognised in the balance sheet as either receivables or payables. Contract assets are made up as the sum of contract work in progress where the sales value of the work performed exceeds progress billings and bad debts. Contract liabilities are made up as the sum of contract work in progress where progress billings, less bad debts, exceed the sales value of completed work.

Expenses relating to sales work and contracts are recognised in the income statement as incurred.

When it is probable that the total contract costs will exceed the total contract revenue, a provision is made for the anticipated loss on the contract.

Prepayments

Prepayments recognised as assets include expenses incurred concerning subsequent financial years.

Equity - dividend

Proposed dividend is recognised as a liability at the date of adoption at the annual general meeting (declaration date). Dividend expected to be distributed for the year is shown as a separate item under equity.

Reserve for development costs

An amount corresponding to capitalised development costs is recognised in the reserve. The reserve is reduced as development costs are amortised.

Fair value reserve

The year's changes in exchange rates from translating foreign subsidiaries, participating interests and associates based on closing rates as well as the year's changes in value adjustments of hedging instruments are recognised in the fair value reserve in the consolidated financial statements.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Other provisions

Provisions comprise anticipated expenses related to commitments in respect of sold wind turbines. Provisions are recognised when, as a result of past events, the company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranties (assurance-type) comprise obligations to make good any defects within the warranty period of normally two to five years. Provisions for warranties are measured at net realisable value and are recognised based on past experience. The provision made for each turbine is estimated on a current basis and is adjusted in accordance with the experiential development in costs.

Income tax and deferred tax

As management company, Siemens Gamesa Renewable Energy A/S is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

Both current and deferred tax income or expense are recognized in the income statement, except when they are the result of a transaction whose results are recorded directly in “Total equity”, in which case the corresponding tax is also recorded in “Total equity”.

The current tax is the amount that Siemens Gamesa Renewable Energy A/S settles as a result of the tax filings of the income tax relating to a fiscal year. The deductions and other tax benefits in the tax liability, excluding the withholdings and payments on account, as well as the tax loss carryforwards from previous years that are effectively applied in the current year, give rise to a lower amount of current tax.

The deferred tax expense or income corresponds to the cancellation or recognition of deferred tax assets and liabilities. These include the temporary differences that are identified as those amounts that are expected to be payable or recoverable derived from the differences between the carrying amounts of the assets and liabilities and their tax value, as well as the tax loss carryforwards pending to be compensated and the unused tax credits. These amounts are recorded at the expected tax rate from the moment it is probable they are going to be recovered or settled.

Liabilities

Financial liabilities are recognised at the time of borrowing at the proceeds received net of transaction costs incurred.

Financial liabilities are subsequently measured at amortised cost.

Other non-financial liabilities are measured at net realisable value.

Financial liabilities also include the capitalised lease commitment.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under ‘Equity’.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables' or 'Other payables', respectively.

Category of financial assets at fair value:
The different categories of financial instruments are grouped in categories from 1 to 3, depending on the fair value measurement system:

• Category 1: the fair value is obtained from directly observable quoted prices in active markets for identical assets and liabilities.

• Category 2: the fair value is determined using observable market inputs other than the quoted prices included in category 1, that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices).

• Category 3: the fair value is determined using measurement techniques that include inputs for the assets and liabilities that are not directly observable in the market.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future cash flows are recognised in other receivables or other payables and in the fair value reserve under ‘Equity’. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Accounting policies

Cash flow statement

The cash flow statement shows the company's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the company's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are stated as the company's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes. Dividend income from investments is recognised under ‘Interest income and dividend received’. Interest element of discounted leasing obligations is recognised under 'Financial costs'.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the company's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt, payment of dividends to shareholders and installment of lease obligations.

Cash and cash equivalents

Cash and cash equivalents comprise cash, cash-pool and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Accounting policies

Financial Highlights

Definitions of financial ratios.

EBIT margin	$\frac{\text{Profit/loss before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$

Income statement 1 October 2022 - 30 September 2023

	Note	2022/23 TDKK	2021/22 TDKK
Revenue	2	**24.837.048**	**22.159.323**
Cost of productions		-40.029.283	-27.953.920
Gross profit		**-15.192.235**	**-5.794.597**
Distribution costs		-449.790	-508.617
Administrative costs		-60.300	-133.653
Operating profit/loss		**-15.702.325**	**-6.436.867**
Other operating income	5	102.652	136.603
Other operating costs	6	-3.306	-14.315
Profit/loss before financial income and expenses		**-15.602.979**	**-6.314.579**
Income from investments in associates		223	169
Financial income	7	95.316	268.437
Financial costs	8	-49.435	-10.602
Profit/loss from ordinary activities before tax		**-15.556.875**	**-6.056.575**
Profit/loss before tax		**-15.556.875**	**-6.056.575**
Tax on profit/loss for the year	9	-33.361	206.139
Net profit/loss for the year		**-15.590.236**	**-5.850.436**
Distribution of profit/loss	10		

Balance sheet at 30 September 2023

	Note	2022/23 TDKK	2021/22 TDKK
Assets			
Completed development projects		1.513.037	565.502
Other intangible assets		0	0
Development projects in progress		2.466.941	2.721.785
Intangible assets	11	**3.979.978**	**3.287.287**
Land and buildings		1.928.342	1.693.844
Plant and machinery		1.579.243	828.667
Other fixtures and fittings, tools and equipment		1.924.176	1.624.085
Assets in progress and prepayments		1.180.454	1.028.497
Tangible assets	12	**6.612.215**	**5.175.093**
Investments	13	2.585	2.362
Fixed asset investments		**2.585**	**2.362**
Total non-current assets		**10.594.778**	**8.464.742**
Inventories	14	**3.921.557**	**3.083.153**
Trade receivables	15	172.734	416.010
Contract assets		1.721.170	4.948.496
Receivables from subsidiaries		7.425.896	7.919.494
Other receivables		423.096	470.913
Prepayments	16	199.888	163.272
Receivables		**9.942.784**	**13.918.185**
Cash at bank and in hand		**119.230**	**210.781**
Total current assets		**13.983.571**	**17.212.119**
Total assets		**24.578.349**	**25.676.861**

Balance sheet at 30 September 2023

	Note	2022/23 TDKK	2021/22 TDKK
Equity and liabilities			
Share capital		120.000	100.000
Reserve for development expenditure		1.192.828	1.852.676
Reserve for current value of hedging		-78.568	-70.328
Retained earnings		-13.768.119	-5.150.731
Equity		**-12.533.859**	**-3.268.383**
Deferred tax	17	48.598	48.598
Other provisions	18	15.217.419	7.656.853
Total provisions		**15.266.017**	**7.705.451**
Financial debt		1.508.911	885.137
Other payables		237.124	231.415
Total non-current liabilities		**1.746.035**	**1.116.552**
Financial debt		361.117	338.965
Prepayments received from customers		142.590	8.803
Trade payables		5.252.441	5.398.248
Contract liabilities		11.366.423	10.217.821
Payables to subsidiaries		2.323.275	3.434.797
Other payables	19	634.534	711.261
Deferred income		19.776	13.346
Total current liabilities		**20.100.156**	**20.123.241**
Total liabilities		**21.846.191**	**21.239.793**
Total equity and liabilities		**24.578.349**	**25.676.861**
Staff	3		
Fee to auditors appointed at the general meeting	4		
Contingencies, etc.	22		
Financial instruments	23		
Charges and security for loans	24		
Related parties	25		

Statement of changes in equity

	Share capital	Reserve for development expenditure	Reserve for current value of hedging	Retained earnings	Total
TDKK					
Equity at 1 October 2022	100.000	1.852.676	-70.328	-5.150.731	-3.268.383
Cash capital increase	20.000	0	0	6.313.000	6.333.000
Fair value adjustment of hedging instruments	0	0	-8.240	0	-8.240
Net profit/loss for the year	0	-659.848	0	-14.930.388	-15.590.236
Equity at 30 September 2023	**120.000**	**1.192.828**	**-78.568**	**-13.768.119**	**-12.533.859**

Cash flow statement 1 October 2022 - 30 September 2023

	Note	2022/23	2021/22
		TDKK	TDKK
Net profit/loss for the year		-15.590.236	-5.850.436
Adjustments	20	9.415.550	1.638.569
Change in working capital	21	1.924.095	3.317.602
Cash flows from operating activities before financial income and expenses		**-4.250.591**	**-894.265**
Financial income		95.316	268.437
Financial costs		-49.435	-10.602
Cash flows from operating activities		**-4.204.710**	**-636.430**
Investment in intangible assets		-1.098.238	-799.247
Purchase of property, plant and equipment		-2.073.064	-1.662.582
Sale of property, plant and equipment		127.018	81.776
Cash flows from investing activities		**-3.044.284**	**-2.380.053**
Installment of leases		-366.266	-346.798
Cash capital increase		6.333.000	1.600.000
Cash flows from financing activities		**5.966.734**	**1.253.202**
Change in cash and cash equivalents		**-1.282.260**	**-1.763.281**
Cash and cash equivalents at 1. October		7.640.190	9.403.471
Cash and cash equivalents		**6.357.930**	**7.640.190**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		119.230	210.781
Receivables from group enterprises, cashpool arrangement		6.238.700	7.429.409
Cash and cash equivalents		**6.357.930**	**7.640.190**

Notes

1 Subsequent events

Due to how the challenges in fiscal year 2023 affected Siemens Gamesa Renewable Energy A/S' equity, the company has ensured the availability of liquidity through group financing lines with the parent company (Siemens Energy Global GmbH & Co. KG). This will ensure that the company fulfills its obligations towards its creditors when they fall due and regularly continues its business with a maximum amount of EUR 2 billion.

In January 2024, the company has received a cash contribution of DKK 18,6 billion in order to recover the negative equity.

2 Information on segments

Activities

	Windturbine	Operation and maintenance	Total
2022/23			
Revenue	21.601.986	3.235.062	24.837.048
2021/22			
Revenue	19.121.119	3.038.204	22.159.323

Geographical

	EMEA	North America	Other countries	Total
2022/23				
Revenue	19.091.862	3.426.828	2.318.358	24.837.048
2021/22				
Revenue	18.472.797	411.664	3.274.862	22.159.323

In financial year 2022/23, favorable effects came from one time revenue items in the range of 2,27 percentage of total revenue attributable to non-recurring business activities.

Notes

	2022/23	2021/22
	TDKK	TDKK
3 Staff		
Wages and Salaries	3.769.814	3.317.592
Pensions	308.730	265.499
Other social security expenses	95.119	89.352
Other staff expenses	113.465	99.761
	4.287.128	**3.772.204**

Including remuneration to the executive board:		
Executive Board	7.050	8.294
	7.050	**8.294**

Number of fulltime employees on average	5.923	5.576

In 2022/23 one member of the supervisory board have been provided with a company car amounting to TDKK 166 (fiscal year 2022: TDKK 156)

Performance oriented Stock Awards program
Siemens Energy grants equity settled stock awards to senior managers and Executive Board members. The stock awards are subject to a vesting period of four years and entitle the beneficiary to receive Siemens Energy shares without payment of consideration following the vesting period. A cash settlement is possible in exceptional cases.

The stock awards are tied to performance criteria. In this context, 40% of the target amount is linked to the relative total shareholder return (TSR) of Siemens Energy (TSR target). The TSR is calculated as follows: 50% compared with the total shareholder return of the STOXX Global 1800 industrial Goods and Services (gross return) and 50% compared with the S&P Global Clean Energy Index (total return). The remaining 20% of the target amount is linked to an internal Siemens Energy sustainability target based on environment, social and governance targets (ESG targets). The target attainment for each performance criterion ranges between 0% and 200%.

In fiscal year 2023, senior managers and Executives Board members were granted stock awards settled in shares with a fair value of DKK 22 million. The weighted average fair value of shares granted in fiscal year 2023 amounted to 12,59 EUR per shares and was determined as the market price of the Siemens Energy share less the present value of expected dividends.

The fair value of the TSR based stock award granted was calculated using an option price model on the basic of a Monte Carlo simulation.

	2022/23	2021/22
	TDKK	TDKK
4 Fee to auditors appointed at the general meeting		
EY Godkendt Revisionspartnerselskab:		
Fee for statutory audit	2.620	2.763
Other assurance engagements	362	185
	2.982	**2.948**

Notes

		2022/23	2021/22
		TDKK	TDKK
5	**Other operating income**		
	Gain on sale of assets	6.401	7.644
	Wage subsidies	95.900	126.324
	Wage reimbursements	351	2.635
		102.652	**136.603**

6	**Other operating costs**		
	Other	64	42
	Loss on sale of assets	3.242	14.273
		3.306	**14.315**

7	**Financial income**		
	Interest received from group enterprises	2.635	12.671
	Other financial income	13.877	562
	Discounting of long term warranty	78.804	255.204
		95.316	**268.437**

8	**Financial costs**		
	Interest element, discounted leasing obligations	27.055	615
	Interest paid to group enterprises	3.791	2.880
	Other financial costs	18.589	7.107
		49.435	**10.602**

Notes

	2022/23	2021/22
	TDKK	TDKK
9 Tax on profit/loss for the year		
Current tax for the year	15.905	17.346
Deferred tax for the year	430	-287.950
Adjustment of tax concerning previous years	17.026	64.465
	33.361	**-206.139**

Tax income changed to DKK -33 million compared to DKK 206 million in previous fiscal year, primarily due to not capitalizing the tax value of the tax losses and/or the tax assets.

The tax expense of DKK 33 million is related to foreign withholding taxes and a current tax benefit related to adjustments from prior years.

	2022/23	2021/22
	TDKK	TDKK
10 Distribution of profit		
Transferred to other statutory reserves	-659.848	394.124
Retained earnings	-14.930.388	-6.244.560
	-15.590.236	**-5.850.436**

Notes

11 Intangible assets

	Completed development projects	Other intangible assets	Development projects in progress	Total
TDKK				
Cost at 1 October 2022	1.578.885	30.383	2.721.785	4.331.053
Additions for the year	543	0	1.097.695	1.098.238
Transfers for the year	1.352.539	0	-1.352.539	0
Cost at 30 September 2023	2.931.967	30.383	2.466.941	5.429.291
Impairment losses and amortisation at 1 October 2022	1.013.383	30.383	0	1.043.766
Depreciation for the year	405.547	0	0	405.547
Impairment losses and amortisation at 30 September 2023	1.418.930	30.383	0	1.449.313
Carrying amount at 30 September 2023	**1.513.037**	**0**	**2.466.941**	**3.979.978**
Depreciated over	3-5 years	3 years		

Special assumptions regarding development projects

The capitalized development projects within Siemens Gamesa are related to the development of new wind turbine models, software and the optimization of the components´ performance for an amount of DKK 1.098 million. The development projects will be supporting the core of the business in the years to come as the market is searching for higher efficiency and scale of turbines.

Projects are assessed for impairment using business cases built on discounted forecasted sales including order backlog. The length of the forecasts depend on the type of technology and the expected market presence.

No impairment has been identified to new or existing projects in 2022/2023.

Notes

12 Tangible assets

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets in progress and prepayments	Total
TDKK					
Cost at 1 October 2022	3.179.166	1.681.794	5.285.189	1.028.497	11.174.646
Contract adjustments	14.831	930.440	1.796	0	947.067
Additions for the year	232.677	68.778	882.983	926.556	2.110.994
Disposals for the year	-12.137	-17.026	-241.415	0	-270.578
Transfers for the year	188.566	40.207	443.869	-672.642	0
Cost at 30 September 2023	3.603.103	2.704.193	6.372.422	1.282.411	13.962.129
Revaluations at 1 October 2022	42.403	0	0	0	42.403
Revaluations at 30 September 2023	42.403	0	0	0	42.403
Impairment losses and depreciation at 1 October 2022	1.527.725	853.127	3.661.104	0	6.041.956
Contract adjustments	-763	0	-857	0	-1.620
Depreciation and impairment for the year	202.339	276.432	911.941	101.957	1.492.669
Reversal of impairment and depreciation of sold assets	-12.137	-4.634	-123.917	0	-140.688
Transfers for the year	0	25	-25	0	0
Impairment losses and depreciation at 30 September 2023	1.717.164	1.124.950	4.448.246	101.957	7.392.317
Carrying amount at 30 September 2023	**1.928.342**	**1.579.243**	**1.924.176**	**1.180.454**	**6.612.215**
Depreciated over	10-30 years	3-5 years	1-5 years		
Hereof right-of-use assets:					
Carrying amount, IFRS 16, at 1 October 2022	**537.467**	**655.773**	**26.124**	**0**	**1.219.364**
Additions, IFRS 16	33.012	0	4.918	0	37.930
Depreciation, IFRS 16	-116.749	-234.774	-14.743	0	-366.266
Contract adjustments, IFRS 16	15.595	930.440	2.653	0	948.688
Carrying amount, IFRS 16, at 30 September 2023	**469.325**	**1.351.439**	**18.952**	**0**	**1.839.716**
Cost for non-capitalized leasing:					
Cost of short-term rental and lease arrangements					93.653
Cost of low-value lease expenses					1.055

Notes

	2022/23	2021/22
	TDKK	TDKK
13 Investments		
Cost at 1 October 2022	5.399	5.399
Cost at 30 September 2023	5.399	5.399
Revaluations at 1 October 2022	-3.037	-3.080
Received dividend	-350	-150
Profit/loss after tax	573	193
Revaluations at 30 September 2023	-2.814	-3.037
Carrying amount at 30 September 2023	**2.585**	**2.362**

14 Inventories

Raw materials and consumables	1.920.129	1.825.920
Work in progress	1.105.223	286.182
Finished goods and goods for resale	128.135	295.266
Prepayments for goods	768.070	675.785
	3.921.557	**3.083.153**

15 Trade receivables

In fiscal year 2023 none of the company's receivables falls due for payment after more than 1 year after the balance sheet date.

16 Prepayments

Prepayments recognised as assets include expenses incurred concerning subsequent financial years. These prepayments are mostly related to facility, travel, licensing and support/site costs.

Notes

	2022/23	2021/22
	TDKK	TDKK
17 Deferred tax		
Provision for deferred tax at 1 October 2022	48.598	288.704
Adjustment of deferred tax in the year from income statement	430	-287.950
Adjustment of deferred tax prior years	0	68.955
Adjustment by equity	-430	-21.111
Provision for deferred tax at 30 September 2023	**48.598**	**48.598**

Provisions for deferred tax on:		
Intangible assets	381.021	331.378
Property, plant and equipment	114.155	-125.140
Investments	-16	-16
Current assets	-101.224	364.620
Provisions	49.633	-217.821
Financial instruments relating to future cash flows	26.250	31.128
Liabilities other than provisions	-421.221	-335.551
	48.598	**48.598**

Net deferred tax liabilities in fiscal year 2023 consisted of DKK 49 million relating to temporary differences on intangible/tangible assets, current assets and liabilities other than provisions.

Notes

	2022/23	2021/22
	TDKK	TDKK
18 Other provisions		
Balance at beginning of year at 1 October 2022	7.656.853	6.972.619
Reversal of provisions	-924.519	-1.509.567
New provisions	11.267.716	5.067.984
Usage of provisions	-2.703.827	-2.696.194
Accretion and changes in interest rates of non-current provisions	-78.804	-177.989
Balance at 30 September 2023	**15.217.419**	**7.656.853**

The expected due dates of other provisions are:		
Within one year	6.075.203	3.569.970
Between 1 and 5 years	9.142.216	4.086.883
	15.217.419	**7.656.853**

Due to the nature there are uncertainties related to the warranty provision. Calculation consist of estimated repair costs and estimated failure rates which are based on actual.

19 Other payables

Of the company's payables, DKK 237,1 million (fiscal year 2022: DKK 231,4 million) is due to the New Holiday Act and falls due for payment after more than 1 year after the balance sheet date.

	2022/23	2021/22
	TDKK	TDKK
20 Cash flow statement - adjustments		
Depreciation, amortisation and impairment losses	1.898.216	1.438.981
Change in other provisions	7.560.566	444.128
Other adjustments	-43.232	-244.540
	9.415.550	**1.638.569**

Notes

	2022/23 TDKK	2021/22 TDKK
21 Cash flow statement - change in working capital		
Change in inventories	-838.404	-244.758
Change in receivables	2.784.692	-1.009.419
Changes in short- & long-term liabilities	-13.953	4.642.107
Changes to unrealised hedging items	-8.240	-70.328
	1.924.095	**3.317.602**

22 Contingencies, etc.

	2022/23 TDKK	2021/22 TDKK
Total future non-capitalized lease payments:		
Other rent and lease liabilities	147.243	60.263
	147.243	**60.263**

Guarantees to customers and suppliers provided by third parties, the company's bank and financial connections.	2.593.150	1.391.352

In addition DKK 27.633 million (fiscal year 2022: DKK 20.207 million) is guaranteed by SFS/Siemens AG/SGRE S.A., which can be subject to recourse.

Also DKK 9.420 million is guaranteed by Siemens Energy after their purchase.

Siemens Energy Global GmbH & Co. KG and Siemens Energy AG has issued a letter of comfort/letter of support.

Other commitments

As from the income year 2012, the company is jointly and severally liable together with other jointly taxed danish entities for payment of tax on the joint taxation income as well as withholding taxes.

Notes

23 Financial instruments

In order to hedge recognised and non-recognised financial transactions, Siemens Gamesa Renewable Energy A/S uses forward exchange contracts.

Currency	Expected future payments (net)	Hedged by forward contracts	Net position
	TDKK	TDKK	TDKK
EUR	6.413.852	5.753.898	659.953
CNY	-248.435	-248.435	0
USD	-1.895.598	-1.896.302	704
GBP	-502.844	-409.693	-93.151
Others	-165.187	-44.068	-121.119
	3.601.788	**3.155.400**	**446.387**

At year end, the company's unrealised exchange gains totaled to DKK 189,6 million before tax and DKK 147,9 million after tax.

The year's change in unrealised exchange gains totals DKK 11,8 million after tax, of which a loss of DKK 1,5 million is taken to equity and a gain of DKK 13,2 million is recognised in the income statement.

Raw material contracts
At year end, an unrealised exchange loss on raw material contracts totaled DKK 11 million.

24 Charges and security for loans

No charges or security for loans have been placed at year end.

Notes

25 Related parties

Related parties include the supervisory and executive boards and the executive officers as well as the family members of these persons.

Parent company (100% owner of Siemens Gamesa Renewable Energy A/S):
Siemens Gamesa Renewable Energy S.A., Zamudio, Bizkaia Parque Tecnologico, Edificio 222, Spain.

Siemens Gamesa Renewable Energy A/S is included in Siemens Gamesa Renewable Energy S.A. Spain consolidated Financial Statement.

Subsidaries and foreign branches

Siemens Gamesa Energy Tajdidpazir, Iran (99,98%).

The company has a permanent establishment in South Africa.

Transactions with parent company

Purchase of goods/services - TDKK 141.302
Sale of goods/services - TDKK 103.702

Interest income - TDKK 4.890
Interest expenses - TDKK 6.061
Fee expenses related to guaranties - TDKK 319.638

Receivables from parent company - TDKK 900.479
Payables to parent company - TDKK 593.013

Transactions with other group companies

Purchase of goods/services - TDKK 18.212.208
Sale of goods/services - TDKK 29.592.743

Corporation tax expenses - TDKK 5.146
Fee expenses related to guaranties - TDKK 2.049

Receivables from other group companies - TDKK 3.249.919
Payables to other group companies - TDKK 4.735.064
Tangible assets sold to other group companies - TDKK 103.080
Inventories sold to other group companies - TDKK 1.194.593

Remuneration to the Executive and Supervisory board is disclosed in note 3.