

Audit Report on Financial Statements  
issued by an Independent Auditor

SIEMENS GAMESA RENEWABLE ENERGY, S.A.  
Financial Statements and Management Report  
for the year ended  
September 30, 2019



**Building a better  
working world**

Ernst & Young, S.L.  
Torre Iberdrola  
Plaza de Euskadi, 5  
48009 Bilbao  
España

Tel: 944 243 777  
Fax: 944 242 745  
ey.com

## AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of SIEMENS GAMESA RENEWABLE ENERGY, S.A.:

### Report on the financial statements

---

#### Opinion

We have audited the financial statements of SIEMENS GAMESA RENEWABLE ENERGY, S.A. (the Company), which comprise the balance sheet as at September 30, 2019, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at September 30, 2019 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

---

#### Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. 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, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

---

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

---

### Investment in group and associated companies

**Description** Investments in group companies and associates must be assessed for impairment at least at year-end when there is objective evidence that the carrying amount of an investment could not be recovered. The determination of recoverable amount, being the higher of value-in-use and fair value less costs to disposal, has been considered a Key audit matter as it requires a significant judgement valuing the relevant investments. Additionally, recoverable amounts are based on management's view of the business plans of the group and associated companies, considering, for all of them, the variables and market conditions such as future price and volume growth rates, the timing of future operating expenditure, and the most appropriate discount and long-term growth rates.

Information related to the accounting treatment of the investments in group and associated companies and the criteria for its impairment analysis, together with the main assumptions applied to the impairment tests, are disclosed in notes 3.H "Impairment of financial assets" and 10 "Long-term financial instruments" of the accompanying financial statements.

---

**Our response** Our audit procedures included, among others, the following:

- ▶ Assessment of the controls implemented by management on the valuation of investment in group and associated companies.
- ▶ Obtain the impairment tests prepared by management, assessing the reasonableness of the key assumptions used with the available external information. Furthermore, review of the sensitivity analysis prepared by management on the key assumptions: average long-term growth rates and discount rates applied, reassessing the result obtained by management in its assessment
- ▶ Comparison of the investment value in group and associated companies against its net book value (equity), corrected by its tacit capital gains at the end of the year
- ▶ Review of the disclosures of information required in the financial statements

---

### Other information: management report

Other information refers exclusively to the 2019 management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the information contained in the management report is defined in prevailing audit regulations, which distinguish two levels of responsibility:

- a. A specific level applicable to the non-financial information statement, as well as certain information included in the Annual Corporate Governance Report, as defined in article 35.2 b) of the Audit Law 22/2015, which solely requires that we verify whether said information has been included in the management report or where applicable, that the management report includes the corresponding reference to the separate non-financial report as stipulated by prevailing regulations and if not, disclose this fact.
- b. A general level applicable to the remaining information included in the management report, which requires us to evaluate and report on the consistency of said information in the financial statements, based on knowledge of the entity obtained during the audit, excluding information not obtained from evidence. Moreover, we are required to evaluate and report on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided in the management report, and that the remaining information contained therein is consistent with the information provided in the 2019 financial statements and their content and presentation are in conformity with applicable regulations.

---

#### Responsibilities of the directors and the audit committee for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they 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 has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

---

#### 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 prevailing audit regulations in Spain 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 in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism 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 the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Report on other legal and regulatory requirements

---

### Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issue to the audit committee on November 28, 2019.

---

### Term of engagement

The ordinary general shareholders' meeting held on March 27, 2019 appointed us as auditors for 1 year, commencing on October 1, 2019.

Previously, we were appointed as auditors by the shareholders for 4 years and we have been carrying out the audit of the financial statements continuously since the year ended December 31, 2014.

ERNST & YOUNG, S.L.

Signed on the original in Spanish

November 28, 2019

# **SIEMENS GAMESA RENEWABLE ENERGY, S.A.**

Financial Statements and Management Report for  
the year ended September 30, 2019

# TABLE OF CONTENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2019:

1.	Activities and corporate purpose .....	6
2.	Basis of presentation of the Financial Statements.....	7
3.	Main accounting policies.....	8
4.	Acquisitions, disposals and discontinued operations .....	20
5.	Financial risk management policy .....	20
6.	Critical valuation aspects and sources of uncertainty.....	22
7.	Earnings allocation.....	25
8.	Intangible assets.....	25
9.	Property, plant and equipment.....	26
10.	Long-term financial instruments .....	27
11.	Short-term financial instruments .....	33
12.	Cash and cash equivalents .....	34
13.	Equity.....	34
14.	Current and non-current financial liabilities .....	37
15.	Derivatives .....	38
16.	Current tax assets/liabilities and income tax.....	39
17.	Guarantees .....	43
18.	Income and expenses .....	44
19.	Transactions and balances with related parties .....	47
20.	Directors' remuneration.....	55
21.	Remuneration of Senior Management .....	58
22.	Information regarding the deferral of payments made to suppliers.....	59
23.	Audit fees .....	59
24.	Subsequent events .....	60
25.	Explanation added for translation to English.....	61

APPENDIX

MANAGEMENT REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2019



Translation of Financial Statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 25). In the event of a discrepancy, the Spanish-language version prevails.

## SIEMENS GAMESA RENEWABLE ENERGY, S.A.

BALANCE SHEETS AS OF SEPTEMBER 30, 2019 AND 2018

Thousands of euros

ASSETS	Note	09.30.2019	09.30.2018 (*)	EQUITY AND LIABILITIES	Note	09.30.2019	09.30.2018 (*)
<b>NON-CURRENT ASSETS</b>		<b>9,947,693</b>	<b>9,694,333</b>	<b>EQUITY</b>	<b>Note 13</b>	<b>8,211,399</b>	<b>8,052,645</b>
Intangible assets	Note 8	163	254	Issued capital		115,794	115,794
Software		163	254	Capital reserve		8,613,935	8,613,935
<b>Property, plant and equipment</b>	<b>Note 9</b>	<b>1,253</b>	<b>1,459</b>	<b>Reserves</b>		<b>1,117,974</b>	<b>1,076,677</b>
Other installations, tooling and fixtures		941	948	Legal reserve		4,985	-
Other property, plant and equipment		312	511	Other reserves		1,112,989	1,076,677
<b>Long-term investments in group companies and associates</b>	<b>Note 10</b>	<b>9,944,835</b>	<b>9,690,858</b>	<b>Treasury shares, at cost</b>		<b>(21,616)</b>	<b>(20,343)</b>
Investments in group companies and associates		9,444,835	9,190,858	<b>Prior periods' losses</b>		<b>(1,783,270)</b>	<b>(1,783,270)</b>
Credits to group companies and associates	Note 19	500,000	500,000	<b>Result for the year</b>		<b>168,582</b>	<b>49,852</b>
<b>Long-term financial investments</b>	<b>Note 10</b>	<b>522</b>	<b>523</b>				
Guarantees and deposits given		522	523				
<b>Deferred tax assets</b>	<b>Note 16</b>	<b>920</b>	<b>1,239</b>				
				<b>NON-CURRENT LIABILITIES</b>		<b>494,127</b>	<b>693,668</b>
				<b>Long-term debts</b>	<b>Note 14</b>	<b>494,127</b>	<b>693,668</b>
				Debt with financial institutions		494,127	693,668
<b>CURRENT ASSETS</b>		<b>1,283,091</b>	<b>2,138,236</b>	<b>CURRENT LIABILITIES</b>		<b>2,525,258</b>	<b>3,086,256</b>
<b>Trade and other receivables</b>		<b>61,334</b>	<b>41,758</b>	<b>Short-term provisions</b>		<b>170</b>	<b>170</b>
Receivables from group companies and associates	Notes 11 and 19	52,040	34,682	<b>Short-term debts</b>		<b>979</b>	<b>488,896</b>
Personnel	Note 11	47	31	Debt with financial institutions	Note 14	-	484,730
Current tax assets	Note 16	9,247	7,045	Derivatives	Notes 14, 15 and 19	979	1,271
<b>Short-term investments in group companies and associates</b>	<b>Notes 11 and 19</b>	<b>495,460</b>	<b>1,056,299</b>	Other financial liabilities	Note 14	-	2,895
Credits to group companies and associates		495,460	1,056,299	<b>Short-term payables to group companies and associates</b>	<b>Note 19</b>	<b>2,449,284</b>	<b>2,520,846</b>
<b>Short-term financial investments</b>	<b>Note 11, 15 and 19</b>	<b>1,497</b>	<b>631</b>	<b>Trade and other payables</b>		<b>74,825</b>	<b>76,344</b>
Derivatives		1,497	631	Suppliers, group companies and associates	Note 19	33,481	44,594
<b>Current accruals</b>		<b>2,305</b>	<b>738</b>	Other payables		16,532	9,143
<b>Cash and cash equivalents</b>	<b>Note 12</b>	<b>722,495</b>	<b>1,038,810</b>	Personnel		12,052	13,531
Cash		722,495	1,038,810	Current tax liabilities	Note 16	12,760	9,076
<b>TOTAL ASSETS</b>		<b>11,230,784</b>	<b>11,832,569</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,230,784</b>	<b>11,832,569</b>

(\*) Figures presented for comparative purposes only.  
The accompanying Notes from 1 to 25 are an integrated part of these Financial Statements.

Translation of Financial Statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 25). In the event of a discrepancy, the Spanish-language version prevails.

**SIEMENS GAMESA RENEWABLE ENERGY, S.A.**  
**STATEMENTS OF PROFIT AND LOSS FOR THE YEAR ENDED SEPTEMBER 30, 2019 AND 2018**  
Thousands of euros

	Note	Year ended 09.30.2019	Year ended 09.30.2018 (*)
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	<b>Notes 18 and 19</b>	<b>318,765</b>	<b>222,437</b>
Dividends from investments in group companies and associates		286,503	189,583
Income from credits to group companies and associates		32,262	32,854
<b>Other operating income</b>		<b>34,849</b>	<b>41,310</b>
Accessory and other current income	Note 18	34,849	41,183
Grants incorporated to income		-	127
<b>Staff costs</b>	<b>Note 18</b>	<b>(36,886)</b>	<b>(49,578)</b>
Wages, salaries and similar expenses		(30,032)	(42,155)
Social security costs		(6,854)	(7,423)
<b>Other operating expenses</b>	<b>Note 18</b>	<b>(79,765)</b>	<b>(87,166)</b>
External services		(79,738)	(87,136)
Taxes other than income tax		(27)	(30)
<b>Depreciation and amortization</b>	<b>Notes 8 and 9</b>	<b>(500)</b>	<b>(445)</b>
<b>Impairment and losses on disposals of financial instruments</b>	<b>Note 10</b>	<b>(54,723)</b>	<b>(58,379)</b>
Impairment and losses on disposals of group company investments and associates		(54,723)	(58,379)
<b>OPERATING RESULT</b>		<b>181,740</b>	<b>68,179</b>
<b>Financial expenses</b>		<b>(14,134)</b>	<b>(8,168)</b>
On debts with group companies and associates	Note 19	(2,676)	(1,482)
On debts with third parties		(11,458)	(6,686)
<b>Exchange differences</b>	<b>Notes 15 and 18</b>	<b>1,501</b>	<b>(2,629)</b>
<b>FINANCIAL RESULT</b>		<b>(12,633)</b>	<b>(10,797)</b>
<b>RESULT BEFORE TAX</b>		<b>169,107</b>	<b>57,382</b>
Income tax	Note 16	(525)	(7,530)
<b>RESULT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>168,582</b>	<b>49,852</b>
<b>RESULT FOR THE YEAR</b>		<b>168,582</b>	<b>49,852</b>

(\*) Figures presented for comparative purposes only.  
The accompanying Notes from 1 to 25 are an integrated part of these Financial Statements.

Translation of Financial Statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 25). In the event of a discrepancy, the Spanish-language version prevails.

**SIEMENS GAMESA RENEWABLE ENERGY, S.A.**

STATEMENTS OF CHANGES IN EQUITY FOR THE  
YEAR ENDED SEPTEMBER 30, 2019 AND 2018

Thousands of euros

**A) STATEMENTS OF RECOGNIZED INCOME AND EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2019 AND 2018**

	<b>Year ended 09.30.2019</b>	<b>Year ended 09.30.2018 (*)</b>
<b>Result for the year</b>	<b>168,582</b>	<b>49,852</b>
Income and expenses recognised directly in equity	-	-
Transfers to the Statement of Profit and Loss	-	-
<b>TOTAL INCOME AND EXPENSES RECOGNISED</b>	<b>168,582</b>	<b>49,852</b>

(\*) Figures presented for comparative purposes only.  
The accompanying Notes from 1 to 25 are an integrated part of these Financial Statements.

Translation of Financial Statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 25). In the event of a discrepancy, the Spanish-language version prevails.

**SIEMENS GAMESA RENEWABLE ENERGY, S.A.**  
**STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2019 AND 2018**  
Thousands of euros

**B) STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2019 AND 2018**

	Issued Capital	Capital reserve	Legal reserve	Voluntary reserves	Treasury shares, at cost	Prior periods' losses	Result for the year	Total
<b>Ending balance as of September 30, 2017 (*)</b>	<b>115,794</b>	<b>8,613,935</b>	-	<b>1,076,666</b>	<b>(21,505)</b>	<b>(426)</b>	<b>(1,782,844)</b>	<b>8,001,620</b>
Total comprehensive income for the year ended September 30, 2018	-	-	-	-	-	-	49,852	49,852
Treasury shares transactions (Note 13.D)	-	-	-	(1,184)	1,162	-	-	(22)
Incentive Plan (Notes 10 and 13.E)	-	-	-	1,181	-	-	-	1,181
Other changes in equity	-	-	-	14	-	(1,782,844)	1,782,844	14
<b>Ending balance as of September 30, 2018 (*)</b>	<b>115,794</b>	<b>8,613,935</b>	-	<b>1,076,677</b>	<b>(20,343)</b>	<b>(1,783,270)</b>	<b>49,852</b>	<b>8,052,645</b>
Total comprehensive income for the year ended September 30, 2019	-	-	-	-	-	-	168,582	168,582
Treasury shares transactions (Note 13.D)	-	-	-	2,084	(1,273)	-	-	811
Incentive Plan (Notes 10 and 13.E)	-	-	-	6,803	-	-	-	6,803
Dividends	-	-	-	-	-	-	(17,442)	(17,442)
Other changes in equity	-	-	4,985	27,425	-	-	(32,410)	-
<b>Ending balance as of September 30, 2019</b>	<b>115,794</b>	<b>8,613,935</b>	<b>4,985</b>	<b>1,112,989</b>	<b>(21,616)</b>	<b>(1,783,270)</b>	<b>168,582</b>	<b>8,211,399</b>

(\*) Figures presented for comparative purposes only.

The accompanying Notes from 1 to 25 are an integrated part of these Financial Statements.

Translation of Financial Statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 25). In the event of a discrepancy, the Spanish-language version prevails.

**SIEMENS GAMESA RENEWABLE ENERGY, S.A.**  
STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2019 AND 2018  
Thousands of euros

	Note	Period ended 09.30.2019	Period ended 09.30.2018 (*)
<b>CASH FLOW FROM OPERATING ACTIVITIES (I)</b>		<b>190,076</b>	<b>131,162</b>
<b>Result before tax</b>		169,107	57,382
<b>Adjustments to result:</b>			
- Depreciation and amortization	Notes 8 and 9	500	445
- Impairment losses	Note 10	54,723	58,379
- Changes in provisions		2,060	(2,130)
- Income from credits to group companies and associates		(32,262)	-
- Financial expenses		14,134	8,168
- Exchange differences		(1,501)	2,629
<b>Change in working capital</b>			
- Trade and other receivables		(19,576)	(4,478)
- Trade and other payables		10,149	12,792
- Current accruals		(1,567)	994
- Other current liabilities		(2,895)	731
<b>Other cash flows from operating activities</b>			
- Interests paid		(12,618)	(7,019)
- Interests collection		21,666	-
- Income taxes (payments) returns		(11,844)	3,269
<b>CASH FLOWS FROM INVESTING ACTIVITIES (II)</b>		<b>(304,159)</b>	<b>(1,079,589)</b>
<b>Payments due to investments</b>			
- Group companies and associates		(303,957)	(1,125,863)
- Other financial assets		1	(15)
- Investments in intangible assets and property, plant and equipment	Notes 8 and 9	(203)	(622)
<b>Receipts due to disposals</b>			
- Group companies and associates	Note 10	-	46,911
<b>CASH FLOWS FROM FINANCING ACTIVITIES (III)</b>		<b>(202,575)</b>	<b>1,462,990</b>
<b>Receipts and payments for equity instruments</b>			
- (Purchase) disposal of treasury shares	Note 13.D	811	(22)
<b>Receipts and payments for financial liability instruments</b>			
- Issue (amortization) of debts from financial entities and other financial liabilities		(685,787)	1,177,241
- Issue (amortization) of debts from group companies and associates		499,843	285,771
<b>Dividend payments and remunerations of other equity instruments</b>			
- Dividends	Note 13.C	(17,442)	-
<b>IMPACT OF CHANGES IN EXCHANGE RATE (IV)</b>		<b>343</b>	<b>(5,009)</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)</b>		<b>(316,315)</b>	<b>509,554</b>
Cash and cash equivalents at beginning of the year		1,038,810	529,256
Cash and cash equivalents at year end		722,495	1,038,810

(\*) Figures presented for comparative purposes only.  
The accompanying Notes from 1 to 25 are an integrated part of these Financial Statements.

*Translation of Financial Statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 25). In the event of a discrepancy, the Spanish-language version prevails.*

## **SIEMENS GAMESA RENEWABLE ENERGY, S.A.**

Notes to the Financial Statements for the year ended  
September 30, 2019

### **1. Activities and corporate purpose**

#### **A. GENERAL INFORMATION**

Siemens Gamesa Renewable Energy, S.A. (hereinafter “the Company” or “SIEMENS GAMESA”) was incorporated as a public limited liability company on January 28, 1976. Its corporate address is located at Parque Tecnológico de Bizkaia, Building 222, Zamudio (Bizkaia, Spain).

SIEMENS GAMESA specialises in the development and construction of wind farms, as well as the engineering solutions, design, production and sale of wind turbines. The corporate purpose of the Company is to promote and foster companies, and to do so it may carry out the following operations:

- a) The subscription and purchase of shares or stocks, or of securities that can be converted into these, or which grant preferential purchase rights of companies whose securities are listed or not in national or foreign stock exchanges;
- b) The subscription and purchase of fixed-income securities or any other securities issued by companies in which they hold a stake, as well as the granting of participatory loans or guarantees; and
- c) To directly provide advisory services and technical assistance to the companies in which it holds a stake, as well as other similar services related to the management, financial structure, and production or marketing processes of those companies.

These activities will focus on the early-development, design, advanced-development, manufacture and supply of products, installations and technologically advanced services in the renewable energy sector.

All the activities comprising the aforementioned corporate purpose can be undertaken both in Spain and abroad and can be carried out completely or partially, in an indirect manner, through the ownership of shares or stocks in companies with the same or similar purpose.

The Company will not undertake any activity for which the laws require specific conditions or legal limitations, unless these conditions or limitations are exactly fulfilled.

The SIEMENS GAMESA Financial Statements for the year ended September 30, 2019 have been issued for approval by the Directors in the Board of Directors held on November 27, 2019.

Additionally, the Company is the parent of a group of subsidiaries and in accordance with current legislation it is required to prepare separate Consolidated Financial Statements. The Consolidated Financial Statements of Siemens Gamesa Renewable Energy, S.A. and subsidiaries (hereinafter “SIEMENS GAMESA Group”) for the year ended September 30, 2019 have been issued for approval by the Directors at the Board of Directors held on November 27, 2019. The Company's Bylaws and other public information of the Company are available on the website [www.siemensgamesa.com](http://www.siemensgamesa.com) and at its corporate address.

SIEMENS GAMESA prepares and reports its Financial Statements in thousands of euros. Due to rounding, numbers presented may not add up precisely to the provided totals.

#### ***B. MERGER OF SIEMENS'S WIND POWER BUSINESS WITH GAMESA***

On June 17, 2016, as explained in the Note 1.B of the Financial Statements for the year ended September 30, 2018, Gamesa Corporación Tecnológica, S.A. (hereinafter, "GAMESA") and SIEMENS AG (hereinafter, "SIEMENS") signed a binding merger agreement whereby both parties agreed on the terms and conditions pursuant to which GAMESA and the SIEMENS's Wind Power Business (as defined in the agreement) would be combined by way of a statutory merger by absorption of Siemens Wind HoldCo, S.L. (as absorbed entity) by and into GAMESA (as absorbing entity) with the dissolution without liquidation of the former and the en bloc transfer of all of its assets and liabilities to the latter, which would acquire by universal succession all of the rights and obligations of Siemens Wind HoldCo, S.L. (hereinafter, the "Merger") (Notes 3.B y 4).

The Merger had effective date on April 3, 2017.

#### ***C. UPCOMING EVENTS***

On May 7, 2019, SIEMENS which, directly and indirectly, owns 59% of the share capital of SIEMENS GAMESA announced a significant event where, amongst others, it discloses certain plans with respect to its stake in SIEMENS GAMESA.

SIEMENS plans a carve-out of the Gas and Power Operating Company into a separately managed company as well as a spin-off of it. Additionally, SIEMENS plans to transfer its stake in SIEMENS GAMESA to the new Company while maintaining a significant influence on it. Plans call for the public listing of the new Company to take place by September 2020.

SIEMENS GAMESA is currently analysing the expected impact resulting from this communication which does not have impact on these Financial Statements.

#### ***D. ENVIRONMENTAL INFORMATION***

In view of the business activities carried out by SIEMENS GAMESA, it does not have any environmental responsibilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results. Therefore, SIEMENS GAMESA does not include any specific disclosures relating to environmental matters in the accompanying Financial Statements.

## **2. Basis of presentation of the Financial Statements**

#### ***A. FINANCIAL REPORTING LEGISLATION APPLICABLE TO THE COMPANY***

These Financial Statements have been prepared by the Company's Directors in accordance with the Spanish General Accounting Plan of November 16, approved by the Royal Decree 1514/2007, which was modified in 2016 by the Royal Decree 602/2016 of December 2, as well as other applicable mercantile legislation.

The Financial Statements have been issued by the Company's Directors for its submission to the approval of the General Shareholders' Meeting, and it is expected that they will be approved without any modification.

#### ***B. TRUE AND FAIR VIEW***

The accompanying Financial Statements have been prepared on the basis of the Company's accounting records and are presented in compliance with the applicable financial reporting legislation, particularly the accounting standards and policies established therein, so as to provide a true and fair view of the equity and financial position of the Company, of its financial performance and its cash flows, for the fiscal year.

### **C. NON-MANDATORY ACCOUNTING PRINCIPLES APPLIED**

No non-mandatory accounting principles have been applied. In addition, the Directors have prepared these Financial Statements bearing in mind all applicable accounting principles and standards that are mandatory and have a significant effect on these Financial Statements.

There is no accounting principle that being mandatory, had not been applied.

### **D. COMPARATIVE INFORMATION**

In accordance with the current mercantile legislation, the Financial Statements are shown together with comparative information in respect of the prior period for all amounts reported in the current period's Financial Statements.

The notes to the Financial Statements also include quantitative information from the prior financial year, except when an accounting regulation specifically provides that it is not necessary.

### **E. GOING CONCERN ASSUMPTION**

As of September 30, 2019 the Company has a negative working capital amounting to EUR 1,242,167 thousand (EUR 948,020 thousand as of September 30, 2018) mainly due to "Short - term payables to group companies and associates" amounting to EUR 2,449,284 thousand (EUR 2,520,846 thousand as of September 30, 2018) (Note 19). Nevertheless, the Company's liquidity needs are guaranteed at all moments through credit lines (Note 14).

The Company states that this negative working capital will be covered by the generation of positive cash flows from the SIEMENS GAMESA Group business and the dividends from its subsidiaries.

### **F. GROUPING OF ITEMS**

For the purposes of easing the understanding of the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows, these Financial Statements are presented in a grouped format and all required analysis are set out in the Notes to the Financial Statements.

### **G. FUNCTIONAL AND PRESENTATION CURRENCY**

These Financial Statements are presented in euros, which is SIEMENS GAMESA's functional currency. All amounts have been rounded to the nearest EUR thousand, unless otherwise indicated.

Transactions denominated in currencies other than the euro are recognized in accordance with the policies described in Note 3.U.

## **3. Main accounting policies**

The main accounting and measurement policies followed by SIEMENS GAMESA for the preparation of the Financial Statements, in accordance with those stipulated in the Spanish General Accounting Plan, are as follows:

### **A. STATEMENT OF CASH FLOWS**

SIEMENS GAMESA presents the Statement of Cash Flows using the indirect method, whereby net profit or loss is adjusted by the non-monetary transactions, by all deferred payments and accumulations (or accruals) that are caused by past or



future collections and payments, as well as associated profit and loss accounts which have cash flows classified as investing or financing activities.

The following terms are used in the Statement of Cash Flows with the meanings as specified below:

- Cash flows: inflows and outflows of cash and cash equivalents.
- Cash equivalents: short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to a not significant risk of changes in value.
- Operating activities: SIEMENS GAMESA's main revenue-producing activities and other activities that are not related to investing or financing activities.
- Investing activities: the acquisition, sale or disposal through other means of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the contributed equity and of borrowings of the Company.

#### ***B. BUSINESS COMBINATIONS***

In a business combination the acquirer shall measure the identifiable acquired assets and the assumed liabilities (including contingent liabilities) at their acquisition-date fair values.

In a business combination, the estimates of the acquisition-date fair value are based on judgements and are determined by using certain measurement techniques, which are also supported by independent third-party appraisers. Additionally, the measurement period, which is the later period after the acquisition date in which the acquirer can adjust the provisional amounts booked for the business combination, provides to the acquirer a reasonable period of time to obtain the necessary information to identify and measure, at the acquisition-date, among others, the identifiable acquired assets, the assumed liabilities, the consideration given or the arising Goodwill (Note 4).

The measurement period for the Merger of GAMESA and Siemens Wind HoCo, S.L., finalised during the year ended September 30, 2018.

#### ***C. CLASSIFICATION OF CURRENT AND NON-CURRENT ASSETS AND LIABILITIES***

The Company presents current and non-current assets, and current and non-current liabilities, as separate classifications on its Balance Sheet. Current assets and liabilities are those which meet the following criteria:

- Assets are classified as current when they are expected to be realized, or are intended for sale or consumption within the company's normal operating cycle, when they are held primarily for the purpose of being traded, when they are expected to be realized within twelve months after the Balance Sheet date, or when they constitute cash or a cash equivalent, unless they are restricted from being exchanged or used to settle a liability for at least twelve months after the Balance Sheet date.
- Liabilities are classified as current when they are expected to be settled within the company's normal operating cycle, when they are held primarily for the purpose of being traded, when they are due to be settled within twelve months after the Balance Sheet date, or when the Company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the Balance Sheet date.

Financial liabilities are classified as current when they are due to be settled within twelve months after the Balance Sheet date, even if the original term was for a period longer than twelve months if an agreement to

refinance, or to restructure long term payments exists, which is entered into after the Balance Sheet date and before the Financial Statements are authorized for issue.

#### **D. INTANGIBLE ASSETS**

As a general rule, intangible assets are initially recognized at acquisition or production cost and subsequently are measured at cost, less accumulated amortization and any applicable impairment loss (Note 8), if any, in accordance with the criteria mentioned in Note 3.F.

##### Software

The Company books under this heading the costs incurred on the acquisition and development of software. Software maintenance costs are recorded in the Statement of Profit and Loss for the year in which they incurred. Software is amortised on a straight-line basis over three years.

#### **E. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment is initially recognized at acquisition price or production cost (Note 9), and subsequently measured at cost, less accumulated depreciation and impairment losses, if any, in accordance with the policy mentioned under Note 3.F. In addition to the purchase price, acquisition costs include non-recoverable indirect taxes and any other costs directly attributable to transportation of the asset and conditioning for its intended use (including borrowing costs incurred during the construction period).

Upkeep and maintenance expenses are recognized in the Statement of Profit and Loss for the year in which they are incurred. However, the costs of improvements leading to increase in capacity or efficiency or to a lengthening of the useful life of the assets are capitalised.

The Company depreciates the property, plant and equipment on a straight-line basis according to percentages calculated based on asset's useful life, in accordance with the following detail:

	<b>Estimated useful life</b>
Other installations and furniture	6 - 10
Tooling	3 - 4
Other elements of property, plant and equipment	3 - 5

#### **F. IMPAIRMENT OF ASSETS**

At least at the closing of each year, the Company assesses the possible existence of impairment indicators for intangible assets or for Cash Generating Units and, in such case, the recoverable amounts are estimated.

If there is objective evidence that the carrying value is not recoverable, the relevant value adjustments are reflected for the difference between the book value and the recoverable amount, understood as the higher of fair value less selling costs and the present value of cash flows from the investment.

Whenever "Intangible assets" and "Property, plant and equipment" have to be subject to the impairment test, the assessment of the recoverable amount of the assets involves the use of estimates chosen by the Management, which may have a substantial impact on the respective values and, ultimately, on the amount of impairment.

## **G. FINANCIAL ASSETS**

### Classification and measurement

#### *Loans and receivables*

The Company recognizes trade and non-trade receivables under this heading, which includes financial assets with fixed or determinable payments not quoted on active markets and for which the Company expects to recover the full initial investment, except, where applicable, in cases of credit impairment.

They are initially measured on the Balance Sheet at fair value. In the absence of evidence to the contrary, this is the transaction price, which is equivalent to the fair value of the consideration given plus directly attributable transaction costs.

They are subsequently measured at amortized cost.

Nevertheless, trade receivables which mature within less than one year and with no contractual interest rate, as well as advances and loans to personnel, receivable dividends and called-up payments on equity instruments, the amount of which is expected to be received in the short term, are carried at nominal value both at initial and subsequent measurement, when the effect of not discounting the cash flows is not significant.

The difference between fair value and amounts paid for operating lease security deposits is recognized in the Statement of Profit and Loss as an advance lease payment over the lease term. When estimating the fair value of the security deposits, the minimum contractual term during which the amount may not be reimbursed is considered as the remaining period.

#### *Investments in the equity of group companies, joint ventures and associates*

This category includes equity investments in companies in which the entity exercises control (group companies), joint control via bylaw resolutions or contractual arrangements with one or more partners (joint ventures), or has significant influence (associates).

They are initially measured on the Balance Sheet at fair value which in the absence of evidence to the contrary, this is the transaction price, which is equivalent to the fair value of the consideration given plus directly attributable transaction costs.

Investments in group companies are recognized, where applicable, based on accounting principles for transactions with group companies (Note 3.T).

When an investment is reclassified as an investment in a group company, joint venture or associate, the cost of the investment will be considered to be the carrying amount the investment ought to have immediately before such classification. Where applicable, previous value adjustments associated with this investment recognized directly in equity will remain there until the investment is either sold or impaired.

Initial measurement includes preemptive and similar rights acquired.

After their initial recognition, equity investments are subsequently measured at cost less any accumulated impairment.

Where preferential subscription or similar rights are sold or separated for the purpose of exercising them, the cost of these rights decreases the carrying amount of the respective assets.

SIEMENS GAMESA has majority stakes in the share capital of certain companies and has stakes that are equal to or exceed 20% of the share capital in others (Appendix). These Financial Statements do not reflect the effect of applying consolidation or equity method criteria, as appropriate. As a company whose shares are listed on a stock market, SIEMENS GAMESA has presented its Consolidated Financial Statements for the year ended September 30, 2019 in accordance with International Financial Reporting Standards. Note 10.B indicates the effect that the application of consolidation criteria in accordance with International Financial Reporting Standards would have on these Financial Statements.

### *Hedging derivatives*

This category includes derivatives classified as hedging instruments. Financial instruments which have been designated as hedging instruments are measured as indicated in Note 3.M.

As of September 30, 2019 and 2018 the company has no financial assets recognized under hedge accounting.

### *Derecognition*

Financial assets are derecognized from the Company's Balance Sheet when the contractual rights related to cash flows have expired or when the assets are transferred, provided that the related risks and rewards incidental to ownership are substantially transferred.

If the Company has not substantially transferred or retained the risks and rewards incidental to ownership of the financial asset, it is derecognized when control over the asset is not retained. If control over the asset is retained, the Company continues to recognize it to the extent to which it is exposed to changes in the value of the transferred asset, i.e. due to its continuing involvement, recognizing the associated liability as well.

The gain or loss on derecognition of the financial asset is determined as the difference between the consideration received net of attributable transaction costs, including any new asset obtained less any liability assumed, and the carrying amount of the financial asset, plus any accumulated amount recognized directly in equity. The gain or loss is recognized in the Statement of Profit and Loss for the reporting period in which it arises.

The Company does not derecognize financial assets in transfers whereby it retains substantially all the risks and rewards of ownership. These include discounted bills, factoring with recourse, sales of financial assets with an agreement to repurchase them at a fixed price or at the sale price plus interest, and securitizations of financial assets whereby the Company retains subordinated financing or another type of guarantee that absorbs substantially all expected losses. In these cases, the Company recognizes a financial liability at an amount equal to the compensation received.

### *Interests and dividends received from financial assets*

Interests and dividends accrued on financial assets after acquisition are recognized as income in the Statement of Profit and Loss. Interests are recognized using the effective interest rate method and dividends are recognized when the right to receive them is established.

On the initial measurement, accrued explicit but not expired interests receivable at that date and the dividends approved by the competent governing body up to the date of the acquisition, are recognized separately based on maturity. Explicit interests refer to the contractual interest rate applied to the financial instrument.

In addition, when distributed dividends are derived unmistakably from profit generated prior to the date of acquisition given that the amounts of distributed dividends exceeded the profit generated by the associate since acquisition, the dividends are not recognized as income and decrease the book value of the investment.

#### **H. IMPAIRMENT OF FINANCIAL ASSETS**

The carrying amount of financial assets is adjusted against the Statement of Profit and Loss when there is objective evidence of an impairment loss.

To determine impairment loss of financial assets, the Company assesses the potential loss of individual as well as groups of assets with similar risk characteristics.

##### Debt instruments

There is objective evidence that debt instruments, understood as trade receivables, credits, and debt securities, are impaired when an event has occurred after the initial recognition of the instrument that has a negative impact on its related estimated future cash flows.

The Company classifies as impaired assets (doubtful assets) debt instruments for which there is objective evidence of impairment, which refers basically to the existence of unpaid balances, non-compliance issues, refinancing, and data which evidences the possible irrecoverability of total agreed-upon future cash flows or collection delays.

For financial assets measured at amortized cost, impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the market rate prevailing upon initial recognition. For financial assets with floating interest rates, the effective interest rate at the Balance Sheet date is used. Fair value is used instead of the present value of estimated future cash flows in the case of quoted instruments, provided that it is considered sufficiently reliable.

Reversals of impairment are recognized as income in the Statement of Profit and Loss up to the limit of the carrying amount of the financial asset that would have been recorded at the reversal date if the impairment loss had not been recognized.

##### Equity instruments

There is objective evidence that equity instruments are impaired when one or more events have occurred after initial recognition which indicates that the cost of the investment in equity instruments may not be recovered due to a prolonged or significant decline in fair value. In this respect, the Company considers equity instruments to be impaired after a decline of a year and a half and of 40% of their quoted price with no recovery in value.

For equity instruments measured at cost and included in "Investments in group companies and associates," the impairment loss is measured as the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of fair value less selling costs and the present value of future cash flows from the investment. In line with this, the Company calculates the future cash flow's present value of these investments by reference to the mentioned entities' budget for coming years (strategic plans). Unless better evidence is available, impairment of this type of asset is estimated based on the subsidiary's equity adjusted for any unrealised capital gains existing on the measurement date. In the case of investments in group companies, jointly controlled companies and associates, the reversal of any impairment loss is recognized in the Statement of Profit and Loss and is limited to the carrying amount of the investment at the date of reversal if no impairment has been recognized.

### ***I. CASH AND CASH EQUIVALENTS***

This Balance Sheet heading includes petty cash, bank accounts and, as the case may be, any deposits and assets acquired under repurchase agreements that meet all of the following requirements:

- Convertible into cash.
- At the time of acquisition, the maturity date did not exceed three months.
- They are not subject to a significant risk of changes in value.
- They are part of the Company's normal cash management policy.

### ***J. EQUITY AND TREASURY SHARES***

Share capital consists of ordinary shares.

The costs of issuing new treasury shares are charged directly against "Equity", as a reduction in reserves.

In the event that the Company acquires treasury shares, the price paid, including any directly attributable incremental cost, is deducted from "Equity" until the treasury shares are redeemed, reissued or sold. When these treasury shares are afterwards sold or reissued, any amount received is taken to "Equity" net of directly attributable incremental costs (Note 13.D).

### ***K. SHARE-BASED PAYMENTS***

Equity-settled share-based payments are measured at the fair value of the equity instruments granted. This fair value is expensed on a straight-line basis over the vesting period, based on SIEMENS GAMESA estimate of the shares that will ultimately be delivered and credited to "Equity" (Note 13.E).

Fair value is measured using the market prices available on the measurement date, taking into account the terms and conditions upon which those equity instruments were granted.

If a grant of equity instruments is cancelled or settled during the vesting period (for a reason other than a grant cancelled by forfeiture when the vesting conditions are not met), SIEMENS GAMESA accounts for the cancellation or settlement as an acceleration of the vesting and therefore recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

For cash-settled share-based payments, a liability equal to their current fair value determined at the end of each reporting period is recognized.

SIEMENS GAMESA has made certain assumptions in order to calculate the liability arising from the obligations with employees. The fair value of those financial instruments granted as share-based payments (Note 13.E) that are not traded in an active market is determined by using measurement techniques. The company uses judgments to select a series of methods and to make assumptions, that are mainly based on the market conditions existing at each Balance Sheet date. Changes in these assumptions would not have a significant impact on these Financial Statements.

In the cases in which SIEMENS GAMESA grants treasury shares to subsidiaries to make payment of these instruments to employees, the fair value balancing entry for the equity instruments delivered is considered to be an increase in the value of the investment that SIEMENS GAMESA has in the subsidiary, unless it is not likely that profits or financial yields will be obtained, in which case it would be an expense (Note 13.E).

## **L. FINANCIAL LIABILITIES**

### Classification and measurement

#### *Loans and other payables*

Loans and other payables include payables from trading and non-trading transactions, with fixed or determinable payments that are not quoted in an active market, and that are not classified in other financial liability category.

They are initially measured in the Balance Sheet at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received, adjusted by directly attributable transaction costs.

After their initial recognition in the Balance Sheet, those financial liabilities are measured at amortized cost. Interests accrued are recognized in the Statement of Profit and Loss using the effective interest rate method.

Nevertheless, trade payables which mature within less than one year with no contractual interest rate, as well as called-up payments on equity instruments, the amount of which is expected in the short term, are carried at nominal value both at initial and subsequent measurement, when the effect of not discounting the cash flows is not significant.

In deposits received for operating leases, the difference between the fair value and the amount disbursed is considered revenues income in advance for the lease and recognized in the Statement of Profit and Loss over the lease term. When estimating the fair value of deposits, the remaining period is considered to be the minimum contractual term during which the amount may not be reimbursed.

#### *Hedging derivatives*

This category includes derivatives classified as hedging instruments. Financial instruments which have been designated as hedging instruments are measured as indicated in Note 3.M.

As of September 30, 2019 and 2018 the company has no financial liabilities recognized under hedge accounting.

### Derecognition

The Company derecognizes a financial liability when the obligation under the liability is extinguished.

When debt instruments are exchanged with a lender, provided that their contractual terms are substantially different, the original financial liability is derecognized, and the new financial liability is recognized. Financial liabilities whose contractual terms are substantially modified are treated in the same manner.

The difference between the carrying amount of the financial liability or part of the financial liability that has been derecognized and the amount paid to extinguish the liability, including attributable transaction costs and any asset transferred other than cash or liability assumed, is recognized in the Statement of Profit and Loss for the period.

When the debt instrument is replaced by another on terms that are not substantially different, the original liability is not derecognized from the Balance Sheet, and the carrying amount is adjusted for the fees paid. The new amortized cost of the financial liability is calculated using the effective interest rate, which is the discount rate that equates the carrying amount of the financial liability at the modification date to the cash flows payable under the new terms.

Accordingly, the contractual terms are considered to be substantially different when the same lender granted the original loan and the present value of the cash flows from the new financial liability, including net commissions, differs by at least 10% from the present value of the outstanding cash flows of the original financial liability, discounting both by the effective interest rate of the original liability.

### ***M. ACCOUNTING HEDGES***

The Company enters into hedge transactions of foreign exchange risk of receivables in foreign currencies.

Transactions are only deemed as accounting hedges when they efficiently eliminate any risk inherent to the hedged item or position throughout the forecast duration of the hedge, which implies that at the inception of the hedge it is expected to be highly effective (prospective effectiveness) and that there is sufficient evidence that the hedge has proven itself effective throughout the life of the hedged item or position (retrospective effectiveness).

Hedging transactions are properly documented, including how it intends to achieve and measure its effectiveness in accordance with the management policy of the Company.

The hedge effectiveness is measured by testing that the differences arising from changes in the value of the hedged item and the corresponding hedging instrument remain within a range of 80% to 125% over the remaining term to maturity, and comply with forecasts established at the related contract dates.

If at any time this range is breached, hedging transactions cease to be treated as accounting hedges and are reclassified as held-for-trading derivatives.

For measurement purposes, the Company classifies hedging transactions in the following categories:

- **Fair value hedges**: hedges of the exposure to changes in the fair value of a recognized asset or liability, or unrecognized firm commitment, or an identified portion thereof, that is attributable to a particular risk and could affect the Statement of Profit and Loss. Changes in value of the hedging instrument and the hedged item attributable to the hedged risk shall be recognized in the Statement of Profit and Loss.
- **Cash flow hedges**: hedges of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, provided it can have an effect on the Statement of Profit and Loss. A hedge of the foreign currency risk of a firm commitment may be accounted for as a cash flow hedge. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall temporarily be recognized in equity and allocated to the Statement of Profit and Loss in the reporting period or periods in which the forecast hedged transaction affects profit or loss, except where the hedge relates to a forecast transaction that requires recognition of a non-financial asset or liability. In the latter case, the amounts recognized in equity shall be included in the cost of the asset or liability when it is acquired or assumed.

### ***N. ESTIMATION OF FAIR VALUE***

The fair value of the financial instruments sold in active markets is based on the market prices at the Balance Sheet date. The listed market price used for financial assets is the ordinary purchase price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and develops assumptions that are based on market conditions existing at each Balance Sheet date. For long-term debt market prices or agent quotation prices are used. Other techniques, such as the discounting of estimated cash flows, are used to determine fair value for other financial instruments. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows.



The fair value of forward foreign exchange contracts is determined using listed forward exchange market rates at the Balance Sheet date.

The carrying amounts of trade receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for financial reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

#### ***O. PROVISIONS AND CONTINGENCIES***

A distinction is drawn between:

- **Provision:** a present obligation (legal or constructive) as a consequence of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
- **Contingent liability:** a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the control of the company; or possible obligations, whose occurrence is unlikely or whose amount cannot be reliably estimated.

The Financial Statements include all material provisions that are considered likely that the obligation will have to be settled and whose amount can be measured reliably. Contingent liabilities are disclosed, but not recognized in the Financial Statements, except for those which arise from business combinations.

Provisions are recognized based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period. Provisions are fully or partially reversed when the obligations cease to exist or are reduced.

Provisions are recognized when the obligation arises, with a charge to the relevant heading in the Statement of Profit and Loss based on the nature of the obligation. Provisions are recognized at the present value of the expected expenditure, when the effect of the time value of money is significant.

Provisions are stated at the present value of the best possible estimate of the amount necessary to cancel or transfer the obligation, taking into account the information available regarding the event and its consequences, and recognizing those adjustments that arise from the update of those provisions as a financial expense as they accrue.

The compensation to be received from a third party on settlement of the obligation is recognized as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalized as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognized.

#### ***P. DISMISSAL INDEMNITIES***

In accordance with prevailing legislation, SIEMENS GAMESA is obliged to pay indemnities to employees if they are dismissed under certain circumstances. Reasonably quantifiable severance indemnities are therefore recognized as an expense in the year in which the decision to terminate employment is made and communicated. During the period ended September 30, 2019 and 2018 a total of EUR 3,285 thousand and EUR 4,956 thousand have been recognized, respectively, as dismissal indemnities and for contract termination compensations (Note 18.C).

#### **Q. CORPORATE INCOME TAX**

The Company is subject to the consolidated tax regime, as the Parent Company of a consolidated group of the Tax Authorities of Bizkaia (*Hacienda Foral de Bizkaia*) (Note 16).

The expense or income for Corporate income tax includes the part that corresponds to the expense or income by the current tax and the part that corresponds to the deferred tax expense or income. Both the current and deferred tax income or expense is recorded in the Statement of Profit and Loss. However, is recognized in "Equity" the tax effect related to items that are recorded directly in "Equity".

The current tax is the amount that the Company 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, give rise to a lower amount of current tax.

The deferred tax expense or income corresponds to the cancellation and 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 tax credits not applied. These amounts are recorded at the expected tax rate from the moment it is probable they are going to be recovered or settled.

Under the liability method, temporary differences that arise from assets or liabilities are the difference between the tax base of an asset or liability and its carrying amount in the Consolidated Balance Sheet. The tax base of an asset or liability is the amount attributed to the asset or liability for tax purposes.

Deferred tax liabilities will be recognized for all taxable temporary differences, except those deriving from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the tax base nor the accounting result and is not a business combination.

Deferred tax assets are only recognized to the extent that it is considered probable that the Company and/or the Tax Group to which it belongs will have taxable profits in the future against which the deferred tax assets can be utilized.

At each year end recognized deferred tax assets will be reconsidered and all appropriate adjustments will be made to the extent that there are any doubts regarding future recovery. Deferred tax assets not recognized in the Balance Sheet are also reviewed at each year end in order to recognize the extent to which it is likely that they may be offset against future taxable profits.

#### **R. INCOME AND EXPENSES**

Income and expenses are recorded on an accrual basis, i.e. in the period in which the income or expense deriving from the goods or services in question is earned or incurred, rather than the period in which the cash is actually received or disbursed. Such income is measured at the fair value of the consideration received, less any discounts and taxes.

Revenue from the rendering of services is recognized by reference to the stage of completion of the transaction at the Balance Sheet date, provided the outcome of the benefit can be estimated reliably.

Interest income from financial assets is recognized using the effective interest method and dividend income is recognized when the shareholder's right to receive payment has been established. In any event, interest and dividends from financial assets accrued after the time of acquisition will be recognized as revenue in the income statement. Notwithstanding the foregoing, if distributed dividends arise from results generated prior to the date of acquisition are not recognized as income, decreasing the carrying amount of the investment.

The income obtaining by the company referring to “Dividends from investments in group companies and associates” and “Income from credits to group companies and associates” are presented as part of “Revenue” pursuant to consultation no. 2 in issue 79 of the Official Gazette of the Spanish Accounting and Audit Institute (*Boletín Oficial del Instituto de Contabilidad y Auditoría de Cuentas*) published on September 30, 2009. According to this consultation, a line item should also be created within the operating margin with the subdivision needed to collect the valuation adjustments for impairment in investments in group companies and associates, as well as losses and expenses are incurred due to its sale or valuation at fair value (Note 10).

#### **S. LEASES**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases. The Company only records leases of the latter type (Note 18.D).

Revenues and expenses arising from operating leases are charged to the Statement of Profit and Loss in the year incurred.

Any payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortized over the lease term in accordance with the pattern of benefits provided.

#### **T. TRANSACTIONS AND BALANCES WITH RELATED-PARTIES**

Transactions between group companies are initially recognized at fair value. Transactions are subsequently measured in accordance with applicable standards.

Transactions with group companies are recognized based on the above measurement and recognition criteria, except for mergers, spin-offs, and the contribution of an indirect or direct subsidiary, in which case the acquired assets are measured at their Consolidated Group carrying amounts. Due to the lack of consolidated values, at the time of the contribution, applying the criteria set forth in the Code of Commerce and enacting regulations, the Company recognized investments received through non-monetary contributions at the carrying amount prior to the recognition of the transaction on the separate Financial Statements of the contributing Company. Any resulting gains or losses are recognized in reserves.

Transfer prices are duly documented so that the Company believes that it is not exposed to a risk of significant tax liabilities on related party transactions.

#### **U. TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY**

The Company's functional currency is the euro. As a result, transactions in currencies other than the euro are considered to be denominated in foreign currency and are recorded at the exchange rates prevailing on the transaction dates.

At the end of the year, monetary assets and liabilities denominated in foreign currency are converted using the exchange rate in force at the Balance Sheet date. Any resulting gains or losses are recognized directly in the Statement of Profit and Loss in the year in which they arise.

Non-monetary assets and liabilities which are measured at fair value and are denominated in foreign currency are translated at the exchange rates prevailing on the date on which fair value was determined. Gains or losses that are revealed are taken to “Equity” or to the Statement of Profit and Loss accordance with the same criteria used to recognize changes in fair value.

#### **4. Acquisitions, disposals and discontinued operations**

As described in Note 1.C of the Financial Statements for the year ended September 30, 2018, the Merger qualified for accounting purposes as a reverse acquisition, by which SIEMENS Wind Power Business is considered as accounting acquirer and GAMESA as accounting acquiree. SIEMENS acquired 59% of GAMESA in exchange for 41% of its Wind Power Business and an Extraordinary Merger Dividend of EUR 998.7 million. As SIEMENS and GAMESA only exchanged equity interests, GAMESA's market share price at the Merger Effective Date was the best indicator of the consideration paid for GAMESA's assets and liabilities, which was EUR 22.345 per share (relevant share price as of April 3, 2017). Accordingly, the consideration transferred amounted to EUR 6,203 million.

The accounting for this business combination was finalized by the date of preparation of the Financial Statements for the year ended September 30, 2018, and therefore the measurement of acquired assets and liabilities was final as of September 30, 2018.

During the fiscal year 2019 there have been no transactions that have involved a business combination.

#### **5. Financial risk management policy**

Due to the nature of its activities, SIEMENS GAMESA is exposed to a variety of financial risks: (i) market risks, in particular foreign exchange risk, market price risk and interest rate risk, (ii) liquidity risk and (iii) credit risk. The aim of the Financial Risk Management is to identify, measure, monitor and mitigate those risks and their potential adverse effects on SIEMENS GAMESA operational and financial performance. The general conditions for compliance with the Financial Risk Management process are set out through policies approved by the Senior Management. The identification, assessment and hedging of financial risks lies in the responsibility of each business unit.

##### **A. *MARKET RISK***

###### **a) Foreign exchange risk**

The SIEMENS GAMESA Group conducts transactions with international counterparties in the business operations, leading to income generation in currencies other than Euro, and to future cash flows generated by the SIEMENS GAMESA Group's companies, that are denominated in a currency other than their functional currencies, and are therefore exposed to risks from changes in foreign currency exchange rates.

Foreign currency exchange rate exposure is partially balanced by purchasing of goods, commodities and services in local market currencies, where the business is being conducted, as well as by locating the production activities and other contributions along the value chain in those local markets. Furthermore, to the extent possible, currency clauses are integrated into commercial contracts to transfer total or partially foreign currency risk to third parties.

In the cases where it is not possible to apply the measures described above, the SIEMENS GAMESA Group uses financial instruments to hedge for the remaining risk exposure, since its objective is to generate profits through business operations, and not by engaging in speculation with the exchange rate fluctuations (Note 15). For this purpose, the Group analyses the foreign currency exposure on its confirmed order book as well as on the planned and highly probable foreign currency transactions.

Due to the international set-up of the Group, cash flows are generated in numerous different currencies. The majority of foreign currency transactions of the company are denominated in Sterling Pounds, US Dollars, Danish Kroner and other currencies. According to the SIEMENS GAMESA Group's general Foreign Exchange risk management framework, foreign currency risk has to be hedged within a band of at least 75% up to a maximum of 100%. The financial instruments used to hedge this risk are primarily foreign currency exchange forward contracts and foreign currency swaps (Note 15).

The equivalent value in euros of the monetary assets and liabilities denominated in currencies other than euro held by SIEMENS GAMESA as of September 30, 2019 and 2018 is as follows:

Currency	Equivalent value in thousands of euros			
	09.30.2019		09.30.2018	
	Assets	Liabilities	Assets	Liabilities
Sterling pound	114,882	68,337	132,816	207,069
US dollar	104,760	190,479	150,305	21,942
Danish krone	35,891	704,651	118,612	750,384
Other currencies	11,360	95,661	17,619	91,815
<b>Total</b>	<b>266,893</b>	<b>1,059,128</b>	<b>419,352</b>	<b>1,071,210</b>

The equivalent value in euros of the main SIEMENS GAMESA balances denominated in currencies other than euro, based on the nature of the items concerned, is as follows:

Nature of the balances	Equivalent value in thousands of euros			
	09.30.2019		09.30.2018	
	Assets	Liabilities	Assets	Liabilities
Receivables from group companies and associates	13	-	95	-
Short-term credits in group companies	124,528	-	223,923	-
Cash and cash equivalents (Note 12)	142,352	-	195,334	-
Short-term payables to group companies and associates	-	1,058,993	-	1,071,071
Suppliers, group companies and associates	-	67	-	70
Trade and other payables	-	68	-	69
<b>Total</b>	<b>266,893</b>	<b>1,059,128</b>	<b>419,352</b>	<b>1,071,210</b>

b) Market price risk

The SIEMENS GAMESA Group is exposed to risks relating to fluctuations in the prices of the commodities, as well as import tariffs for certain products in some countries that may affect the costs of the supply chain. These risks are mainly managed in the procurement process. Only in some cases, the SIEMENS GAMESA Group uses derivative instruments to mitigate these market price risks.

At the moment of preparation of these Financial Statements, there is still significant uncertainty about the potential trade war between the United States, China and the European Union (hereinafter, "the EU"). As a result, there is significant uncertainty as to what tariffs will be applied in the different countries to different products. The United States administration has recently introduced tariffs on various categories of goods and materials, including steel, and threatened to introduce further tariffs. In response, the EU, China and other jurisdictions have introduced tariffs on certain United States goods and materials. Such tariffs increase the cost of certain key raw materials used in the Group's business, mainly in its manufacturing and construction processes. The expected impact of the mentioned tariffs represent less than 0.2% of the Group's total Consolidated "Revenue" for the year ended September 30, 2019. The Group has assessed the possible scenarios from the trade war, concluding that it will be able to reduce these risks by taking several risk mitigation measures including changes in its supply chain. A close analysis and follow-up is performed on a regular basis through the export control and customs and purchasing departments.

The exit of the United Kingdom (hereinafter "UK") from the European Union triggers an extended period of uncertainty, which adversely impacts future investments in the United Kingdom's energy market and also increases the uncertainty in the business development of the SIEMENS GAMESA Group in the United Kingdom (Note 6).

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The SIEMENS GAMESA Group uses external sources to finance parts of its operations. Loans at variable rates expose the Group to interest rate risks, while loans at fixed rates expose the Group to fair value interest rate risk. The variable rates are mainly linked to the LIBOR or the EURIBOR. The SIEMENS GAMESA Group continuously analyses the split of external financing at variable and fixed rates to optimise the interest rate exposure.

The Group has occasionally used derivative financial instruments to mitigate the interest rate risk. These interest rate hedges are assigned specifically to debt instruments and are matching their maturity as well as their nominal amount (Note 15).

**B. LIQUIDITY RISK**

Liquidity risk is the risk that the SIEMENS GAMESA Group is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents. The Group mitigates the liquidity risk by the implementation of an effective working capital and cash management as well as with arranged credit facilities with highly rated financial institutions. As of September 30, 2019, SIEMENS GAMESA has unused credit facilities amounting to EUR 2,637 million which represents 84.1% of total credit facilities (EUR 1,805 million as of September 30, 2018 which represented 60.4% of total credit facilities).

Furthermore, the Group attempts to maintain a financial debt structure that is in line with the maturity of the assets to be financed. Therefore, non-current assets are financed with long-term debt or equity, whereas working capital is mainly financed with current borrowings.

**C. CREDIT RISK**

The credit risk is the risk that exists when a counterparty or customer does not meet its contractual payment obligations, and this leads to a loss for the SIEMENS GAMESA Group.

The Group deals generally with customers that have an appropriate credit history and rating. The customers usually are companies within the energy sector where the steady cash-inflows from the sale of electricity leads to an above average credit rating. Nevertheless, in cases of customers with a below average rating or credit history, the SIEMENS GAMESA Group uses a variety of mitigation measures, such as irrevocable letters of credit or export insurances to cover the increased credit risk. Furthermore, the customer contract is individually analysed, including specific conditions according to the credit risk exposure to safeguard the Group from an insolvency of the counterparty.

**6. Critical valuation aspects and sources of uncertainty**

The preparation of the Financial Statements has required management to make judgments and use, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from Management's estimates: although the estimates are done based on the best information available of the analysed facts as of September 30, 2019 and 2018, future events might make it necessary to modify them (upwards or downwards) in later years, which would be applied prospectively, recognizing the change in estimations in future periods. These estimates relate basically to the following:

- Impairment in group companies and associates investments: long term investments valuation, requires estimating the recoverable amount to assess a possible impairment. To determine this recoverable amount, the Company estimates the expected future cash flows resulting from the mentioned investments by reference to future benefits and uses an appropriate discount rate to calculate the present value of the cash flows (Note 10).

- Useful life of intangible assets and property, plant and equipment: the Company's management estimates the useful life and relevant amortization / depreciation charges for its intangible assets and property, plant and equipment. The Company will increase the amortization / depreciation charges when useful lives are shorter than previously estimated, and write off or write down technically obsolete or non-strategic assets that have been abandoned or sold (Notes 8 and 9).
- Calculation of provisions: at the end of each reporting period the Company's Management estimates the liabilities arising from litigation and similar events which require the recognition of provisions of a tax and legal nature.
- Contingent liabilities: the Company's Management considers that there are no significant contingent liabilities for the year ended September 30, 2019 and 2018.
- Corporate income tax and "Deferred tax assets": the calculation of the tax is carried out based on Company Management's best estimates in accordance with the current tax situation and bearing in mind the foreseeable evolution of tax legislation.

The Company recognizes "Deferred tax assets" only to the extent that its future recovery or use is sufficiently guaranteed. As future circumstances are uncertain and are partially beyond the control of SIEMENS GAMESA, it is necessary to make hypotheses to estimate future taxable income, as well as the period in which the deferred taxes will be recovered. The estimates are reviewed in the period in which there is sufficient evidence to review the hypotheses.

When the final tax result differs from the amounts which were initially recognized, such differences will have an effect on income tax and the provisions for deferred taxes in the year in which they are deemed to arise (Note 16).

- On March 29, 2017, the UK Government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the European Union (hereinafter, "the EU"). There was an initial two-year timeframe for the UK and EU to reach an agreement on the withdrawal and the future UK and EU relationship. On March 29, 2019 the UK Parliament voted for a third time against the Prime Minister's Brexit deal, which, if passed, would have opened the way to the UK leaving the EU on a revised date of May 22, 2019. On April 10, 2019, the UK Government and the EU agreed an extension for the Brexit until October 31, 2019. On October 17, 2019, UK and the European Commission approved an orderly Brexit but it was not supported by the Parliament. On October 28, 2019, the EU agreed a new extension for the Brexit until January 31, 2020. The Prime minister, Boris Johnson, announced his intention to call elections in the United Kingdom on December 12, 2019.

At the moment of preparation of these Financial Statements, there is still significant uncertainty about the withdrawal process, its timeframe and the outcome of the negotiations about the future arrangements between the UK and the EU. As a result, there is significant uncertainty as to the period for which the existing EU laws for member states will continue to apply to the UK and which laws will apply to the UK after an exit. The consequences derived from it, for any resulting scenario, are still uncertain, affecting, among other factors, the value of the pound against the euro, access to the European single market, in circulation of people and goods, services and capital, or the valuation of investments made in the UK.

Nowadays the main Group operations related to UK market are the following:

- Currently there is no pipeline of UK onshore projects due to Government restrictions to the support for the new onshore developments. A number of projects are still in sales phase where Brexit risks can be covered in contract negotiations. Projects in the Republic of Ireland continue, but as Ireland remains in the EU no impacts are expected.

- Much of the Company's current activity in the UK concerns the supply and installation of Offshore projects.
- The SIEMENS GAMESA Group has made a major investment in UK manufacturing with the establishment of primary production of offshore wind turbine blades from a site co-located with the Group's port facility. Now at full output, the Group manufactures the current generation of 75 meter blades for its offshore projects, to this point used exclusively on UK projects. In summer 2019, the Group commenced an upgrade of the facility to facilitate a switch to the next generation of blades which will be used on both UK and European projects, commencing exports from the factory. The factory currently employs over 800 people.
- The SIEMENS GAMESA Group also provides warranty services to new projects and service of wind farm fleets in the long term for customers. With a major base in Newcastle upon Tyne, service also operates a widely distributed workforce with satellite locations at offshore wind farms and onshore wind hubs across the UK.

Below the specific risks that arise from the result of negotiations between the UK and the EU and affect the Group's activities are presented:

- It is expected that the custom duties tariffs will be applied to imported equipment that are currently tariff free. However, it is expected that the UK government would set temporary MFN ("Most favoured nation") rates and therefore, presumably, no tariff costs would arise in a post-Brexit situation, at least during the first year following the date of exit.
- The Group imports a significant part of raw materials for production of blades from EU (Denmark and Germany). The Group is currently analysing the supply chain flows and the measures to be implemented oriented to reduce lead-times and mitigate other potential risks from Brexit.
- The status of EU employees working for the SIEMENS GAMESA Group in the UK as residents and also the possibility that UK workers can travel and work freely in other EU countries are being analysed. However, the exposure to these risks are considered low.

The Group has evaluated the possible scenarios derived from the Brexit concluding that it will be able to cover these uncertainties through several risk mitigation measures and therefore no significant risk on the recoverability of assets resulting from past investments in the UK is identified. In any case, no material impact on the Group's total assets is expected as the Group's UK investments represent less than 0.8% of the total Group's consolidated assets as of September 30, 2019. A close analysis and follow-up of the situations that could suppose a significant risk and measures to be taken in this regard are performed on a regular basis through an established task force that continuously monitors the exit process.



## 7. Earnings allocation

At the date of preparation of these Financial Statements, SIEMENS GAMESA's Board of Directors, estimates that it will propose to the General Shareholders' Meeting for its approval the following allocation of results for the year ended September 30, 2019 as shown below, determined according to Spanish accounting regulations applicable to the Statutory Financial Statements of the Company:

Thousands of euros	09.30.2019
<b>Basis of distribution</b>	
Result for the year	168,582
<b>Total</b>	<b>168,582</b>
<b>Distribution</b>	
Legal reserve	16,858
Other reserves	116,488
Dividend	35,236
<b>Total</b>	<b>168,582</b>

### A. LIMITATIONS FOR THE DISTRIBUTION OF DIVIDENDS

The Company is required to allocate 10% of the year's profit to the constitution of the legal reserve, until it reaches at least 20% of the issued capital. While this reserve does not exceed the limit of 20% of the issued capital, is not distributable to the shareholders (Note 13.B).

Once all requirements provided for by the Law or the Bylaws have been met, dividends can only be distributed with charge to the year's profit, or freely available reserves, if the value of the "Equity" is not or, as a result of the distribution, less than the issued capital. For these purposes, benefits charged directly to "Equity" cannot be subject to direct or indirect distribution. If there were losses from prior years that made the "Equity" of the Company less than the figure of the share capital, the profit will be allocated to offset these losses.

## 8. Intangible assets

The movements produced during the years 2019 and 2018 in the heading "Intangible assets" on the Balance Sheet have been the following:

Thousands of euros	10.01.2018	Additions (Amortization)	09.30.2019
<b>COST</b>			
Software	436	47	483
	<b>436</b>	<b>47</b>	<b>483</b>
<b>AMORTIZATION</b>			
Software	(182)	(138)	(320)
	<b>(182)</b>	<b>(138)</b>	<b>(320)</b>
<b>Net total</b>	<b>254</b>	<b>(91)</b>	<b>163</b>

Thousands of euros	10.01.2017	Additions (Amortization)	09.30.2018
<b>COST</b>			
Software	315	121	436
	<b>315</b>	<b>121</b>	<b>436</b>
<b>AMORTIZATION</b>			
Software	(55)	(127)	(182)
	<b>(55)</b>	<b>(127)</b>	<b>(182)</b>
<b>Net total</b>	<b>260</b>	<b>(6)</b>	<b>254</b>

As of September 30, 2019 and 2018 the acquisition cost of fully amortized intangible assets that remained in use amounted to EUR 41 thousand and EUR 26 thousand, respectively.

## 9. Property, plant and equipment

Movements in the accounts included under the heading “Property, plant and equipment” at the Balance Sheet during 2019 and 2018 are as follows:

Thousands of euros	10.01.2018	Additions (Depreciation)	09.30.2019
<b>COST</b>			
Other installations, tooling and fixtures	1,100	83	1,183
Other property, plant and equipment	813	73	886
	<b>1,913</b>	<b>156</b>	<b>2,069</b>
<b>DEPRECIATION</b>			
Other installations, tooling and fixtures	(152)	(90)	(242)
Other property, plant and equipment	(302)	(272)	(574)
	<b>(454)</b>	<b>(362)</b>	<b>(816)</b>
<b>Net total</b>	<b>1,459</b>	<b>(206)</b>	<b>1,253</b>

Thousands of euros	10.01.2017	Additions (Depreciation)	09.30.2018
<b>COST</b>			
Other installations, tooling and fixtures	949	151	1,100
Other property, plant and equipment	463	350	813
	<b>1,412</b>	<b>501</b>	<b>1,913</b>
<b>DEPRECIATION</b>			
Other installations, tooling and fixtures	(58)	(94)	(152)
Other property, plant and equipment	(78)	(224)	(302)
	<b>(136)</b>	<b>(318)</b>	<b>(454)</b>
<b>Net total</b>	<b>1,276</b>	<b>183</b>	<b>1,459</b>

SIEMENS GAMESA's policy is to obtain insurance policies to cover all risks that could affect its property, plant and equipment (Note 19.C). At the end of 2019 and 2018 there was no shortfall in the coverage for these risks.

As of September 30, 2019 and 2018 the Company has fully depreciated “Property, plant and equipment” that are still in use, according to the following detail of their acquisition cost:

Thousands of euros	09.30.2019	09.30.2018
Other installations, tooling and fixtures	32	28
Other property, plant and equipment	77	39
<b>Total</b>	<b>109</b>	<b>67</b>

As of September 30, 2019 the Company has no commitments to acquire property, plant and equipment (EUR 151 thousand as of September 30, 2018).

## 10. Long-term financial instruments

The balance under the heading "Long-term investments in group companies and associates" as of September 30, 2019 and 2018 is as follows:

Thousands of euros	Long - term financial instruments		
	Equity instruments	Credits, derivatives and others	Total
<b>Year 2019</b>			
Long- term investments in group companies and associates			
Investments in group companies and associates	9,444,835	-	9,444,835
Credits to group companies and associates (Note 19)	-	500,000	500,000
Long- term financial investments			
Guarantees and deposits given	-	522	522
<b>Total</b>	<b>9,444,835</b>	<b>500,522</b>	<b>9,945,357</b>
<b>Year 2018</b>			
Long- term investments in group companies and associates			
Investments in group companies and associates	9,190,858	-	9,190,858
Credits to group companies and associates (Note 19)	-	500,000	500,000
Long- term financial investments			
Guarantees and deposits given	-	523	523
<b>Total</b>	<b>9,190,858</b>	<b>500,523</b>	<b>9,691,381</b>

Movement during 2019 and 2018 in "Long-term investments in group companies and associates" and "Long - term financial investments" is as follows:

Thousands of euros	Long - term investments in group companies and associates				
	10.01.2018	Additions	Disposals	(Impairment) Reversal	09.30.2019
Investments in group companies and associates	9,190,858	308,700	-	(54,723)	9,444,835
Credits to group companies and associates (Note 19)	500,000	-	-	-	500,000
<b>Total</b>	<b>9,690,858</b>	<b>308,700</b>	<b>-</b>	<b>(54,723)</b>	<b>9,944,835</b>

Thousands of euros	Long - term investments in group companies and associates				
	10.01.2017	Additions	Disposals	(Impairment) Reversal	09.30.2018
Investments in group companies and associates	7,814,740	1,481,408	(46,911)	(58,379)	9,190,858
Credits to group companies and associates (Note 19)	-	500,000	-	-	500,000
<b>Total</b>	<b>7,814,740</b>	<b>1,981,408</b>	<b>(46,911)</b>	<b>(58,379)</b>	<b>9,690,858</b>

A. **INVESTMENT IN GROUP COMPANIES AND ASSOCIATES**

The most significant information relating to group companies and associates as of September 30, 2019 and 2018 is as follows:

Thousands of euros Year 2019 (Appendix)	Registered address	% of ownership	Cost	Accumulated Impairment	Issued capital <sup>(1)</sup>	Rest of equity without results <sup>(2)</sup>	Operating profit <sup>(3)</sup>	Net results <sup>(4)</sup>
Siemens Gamesa Renewable Energy Wind Farms, S.A.Unipersonal (**)(****)	Spain	100%	6,458,746	-	35,491	386,072	43,684	26,413
Siemens Gamesa Renewable Energy 9Ren, S.L.Unipersonal (2)(**)(****)	Spain	100%	8,185	-	11,957	(1,764)	(1,807)	(1,872)
Siemens Wind Power SpA. (*)	Chile	100%	2,740	-	2,740	(1,351)	1,355	1,020
Siemens GamesaRenewable Energy Pty. Ltd. (**)	Australia	100%	31,282	-	31,269	(8,980)	(33)	(104)
Siemens Gamesa Renewable Energy GmbH. (**)(****)	Austria	100%	9,966	(2,661)	35	7,559	(146)	(289)
Siemens Gamesa Renewable Energy Limited (*)	Canada	100%	270,495	(113,737)	266,956	(271,562)	16,908	21,643
Siemens Gamesa Renewable Energy (Shanghai) Co, Ltd. (**)	China	100%	59,517	-	43,481	34,184	19,746	15,841
Siemens Gamesa Renewable Energy Limited (**)	Thailand	100%	5,439	-	5,439	(5,094)	2,719	2,141
Siemens Gamesa Renewable Energy Sp. z.o.o (**)	Poland	100%	11,758	-	5,899	(7,072)	2,952	2,414
Siemens Wind Power Ruzgar Enerjisi Anonim Sirketi (*)	Turkey	100%	43,849	-	3,704	2,744	4,024	1,035
Siemens Gamesa Renewable Energy Iberica S.L.U. (*)	Spain	100%	14,755	(10,085)	3	8,590	11,096	(4,082)
Siemens Gamesa Renewable Energy S.A.S (**)	France	100%	29,902	-	1,001	311	814	333
Siemens Gamesa Renewable Energy Belgium BVBA (**)	Belgium	100%	5,000	-	5,000	500	18,243	11,811
Siemens Gamesa Renewable Energy B.V. (**)	Netherlands	100%	113,033	-	1	5,221	7,147	5,019
Siemens Gamesa Renewable Energy S.A.C. (*)	Peru	100%	5,688	(3,200)	5,689	(4,480)	1,832	1,232
Siemens Gamesa Renewable Energy AB (**)	Sweden	100%	96,304	(8,311)	5	10,097	4,752	3,487
Siemens Gamesa Renewable Energy Limited (**)	United Kingdom	100%	202,533	-	207,141	(217,173)	123,208	89,560
Siemens Gamesa Renewable Energy Limited (**)	Ireland	100%	95,087	(48,710)	-	(1,694)	6,412	5,178
Siemens Gamesa Renewable Energy Italia S.r.l. (**)	Italy	100%	6,103	-	1,000	1,571	653	500
Siemens Gamesa Renewable Energy AS (**)	Norway	100%	20,126	-	271	(9,420)	(507)	(274)
Siemens Gamesa Renewable Energy, Inc. (*)	United States	100%	3,272,557	(1,657,840)	27,834	395,132	7,526	(4,504)
Siemens Gamesa Renewable Energy Engineering Centre Private Limited (**)	India	100%	1,323	-	1,323	736	4,086	2,936
Siemens Gamesa Renewable Energy A/S (**)	Denmark	100%	332,018	-	2,690	249,861	423,293	228,904
Siemens Gamesa Renewable Energy Egypt LLC (**)	Egypt	100%	3,868	-	3,871	(1,009)	(657)	(689)
Siemens Gamesa Renewable Energy GmbH & Co. KG (**)	Germany	100%	107,002	-	1,000	99,744	77,805	62,486
Siemens Gamesa Renewable Energy (Pty) Ltd (**)(****)	South Africa	70%	5,005	-	8,006	(2,000)	3,538	3,036
Siemens Gamesa Renewable Energy, Inc (**)	Philippines	100%	11,773	(4,910)	10,760	(6,843)	285	228
Siemens Gamesa Renewable Energy Kft. (**)	Hungary	100%	2,873	-	32	549	1,302	340
Oher investments	-	-	2,328	-	-	-	-	-
<b>Associates:</b>								
Windar Renovables, S.L. (***)	Spain	32%	65,034	-	9	96,289	5,328	1,040
<b>Total</b>			<b>11,294,289</b>	<b>(1,849,454)</b>				

Thousands of euros Year 2018 (Appendix)	Registered address	% of ownership	Cost	Accumulated Impairment	Issued capital <sup>(1)</sup>	Rest of equity	Operating profit <sup>(2)</sup>	Net results <sup>(2)</sup>
						without results <sup>(2)</sup>		
Siemens Gamesa Renewable Energy Wind Farms, S.A.U. (**)	Spain	100%	6,156,864	-	35,491	1,740,702	19,668	(1,693,440)
Siemens Gamesa Renewable Energy 9Ren, S.L.U. (2) (**)	Spain	100%	8,185	-	11,957	3,002	(4,724)	(4,792)
Siemens Wind Power SpA. (*)	Chile	100%	2,740	-	2,740	3,628	391	90
Siemens Gamesa Renewable Energy Pty. Ltd. (**)	Australia	100%	31,269	-	31,269	(25,151)	13,895	13,556
Siemens Wind Power GmbH. (*) (*****)	Austria	100%	9,966	-	35	9,110	(768)	(609)
Siemens Gamesa Renewable Energy Limited (**)	Canada	100%	270,489	(130,533)	266,956	(260,333)	24,440	20,045
Siemens Gamesa Renewable Energy (Shanghai) Co, Ltd. (**)	China	100%	59,488	-	43,481	16,508	21,217	15,514
Siemens Gamesa Renewable Energy Limited (**)	Thailand	100%	5,439	-	5,439	(5,608)	1,723	1,343
Siemens Gamesa Renewable Energy Sp. z.o.o (**)	Poland	100%	11,758	-	5,899	6,016	797	651
Siemens Wind Power Ruzgar Enerjisi Anonim Sirketi (*)	Turkey	100%	43,849	-	3,704	(1,562)	4,679	3,707
Siemens Gamesa Renewable Energy Iberica S.L.U. (**)	Spain	100%	14,739	-	3	14,104	(945)	(1,246)
Siemens Gamesa Renewable Energy S.A.S (*)	France	100%	29,902	-	1,001	82	3,457	2,289
Siemens Gamesa Renewable Energy Belgium BVBA (**)	Belgium	100%	5,000	-	5,000	26	16,225	10,486
Siemens Gamesa Renewable Energy B.V. (**)	Netherlands	100%	113,017	-	1	8,198	7,096	5,331
Siemens Gamesa Renewable Energy S.A.C. (*)	Peru	100%	5,688	-	5,689	176	1,164	946
Siemens Gamesa Renewable Energy AB (**)	Sweden	100%	96,304	-	5	4,787	7,459	5,689
Siemens Gamesa Renewable Energy Limited (**)	United Kingdom	100%	202,359	-	207,141	(204,756)	126,054	77,162
Siemens Gamesa Renewable Energy Limited (**)	Ireland	100%	95,082	-	-	(2,484)	7,095	5,949
Siemens Gamesa Renewable Energy Italia S.r.l. (**)	Italy	100%	6,088	-	1,000	1,556	798	500
Siemens Gamesa Renewable Energy AS (**)	Norway	100%	20,126	-	271	3,430	984	740
Siemens Gamesa Renewable Energy, Inc. (**)	United States	100%	3,272,023	(1,664,198)	27,834	520,444	15,947	(27,767)
Siemens Gamesa Renewable Energy Engineering Centre Private Limited (**)	India	100%	1,323	-	1,323	(920)	2,309	1,467
Siemens Gamesa Renewable Energy A/S (**)	Denmark	100%	331,126	-	2,690	102,436	288,535	230,032
Siemens Gamesa Renewable Energy Egypt LLC (**)	Egypt	100%	3,868	-	3,871	(812)	(499)	(330)
Siemens Gamesa Renewable Energy GmbH & Co. KG (**)	Germany	100%	105,842	-	1,000	99,746	31,834	22,743
Siemens Wind Power (PTY) LTD (**) (*****)	South Africa	70%	5,005	-	8,006	(626)	6,260	4,758
Siemens Gamesa Renewable Energy, Inc. (**)	Philippines	100%	10,760	-	10,760	(8,514)	566	348
Siemens Gamesa Renewable Energy Kft. (*)	Hungary	100%	10	-	10	(2,515)	313	35
Other investments	-	-	2,246	-	-	-	-	-
<b>Associates:</b>								
Windar Renovables, S.L. (***)	Spain	32%	65,034	-	9	87,721	8,365	1,731
<b>Total</b>			<b>10,985,589</b>	<b>(1,794,731)</b>				

(1) This information refers to the individual Financial Statements as of September 30, 2019 and 2018 for the respective companies except for the Windar Renovables data that refers to its Consolidated Financial Statements as of September 30, 2019 and 2018. None of the abovementioned companies are listed.

(2) 49% of direct ownership and 51% of indirect ownership.

(\*) Companies not legally required to audit their Financial statements.

(\*\*) Companies audited by EY.

(\*\*\*) Companies audited by another audit firm.

(\*\*\*\*) From now on, S.A.U. and S.L.U., respectively.

(\*\*\*\*\*) Siemens Gamesa Renewable Energy GmbH., previously denominated as Siemens Wind Power GmbH. / Siemens Gamesa Renewable Energy (Pty) Ltd., previously denominated Siemens Wind Power (Pty) Ltd.

The breakdown of investments grouped under “Other investments” as of September 30, 2019 and 2018 is as follows:

	Book value (thousands of euros)	% of direct ownership	Country
<b>Year 2019</b>			
Siemens Gamesa Renewable Energy Management GmbH	85	100%	Germany
Siemens Gamesa Renewable Energy d.o.o	843	100%	Croatia
Siemens Gamesa Renewable Energy International Wind Services, S.A.U.	681	100%	Spain
Siemens Gamesa Renewable Energy Limited	576	100%	South Korea
PT Siemens Gamesa Renewable Energy	142	95%	Indonesia
Siemens Gamesa Renewable Energy SARL	1	100%	Morocco
<b>Total other investments</b>	<b>2,328</b>		
<b>Year 2018</b>			
Siemens Gamesa Renewable Energy Management GmbH	85	100%	Germany
Siemens Gamesa Renewable Energy d.o.o	843	100%	Croatia
Siemens Gamesa Renewable Energy International Wind Services, S.A.U.	600	100%	Spain
Siemens Gamesa Renewable Energy Limited	576	100%	South Korea
PT Siemens Gamesa Renewable Energy	141	95%	Indonesia
Siemens Gamesa Renewable Energy SARL	1	100%	Morocco
<b>Total other investments</b>	<b>2,246</b>		

Changes in the cost of investments are as follows:

Thousands of euros	Country	Additions (disposals)
<b>Year 2019</b>		
Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	Spain	301,882
Siemens Gamesa Renewable Energy Kft.	Hungary	2,863
Siemens Gamesa Renewable Energy GmbH & Co. KG (Note 13.E)	Germany	1,160
Siemens Gamesa Renewable Energy, Inc.	Philippines	1,013
Siemens Gamesa Renewable Energy A/S (Note 13.E)	Denmark	892
Siemens Gamesa Renewable Energy, Inc. (Note 13.E)	United States	534
Siemens Gamesa Renewable Energy Limited (Note 13.E)	United Kingdom	174
Siemens Gamesa Renewable Energy International Wind Services, S.A.	Spain	81
Siemens Gamesa Renewable Energy (Shanghai) Co., Ltd. (Note 13.E)	China	29
Siemens Gamesa Renewable Energy Iberica S.L. (Note 13.E)	Spain	16
Siemens Gamesa Renewable Energy B.V. (Note 13.E)	Netherlands	16
Siemens Gamesa Renewable Energy Italia S.r.l. (Note 13.E)	Italy	15
Siemens Gamesa Renewable Energy Pty Ltd (Note 13.E)	Australia	13
Siemens Gamesa Renewable Energy Limited (Note 13.E)	Canada	6
Siemens Gamesa Renewable Energy Limited (Note 13.E)	Ireland	5
PT Siemens Gamesa Renewable Energy (Note 13.E)	Indonesia	1
<b>Total additions (disposals)</b>		<b>308,700</b>
<b>Year 2018</b>		
Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	Spain	1,480,792
Siemens Gamesa Renewable Energy, Inc.	United States	958,794
Siemens Gamesa Renewable Energy USA, Inc.	United States	(958,709)
Siemens Gamesa Renewable Energy Limited	Canada	(46,911)
PT Siemens Gamesa Renewable Energy	Indonesia	141
Siemens Gamesa Renewable Energy GmbH & Co. KG (Note 13.E)	Germany	211
Siemens Gamesa Renewable Energy A/S (Note 13.E)	Denmark	140
Siemens Gamesa Renewable Energy Limited (Note 13.E)	United Kingdom	30
Siemens Gamesa Renewable Energy (Shanghai) Co., Ltd. (Note 13.E)	China	5
Siemens Gamesa Renewable Energy Italia S.r.l. (Note 13.E)	Italy	4
<b>Total additions (disposals)</b>		<b>1,434,497</b>

The main changes in the fiscal year 2019 have been as follows:

- As of November 7, 2018 SIEMENS GAMESA, as the sole shareholder of Siemens Gamesa Renewable Energy Wind Farms, S.A.U. (Spain), approved an increase of reserves of such company in cash of EUR 300,000 thousand. The remaining amount, EUR 1,882 thousand, corresponds to the long-term incentive allocation (Note 13.E).

- As of March 14, 2019, the Company as the sole shareholder of Siemens Gamesa Renewable Energy Kft. (Hungary), approved an increase in cash of such company of HUF 900,000 thousand, equivalent to EUR 2,863 thousand, including HUF 7,000 thousand as a capital increase and HUF 893,000 thousand as a reserve increase.
- As of May 20, 2019, SIEMENS GAMESA, as the sole shareholder of Siemens Gamesa Renewable Energy, Inc. (Philippines), approved an increase in cash of PHP 59,000 thousand, equivalent to EUR 1,013 thousand, including it as a capital increase.
- As of September 23, 2019, the Company as the sole shareholder of Siemens Gamesa Renewable Energy International Wind Services, S.A.U. (Spain), approved an increase of reserves of such company in cash of EUR 81 thousand.
- Additionally, in those cases in which SIEMENS GAMESA granted equity instruments to its subsidiaries to make payment of these instruments to beneficiaries (Note 13.E), the Company has booked in aggregate an increase in “Investments in group companies and associates” in amount of EUR 4,743 thousand for the year ended September 30, 2019.
- At 2019 year end, the impairment recorded in 2018 for its subsidiary in United States has been updated and as a result, SIEMENS GAMESA has partially reversed the impairment provision for the investment in Siemens Gamesa Renewable Energy, Inc. (United States) in an amount of EUR 6,358 thousand mainly due to the slight improvement in the company’s perspectives.

The recoverable amount of the american investment has been estimated using the future cash flows for the next 5 years, based on the most updated business plan available, considering a discount rate based on a weighted average cost of capital (WACC) of 8.5% and a growth rate of 1.7% (8,5% and 1,4% in 2018, respectively). For the year 2020, an operating margin of 3.05% has been considered. For the year 2021 and subsequent periods, including the terminal value, an average margin close to 8.67% has been considered. The terminal value obtained through the generally accepted methodology for business valuations (discounted cash flows), represents 76% of the total recoverable value.

- At 2019 year end, the impairment recorded in 2018 for its subsidiary in Canada has been updated and as a result, SIEMENS GAMESA has partially reversed the impairment provision for the shareholding in Siemens Gamesa Renewable Energy Limited (Canada) in an amount of EUR 16,796 thousand mainly due to the slight improvement in the company’s perspectives.

The recoverable amount of the canadian investment has been estimated using the future cash flows for the next 5 years, based on the most updated business plan available, considering a discount rate based on a weighted average cost of capital (WACC) of 8.5% and a growth rate of 1.7%. For the year 2020, an operating margin of 8.04% has been considered. For the year 2021 and subsequent periods, including the terminal value, an average margin close to 7.6% has been considered. The terminal value obtained through the generally accepted methodology for business valuations (discounted cash flows), represents 62% of the total recoverable value.

- The company has detected impairment indicators in the investment in Siemens Gamesa Renewable Energy Limited (Ireland). As a result, an analysis of the recoverable amount of the shareholding has been made. The recoverable value has been estimated using the future cash flows for the next 5 years, based on the most updated business plan available, considering a discount rate based on a weighted average cost of capital (WACC) of 8.5% and a growth rate of 1.7%. For the year 2020, an operating margin of 6.25% has been considered. For the year 2021 and subsequent periods, including the terminal value, an average margin close to 8.66% has been considered. The terminal value obtained through the generally accepted methodology for business valuations (discounted cash flows), represents 96% of the total recoverable value. As a result of this assessment, an impairment of the investment in amount of EUR 48,710 thousand has been booked.

- Additionally, as a result of the analysis of the recoverable amount of the investments, further impairments have been booked for several subsidiaries for a total amount of EUR 29,167 thousand, for which the same valuation methodology of cash flow discounting as for the cases described above has been used, being the impairment derived mainly from the decrease in the future business expectation for these subsidiaries.

The main changes in the fiscal year 2018 were as follows:

- As of September 13, 2018 SIEMENS GAMESA, as the sole shareholder of Siemens Gamesa Renewable Energy Wind Farms, S.A.U. (Spain), approved a capital increase of such company in cash of EUR 1,070,000 thousand. Additionally, on the same date, SIEMENS GAMESA approved a non-monetary contribution for Siemens Gamesa Renewable Energy Wind Farms, S.A.U. by capitalising existing shareholder loans to the parent company of an amount of EUR 410,465 thousand. The remaining amount, EUR 327 thousand, corresponded to the long-term incentive allocation (Note 13.E).
- As of September 18, 2018 an agreement of reorganization was entered into by and among the following American companies: Siemens Gamesa Renewable Energy, Inc., Siemens Gamesa Renewable Energy USA, Inc. and Siemens Gamesa Renewable Energy Wind, LLC. All of these companies issued and outstanding shares were owned, directly or indirectly by SIEMENS GAMESA. This agreement was carried out in 2 steps:
  - As of September 24, Siemens Gamesa Renewable Energy USA, Inc., as the owner of all of the issued and outstanding equity interests in Siemens Gamesa Renewable Energy Wind, LLC., contributed and transferred to the subsidiary all the contributed indebtedness with the results that all of them were extinguished as of the effective date. The company Siemens Gamesa Renewable Energy Wind, LLC. was dissolved during the year 2019.
  - As of September 30, 2018, Siemens Gamesa Renewable Energy USA, Inc. was merged with and into Siemens Gamesa Renewable Energy, Inc., being this second the surviving company.

Additionally, an amount of EUR 85 thousand was recognized for the long-term incentive (Note 13.E).

- As of August 8, 2018, SIEMENS GAMESA, as the sole shareholder of Siemens Gamesa Renewable Energy Limited (Canada), approved a capital decrease of such company, with effective date August 15, 2018, of CAD 71,100 thousand equivalent to EUR 46,911 thousand.
- On April 6, 2018, PT Siemens Gamesa Renewable Energy (Indonesia) was established through SIEMENS GAMESA's disbursement of EUR 141 thousand and in which SIEMENS GAMESA held a 95% of ownership.
- During the year 2018, once a significant part of the existing uncertainties at the end of the previous fiscal year were materialized (incentives and fiscal reform), as well as new factors that affected the business development appeared in the United States (e.g. import tariffs), the impairment test performed in 2017 was updated for this country, recording an additional impairment amounting to EUR 76,266 thousand as of September 30, 2018 for Siemens Gamesa Renewable Energy, Inc.

The recoverable amount was estimated using the future cash flows for the next 5 years based on the most updated business plan available, considering a post tax discount rate of 8.5% and a growth rate of 1.3%. For the year 2019, an operating margin of 1.6% was considered. For the year 2020 and subsequent periods, including the terminal value, an average margin close to 6.3% was considered. The terminal value obtained through the generally accepted methodology for business valuations (discounted cash flows), represented 64% of the total recoverable value.



- At year end 2018, the impairment recorded in 2017 for its subsidiary in Canada was updated and as a result, SIEMENS GAMESA partially reversed the impairment provision for the shareholding in Siemens Gamesa Renewable Energy Limited (Canada) in an amount of EUR 17,887 thousand mainly due to the slight improvement in the company's perspectives.

The recoverable amount of the Canadian shareholding was estimated using the future cash flows for the next 5 years, based on the most updated business plan available, considering a post tax discount rate of 8.5% and a growth rate of 1.3%. In the projections, an average operating margin close to 10.4% were considered (including terminal value with an operating margin close to 8.9%). The terminal value obtained through the generally accepted methodology for business valuations (discounted cash flows), represented 80% of the total recoverable value.

The Appendix reflects a breakdown of the subsidiaries, joint ventures and associates included in the consolidation of the SIEMENS GAMESA Group, as well as information on them.

None of SIEMENS GAMESA's subsidiaries, joint ventures and associates are listed on organized markets.

#### **B. EFFECT OF NON-CONSOLIDATION**

SIEMENS GAMESA's Financial Statements are presented in compliance with current mercantile legislation. However, the management of SIEMENS GAMESA and Group companies is carried out on a consolidation basis. As a result, SIEMENS GAMESA's Financial Statements do not reflect the financial - equity changes that result from applying consolidation criteria to those shares or the transactions carried out by them, some of which derive from the Group's global strategy. These changes are reflected in the Consolidated Financial Statements for the SIEMENS GAMESA Group for the period ended September 30, 2019 and 2018.

The main figures in the SIEMENS GAMESA Group Consolidated Financial Statements for 2019 and 2018, prepared in accordance with International Financial Reporting Standards approved by the European Union (IFRS-EU) are as follows:

<b>Thousands of euros</b>	<b>09.30.2019</b>	<b>09.30.2018</b>
Total assets	16,689,413	16,152,737
Equity		
Parent Company	6,270,104	5,928,725
Non - controlling interests	2,701	2,226
Revenue from continuing operations	10,226,879	9,122,272
Net income for the year		
Parent Company	140,002	69,993
Non - controlling interests	936	(63)

#### **11. Short-term financial instruments**

The breakdown of short-term financial instruments, without considering the current tax assets and liabilities balances, as of September 30, 2019 and 2018 is as follows:

<b>Thousands of euros</b>	<b>09.30.2019</b>	<b>09.30.2018</b>
Receivables from group companies and associates (Note 19)	52,040	34,682
Personnel	47	31
Short-term investments in group companies and associates (Note 19)	495,460	1,056,299
Derivatives (Notes 15 and 19)	1,497	631
<b>Total</b>	<b>549,044</b>	<b>1,091,643</b>

## 12. Cash and cash equivalents

The breakdown of “Cash and cash equivalents” as of September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019	09.30.2018
Cash in euros	580,143	843,476
Cash in foreign currency (Note 5.A)	142,352	195,334
<b>Total</b>	<b>722,495</b>	<b>1,038,810</b>

Cash and cash equivalents accrue market interest rates. There are no restrictions on the use of these balances.

## 13. Equity

### A. ISSUED CAPITAL

SIEMENS GAMESA’s issued capital as of September 30, 2019 and 2018 amounts to EUR 115,794 thousand being composed of 681,143,382 ordinary shares of EUR 0.17 of nominal value each, represented by means of annotations into account, fully subscribed and disbursed.

According to information of the Company, the shareholder structure of SIEMENS GAMESA as of September 30, 2019 and 2018 is as follows:

Shareholders	% shareholding	
	09.30.2019	09.30.2018
SIEMENS AG (*)	59.000%	59.000%
Iberdrola, S.A.	8.071%	8.071%
Other (**)	32.929%	32.929%
<b>Total</b>	<b>100.000%</b>	<b>100.000%</b>

(\*) 28.877% by Siemens Beteiligungen Inland GmbH.

(\*\*) Includes all shareholders with an ownership stake of less than 3%, who are not considered as significant shareholders according to the article 32 of the Royal Decree 1362/2007 of October 19 on shareholders required to notify their stake due to the residence in a tax haven or in a country of 0 taxation or with no effective exchange of tax information.

SIEMENS GAMESA’s shares are listed in the IBEX 35 through the Automated Quotation System (*Mercado Continuo*) at the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges.

In May 2019, the rating agencies gave the following credit rating to the SIEMENS GAMESA Group.

Issuer rating of SIEMENS GAMESA <sup>(1)</sup>			
Agency	Rating	Outlook	Date
Standard & Poor’s	BBB-	Positive	May 6, 2019
Moody’s	Baa3	Stable	May 6, 2019
Fitch	BBB	Stable	May 22, 2019

<sup>(1)</sup> Long term: the above ratings may be revised, suspended or withdrawn by the rating agency at any time.

### B. RESERVES

#### Capital reserve

The Spanish Companies Act expressly allows the use of the capital reserve to increase issued capital and there are no specific restrictions for the availability of that amount.

## Legal Reserve

Under the Spanish Companies Act, limited responsibility companies (*Sociedad Anónima*) must transfer each year 10% of net profit to the “Legal Reserve” until the balance of this reserve reaches at least 20% of the “Issued Capital”.

The “Legal Reserve” can be used to increase capital, as long as the remaining reserve balance does not fall below 10% of the increased “Issued Capital” amount. Otherwise, until the legal reserve exceeds 20% of “Issued Capital”, it can only be used to offset losses, as long as other reserves are not available for this purpose.

As of September 30, 2019 and 2018, this reserve is not fully set up.

### **C. DIVIDENDS**

The General Shareholders’ Meeting of SIEMENS GAMESA held on March 27, 2019 approved a dividend amounting to EUR 17.5 million, charged to the results of the year ended September 30, 2018. This dividend has been paid in April 4, 2019.

No dividends were paid during the year ended September 30, 2018.

### **D. TREASURY SHARES, AT COST**

The change in treasury shares held, as well as of the item “Treasury shares, at cost” of “Total Equity” as a consequence of the transactions during the years 2019 and 2018, is as follows:

	Number of shares	Thousands of euros	Average price
<b>Balance at 10.01.2018</b>	<b>1,698,730</b>	<b>(20,343)</b>	<b>11.975</b>
Acquisitions	18,136,391	(235,668)	12.994
Disposals	(18,199,696)	234,395	12.879
<b>Balance at 09.30.2019</b>	<b>1,635,425</b>	<b>(21,616)</b>	<b>13.217</b>

	Number of shares	Thousands of euros	Average price
<b>Balance at 10.01.2017</b>	<b>1,707,508</b>	<b>(21,505)</b>	<b>12.594</b>
Acquisitions	22,995,111	(281,552)	12.244
Disposals	(23,003,889)	282,714	12.290
<b>Balance at 09.30.2018</b>	<b>1,698,730</b>	<b>(20,343)</b>	<b>11.975</b>

The nominal value of the treasury shares acquired directly or indirectly by SIEMENS GAMESA, together with those already held by the SIEMENS GAMESA Group and its subsidiaries does not exceed 10% of the “Issued Capital” for the years ended September 30, 2019 and 2018.

On July 10, 2017, the SIEMENS GAMESA Group entered into a liquidity contract with Santander Investment Bolsa, which was communicated to the CNMV through a notice of a Significant Event on the same date. Under this contract, during the period between October 1, 2018 and September 30, 2019, the SIEMENS GAMESA Group has acquired 18,136,391 own shares at the average price of EUR 12.99 per share, and has sold 18,199,696 own shares at an average price of EUR 12.88 per share and during the period between October 1, 2017 and September 30, 2018 the SIEMENS GAMESA Group acquired 22,995,111 own shares at the average price of EUR 12.24 per share, and sold 23,003,889 own shares at an average price of EUR 12.29 per share.

The difference between the cost and sales price, has led to an increase of EUR 811 thousand as of September 30, 2019 (a decrease of EUR 22 thousand as of September 30, 2018), recognized under “Equity”.

## **E. LONG-TERM INCENTIVE**

The General Shareholders' Meeting held on March 23, 2018 approved a Long-Term Incentive Plan for the period between 2018 and 2020, which includes the delivery of shares of the Company linked to the achievement of certain strategic objectives after measurement periods of 3 years. This Long-Term Incentive Plan is addressed to the Chief Executive Officer, Senior Management, certain Managers and employees of the Company and, where appropriate, of subsidiaries of the SIEMENS GAMESA Group.

The plan has a duration of 5 years divided into three independent cycles with a measurement period of three years each.

The settlement period of the Plan will fall within fiscal years 2021, 2022 and 2023. The shares will be delivered, as appropriate, within sixty (60) calendar days from the date on which the Company's Board of Directors prepares the Financial Statements for the relevant period, in order to determine the degree of achievement of the objectives for each cycle ("Delivery Date"). The Plan will end on the Delivery Date for cycle FY2020 (i.e. following the preparation of the 2022 Financial Statements).

The Plan is addressed to a maximum of 300 beneficiaries, and the designation of an individual as a beneficiary of a Plan cycle will not necessarily entitle the participation in other Plan cycles.

The Plan could not exceed, as a maximum, the delivery of a total of 5,600,000 shares. This total limit, which represents a 0.82% of SIEMENS GAMESA's capital, was calculated considering the potential inclusion of additional beneficiaries. The Company will allocate Shares of treasury stock to cover the Plan or otherwise meet the commitments derived from the Plan with a financial instrument that provides adequate coverage. As a result of the amendments to the Plan for the second and third cycles, as described below, the total number of shares allocated to the Plan has increased to the limit of 7,560,000 shares, which represent 1.1% of the share capital of SIEMENS GAMESA.

### *First cycle of the Plan*

With respect to the first cycle, the SIEMENS GAMESA Group has recorded the rendering of services from the beneficiaries relating to the incentive payable in shares as personnel expenses on an accrual basis, accruing the estimate of the fair value of the equity instruments assigned over the term of the plan (between October 1, 2017 and October 1, 2020), which have given rise to a debit amounting EUR 1,417 thousand in "Personnel expenses" in the Statement of Profit and Loss by nature for the year ended September 30, 2019 (EUR 379 thousand for the year ended September 30, 2018), crediting the heading "Other reserves" under "Equity" in the accompanying Balance Sheet as of September 30, 2018.

In those cases in which SIEMENS GAMESA granted equity instruments to its subsidiaries to make payment of these instruments to beneficiaries, the Company has recorded EUR 2,856 thousand under the heading "Long-term investments in group companies and associates - Investments in group companies and associates" in the accompanying Balance Sheet as of September 30, 2019 (Note 10), crediting the heading "Reserves - Other reserves" under "Equity", equivalent to the services received and accrued by beneficiaries at subsidiaries (EUR 802 thousand as of September 30, 2018).

To value this programme, the SIEMENS GAMESA Group used the futures pricing formula and the Monte Carlo method simulation based on the assumptions of the Black Scholes pricing model, which is widely used in financial practice to measure options, in order to include the effect of market conditions on the value of the transferred equity instruments. The main market parameters used in the measurement were as follows:

- The risk-free rate was -0.05%.
- The share price volatility was 43.6% which corresponds to the average value of the historic share price variations since January 2010.
- Estimate of the degree of achievement of the strategic objectives from the first cycle: 78% (55% for the year 2018).

The number of employees entitled to the plan's first cycle amounts to 174.

### *Second and third cycles of the Plan*

In the General Shareholders' Meeting held on March 27, 2019, it has been approved a modification of the Long-Term Incentive for the *FY2019* and *FY2020* cycles.

The objective of this modification is to improve and to better align the Plan with the Company's strategic priorities, like the L3AD2020 programme. Finally, these improvements will eliminate the redundancies with the short-term incentive system and will enforce the property culture among the Company.

With respect to the second cycle, the SIEMENS GAMESA Group has recorded the rendering of services from the beneficiaries relating to the incentive payable in shares as personnel expenses on an accrual basis, accruing the estimate of the fair value of the equity instruments assigned over the term of the plan (between October 1, 2018 and October 1, 2021), which have given rise to a debit amounting EUR 643 thousand in "Personnel expenses" in the Statement of Profit and Loss by nature for the year ended September 30, 2019, crediting the heading "Other reserves" under "Equity" in the accompanying Balance Sheet as of September 30, 2019.

In those cases in which SIEMENS GAMESA granted equity instruments to its subsidiaries to make payment of these instruments to beneficiaries, the Company has recorded EUR 1,887 thousand under the heading "Long-term investments in group companies and associates – Investments in group companies and associates" in the accompanying Balance Sheet as of September 30, 2019 (Note 10), crediting the heading "Reserves – Other reserves" under "Equity", equivalent to the services received and accrued by beneficiaries at subsidiaries.

To value this programme, the SIEMENS GAMESA Group used the futures pricing formula and the Monte Carlo method simulation based on the assumptions of the Black Scholes pricing model, which is widely used in financial practice to measure options, in order to include the effect of market conditions on the value of the transferred equity instruments. The main market parameters used in the measurement have been as follows:

- The risk-free rate is 0.18%.
- The share price volatility is 42.98% which corresponds to the average value of the historic share price variations since January 2010.
- Estimate of the degree of achievement of the strategic objectives from the second cycle: 100%.

The number of employees entitled to the Plan's second cycle amounts to 191.

### **14. Current and non-current financial liabilities**

The current and non-current financial liabilities as of September 30, 2019 and 2018 is as follows:

<b>Thousands of euros</b>	<b>09.30.2019</b>	<b>09.30.2018</b>
<b>Long-term debts</b>		
Debt with financial institutions	494,127	693,668
<b>Short-term debts</b>		
Debt with financial institutions	-	484,730
Derivatives (Notes 15 and 19)	979	1,271
Other financial liabilities	-	2,895
<b>Total</b>	<b>495,106</b>	<b>1,182,564</b>

#### A. DEBT WITH FINANCIAL INSTITUTIONS

The amounts of “Debt with financial institutions” include in the Balance Sheet as of September 30, 2019 and 2018 mainly relates to the multi-currency revolving credit facility and loan signed as of May 30, 2018, amounting both to a total of EUR 2,500 million, replacing the EUR 750 million credit facility from 2017. The facility includes a fully drawn term loan tranche of EUR 500 million maturing in 2021 and a revolving credit line tranche of EUR 2,000 million maturing in 2023 with two one-year extension options. As of September 30, 2019 and 2018, EUR 500 million and EUR 700 million, respectively, have been drawn. It may be used for general corporate purposes and to refinance outstanding debt.

In March and May 2019, SIEMENS GAMESA has signed new bilateral credit lines amounting to EUR 512 million, of which EUR 412 million mature in 2020 and EUR 100 million are extendable by tacit agreement until 2022, accruing an average interest rate of 0.33%. As of September 30, 2019 the Group has not drawn any amount related these credit lines.

As of September 30, 2019 the average cost of the gross debt is of 0.5% (0.43% as of September 30, 2018). As of September 30, 2019 and 2018 the Company does not have financing debt subject to financial covenants.

The reduction in the use of the credit lines is due to the optimization of the available cash.

#### B. OTHER CURRENT FINANCIAL LIABILITIES

This heading included, as of September 30, 2018, the provision for outstanding remuneration to staff derived from Incentive Plan 2016-2017, amounting to EUR 2,565 thousand (having paid the first 50% in 2018). During the year 2019, this amount has been paid (which corresponds to the final payment for the remaining 50%), and therefore, as of September 30, 2019, no payment amount is pending due to this concept (Note 18.C).

### 15. Derivatives

The Company uses derivatives to hedge the risks to which its activities and transactions related to exchange rate fluctuations are exposed. The breakdown of balances representing the valuation of derivatives on the September 30, 2019 and 2018 Balance Sheet is as follows:

Thousands of euros	Short-term	
	Assets (Note 11)	Liabilities (Note 14)
<b>Year 2019</b>		
<b>Foreign currency derivatives</b>		
Foreign currency derivatives (Note 19)	1,497	979
<b>Total</b>	<b>1,497</b>	<b>979</b>
<b>Year 2018</b>		
<b>Foreign currency derivatives</b>		
Foreign currency derivatives (Note 19)	631	1,271
<b>Total</b>	<b>631</b>	<b>1,271</b>

At closing of fiscal years 2019 and 2018, the amount booked under the line item “Exchange differences” of the Statement of Profit and Loss due to the fair value of derivative instruments is a positive change of EUR 1,156 thousand and negative change of EUR 1,212 thousand, respectively.

SIEMENS GAMESA uses derivatives as foreign currency hedges to offset the potential negative effects that fluctuations in exchange rates on future cash flows for transactions in currencies other than the Company's functional currency, as well as for certain intragroup monetary transactions carried out by companies with different functional currencies. As of September 30, 2019 and 2018, the total nominal value hedged by the currency derivatives is as follows:

Currency	Thousands of euros	
	09.30.2019	09.30.2018
Danish krone	669,057	632,124
United States dollar	54,858	11,049
Sterling pound	46,291	99,063
Canadian dollar	30,132	5,000
Swedish krona	25,667	26,102
Norwegian krone	18,167	27,754
Australian dollar	6,774	42,000
Japanese yen	2,796	1,660
South African rand	751	6,537
New Zealand dollar	-	1,700
<b>Total</b>	<b>854,493</b>	<b>852,989</b>

## 16. Current tax assets/liabilities and income tax

Since 2002 SIEMENS GAMESA and some of its subsidiaries located in the Basque Country, subject to Bizkaia's corporate tax regulations, are taxed under the Special Consolidated Tax Regime, being SIEMENS GAMESA the Parent company of this Tax Group. This regime is now regulated under the chapter VI of the title VI of the *Norma Foral 11/2013* (Local Income Tax regulation), of December 5, and the *Norma Foral 2/2018*, of March 21, of the Bizkaia Historical Territory.

Moreover, since 2009, SIEMENS GAMESA and its subsidiaries which meet the requirements are resolved to be under the Group's Special Regime of Value Added Tax included in chapter IX of the *Norma Foral 7/1994* of November 9 of Bizkaia which regulates this tax at its basic level, being SIEMENS GAMESA the Parent Company of the Tax Group.

The companies that integrate the Consolidated Tax Group under the Regional Regulations of Bizkaia for the purposes of Income tax for the fiscal year 2019 are the following:

Siemens Gamesa Renewable Energy, S.A. (Parent company)	Sistemas Energéticos Sierra de Valdefuentes, S.L.U.
Siemens Gamesa Renewable Energy Europa, S.L.U.	Sistemas Energéticos Fonseca, S.A.U.
Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	Sistemas Energéticos Serra de Lourenza, S.A.U.
Siemens Gamesa Renewable Energy International Wind Services, S.A.U.	Sistemas Energéticos Balazote, S.A.U.
Siemens Gamesa Renewable Energy Invest, S.A.U.	Adwen Offshore, S.L.U.
Sistemas Energéticos Tablero Tabordo, S.L.U.	Sistemas Energéticos Argañoso, S.L.U.
Sistemas Energéticos Tarifa, S.L.U.	Sistemas Energéticos Carril, S.L.U.
Parque Eólico Dos Picos, S.L.U.	Sistemas Energéticos Jaralón, S.A.U.
Sistemas Energéticos Loma del Viento, S.A.U.	Sistemas Energéticos Loma del Reposo, S.L.U.
Sistemas Energéticos Sierra de Las Estancias, S.A.U.	Sistemas Energéticos Cabezo Negro, S.A.U.
International Windfarm Developments II, S.L.	International Windfarm Developments IX, S.L.U.
Sistemas Energéticos Cuntis, S.A.U.	Sistemas Energéticos Cuerda Gitana, S.A.U.
Sistemas Energéticos La Cámara, S.L.U.	Sistemas Energéticos Tomillo, S.A.U.
Sistemas Energéticos La Plana, S.A.	Sistemas Energéticos Ladera Negra, S.A.U.
Sistemas Energéticos Cabanelas, S.A.U.	

The following companies are subject to the aforementioned Group's Special Regime of Value Added Tax in the year 2019:

Siemens Gamesa Renewable Energy, S.A. (Parent company)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.
Adwen Offshore, S.L.U.	Sistemas Energéticos La Cámara, S.L.
Sistemas Energéticos La Plana S.A.	Sistemas Energéticos Cabezo Negro S.A.U.

#### **A. NON-CURRENT AND CURRENT TAX ASSETS AND LIABILITIES**

The breakdown of balances between non-current and current receivables as of September 30, 2019 and 2018 is the following:

Thousands of euros	09.30.2019	09.30.2018
<b>Non-current receivables</b>		
Deferred tax assets	920	1,239
<b>Current receivables</b>		
VAT receivable	7,793	7,045
Withholdings and payments on account receivable from the Treasury	1,454	-
<b>Total</b>	<b>10,167</b>	<b>8,284</b>
<b>Current payables</b>		
Income tax payable	11,546	5,690
Accounts payable to the Treasury for withholdings	773	2,830
Social Security	442	556
<b>Total</b>	<b>12,760</b>	<b>9,076</b>

#### **B. RECONCILIATION BETWEEN REPORTED PROFITS AND TAXABLE PROFITS**

Due to the different accounting / tax considerations that certain operations have for the purpose of taxation of corporate income tax, the taxable base for the year differs from the accounting result.

The reconciliation between the accounting result and the tax base of the SIEMENS GAMESA Income Tax at the individual level is as follows:

Thousands of euros	
<b>Year 2019</b>	
<b>Result before tax</b>	<b>169,107</b>
Plus (less) Permanent differences	(209,913)
Plus (less) Temporary differences	
Other provisions	(710)
<b>Individual tax base</b>	<b>(41,516)</b>
Plus (less) Eliminations due to consolidated taxation	-
<b>Individual tax base contributed to the Group</b>	<b>(41,516)</b>
<b>Year 2018</b>	
<b>Result before tax</b>	<b>57,382</b>
Plus (less) Permanent differences	(103,969)
Plus (less) Timing differences	
Other provisions	2,977
<b>Individual tax base</b>	<b>(43,610)</b>
Plus (less) Eliminations due to consolidated taxation	-
<b>Individual tax base contributed to the Group</b>	<b>(43,610)</b>

Permanent differences mainly correspond to the non-integration on the tax basis of dividends received from its investees and the non-integration of certain portfolio provisions registered in the current fiscal year that have been considered as non-deductible.



The permanent differences include the adjustment related to the received dividends, EUR 287 million (Note 19), which generate income not integrated into the taxable income tax base.

Temporary differences refer to the different accounting / tax allocation criteria for the calculation of the tax base.

#### C. RECONCILIATION BETWEEN REPORTED PROFITS AND THE CORPORATE INCOME TAX (TAX EXPENSE)

The reconciliation between reported profits and the income tax and expense is set out below:

Thousands of euros	2019	2018
<b>Result before tax</b>	<b>169,107</b>	<b>57,382</b>
Impact of permanent differences	(209,913)	(103,969)
<b>Tax payable at 26% (28% in 2018)</b>	<b>10,610</b>	<b>13,044</b>
Regularisation current and deferred taxes, Tax-loss carryforwards yet to be applied and deductions applied in previous years' settlement	(11,135)	(20,574)
<b>Total Corporate Income Tax income (expense)</b>	<b>(525)</b>	<b>(7,530)</b>

#### D. BREAKDOWN OF TOTAL INCOME TAX (TAX EXPENSE)

The detail of the Income tax (tax expense) for the periods ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
<b>Current tax</b>		
From continuing operations	(206)	(8,268)
<b>Deferred tax</b>		
From continuing operations	(319)	738
<b>Total Income tax (tax expense)</b>	<b>(525)</b>	<b>(7,530)</b>

#### E. RECOGNIZED DEFERRED TAX ASSETS

The breakdown as of September 30, 2019 and 2018 and movements in this account during the year are as follows:

Thousands of euros	10.01.2018	Additions (disposals)	Regularization from changes in the tax rate	Other regularizations	09.30.2019
<b>Year 2019</b>					
Temporary differences	1,239	(185)	(81)	(53)	920
<b>Total deferred tax assets</b>	<b>1,239</b>	<b>(185)</b>	<b>(81)</b>	<b>(53)</b>	<b>920</b>

Thousands of euros	10.01.2017	Additions (disposals)	Regularization from changes in the tax rate	09.30.2018
<b>Year 2018</b>				
Temporary differences	501	833	(95)	1,239
<b>Total deferred tax assets</b>	<b>501</b>	<b>833</b>	<b>(95)</b>	<b>1,239</b>

Deferred tax assets are mainly derived from the different tax / accounting allocation criteria applicable to certain remunerations and long-term incentives of personnel.

During fiscal year 2019, as a result of the reduction of the tax rate approved in Bizkaia applicable from the year 2020 onwards (24%), deferred taxes have been assessed in accordance with this future tax rate.

Likewise, during fiscal year 2018, as a result of the reduction of the tax rate approved in Bizkaia for the fiscal year 2019 (26%), the deferred taxes were valued with such future taxation rate.

The legislation applicable to this year establishes a temporary limitation of 30 years for the deductions and negative tax bases generated, also establishing that, for those deductions and negative bases existing prior to January 1, 2014, the term of 30 years begins at count from January 1, 2014. In the previous year, the temporary limitation was 15 years.

In addition, the applicable legislation, *Norma Foral 2/2018 de 21 de marzo*, amongst other modifications, has introduced a reduction of the percentage from 45% to 35% for the application of deductions with limitation of quota, and also has limited the compensation of tax-loss carryforwards, so that in each tax period may not exceed 50% of the positive tax base prior to said compensation

As of September 30, 2019, the Fiscal Group of which SIEMENS GAMESA is the Parent Company has tax-loss carryforwards that have not been registered in the amount of 576,321 thousand euros (584,124 thousand euros as of September 30, 2018)

<b>Generation period</b>	<b>Maturation period</b>	<b>Thousands of euros</b>
2011	2043	7,326
2012	2043	45,394
2013	2043	143,408
2014	2044	21,456
2015	2045	4,582
2016	2046	21,578
2017	2047	250,313
2018	2048	82,264
<b>Total</b>		<b>576,321</b>

Likewise, as of September 30, 2019, SIEMENS GAMESA has outstanding tax credits generated prior to its taxation in the Special Tax Consolidation Regime amounting to 4,386 thousand euros (4,386 thousand euros as of September 30, 2018). To the extent that they are tax credits generated prior to their taxation in the Consolidation Regime, such tax credits can only be used with future taxable bases generated by SIEMENS GAMESA itself. Due to the activity of SIEMENS GAMESA, and by application of the criterion of prudence, the Company has not recognized the tax effect of such tax credits, which will be recognized as a reduction in the corporate income tax expense in the periods in which they are effectively applied.

<b>Generation period</b>	<b>Maturation period</b>	<b>Thousands of euros</b>
1998	2043	1,733
1999	2043	16
2000	2043	617
2001	2043	2,020
<b>Total</b>		<b>4,386</b>

On the other hand, as the parent of the Tax Group, SIEMENS GAMESA recognizes as deductions of the Tax Group, if applicable, the deductions pending to be applied as of September 30, 2019 corresponding to the subsidiaries of the Tax Group, for the current period, as well as for previous periods, along with the recognition of the corresponding accounts payable to the subsidiaries. As of September 30, 2019, the Tax Group of which SIEMENS GAMESA is the parent has unrecognized deductions amounting to EUR 94,270 thousand (EUR 96,001 thousand as of September 30, 2018).

<b>Generation period</b>	<b>Maturation period</b>	<b>Thousands of euros</b>
2009	2043	4,373
2010	2043	598
2011	2043	187
2012	2043	2,973
2013	2043	84,842
2014	2044	798
2015	2045	173
2016	2046	193
2017	2047	104
2018	2048	29
<b>Total deductions</b>		<b>94,270</b>

As a result of the Corporate Income Tax expense estimates made by the companies of the tax Group, and of the recognized deductions and tax credits, SIEMENS GAMESA, as the parent of the Tax Group, has booked an increase in the account receivable from group companies in an amount of EUR 14,852 thousand (EUR 3,095 thousand in period ended September 30, 2018).

#### ***F. YEARS OPEN TO INSPECTION AND TAX AUDIT ACTION***

As established by current legislation, taxes cannot be considered to be definitive until the relevant returns have been inspected by the tax authorities or four years have elapsed since filing. As of September 30, 2019, in Spain the Group has all years since 2015 open for review for corporate income tax and for the other taxes to which it is liable.

The Company considers that all tax returns have been properly prepared and therefore, should there be any dispute regarding the interpretation of the current legislation with respect to the tax treatment of operations, any liabilities that may arise will not significantly affect the accompanying Financial Statements.

#### **17. Guarantees**

As of September 30, 2019, SIEMENS GAMESA has granted financing and performance guarantees to companies of the SIEMENS GAMESA Group in front of third parties, for an amount of EUR 24,410 million (EUR 9,152 million as of September 30, 2018).

SIEMENS GAMESA considers that liabilities, if any, which might arise from the obligations and guarantees as of September 30, 2019 and 2018, would not be significant.

## 18. Income and expenses

### A. *REVENUE*

The "Revenue" for the year ended September 30, 2019 and 2018 corresponds entirely with operations performed in domestic territory (Note 19).

### B. *OTHER OPERATING INCOME, ACCESSORY AND OTHER ORDINARY INCOME*

The heading "Other operating income - Accessory and other current income" in the accompanying Statement of Profit and Loss for the year ended September 30, 2019 and 2018 includes an amount of EUR 33,568 thousand and EUR 41,183 thousand (Note 19), respectively, basically related to services rendered by the Company management to other group companies for advisory, assistance and support to management of the Company and other departments, consisting of the monitoring of the business objectives set by the Company.

### C. *STAFF COSTS*

The breakdown of the heading "Staff Costs" in the Statement of Profit and Loss for the year ended September 30, 2019 and 2018 is as follows:

<b>Thousands of euros</b>	<b>2019</b>	<b>2018</b>
Salaries and wages	21,596	29,642
Variable compensation	3,002	5,795
2016-2017 Incentives Plan	89	1,383
2018-2020 Incentives Plan (Note 13.E)	2,060	379
Termination benefits (Note 3.P)	3,285	4,956
<b>Wages, salaries and similar expenses</b>	<b>30,032</b>	<b>42,155</b>
Social security costs	3,552	4,677
Employee benefits expense	3,302	2,746
<b>Social security costs</b>	<b>6,854</b>	<b>7,423</b>
<b>Total</b>	<b>36,886</b>	<b>49,578</b>

The item "Variable compensation" includes the amounts accrued during the period by the management and other employees of the Company for the achievement of the targets set for the period.

Linked to the achievement of strategic medium and long-term objectives, during 2016 SIEMENS GAMESA's Board approved its 2016-2017 incentive scheme for key personnel (approximately 100 employees) which are linked to attaining EBIT operating results for the period commencing January 1, 2016 until the effective date of the Merger. This incentives plan included a permanence plans for the complete payment for two years. In relation to this agreement, SIEMENS GAMESA has recognized a cost of EUR 89 thousand and EUR 1,383 thousand as of September 30, 2019 and 2018, respectively, having completed the period of permanence during the year 2019 with the subsequent final settlement of the plan.

The amount under the "Termination benefits" item for fiscal year 2019, corresponds to compensations to several executives of the Company, as well as to the capacity adjustments made to face the changes in the market conditions. For the period 2018, this item includes EUR 2,434 thousand corresponding to the voluntary redundancy scheme offered during the year 2018 in connection with the measures announced in November 2017.

The average number of employees during the years ended on September 30, 2019 and 2018, distributed by professional categories and gender is as follows:

Average number of employees	2019			2018		
	Male	Female	Total	Male	Female	Total
Board Members	10	3	13	7	6	13
Executives / Senior management	38	9	47	49	8	57
Management	43	23	66	48	49	97
Employees	85	52	137	77	111	188
<b>Total</b>	<b>176</b>	<b>87</b>	<b>263</b>	<b>181</b>	<b>174</b>	<b>355</b>

The Executive Management is formed as average during the year ended September 30, 2019 and 2018 by 6 and 7 members, respectively, all of them male.

The distribution of employees in September 30, 2019 and 2018 is as follows:

Number of employees	09.30.2019			09.30.2018		
	Male	Female	Total	Male	Female	Total
Board Members	10	3	13	7	6	13
Executives / Senior management	38	9	47	51	8	59
Management	50	24	74	49	50	99
Employees	60	98	158	81	119	200
<b>Total</b>	<b>158</b>	<b>134</b>	<b>292</b>	<b>188</b>	<b>183</b>	<b>371</b>

The Executive Management of SIEMENS GAMESA Group is formed by 7 members as of September 30, 2019 and 2018, all of them male.

The employees decrease during the Fiscal year 2019 is mainly due to the transfer of the employees to other legal entities of the SIEMENS GAMESA Group.

The average number of employees of SIEMENS GAMESA in 2019 and 2018 with a disability equal to or greater than 33%, by category, is as follows:

Categories	2019	2018
Managers	2	2
<b>Total</b>	<b>2</b>	<b>2</b>

#### **D. OTHER OPERATING EXPENSES**

The breakdown of the "External Services" and "Taxes other than income tax" under the heading "Other operating expenses" in the Statement of Profit and Loss for the year ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Leases and royalties	4,891	5,377
Repairs and maintenance	839	776
Independent professional services	51,627	59,283
Transport costs	13	25
Insurance premiums	5,512	10,697
Bank commissions	5,342	5
Advertising, publicity and public relations	880	1,150
Utilities	899	1,129
Other services	9,735	8,694
Other taxes	27	30
<b>Total</b>	<b>79,765</b>	<b>87,166</b>

As of September 30, 2019 and 2018, the future minimum lease payments under non-cancellable operating leases arranged by the SIEMENS GAMESA amount approximately to EUR 2,150 thousand and EUR 12,431, respectively. The breakdown by maturity of payments of the non-cancellable operating lease instalments is as follows:

<b>Thousands of euros</b>			
<b>09.30.2019</b>	<b>2020</b>	<b>2021-2024</b>	<b>2025 onwards</b>
Non-cancellable operating lease instalments	1,074	1,028	48

<b>Thousands of euros</b>			
<b>09.30.2018</b>	<b>2019</b>	<b>2020-2023</b>	<b>2024 onwards</b>
Non-cancellable operating lease instalments	3,081	6,801	2,549

The decrease mainly corresponds to the change of the ownership of some of the lease contracts, mainly of Pamplona, which have been assumed by other companies of the Group. As of September 30, 2019, the Company maintains various lease contracts, mainly related with offices located in Zamudio and Madrid. There are no individual material vehicle lease contracts.

#### ***E. EXCHANGE DIFFERENCES***

Note 5.A indicates a breakdown of the assets and liabilities denominated in foreign currency as of September 30, 2019 and 2018.

The exchange differences recognized in the Statement of Profit and Loss, except for those caused by financial instruments measured at fair value with changes in Profit and Loss (Note 15), amount to EUR 345 thousand (income) and EUR 1,417 thousand (expense) in fiscal years 2019 and 2018, respectively.

## 19. Transactions and balances with related parties

### A. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The balances maintained with group companies and related parties, without considering the investments in Group companies and associates, as of September 30, 2019 and 2018 are as follow:

Thousands of euros		2019						
		Long-term credits to group companies and associates (Note 10)	Receivables from group companies and associated (Note 11)	Short-term credits to group companies and associates (Note 11)	Derivative assets (Note 15)	Derivative liabilities (Note 15)	Short-term payables to group companies and associates	Suppliers, group companies and associates
Company	Country							
Siemens AG	Germany	-	-	-	1,497	979	264,266	3,586
Siemens Gamesa Renewable Energy GmbH & Co. KG	Germany	-	1,508	35,839	-	-	278,261	22,149
Siemens Gamesa Renewable Energy Pty Ltd	Australia	-	784	-	-	-	26,297	-
Siemens Gamesa Renewable Energy GmbH (*)	Austria	-	13	8,185	-	-	309	65
Siemens Gamesa Renewable Energy Eólica, S.L.U.	Spain	380,000	11,027	82,344	-	-	131	-
Siemens Gamesa Renewable Enerji Anonim Sirketi (*)	Turkey	-	826	2,206	-	-	-	-
Siemens Gamesa Renewable Energy S.A.S.	France	-	51	-	-	-	57,914	-
Siemens Gamesa Renewable Energy BVBA	Belgium	-	445	-	-	-	33,829	-
Siemens Gamesa Renewable Energy B.V.	Netherlands	-	549	-	-	-	67,039	-
Gamesa Energy Transmission, S.A.U.	Spain	-	1	-	-	-	19,828	-
Siemens Gamesa Renewable Energy AB	Sweden	-	198	-	-	-	25,456	-
Siemens Gamesa Renewable Energy Limited	United Kingdom	-	1,772	101,927	-	-	72,241	-
Siemens Gamesa Renewable Energy Limited	Ireland	-	81	-	-	-	2,287	-
Siemens Gamesa Renewable Energy AS	Norway	-	508	-	-	-	10,339	-
Siemens Gamesa Renewable Energy, Inc.	United States	-	5,341	-	-	-	161,134	-
Siemens Gamesa Renewable Energy SARL	Morocco	-	94	4,534	-	-	-	-
Siemens Gamesa Renewable Energy A/S	Denmark	-	13,519	-	-	-	637,809	3,423
Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	Spain	120,000	10	148,692	-	-	-	-
Adwen Offshore, S.L.U.	Spain	-	155	-	-	-	717,643	-
Siemens Gamesa Renewable Energy Technology (China) Co. Ltd. (*)	China	-	4,439	-	-	-	-	-
Siemens Gamesa Renewable Energy Blades, SARL AU	Morocco	-	2	78,442	-	-	-	105
Siemens Gamesa Renewable Energy Latam, S.L.	Spain	-	-	-	-	-	11,455	522
Siemens Gamesa Renewable Energy Apac, S.L.	Spain	-	8	-	-	-	15,001	-
Adwen GmbH	Germany	-	-	8,801	-	-	-	-
Siemens Gamesa Renewable Energy Limited	Canada	-	35	-	-	-	30,584	-
Otras sociedades del Grupo SIEMENS GAMESA	-	-	10,674	24,490	-	-	17,461	3,631
<b>Total balances, group companies and associates</b>		<b>500,000</b>	<b>52,040</b>	<b>495,460</b>	<b>1,497</b>	<b>979</b>	<b>2,449,284</b>	<b>33,481</b>

Thousands of euros		2018						
		Long-term credits to group companies and associates (Note 10)	Receivables from group companies and associated (Note 11)	Short-term credits to group companies and associates (Note 11)	Derivative assets (Note 15)	Derivative liabilities (Note 15)	Short-term payables to group companies and associates	Suppliers, group companies and associates
Company	Country							
Siemens AG	Germany	-	-	-	631	1,271	248,227	1,098
Siemens Gamesa Renewable Energy GmbH & Co. KG	Germany	-	-	-	-	-	152,116	-
Siemens Gamesa Renewable Energy Pty Ltd	Australia	-	291	-	-	-	52,927	-
Siemens Wind Power GmbH. (*)	Austria	-	8	10,138	-	-	-	-
Siemens Gamesa Renewable Energy Eólica, S.L.	Spain	380,000	6,571	288,675	-	-	131	118
Siemens Wind Power Ruzgar Enerjisi Anonim Sirketi (*)	Turkey	-	238	5,015	-	-	-	-
Siemens Gamesa Renewable Energy S.A.S.	France	-	67	-	-	-	7,045	-
Siemens Gamesa Renewable Energy BVBA	Belgium	-	42	-	-	-	26,220	-
Siemens Gamesa Renewable Energy B.V.	Netherlands	-	-	-	-	-	44,856	-
Gamesa Energy Transmission, S.A. Unipersonal	Spain	-	1	-	-	-	15,419	-
Siemens Gamesa Renewable Energy AB	Sweden	-	47	-	-	-	21,130	-
Siemens Gamesa Renewable Energy Limited (Frimley)	United Kingdom	-	185	-	-	-	160,970	-
Siemens Gamesa Renewable Energy Limited	Ireland	-	84	-	-	-	6,681	-
Siemens Gamesa Renewable Energy AS	Norway	-	151	-	-	-	29,893	-
Siemens Gamesa Renewable Energy, Inc.	United States	-	608	135,379	-	-	-	-
Siemens Gamesa Renewable Energy SARL	Morocco	-	58	3,656	-	-	-	-
Siemens Gamesa Renewable Energy A/S	Denmark	-	10,482	-	-	-	797,825	5,555
Siemens Gamesa Renewable Energy Wind Farms, S.A.	Spain	120,000	4	243,381	-	-	-	3
Adwen Offshore, S.L.	Spain	-	155	-	-	-	954,363	-
Siemens Gamesa Renewable Power Private Limited	India	-	7,754	-	-	-	-	65
Gamesa Wind (Tianjin) Co., Ltd. (*)	China	-	3,691	-	-	-	-	-
Siemens Gamesa Renewables Energy Limited (Hull)	United Kingdom	-	-	100,817	-	-	-	-
Siemens Gamesa Renewable Energy Blades, SARL AU	Morocco	-	2	66,879	-	-	-	-
Siemens Gamesa Renewable Energy GmbH & Co. KG	Germany	-	185	196,376	-	-	-	36,462
Other SIEMENS GAMESA group companies	-	-	4,058	5,983	-	-	3,043	1,293
<b>Total balances, group companies and associates</b>		<b>500,000</b>	<b>34,682</b>	<b>1,056,299</b>	<b>631</b>	<b>1,271</b>	<b>2,520,846</b>	<b>44,594</b>

(\*) Siemens Gamesa Renewable Energy GmbH, previously denominated as Siemens Wind Power GmbH.  
Siemens Gamesa Renewable Enerji Anonim Sirketi, previously denominated Siemens Wind Power Ruzgar Enerjisi Anonim Sirketi.  
Siemens Gamesa Renewable Energy Technology (China) Co. Ltd, previously denominated Gamesa Wind (Tianjin) Co. Ltd



## B. RELATED-PARTY TRANSACTIONS

The breakdown of the transactions with group, associates and related parties during the year ended September 30, 2019 and 2018 is as follow:

Thousands of euros	Siemens AG	Other Siemens Group companies	SIEMENS GAMESA Group companies	Associates	Total
<b>Year 2019</b>					
Dividends from investments in group companies and associates	-	-	286,503	-	<b>286,503</b>
Income from credits to group companies and associates	-	-	32,262	-	<b>32,262</b>
Accessory and other current revenues	-	-	33,568	-	<b>33,568</b>
External services (*)	10,169	1,523	27,342	584	<b>39,618</b>
Financial expenses on debts to group companies and associates	-	-	2,676	-	<b>2,676</b>
Other financial results	123	-	-	-	<b>123</b>
<b>Year 2018</b>					
Dividends from investments in group companies and associates	-	-	189,583	-	<b>189,583</b>
Income from credits to group companies and associates	-	-	32,854	-	<b>32,854</b>
Accessory and other current revenues	-	-	41,183	-	<b>41,183</b>
External services	1,096	587	43,330	761	<b>45,774</b>
Financial expenses on debts to group companies and associates	-	-	1,482	-	<b>1,482</b>
Other financial results	666	-	-	-	<b>666</b>

(\*) The amount of "External services" with Siemens AG mainly belongs to a service agreement for procurement services signed on August 1, 2018 and the service agreement on specific accounting related topics signed on October 1, 2018.

### Dividends from investments in group companies and associates

During the years 2019 and 2018 the following "Dividends from investments in group companies and associates" have been approved:

Thousands of euros			
Company	Country	Dividend	Date of approval
<b>Year 2019</b>			
Siemens Gamesa Renewable Energy A/S	Denmark	136,761	January 28, 2019
Siemens Gamesa Renewable Energy Limited	United Kingdom	79,296	September 30, 2019
Siemens Gamesa Renewable Energy GmbH & Co. KG	Germany	22,744	May 21, 2019
Siemens Gamesa Renewable Energy Limited	Canada	20,096	June 24, 2019
Siemens Gamesa Renewable Energy BVBA	Belgium	10,081	January 8, 2019
Siemens Gamesa Renewable Energy B.V.	Netherlands	8,302	February 21, 2019
Siemens Gamesa Renewable Energy S.A.S.	France	2,280	February 28, 2019
Siemens Gamesa Renewable Energy d.o.o.	Croatia	2,109	June 13, 2019
Siemens Gamesa Renewable Energy (PTY) LTD	South Africa	1,743	December 7, 2018
Siemens Gamesa Renewable Energy Limited	South Korea	940	December 28, 2018
Siemens Gamesa Renewable Energy Limited	Thailand	843	January 18, 2019
Siemens Gamesa Renewable Energy Sp.z.o.o.	Poland	662	April 1, 2019
Siemens Gamesa Renewable Energy Italia S.r.l.	Italy	646	January 23, 2019
<b>Total dividends received</b>		<b>286,503</b>	
<b>Year 2018</b>			
Siemens Gamesa Renewable Energy A / S	Denmark	155,491	January 18, 2018
Siemens Gamesa Renewable Energy GmbH & Co. KG	Germany	28,004	March 7, 2018
Siemens Wind Power (PTY) Ltd	South Africa	2,857	December 4, 2017
Siemens Gamesa Renewable Energy S.A.S.	France	1,560	March 30, 2018
Siemens Gamesa Renewable Energy Limited	Thailand	816	March 25, 2018
Siemens Gamesa Renewable Energy BVBA	Belgium	485	February 13, 2018
Siemens Gamesa Renewable Energy Italia S.r.l.	Italy	370	December 21, 2017
<b>Total dividends received</b>		<b>189,583</b>	

## Main financing arrangements between SIEMENS GAMESA Group companies

### **Long-term credits to group companies and associates**

On July 2, 2018 a credit was granted to Siemens Gamesa Renewable Energy Eólica S.L. U. (Spain) for EUR 200,000 thousand and whose maturity will be July 2, 2021. This credit accrued interests of EUR 2,327 thousand and EUR 246 thousand during the fiscal year 2019 and 2018, respectively, which are pending of collection on September 30, 2019 and 2018 and therefore, registered under the heading “Short-term credits to group companies and associates”. In addition, on July 24, 2018 another credit was granted to the Company amounting to EUR 180,000 thousand and whose maturity will be July 23, 2021, accruing interests of EUR 1,920 thousand and EUR 345 thousand during the fiscal years 2019 and 2018 respectively.

On July 3, 2018 a credit was granted to Siemens Gamesa Renewable Energy Wind Farms, S.A. (Spain) for an amount of EUR 120,000 thousand and whose maturity will be June 30, 2021. This credit has accrued interests of EUR 1,397 thousand and EUR 148 thousand during the fiscal years 2019 and 2018, respectively, which are pending of collection on September 30, 2019 and 2018, and therefore registered under “Short-term credits to group companies and associates”.

### **Short-term credits to group companies and associates**

On January 15, 2018 a credit was granted to Siemens Gamesa Renewable Energy Wind Farms, S.A.U. (Spain) for an amount of EUR 140,000 thousand. The interests accrued in the fiscal years 2019 and 2018 for this credit amount to EUR 854 thousand and EUR 2,007 thousand, respectively. Both credit and interests have been fully amortized for the closing of the year 2019.

On January 29, 2019, another credit was granted to the same company for a limit of EUR 180,000 thousand, whose first disposal of the new credit amounted to EUR 142,900 thousand. This amount has been reduced during the year, presenting on September 30, 2019 an amount of EUR 27,315 thousand, accruing a total amount of interests of EUR 729 thousand during 2019, and which are pending of collection on the closing of the year.

As of September 30, 2019 there is still a credit with Siemens Gamesa Renewable Energy Wind Farms, S.A.U. (Spain) amounting to EUR 99,214 thousand (EUR 99,214 thousand for the year ended September 30, 2018). The interest accrued in the years 2019 and 2018 for that credit amounts to EUR 1,410 thousand and EUR 2,012 thousand, respectively, and are pending of collection as of September 30, 2019 and 2018.

On February 20, 2018 a credit was granted to Siemens Gamesa Renewable Energy Eólica S.L.U. (Spain) for an initial amount of EUR 100,000 thousand and extended on April 3, 2018 to EUR 170,000 thousand and on May 21 to EUR 270,000 thousand. There was a new a new extension on January 1, 2019 to reach the limit of EUR 520,000 thousand. The disposal of this credit has been amortized during the year to EUR 50,391 thousand as of September 30, 2019. The interests accrued during the years 2019 and 2018 amounted to EUR 4,625 thousand and EUR 2,536 thousand, respectively. They are pending of collection as of September 30, 2019 and 2018.

As of October 22, 2018, SIEMENS GAMESA granted to the same company a short-term loan of EUR 100,000 thousand, accruing in this period EUR 287 thousand. This loan and the interests had been amortized in January 2019.

As of May 14, 2019, it was granted a credit to Siemens Gamesa Renewable Energy, S.A. de C.V. (Mexico) of USD 15,000 thousand. Even if at the closing of the year wasn't made any disposal in the credit, it has been accrued interests amounting USD 216 thousand (equivalent to EUR 193 thousand), which are pending of collection on September 30, 2019 and 2018, included in the section of “Other SIEMENS GAMESA group companies”.

Additionally, as of September 30, 2019 and 2018, SIEMENS GAMESA has credits granted at market conditions amounting to EUR 279,129 thousand and EUR 539,047 thousand, respectively, to Group companies under the SIEMENS GAMESA Cash Management System.

This system is based on the premise that all transactions between certain group companies are managed through SIEMENS GAMESA, which records amounts receivable from group companies and payable to the parent SIEMENS Group company, so that it minimizes its receivables from group companies.

Interest accrued during the years ended September 30, 2019 and 2018 on the SIEMENS GAMESA Cash Management System added up EUR 18,520 thousand and EUR 16,017 thousand, respectively, included under the heading "Revenue - Income from credits to group companies and associates" of the Statement of Profit and Loss.

In addition, during the year 2018 a credit line was granted to the group company Adwen Offshore, S.L.U. with a EUR 140,000 thousand of maximum disposition, which accrued during the year 2018 EUR 881 thousand. Such credit and interests were liquidated for the year ended September 30, 2018.

Throughout the year 2018, several credits that SIEMENS GAMESA had with Siemens Gamesa Renewable Energy Wind Farms, S.A.U. were liquidated. These accrued interests during the year 2018 amounting to EUR 6,804 thousand registered under the heading "Revenue- Income from credits to group companies and associated" of the Statement of Profit and Loss for the year ended September 30, 2018.

In addition, EUR 1,858 thousand were accrued during the year 2018 for other financial services provided to group companies.

#### **Short-term payables to group companies and associates**

As of September 30, 2019 and 2018 SIEMENS GAMESA has loans to group companies amounting to EUR 2,412,931 thousand and EUR 2,519,451 thousand, respectively, within the SIEMENS GAMESA Cash Management system.

Interest accrued during 2019 and 2018 on this project added up EUR 2,667 thousand and EUR 1,482 thousand, respectively, recognized under "Financial expenses - On debts to group companies and associates" in the Statement of Profit and Loss.

On July 2, 2019 Siemens Gamesa Renewable Energy Latam, S.L. granted a credit to SIEMENS GAMESA by an amount of EUR 30,000 thousand. The initial disposal was EUR 6,900 thousand, amounting as of September 30, 2019 with an amount of EUR 11,450 thousand. Interest accrued during 2019 on this credit added up EUR 5 thousand, recognized under "Financial expenses - On debts to group companies and associates" in the Statement of Profit and Loss.

On July 2, 2019 Siemens Gamesa Renewable Energy 9REN, S.L.U. granted a credit to SIEMENS GAMESA by an amount of EUR 5,000 thousand. The initial disposal was EUR 3,500 thousand, amounting as of September 30, 2019 with an amount of EUR 2,350 thousand. Interest accrued during 2019 on this credit added up EUR 3 thousand, recognized under "Financial expenses - On debts to group companies and associates" in the Statement of Profit and Loss, included in the section of "Other SIEMENS GAMESA group companies".

On September 25, 2019 Siemens Gamesa Renewable Energy Apac, S.L. granted a credit to SIEMENS GAMESA by an amount of EUR 20,000 thousand. The final disposal of such credit amounts to EUR 15,000 thousand as of September 30, 2019. Interest accrued during 2019 on this credit added up EUR 1 thousand, recognized under "Financial expenses - On debts to group companies and associates" in the Statement of Profit and Loss.

### **C. TRANSACTIONS WITH SIEMENS GROUP**

#### Goods and services purchased

On June 17, 2016, SIEMENS GAMESA and Siemens Aktiengesellschaft (SIEMENS) signed a strategic alliance agreement, featuring a strategic supply contract by virtue of which SIEMENS became the strategic SIEMENS GAMESA supplier of gears, segments, and other products and services offered by SIEMENS Group. The abovementioned alliance will continue to be in force during the period in which SIEMENS: (a) directly or indirectly holds more than 50.01% of SIEMENS GAMESA's share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Director voting rights, with no shareholders which individually or jointly hold less than 15% of share capital. In cases of change of control, the parties are entitled to terminate the strategic alliance, although the strategic supply contract will have a minimum duration of at least 3 years (until April 3, 2020). The award system ensures that the supplies will be carried out at market conditions, as well as the involvement of and access to other suppliers.

On March 31, 2017, SIEMENS GAMESA and Siemens Aktiengesellschaft entered into a licensing agreement by virtue of which SIEMENS GAMESA is entitled to use the SIEMENS brand during the period in which SIEMENS: (a) directly or indirectly holds more than 50.01% of SIEMENS GAMESA's share capital, or (b) holds representative shares of at least 40% of share capital, as long as it holds the majority of Board of Director voting rights, with no shareholders which individually or jointly hold at least 15% of share capital. In the event of change of control, license would expire subject to certain transition period to discontinue the use of the SIEMENS name and trademark.

Dated on April 28, 2017, SIEMENS GAMESA and Siemens Aktiengesellschaft signed a framework agreement over certain information rights and obligations and related matters concerning the relationship between the parties and certain principles applicable to the rendering of services between the SIEMENS GAMESA Group and the SIEMENS Group, as the main shareholder of SIEMENS GAMESA.

By virtue of certain agreements reached as a result of the Merger between SIEMENS GAMESA and Siemens Wind HoldCo, S.L.U., SIEMENS Group will have and grant certain warranties with regard to the business combination. The above agreements may be terminated and their applicable terms granted amended in case of change of control.

On April 10, 2018, SIEMENS GAMESA, through its subsidiary Siemens Gamesa Renewable Energy GmbH & Co. KG and SIEMENS entered into a contractual agreement by which both parties cooperate in the development and deployment of thermal energy storage systems. The project is co-funded by the Federal Ministry of Economic Affairs and Energy of Germany.

On August 1, 2018, SIEMENS GAMESA and SIEMENS entered into a service agreement by which SIEMENS provides procurement services enabling SIEMENS GAMESA Group to benefit from collective bargaining power. The initial term of the agreement is one year for operational procurement services while the initial term for other procurement services is two years from effective date, both extendable for two additional years. Service agreement is as of September 30, 2019 extended until end of July 2022. For the approval of this related party transaction, the Audit, Compliance and Related Party Transactions Committee was advised by an independent expert.

On September 3, 2018, SIEMENS GAMESA, through its subsidiary Siemens Gamesa Renewable Energy LLC, and SIEMENS, through its subsidiary OOO Siemens Gas Turbine Technologies, entered into a contract manufacturing agreement for the assembly of wind turbines for the Russian market. The initial term is set to three years.

On October 1, 2018, SIEMENS GAMESA and SIEMENS entered into a service agreement by which SIEMENS provides support on specific accounting related topics.

On January 1, 2019, SIEMENS GAMESA and SIEMENS entered into a service agreement by which SIEMENS provides support for administration of Intellectual Property related matters.

On April 1, 2019, SIEMENS GAMESA and SIEMENS entered into a service agreement by which SIEMENS provides additional licenses for Teamcenter software utilized for managing the product development process.

During fiscal year 2019, the SIEMENS GAMESA Group purchased supplies for the Wind Turbines construction from SIEMENS Group, mainly from the SIEMENS divisions “Process Industries and Drives” and “Energy Management”. In addition, SIEMENS Group provided services to SIEMENS GAMESA Group based on transitional service agreements and service agreements such as tax services, selling support, human resources, legal and treasury services, among others.

Finally, as is usual for large electricity supply infrastructure projects, there are contracts with clients which regulate a supposed change in control, providing each party reciprocal rights to terminate the contract if such situation arises, especially in cases in which the new controlling party is the other party’s competitor.

During fiscal year 2019, SIEMENS GAMESA and SIEMENS extended several existing office lease agreements and also new ones have been signed.

#### Guarantees provided between the SIEMENS GAMESA Group and the SIEMENS Group

As of September 30, 2019, the SIEMENS Group has provided guarantees to third parties for the performance of the SIEMENS GAMESA Group amounting to EUR 21,204 million (EUR 20,839 million as of September 30, 2018).

In December 2018, SIEMENS GAMESA and SIEMENS entered into an agreement by which SIEMENS GAMESA issued a technical guarantee to SIEMENS related to several repowering projects in USA involving tax equity investment from SIEMENS.

#### Share-based payments

Certain employees of SIEMENS GAMESA Group that have transferred from other SIEMENS Group entities participate in share-based payment awards implemented by SIEMENS. SIEMENS delivers the respective shares on behalf of SIEMENS GAMESA. Due to the limited extent of participation in the share-based programmes, the effect on the Financial Statements is not significant in the periods presented.

#### Hedging and derivatives

The SIEMENS GAMESA Group’s hedging activities are partially performed via SIEMENS and Siemens Capital Company LLC on an arm’s length basis. The consideration is based on market rates. The related receivables and payables are disclosed in the lines “Other financial assets and liabilities”.

On February, 2019, SIEMENS GAMESA, has issued a parent company guarantee to SIEMENS regarding the provided Hedging services amounting for approximately 3% of the outstanding hedging volume.

#### Insurance programme

At the end of September 2017, SIEMENS GAMESA, as a company member of SIEMENS Group, adhered, with an effective date from October 1, 2017, to a global stand-alone insurance programme including all-risk property damages insurance policies, civil liability insurance policies, transport, chartering of ships and all-risk construction insurance policies. Siemens Financial Services acts as insurance broker and service provider for the Global Insurance Programme. This ends on September 30, 2019.

**D. AGREEMENTS WITH THE IBERDROLA GROUP RELATED TO THE WIND TURBINE AND OPERATIONS AND MAINTENANCE SEGMENTS**

The SIEMENS GAMESA Group, through its subsidiary Siemens Gamesa Renewable Energy Eólica, S.L.U. and Iberdrola, S.A., concluded on December 21, 2011 a framework agreement relating to the supply and maintenance of wind turbines. Under that framework agreement, SIEMENS GAMESA Group and Iberdrola, S.A. assumed the following commitments:

- Iberdrola, S.A. shall acquire from the SIEMENS GAMESA Group a quota of megawatts equivalent to 50% of the total onshore wind turbine fleet that Iberdrola, S.A. acquires for its Renewables Business Unit during the term of the framework agreement.

This commitment will be in force between January 1, 2013 and December 31, 2022 or the date on which the number of megawatts acquired by the Iberdrola Group from the SIEMENS GAMESA Group totals 3,800 MW, whichever occurs first.

During this fiscal year, several sales have been made within the framework of the above mentioned contract amounting approximately 178 MW (approximately 512 MW during the fiscal year 2018).

- SIEMENS GAMESA and Iberdrola, S.A. will closely collaborate for new opportunities relating to the offshore wind business.
- SIEMENS GAMESA and Iberdrola, S.A. will collaborate within the area of maintenance services so that Siemens Gamesa Renewable Energy Eólica, S.L.U. will become a company of reference with respect to wind farm maintenance throughout the Iberdrola Group's business.
- Likewise, during the period different minor components have been delivered, mainly spare parts.

In April 2018 SIEMENS GAMESA, through its subsidiary Siemens Gamesa Renewable Energy Eólica S.L.U., closed an agreement with the Iberdrola Group for the maintenance of wind farms in the Iberian Peninsula of about 1,265 MW for a period of two years plus another optional year.

Currently, the total of MW under maintenance with Iberdrola Group's wind farms amounts to approximately 3,800 MW and also an agreement for the supply of spare parts and repairs is currently in force, with an end date of December 2020.

In addition, in October 2015, SIEMENS GAMESA Group and Iberdrola Group reached an agreement to implement the product Energy Thrust, aimed to increase the efficiency of the turbines and their production ratios, for a total of approximately 1,602 MW.

In December 2016, a later addendum to the previous contract was signed extending it by additional 612 MW for the 2 MW platform. Moreover, for different companies of the Iberdrola Group an additional 795 MW was negotiated.

In July 2018, an agreement has been reached with Iberdrola Group for the installation and activation of the Energy Thrust product in 941 Wind Turbines of the Avangrid Fleet, and in August 2018, for the installation and activation of the same product in part of the Scottish Power's fleet. The former, finalized in December 2018 and the latter is still ongoing in 2019.

In December 2018, SIEMENS GAMESA signed an agreement with Iberdrola Group for the sale of two special purpose vehicles for two windfarms in Spain with a total of approximately 70 MW. In July 2019, SIEMENS GAMESA closed an agreement with the Iberdrola Group for the sale of one special purpose vehicle for a windfarm in Spain with a total of approximately 49 MW.

In January and February 2019, SIEMENS GAMESA signed several long-term service agreements with the Iberdrola Group for several windfarms in Spain with a total of 106 MW.

Finally, in May 2019 SIEMENS GAMESA signed a supply agreement contract for high voltage electricity with Iberdrola in Spain for a three year period.

**E. AGREEMENTS BETWEEN THE SIEMENS GAMESA GROUP AND WINDAR RENOVABLES, S.L.**

On June 25, 2007 the SIEMENS GAMESA Group (through its subsidiary Siemens Gamesa Renewable Energy Eólica, S.L.U.) subscribed a tower supply agreement with Windar Renovables, S.L. On September 4, 2019, both parties subscribed a tower supply agreement for fiscal year 2020 in region SE&A (included in EMEA geographical area). The terms and conditions of transactions with associates are equivalent to the terms and conditions of transactions carried out with independent parties.

**F. AGREEMENTS BETWEEN THE SIEMENS GAMESA GROUP AND SCHAEFFLER TECHNOLOGIES AG & CO. KG**

On September 28, 2018, SIEMENS GAMESA Group reached a settlement agreement with Schaeffler Technologies AG&Co. KG regarding a previous supply contract. This agreement consisted mainly of a payment to the SIEMENS GAMESA Group in amount of EUR 4,000 thousand. During 2019 this amount has been collected, while other aspects of the settlement have been modified, mainly related to components supplies.

SIEMENS GAMESA Group and Schaeffler Technologies AG & Co. KG have a Master Framework Agreement on prices and procurement volumes entered into before the Merger effective date (through Siemens AG).

**20. Directors' remuneration**

In the years 2019 and 2018, the Directors of SIEMENS GAMESA Board earned compensations for membership of the Board and Board's Commissions, when applicable, salary, variable compensation in cash, long-term savings system and other concepts amounting to approximately EUR 3,498 thousand and EUR 3,563 thousand, respectively. The breakdown of Directors' compensation is as follows:

Thousands of euros	2019	2018
<b>Members of the Board of Directors</b>		
<b>Type of remuneration</b>		
Compensation for membership of the Board and Board's Commissions	1,808	1,645
Salary	1,027	1,337
Variable compensation in cash	428	349
Long-term savings system	167	167
	<b>3,430</b>	<b>3,498</b>
<b>Other concepts</b>	<b>68</b>	<b>65</b>
<b>Total</b>	<b>3,498</b>	<b>3,563</b>

The amount of "Other concepts" as of September 30, 2019 and 2018 corresponds to (i) the amount of the premiums paid for the coverage of death and disability insurances amounting to EUR 26 thousand and EUR 23 thousand, respectively; (ii) the allocation of the Group insurance for executives, directors and other employees in amount of EUR 42 thousand and EUR 42 thousand, respectively.

No advances or loans were granted to current or prior Board members, and there are no pension obligations with them. Only the Chief Executive Officer receives contributions for pensions amounting EUR 167 thousand and EUR 167 thousand, respectively, during the years 2019 and 2018. This amount is included as long-term savings systems.

Likewise, derived from its previous relationship with the SIEMENS Group and, therefore, without cost for SIEMENS GAMESA (SIEMENS takes care of these concepts), the Chief Executive Officer has rights on shares of SIEMENS derived from incentives granted before the merger to be paid in cash during the next years. During the year ended 2019 the payment has amounted to EUR 873 thousand and is not included in the table above since there is no cost for the Company.

Also, the remunerations to the Chief Executive Officer do not include, as of September 30, 2019 and 2018, the provision accrued for the first and second cycle of the long-term incentive plan in the amount of EUR 337 thousand and EUR 60 thousand, respectively. Any compensation to this regard will be effective once the measurement period of the plan is completed and its settlement (if applicable) in the fiscal years 2021 and 2022 will depend on the degree of effective achievement of the objectives to which it is subject.

Finally, the current Chief Executive Officer has a contractual agreement to receive a compensation in the event of termination for reasons attributable to the Company. The agreed compensation for such termination consists of the payment of an amount up to a maximum of his annual fixed cash compensation according to the new Board members remuneration policy approved in the General Shareholders meeting of March 27, 2019.

At the end of 2019 the members of the Board of Directors of SIEMENS GAMESA and certain people related to them as defined in the Spanish Companies Act held ownership interests in the following companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the Company's purpose. Also, following is a breakdown of the positions held and functions discharged at those companies:

Owner	Investee company	Line of Business	Number of Shares	Functions
Tacke, Markus	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	10,195	-
Sen, Michael	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	13,904	Member of the Managing Board of Siemens AG and Chairman of the Supervisory Board, Chairman of the Chairman's Committee, Member of the Audit Committee and Chairman of the Innovation and Finance Committee of Siemens Healthineers AG
López Borrego, Miguel Ángel	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	11,028	Chairman and CEO of Siemens, S.A., and Chairman of Siemens Holding, S.L.U., and Member of the Board of Directors of Siemens, S.A. (Portugal) and Siemens Rail Automation S.A.U, and Member of the Advisory Board of Siemens Healthineers, S.L.U.
von Schumann, Mariel	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	14,542	Chief of Staff Governance and Head of Governance and Markets Department (until July 2019) of Siemens AG and Member of the Board of Directors of Siemens Ltd. India and Siemens Stiftung (Siemens Foundation)
Rubio Reinoso, Sonsoles <sup>(1)</sup>	Iberdrola S.A.	Power & Utilities	69,943	Internal Audit Director
García García, Rosa María <sup>(2)</sup>	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	5,421	Chairwoman and CEO of Siemens, S.A. and Chairwoman of Siemens Holding, S.L.U. (until December 1, 2018)
Thomas, Ralf	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	23,241	Member of the Managing Board and CFO of Siemens AG, Member of the Supervisory Board and Chairman of the Audit Committee of Siemens Healthineers AG and Siemens Aktiengesellschaft Österreich
Rosenfeld, Klaus	Schaeffler AG	Automotive and Industrial Sector	-	CEO
Davis, Lisa	SIEMENS AG	Industrial, Health, Power & Utilities and Infrastructure Sectors	-	Member of the Managing Board of Siemens AG and Chairwoman of Siemens Proprietary Ltd., South Africa
Azagra Blázquez, Pedro	Iberdrola S.A.	Power & Utilities	176,275	Member of the Management Committee and, Corporate Development Director of Iberdrola, S.A., and Member of the Managing



Owner	Investee company	Line of Business	Number of Shares	Functions
				Board and Audit Committee of Neoenergia Brasil
Rodríguez-Quiroga Menéndez, Carlos	Duro Felguera, S.A.	Power & Utilities and Industrial	200,000 (position sold on June 19, 2019)	-

(1) Sonsoles Rubio Reinoso, has ceased her position as Member of the Board of Directors of SIEMENS GAMESA on December 12, 2018.

(2) Rosa María García García, has ceased her position as Member of the Board of Directors of SIEMENS GAMESA on December 1, 2018.

On the other hand, the members of the Board of Directors were affected by the following conflicts of interest during 2019:

Sen, Michael. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, he left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 16, December 12 and 20, 2018, January 28, March 27, April 24, July 3 and 29, 2019, and it happened also in the meetings of the Board of Directors of November 23, 2018 and February 20, May 6 and 29 and September 25, 2019, where she was represented by a proxy and her proxy left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement.

von Schumann, Mariel. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, she left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 16, November 23 and December 12, 2018 and January 28, March 27, May 6 and 29, July 3 and 29 and September 25, 2019, and it happened also in the meetings of the Board of Directors of December 20, 2018, and February 20 and April 24, 2019, where she was represented by a proxy and her proxy left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement.

López Borrego, Miguel Ángel. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, he left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of December 12 and 20, 2018 and January 28, February 20, March 27, April 24, May 6 and 29, July 3 and 29 and September 25, 2019.

Rubio Reinoso, Sonsoles. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Iberdrola, S.A. and/or companies of its group were discussed or, if the case, approved, she left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 16, November 5 and 23 and December 12, 2018.

Azagra Blázquez, Pedro. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Iberdrola, S.A. and/or companies of its group were discussed or, if the case, approved, he left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of December 20, 2018, January 28, February 20, March 27, April 24, May 6 and 29, July 3 and 29 and September 25, 2019.

García García, Rosa María. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, she left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 16 and November 23, 2018.

Thomas, Ralf. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, he left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of October 16, November 23, 2018 and February 20, March 27, May 6 and 29, July 3 and 29 and September 25, 2019, and it happened also in the meetings of the Board of Directors of December 12 and 20, 2018, and January 28 and April 24, 2019, where he was represented by a proxy and his proxy left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement.

Rosenfeld, Klaus. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions including Schaeffler AG, where he holds the post as CEO, were discussed or, if the case, approved, he left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of November 23, 2018 and September 25, 2019.

Davis, Lisa. According to the procedure established in article 31 of the Regulations of the Board of Directors of SIEMENS GAMESA, in the meetings of such body on which agreements related to transactions with Siemens Aktiengesellschaft and/or companies of its group were discussed or, if the case, approved, she left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meetings of the Board of Directors of December 20 2018 and February 20, April 24, May 6 and 29, July 3 and 29 and September 25, 2019, and it happened also in the meetings of the Board of Directors of October 16, November 23 and December 12, 2018, and January 28 and March 27, 2019, where she was represented by a proxy and her proxy left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement.

Cendoya Aranzamendi, Andoni. According to the procedure established in article 31 of the Board of Directors Regulations of SIEMENS GAMESA, in the meetings of such body on which agreements related to the amendment of the Appointments and Remuneration Committee Regulations regarding the elimination of the maximum term period of its Chairman were discussed or, if the case, approved, he left the meeting and did not participate in the deliberations, voting, decision-making and execution of such agreement. It happened in the meeting of the Appointments and Remuneration Committee of February 12, 2019 and in the meeting of the Board of Directors of February 20, 2019.

## **21. Remuneration of Senior Management**

Excluding those who are simultaneously members of the Board of Directors (whose remuneration is detailed in the Note 31), the compensation for the year, paid or payable, to members of Senior Management for employment services rendered before the closing of the years 2019 and 2018 is disclosed in the following table:

<b>Thousands of euros</b>	<b>2019</b>	<b>2018</b>
Compensation received by the Senior Management	6,752	7,547
<b>Total</b>	<b>6,752</b>	<b>7,547</b>

The Senior Management remuneration includes in fiscal year 2019 the settlement of the 50% of the 2016-2017 long term incentive, whose beneficiaries are certain members of the Senior Management in the sum of EUR 450 thousand. The remaining 50% was effective in fiscal year 2018 as provided in the plan's rules. It has been accrued during the respective accrual periods amounting to EUR 59 thousand during this period (EUR 228 thousand during fiscal year 2018).

Likewise, deriving from its previous relationship with the SIEMENS Group and, therefore, without cost for SIEMENS GAMESA (SIEMENS takes care of these concepts), certain members of the Senior Management have rights on shares of SIEMENS derived from incentives granted before the Merger to be paid in cash during the next years. During this year the payment has amounted to EUR 261 thousand, and is not included in the table above since there is no cost for the company.

Equally, the remunerations to the Senior Management, do not include, as of September 30, 2019 and 2018, the provision accrued for the first and second cycle of the Long-Term Incentive Plan in the amount of EUR 762 thousand and EUR 185

thousand, respectively. Any compensation to this regard will be effective once the measurement period of the plan is completed and its settlement (if applicable) in the fiscal years 2021 and 2022 will depend on the degree of effective achievement of the objectives to which it is subject.

As of September 30, 2019 and 2018 pension contributions have been made in the amount of EUR 200 thousand and EUR 273 thousand, respectively, and are included as remuneration in the table above.

For dismissal indemnities paid to Senior Management, the current criterion of the Company is the payment of a maximum of one year fixed remuneration at the date of termination, without prejudice to any pre-existing situations, as well as that the amount might be higher due to the application of prevailing legislation.

During fiscal years 2019 and 2018, there were no transactions with Senior Management, apart from those carried out as part of the normal course of the business.

## **22. Information regarding the deferral of payments made to suppliers**

In accordance with the requirement of the Resolution of January 29, 2016 of the Accounting and Audit Institute in Spain, about the information to include in the notes to the Financial Statements related to the deferral of payments made to suppliers in commercial operations.

The average payment period to suppliers in the year 2019 and 2018 is the following:

<b>Days</b>	<b>2019</b>	<b>2018</b>
Average payment period	57	42
Settled operations ratio	59	44
Pending operations ratio	46	32
<b>Thousands of euros</b>	<b>2019</b>	<b>2018</b>
Total settled payments	55,792	55,725
Total pending payments	11,492	11,731

## **23. Audit fees**

During the years 2019 and 2018 the fees for the financial audit and other services provided by the auditor of the Group's Consolidated Financial Statements, and the fees billed by the auditors of the separate Financial Statements of the consolidated companies, and by companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows:

<b>Thousands of euros</b>	<b>2019</b>	
	<b>Services rendered by EY</b>	<b>Services provided by other audit firms</b>
Audit services	4,044	14
Attest services related to the audit	235	-
Other attest services	313	-
<b>Total audit and related services</b>	<b>4,592</b>	<b>14</b>
Tax advisory services	-	-
Other services	-	-
<b>Total other services</b>	<b>-</b>	<b>-</b>
<b>Total professional services</b>	<b>4,592</b>	<b>14</b>

Thousands of euros	2018	
	Services rendered by EY	Services provided by other audit firms
Audit services	4,014	16
Attest services related to the audit	202	-
Other attest services	344	-
<b>Total audit and related services</b>	<b>4,560</b>	<b>16</b>
Tax advisory services	-	-
Other services	-	-
<b>Total other services</b>	<b>-</b>	<b>-</b>
<b>Total professional services</b>	<b>4,560</b>	<b>16</b>

Out of the amount relating to the services rendered by the main auditor, EUR 880 thousand relate to audit services and Attest services related to the audit provided to SGRE, S.A. in the year 2019 (EUR 731 thousand in the year 2018). Likewise, taking into account the corresponding amount related to other attest services provided by the main auditor, EUR 251 thousand correspond to SGRE, S.A. in the year 2019 (EUR 191 thousand in the year 2018).

## 24. Subsequent events

On September 16, 2019 it is communicated, through a notice of a Significant Event, that SIEMENS GAMESA has entered into exclusive non-binding negotiations with Senvion, in relation to the potential acquisition of Senvion's certain assets of Services and Onshore in Europe.

On October 21, 2019 it is communicated, through a notice of a Significant Event, that SIEMENS GAMESA has entered into binding agreements with Senvion GmbH and Senvion Indústria S.A. (together Senvion) regarding the acquisition of:

- All the shares of Senvion Deutschland GmbH, including:
  - Carved-out European onshore service business of Senvion, with a current fleet under maintenance of 8.9 GW (approximately EUR 1.6 billion order backlog), and certain additional assets associated to the business; and
  - All the intellectual property of Senvion, except the one related to India.
- All the shares in Ria Blades, S.A., which owns and operates the business of the wind turbines blade production facility in Vagos (Portugal), and certain additional assets associated to the business.

Shares will be transferred free of any security, encumbrances or charges of any nature whatsoever.

The price payable in cash is EUR 200 million, with certain potential adjustments based on the accounts and condition of the respective target entities at the transfer of such entity.

As part of the eventual acquisition, approximately 2,000 employees from Senvion Group are expected to join SIEMENS GAMESA Group.

The consummation of each transaction is subject to the fulfillment of certain closing conditions such as consent of competent authorities, the carve-out and security release completion and operational readiness of the relevant target company. The potential acquisition of each company is expected to be consummated during the first half of fiscal year 2020.

As of October 2019, an agreement has been signed with the workers council in Denmark for the dismissal of 460 employees, with an estimated impact of EUR 7 million. This measure is due to a challenging market environment and a highly competitive landscape characterized by price pressures affecting the production of direct drive onshore turbines in Brande and the onshore blade production in Aalborg.

Additionally and with the aim of enhancing competitiveness and to maintain its leadership in the sector and secure profitable growth in the long term as well as respond better to its customers' needs in a changing industry, SIEMENS GAMESA has announced, dated November 5, 2019, a programme to adjust its structure that will result in a reduction of its global team of up to 600 white collar headcount worldwide over the next two years. This reduction will fundamentally affect the Wind Turbines segment and corporate areas.

## **25. Explanation added for translation to English**

These Financial Statements are presented on the basis of Spanish Accounting Standards. Certain accounting practices applied by the Company that conform to Spanish Accounting Standards may not conform to other generally accepted accounting principles in other countries. Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

## Appendix: SIEMENS GAMESA Company List - 09/30/2019

Amounts in EUR

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP	CAPITAL	RESERVES	NET PROFIT FOR THE YEAR
<b>A) FULLY CONSOLIDATED COMPANIES</b>							
Jalore Wind Park Private Limited	Other	-	India	100%	132	(200)	197
Mathak Wind Farms Private Limited	Other	-	India	100%	132	(200)	197
Tirupur Renewable Energy Private Limited	Other	-	India	100%	132	(203)	201
Siemens Gamesa Renewable Energy Canada ULC	Service company	-	Canada	100%	888,767	(361,587)	56,876
Beed Renewable Energy Private Limited	Other	-	India	100%	132	(193)	191
Tuljapur Wind Farms Private Limited	Other	-	India	100%	132	(200)	197
Rangareddy Renewable Private Limited	Other	-	India	100%	132	(200)	197
Neilore Renewable Private Limited	Other	-	India	100%	132	(200)	197
Gamesa Wind GmbH	Holding company	-	Germany	100%	994,990	(28,558,945)	(4,244,218)
Gadag Renewable Private Limited	Other	-	India	100%	132	(200)	197
EBV Holding Verwaltung GmbH	Project company	-	Germany	100%	25,000	16,820	(2,234)
Channapura Renewable Private Limited	Other	-	India	100%	132	(203)	201
Windfarm Groß Haßlow GmbH	Project company	-	Germany	100%	4,215,000	(4,455,397)	(11,447)
Kutch Renewable Private Limited	Other	-	India	100%	132	(200)	197
Windfarm Ringstedt II GmbH	Project company	-	Germany	100%	4,670,000	(4,909,147)	(10,793)
Windfarm 35 GmbH	Project company	-	Germany	100%	25,000	5,021	(1,343)
Siemens Wind Power SpA	Service and distribution company	EY	Chile	100%	2,739,762	(1,350,980)	1,020,046
Adwen Blades GmbH	Production and distribution company	EY	Germany	100%	1,000,000	(17,376,320)	(1,167,106)
Siemens Gamesa Renewable Energy Pty Ltd	Service and distribution company	EY	Australia	100%	31,268,723	(8,979,846)	(104,248)
Windfarm 40 GmbH	Project company	-	Germany	100%	25,000	(6,988)	(2,234)
Siemens Gamesa Renewable Energy d.o.o.	Service and distribution company	EY	Croatia	100%	3,000	5,888,048	935,362
Uppal Renewable Private Limited	Other	-	India	100%	132	(200)	197
Siemens Wind Power GmbH	Service and distribution company	-	Austria	100%	35,000	7,558,749	(289,157)
International Wind Farm Development IV Limited	Holding company	-	Hong Kong	100%	1,104	(13,844)	(53,289)
Adwen GmbH	Holding company	EY	Germany	100%	6,052,000	(1,110,249,269)	584,262,505
Siemens Gamesa Renewable Energy Eolica, S.L.	Holding company	EY	Spain	100%	200,500	400,594,852	(16,725,526)
Windfarm 33 GmbH	Project company	-	Germany	100%	25,000	(26,571)	(2,338)
Siemens Gamesa Renewable Energy Limited	Service and distribution company	EY	Canada	100%	266,955,963	(271,562,275)	21,643,171
Siemens Gamesa Renewable Energy Japan K.K.	Service company	EY	Japan	100%	4,307,639	(3,111,889)	46,285
International Wind Farm Development I Limited	Holding company	-	Hong Kong	100%	-	(4,868)	(5,963)
Siemens Wind Power Energia Eólica Ltda.	Service and distribution company	EY	Brazil	100%	277	2,485,823	2,067,167
Sistemas Energéticos Sierra de Valdefuentes, S.L.U.	Project company	-	Spain	100%	3,006	553	(1,893)
International Wind Farm Development II Limited	Holding company	-	Hong Kong	100%	-	(4,861)	(5,963)
Windfarm 41 GmbH	Project company	-	Germany	100%	25,000	(6,185)	(2,337)
Siemens Gamesa Renewable Energy PA, LLC	Other	EY	United States	100%	93,800	322,277,779	(117,098)
International Wind Farm Development VII Limited	Holding company	-	Hong Kong	100%	1,104	(5,866)	(5,134)
Siemens Gamesa Renewable Energy Singapore Private Limited	Service company	-	Singapore	100%	7,420,427	(6,110,864)	(663,322)
Siemens Gamesa Renewable Energy (Shanghai) Co., Ltd.	Production and distribution company	EY	China	100%	43,481,213	34,183,533	15,841,058
Siemens Gamesa Renewable Energy Limited	Service and distribution company	EY	Thailand	100%	5,438,964	(5,093,973)	2,140,891
Sistemas Energéticos de Tarifa, S.L. Unipersonal	Project company	-	Spain	100%	61,000	3,022,071	(77,406)
Sistemas Energéticos La Cámara, S.L.	Project company	-	Spain	100%	3,006	2,951,894	1,599,542
Siemens Gamesa Renewable Energy Offshore Wind Limited	Project company	-	Taiwan, Province of China	100%	-	(6,551,693)	3,438,570
Siemens Gamesa Renewable Energy Sp.z.o.o.	Production and distribution company	EY	Poland	100%	5,899,475	5,613,803	2,393,274
Estructuras Metalicas Singulares, S.A. Unipersonal	Production and distribution company	-	Spain	100%	61,000	7,007,269	115,126
SIEMENS WIND POWER (PTY) LTD	Production and distribution company	EY	South Africa	70%	8,005,594	(2,000,025)	3,035,975
Siemens Gamesa Renewable Energy Limited	Service and distribution company	-	Korea, Republic of	100%	576,187	(196,631)	219,848
Siemens Wind Power Ruzgar Enerjisi Anonim Sirketi	Production and distribution company	EY	Turkey	100%	3,703,930	2,743,918	1,034,789
Sistemas Energéticos Finca San Juan, S.L.U.	Project company	-	Spain	100%	3,006	59,026	(18,712)
Siemens Gamesa Renewable Energy Iberica S.L.	Production and distribution company	EY	Spain	100%	3,000	8,590,125	(4,082,284)
Siemens Gamesa Renewable Energy, Inc.	Production and distribution company	EY	Philippines	100%	10,759,506	(6,843,162)	227,551
Siemens Gamesa Renewable Energy S.A.S.	Service and distribution company	EY	France	100%	1,001,000	311,394	332,706
Siemens Gamesa Renewable Energy BVBA	Service and distribution company	EY	Belgium	100%	5,000,000	500,000	11,810,628
Siemens Gamesa Renewable Energy B.V.	Production and distribution company	EY	Netherlands	100%	5,220,915	5,220,915	5,019,190
Gamesa Energy Transmission, S.A. Unipersonal	Production company	EY	Spain	100%	21,660,000	69,133,328	3,435,954
SIEMENS GAMESA RENEWABLE ENERGY S.A.S.	Project Company	-	Colombia	100%	8,438	-	-
Siemens Gamesa Renewable Energy S.A.C.	Production and distribution company	-	Peru	100%	5,689,432	(4,479,613)	1,231,635
SIEMENS GAMESA RENEWABLE ENERGY INSTALLATION & MAINTENANCE COMPAÑIA LIMITADA	Service and distribution company	-	Guatemala	100%	541	(4,071,526)	3,181,632
Siemens Gamesa Renewable Energy AB	Production and distribution company	EY	Sweden	100%	5,194	10,096,858	3,486,578
Societe d'Exploitation du Parc Eolien de Mantoche SARL	Project company	-	France	100%	10,001	(60)	(212)

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP	CAPITAL	RESERVES	NET PROFIT FOR THE YEAR
Gudadanal Renewable Private Limited	Other	-	India	100%	132	(101)	98
Sistemas Energéticos La Plana, S.A.	Project company	Attest	Spain	90%	421,000	2,033,685	310,848
Haveri Renewable Power Private Limited	Other	-	India	100%	132	(101)	98
Siemens Gamesa Renewable Energy Limited	Production and distribution company	EY	United Kingdom	100%	207,141,442	(217,172,838)	89,560,176
Nirlooti Renewable Private Limited	Other	-	India	100%	132	(61)	59
Gerr Grupo Energético XXI, S.A. Unipersonal	Holding company	-	Spain	100%	1,605,032	(658,701)	43,065
Neelagund Renewable Private Limited	Other	-	India	100%	132	(101)	98
Siemens Gamesa Renewable Energy Kft.	Production and distribution company	EY	Hungary	100%	32,168	548,780	340,060
Hungund Renewable Energy Private Limited	Other	-	India	100%	132	(101)	98
Siemens Gamesa Renewable Energy Limited	Service and distribution company	EY	Ireland	100%	1	(1,694,164)	5,177,817
Sistemas Energéticos del Sur S.A.	Project company	-	Spain	70%	600,000	(478,073)	(3,269)
Saunshi Renewable Energy Private Limited	Other	-	India	100%	132	(101)	98
Siemens Gamesa Renewable Energy Italia S.r.l.	Production and distribution company	EY	Italy	100%	1,000,000	1,570,880	500,000
Societe d'Exploitation du Parc Eolien de Pouilly-sur-Vingeanne SARL	Project company	-	France	100%	10,001	(60)	(40)
Chikkodi Renewable Power Private Limited	Other	-	India	100%	132	(101)	98
Umrani Renewable Private Limited	Other	-	India	100%	132	(101)	98
SIEMENS GAMESA RENEWABLE ENERGY AS	Production and distribution company	EY	Norway	100%	271,062	(9,419,894)	(273,942)
Siemens Gesa Renewables Energy Services S. de R.L. de C.V.	Service company	EY	Mexico	100%	2,503	1,343,746	833,227
Zalki Renewable Private Limited	Other	-	India	100%	132	(101)	98
Sistemas Energéticos Monte Genaro, S.L.U.	Project company	-	Spain	100%	3,006	(13,781)	(34,085)
Hattarwat Renewable Private Limited	Other	-	India	100%	132	(101)	98
Siemens Gamesa Renewable Energy, Inc.	Production and distribution company	EY	United States	100%	27,834,231	395,131,836	(4,504,499)
Sistemas Energéticos Cabanelas, S.A. Unipersonal	Project company	-	Spain	100%	61,000	32	806
Siemens Gamesa Renewable Energy Europa S.L.	Holding company	-	Spain	100%	3,006	567,931	(20,439)
Siemens Gamesa Renewable Energy LLC	Service company	-	Ukraine	100%	-	-	-
Sistemas Energéticos Loma del Viento, S.A. Unipersonal	Project company	-	Spain	100%	61,000	648,253	(5,608)
Cedar Cap Wind, LLC	Project company	-	United States	100%	80	(60)	-
Societe d'Exploitation du Parc Eolien de Vernierfontaine SARL	Project company	-	France	100%	10,001	(60)	(212)
Societe d'Exploitation du Parc Eolien de Songy SARL	Project company	-	France	100%	10,001	(60)	(212)
Gesa Oax I Sociedad Anonima de Capital Variable	Project company	EY	Mexico	100%	-	35,851	23,590
Siemens Gamesa Renewable Energy Engineering Centre Private Limited	Production and distribution company	EY	India	100%	1,322,515	736,000	2,935,582
Societe d'Exploitation du Parc Eolien de Sommesous SARL	Project company	-	France	100%	10,001	(60)	(212)
Gesa Oax III Sociedad Anonima de Capital Variable	Project company	-	Mexico	100%	-	26,399	21,043
Siemens Gamesa Energy Tajdidpazir SSK	Service and distribution company	-	Iran, Islamic Republic of	100%	-	1,235,297	301,294
Sistemas Energéticos Cuerda Gitana, S.A. Unipersonal	Project company	-	Spain	100%	61,000	2,230,460	32,061
Gesa Oax II Sociedad de Responsabilidad Limitada de Capital Variable	Project company	EY	Mexico	100%	-	35,620	44,999
Sistemas Energéticos Loma del Reposo, S.L. Unipersonal	Project company	-	Spain	100%	61,000	(16,998)	(482)
Societe d'Exploitation du Parc Eolien de Cernon SARL	Project company	-	France	100%	10,001	(60)	(212)
Societe d'Exploitation du Parc Eolien de Broys SARL	Project company	-	France	100%	10,001	(60)	(212)
Siemens Gamesa Renewable Energy SARL	Production and distribution company	-	Morocco	100%	943	4,194,814	2,116,897
Sistemas Energéticos Sierra de Las Estancias, S.A. Unipersonal	Project company	-	Spain	100%	61,000	(9,777,350)	(153,538)
Siemens Gamesa Renewable Energy LLC	Service and distribution company	-	Viet Nam	100%	375,043	(50,039)	(77,442)
Sistemas Energéticos Curtis, S.A. Unipersonal	Project company	-	Spain	100%	61,000	(635)	(347)
Sistemas Energéticos Tomillo, S.A. Unipersonal	Project company	-	Spain	100%	61,000	(27,892)	(627)
Siemens Gamesa Renewable Energy (Private) Limited	Other	-	Pakistan	100%	586	-	175,475
Windkraft Trinwillershagen Entwicklungsgesellschaft mbH	Project company	-	Germany	100%	51,129	971,562	(57,579)
Societe d'Exploitation du Parc Eolien de Saint Bon SARL	Project company	-	France	100%	10,001	(60)	(212)
Sistemas Energéticos Tablero Tabordo, S.L.	Project company	-	Spain	100%	3,006	51,344	2,028
Sistemas Energéticos Carril, S.L. Unipersonal	Project company	-	Spain	100%	61,000	(5,673)	(428)
CARMODY'S HILL INVESTMENT COMPANY PTY LTD	Project company	-	Australia	100%	620	-	-
Sistemas Energéticos Fonseca, S.A. Unipersonal	Project company	-	Spain	100%	61,000	521,138	1,079
Sistemas Energéticos Argañoso, S.L. Unipersonal	Project company	-	Spain	100%	61,000	1,238,553	(158)
Pocahontas Prairie Holdings, LLC	Project company	-	United States	100%	-	-	-
Siemens Gamesa Renewable Energy A/S	Production and distribution company	EY	Denmark	100%	2,690,468	249,861,094	228,903,666
Diversified Energy Transmissions, LLC	Development and distribution company	-	United States	100%	1,461,449	(27,066,918)	-
Siemens Gamesa Renewable Energy Wind Farms, S.A.	Holding company	EY	Spain	100%	35,490,984	386,072,292	26,412,661
Societe d'Exploitation du Parc Eolien de Champvevraine SARL	Project company	-	France	100%	10,001	(60)	(212)
Siemens Gamesa Renewable Energy International Wind Services, S.A.	Other	EY	Spain	100%	600,000	(235,527)	(34,603)
International Wind Farm Developments IX, S.L.	Project company	-	Spain	100%	3,006	1,335,894	(487,478)
Siemens Gamesa Renewable Energy Innovation & Technology, S.L.	Research and development company	EY	Spain	100%	4,355,000	355,534,042	(141,762,309)
Lindom Vindenergi AB	Project company	-	Sweden	100%	14,546	(2,643)	(1,328)
Siemens Gamesa Renewable Energy Wind Limited	Holding company	EY	United Kingdom	100%	16,128,021	(16,281,356)	(3,191,634)
Sistemas Energéticos Serra de Lourenza, S.A. Unipersonal	Project company	-	Spain	100%	61,000	15,376,177	(41,889)
Siemens Gamesa Renewable Energy UK Limited	Project company	EY	United Kingdom	100%	14,361,263	(14,719,380)	(31,481)

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP	CAPITAL	RESERVES	NET PROFIT FOR THE YEAR
Gamesa Eólica Costa Rica, S.R.L.	Service company	-	Costa Rica	100%	8,755,306	(4,632,976)	2,542,479
Societe d'Exploitation du Parc Eolien de Margny SARL	Project company	-	France	100%	10,001	(60)	(40)
Bargrennan Renewable Energy Park Limited	Project company	-	United Kingdom	100%	1	-	-
Siemens Gamesa Renewable Energy AE	Project company	-	Greece	100%	837,110	35,048	(1,501,172)
GESA Eólica Honduras, S.A.	Service company	-	Honduras	100%	5,763,800	6,108,946	(5,067,286)
Sistemas Energéticos Mansilla, S.L.	Project company	-	Spain	78%	6,000	(342,546)	(8,786)
Adwen Offshore, S.L.	Holding company	EY	Spain	100%	50,000,000	106,205,069	6,694,159
Parque Eólico Dos Picos, S.L.U.	Project company	-	Spain	100%	1,229,100	(119,293)	7,655
Siemens Gamesa Renewable Energy Egypt LLC	Service and distribution company	EY	Egypt	100%	3,871,486	(1,009,045)	(688,851)
Siemens Gamesa Renewable Energy B9 Limited	Service company	EY	United Kingdom	100%	1,372,775	1,940,609	36,394
Siemens Gamesa Renewable Energy 9REN, S.L.	Holding company	EY	Spain	100%	11,956,926	(1,763,694)	(1,872,428)
Sistemas Energéticos Cabezo Negro, S.A. Unipersonal	Project company	-	Spain	100%	61,000	2,338,523	(814,844)
Siemens Gamesa Renewable Energy Invest, S.A.	Holding company	EY	Spain	100%	1,200,000	2,287,641	4,583,133
Wind Portfolio Memberco, LLC	Project company	-	United States	100%	-	-	-
Societe d'Exploitation du Parc Eolien de Romigny SARL	Project company	-	France	100%	10,001	(60)	(212)
Glenouther Renewables Energy Park Limited	Project company	-	United Kingdom	100%	1	-	-
International Wind Farm Developments II, S.L.	Project company	-	Spain	100%	3,006	2,094,120	(345,126)
Siemens Gesa Renewable Energy, S.A. de C.V.	Project company	EY	Mexico	100%	2,494	217,262,867	(18,742,115)
Siemens Gamesa Renewable Energy LLC	Service and distribution company	-	Russian Federation	100%	144	421,880	(2,036,794)
Siemens Gamesa Renewable Energy Limited Liability Company	Service company	-	Azerbaijan	100%	71	231,342	(2,297)
Siemens Gamesa Renewable Energy Wind SARL	Project company	EY	France	100%	17,121,598	(3,392,556)	(7,226,172)
Sistemas Energéticos Balazote, S.A. Unipersonal	Project company	-	Spain	100%	61,000	2,647,577	108,126
Siemens Gamesa Renewable Energy EOOD	Service company	EY	Bulgaria	100%	143,055	3,096,709	752,265
Sistemas Energéticos Jaraón, S.A. Unipersonal	Project company	-	Spain	100%	61,000	13,247,888	(22,538)
Siemens Gamesa Megújuló Energia Hungary Kft	Service company	EY	Hungary	100%	11,973	6,391,494	336,869
EcoHarmony West Wind, LLC	Project company	-	United States	100%	-	-	-
GER Baneasa, S.R.L.	Service company	-	Romania	100%	49	(24,769)	(4,588)
Sellafrith Renewable Energy Park Limited	Project company	-	United Kingdom	100%	1	-	-
Sistemas Energéticos Ladera Negra, S.A. Unipersonal	Project company	-	Spain	100%	61,000	(17,275)	304
Siemens Gamesa Renewable Energy Romania S.R.L.	Service company	EY	Romania	100%	6,990	27,781,538	1,544,579
Siemens Gamesa Renewable Power Private Limited	Holding company	EY	India	100%	204,029,106	1,318,793,232	(52,636,713)
Adwen France SAS	Production and distribution company	EY	France	100%	1,253,873	13,728,267	(844,450)
Societe d'Exploitation du Parc Eolien de Saint-Lumier en Champagne SARL	Project company	-	France	100%	10,001	(60)	(212)
Gamesa Dominicana, S.A.S.	Service company	EY	Dominican Republic	100%	7,534,661	(3,236,266)	(4,109,986)
Societe d'Exploitation du Parc Eolien de Saint Amand SARL	Project company	-	France	100%	10,001	(60)	(212)
Siemens Gamesa Renewable Energy Wind Farms S.R.L.	Service company	-	Romania	100%	319	(12,365,819)	(943,789)
Siemens Gamesa Renewable Energy Australia Pty Ltd	Service company	-	Australia	100%	3,066,453	(2,475,523)	(217,760)
Societe d'Exploitation du Parc Eolien de Landresse SARL	Project company	-	France	100%	10,001	(60)	(212)
GER Independenta, S.R.L.	Service company	-	Romania	100%	49	(23,845)	(2,183)
Gesacisa Desarrolladora, S.A. de C.V.	Project company	EY	Mexico	100%	3,397	3,827,863	309,465
Societe d'Exploitation du Parc Eolien de Clamanges SARL	Project company	-	France	100%	10,000	(59)	(212)
Gamesa Eólica VE, C.A.	Service company	-	Venezuela, Bolivarian Republic of	100%	17,649	(221,139)	(2,188)
Sistemas Energéticos Arinaga, S.A. Unipersonal	Project company	-	Spain	100%	61,000	1,960,276	485,738
Societe d'Exploitation du Parc Eolien de Mailly-le-Camp SARL	Project company	-	France	100%	10,001	(60)	(212)
Smardzewo Windfarm Sp. z o.o.	Project company	-	Poland	100%	215,269	(108,637)	(53,730)
Osiek Sp. z o.o. w Likwidacji	Project company	-	Poland	100%	11,182	(131,338)	(33,394)
Adwen UK Limited	Project company	-	United Kingdom	100%	688,999	(2,689,887)	(130,347)
Sistemas Energéticos El Valle, S.L.	Project company	-	Spain	100%	3,006	10,899,632	(14,294)
Societe d'Exploitation du Parc Eolien de la Brie des Etangs SARL	Project company	-	France	100%	32,001	(60)	(212)
Siemens Gamesa Renewable Energy Ireland Limited	Service company	EY	Ireland	100%	100	2,644,970	-
Sistemas Energéticos Boyal, S.L.	Project company	-	Spain	60%	3,006	(3,219,585)	92,094
Siemens Gamesa Renewable Energy Wind S.R.L.	Service company	EY	Italy	100%	100,000	2,472,066	(1,405,366)
GER Baraganu, S.R.L.	Service company	-	Romania	100%	49	(23,425)	(4,283)
Siemens Gamesa Energia Renovável Ltda.	Distribution and service company	EY	Brazil	100%	98,255,570	29,906,500	(9,020,353)
GM Navarra Wind Energy Private Limited	Development and distribution company	-	India	100%	108,912	1,414,090	(295,994)
Lingbo SPW AB	Project company	EY	Sweden	100%	176,438	313,361	366,806
Kadapa Wind Farms Private Limited	Development and distribution company	-	India	100%	1,439	(1,881)	(329)
Gamesa Eólica Nicaragua S.A.	Service company	-	Nicaragua	100%	1,363,089	8,438,560	(3,352,726)
Kurnool Wind Farms Private Limited	Development and distribution company	-	India	100%	1,439	(1,923)	(329)
Siemens Gesa Renewable Energy México, S. de R.L. de C.V.	Project company	EY	Mexico	100%	10,010,461	1,403,175	(305,447)
Societe d'Exploitation du Parc Eolien de Souvans SARL	Project company	-	France	100%	10,001	(60)	(212)
Siemens Gamesa Renewable Energy Ltd	Service company	EY	Israel	100%	-	1,375,787	(75,703)
RSR Power Private Limited	Development and distribution company	-	India	100%	1,579	(5,375)	(2,336)
Rajgarh Windpark Private Limited	Development and distribution company	-	India	99%	2,053	(2,701)	(329)



COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP	CAPITAL	RESERVES	NET PROFIT FOR THE YEAR
SIEMENS GAMESA YENILENEBILIR ENERJİ IC VE DIS TICARET LIMITED SİRKETİ	Service and distribution company	-	Turkey	100%	43,386	(1,767,409)	(1,243,909)
Societe d'Exploitation du Parc Eolien de Plancy l'Abbaye SARL	Project company	-	France	100%	10,001	(60)	(212)
Ujazd Sp. z o.o.	Project company	-	Poland	100%	875,145	(277,191)	(601,441)
Societe d'Exploitation du Parc Eolien de Pringy SARL	Project company	-	France	100%	32,001	(60)	(212)
Maski Renewable Energy Private Limited	Other	-	India	100%	119	10	-
Siemens Gamesa Renewable Energy New Zealand Limited	Service company	-	New Zealand	100%	93	544,383	91,098
Gangavathi Renewable Private Limited	Other	-	India	100%	119	10	-
Siemens Gamesa Turkey Yenilenebilir Enerji Limited Sirketi	Other	-	Turkey	100%	25,753	10,036,197	(2,273,257)
Kanigiri Renewable Private Limited	Other	-	India	100%	119	10	-
Siemens Gamesa Renewable Energy France SAS	Other	EY	France	100%	65,280	3,302,494	(1,861,915)
Kollapur Renewable Private Limited	Other	-	India	100%	119	10	-
Gesan I S.A.P.I de C.V.	Other	-	Mexico	100%	-	1	-
Societe d'Exploitation du Parc Eolien de Chaintrix Bierges SARL	Other	-	France	100%	10,001	(60)	(212)
Jamkhandi Renewable Private Limited	Other	-	India	100%	119	10	-
Siemens Gamesa Renewable Energy Morocco SARL	Other	-	Morocco	100%	866	362,955	538,113
Societe d'Exploitation du Parc Eolien de Soude SARL	Other	-	France	100%	10,001	(60)	(212)
Rayachoty Renewable Private Limited	Other	-	India	100%	119	10	-
SIEMENS GAMESA RENEWABLE ENERGY SWEDEN AB	Other	EY	Sweden	100%	6,265,481	(3,176,177)	(2,450,880)
Shivamogga Renewable Energy Private Limited	Other	-	India	100%	119	10	-
Siemens Gamesa Renewable Energy Limited	Other	EY	Kenya	100%	2,497	(83,356)	(45,580)
Societe d'Exploitation du Parc Eolien de Bouclans SARL	Other	-	France	100%	10,001	(60)	(212)
Nandikeshwar Renewable Energy Private Limited	Other	-	India	100%	119	10	-
Siemens Gamesa Renewable Energy (Thailand) Co., Ltd.	Other	EY	Thailand	100%	402,529	4,335,406	707,127
Sindhaur Renewable Energy Private Limited	Other	-	India	100%	119	10	-
Siemens Gamesa Renewable Energy Latam, S.L.	Other	EY	Spain	100%	3,000	74,950,120	(8,766,292)
Pocahontas Prairie Wind, LLC	Other	EY	United States	100%	26	(85,444,244)	(3,449,846)
Vempalli Renewable Energy Private Limited	Other	-	India	100%	119	10	-
Societe d'Exploitation du Parc Eolien de Savoisy SARL	Project company	-	France	100%	10,001	(60)	(212)
Siemens Gamesa Renewable Energy Oy	Service company	EY	Finland	100%	10,531,506	(7,782,398)	393,388
Anantapur Wind Farms Private Limited	Development and distribution company	-	India	100%	1,439	(1,923)	(329)
Societe d'Exploitation du Parc Eolien de Longueville sur Aube SARL	Project company	-	France	100%	10,001	(60)	(212)
Siemens Gamesa Renewable Energy Belgium BVBA	Service company	EY	Belgium	100%	48,550	406,023	68,850
Societe d'Exploitation du Parc Eolien de Coupetz SARL	Project company	-	France	100%	10,001	(30)	(212)
Siemens Gamesa Renewable Energy Poland Sp. z o.o.	Project company	EY	Poland	100%	7,086,260	2,826,684	1,917,733
Societe d'Exploitation du Parc Eolien de la Loye SARL	Project company	-	France	100%	10,001	(60)	(212)
Gamesa Wind South Africa (Proprietary) Limited	Service company	-	South Africa	100%	273,121	(172,601)	(100,386)
Societe d'Exploitation du Parc Eolien de Trepot SARL	Project company	-	France	100%	10,001	(60)	(212)
Siemens Gamesa Renewable Energy Apac, S.L.	Holding company	EY	Spain	100%	3,000	739,760	969,195
Gamesa Wind (Tianjin) Co., Ltd.	Development and distribution company	EY	China	100%	14,544,437	101,196,127	(5,614,339)
Central Eólica de México S.A. de C.V.	Project company	EY	Mexico	100%	7,113	(1,255,172)	(241,811)
Societe d'Exploitation du Parc Eolien de Sambourg SARL	Project company	-	France	100%	10,001	(60)	(212)
Siemens Gamesa Renewable Energy, S.A.	Project company	EY	Portugal	100%	475,000	4,754,310	824,223
Gamesa (Beijing) Wind Energy System Development Co, Ltd	Development and distribution company	EY	China	100%	318,151	(9,086,941)	4,945,363
SIEMENS GAMESA RENEWABLE ENERGY SARL	Service and distribution company	-	New Caledonia	100%	8,406	(3,279)	(651,166)
Gamesa Electric, S.A. Unipersonal	Production company	EY	Spain	100%	9,394,900	73,414,878	14,313,257
Societe d'Exploitation du Parc Eolien de Sceaux SARL	Project company	-	France	100%	10,001	(60)	(212)
Siemens Gamesa Renewable Energy, Ltd	Service company	EY	Mauritius	100%	3,005	273,937	74,439
Societe d'Exploitation du Parc Eolien de Guerfand SARL	Project company	-	France	100%	10,001	(60)	(212)
Societe d'Exploitation du Parc Eolien de Vaudrey SARL	Project company	-	France	100%	10,001	(60)	(212)
Societe d'Exploitation du Parc Eolien d'Orchamps SARL	Project company	-	France	100%	10,001	(60)	(212)
Societe d'Exploitation du Parc Eolien du Vireaux SAS	Project company	EY	France	100%	33,112	(10,913)	(2,082)
Societe d'Exploitation du Parc Eolien de Dampierre Prudemanche SAS	Project company	EY	France	100%	27,420	(12,364)	(5,875)
Societe d'Exploitation du Parc Eolien de Orges et Ornain SARL	Project company	-	France	100%	10,001	(60)	(212)
Ganquan Chaiguanshan Wind Power Co., Ltd.	Other	-	China	100%	1,812,910	43,770	-
Parco Eolico Manca Vennarda S.r.l.	Project company	EY	Italy	100%	30,000	(3,614)	(1,417)
Yongzhou Shuangpai Daguping Wind Power Co., Ltd.	Other	-	China	100%	-	-	-
Societe d'Exploitation du Parc Eolien de Germainville SAS	Project company	EY	France	100%	13,150	(6,571)	(2,392)
Societe d'Exploitation du Parc Eolien de Moulins du Puits SAS	Project company	EY	France	100%	27,102	(4,902)	(1,075)
Parco Eolico Banzy S.r.l.	Project company	-	Italy	100%	30,000	(3,617)	(1,417)
Gamesa Blade (Tianjin) Co., Ltd.	Development and distribution company	EY	China	100%	12,000,000	7,308,499	(9,145)
Shuangpai Majiang Wuxingling Wind Power Co., Ltd	Project company	-	China	100%	-	-	-
Siemens Gamesa Renewable Energy Italy, S.P.A.	Service company	EY	Italy	100%	570,000	469,986	(1,747,671)
Siemens Gamesa Renewable Energy Lanka (Private) Limited	Service company	-	Sri Lanka	100%	11,571	109,204	131,341
Siemens Gamesa Renewable Energy Chile SpA	Service company	-	Chile	100%	7,064	6,823,974	(1,478,894)

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP	CAPITAL	RESERVES	NET PROFIT FOR THE YEAR
Jilin Gamesa Wind Co., Ltd.	Development and distribution company	EY	China	100%	1,630,335	(7,342,842)	(155,365)
Inner Mongolia Gamesa Wind Co., Ltd.	Development and distribution company	EY	China	100%	1,650,570	(7,381,376)	(212,106)
Societe d'Exploitation du Parc Eolien de Bonboillon SARL	Project company	-	France	100%	10,001	(60)	(212)
Societe d'Exploitation du Parc Eolien de Saint Loup de Saintonge SAS	Project company	EY	France	100%	3,700	(970)	(96,414)
SIEMENS GAMESA RENEWABLE ENERGY S.R.L.	Service company	EY	Uruguay	100%	822	8,683,243	2,572,054
Societe d'Exploitation du Parc Eolien de Source de Seves SARL	Other	-	France	100%	22,134	(14,734)	4,693
Siemens Gamesa Renewable Energy Greece E.P.E.	Service company	EY	Greece	100%	18,000	2,040,181	(670,415)
Siemens Gamesa Renewable Energy, SARL	Service company	Others	Mauritania	100%	2,539	880,196	(180,421)
Societe d'Exploitation du Parc Eolien de la Tete des Boucs SARL	Project company	-	France	100%	32,001	(60)	(9,582)
Societe d'Exploitation du Parc Eolien de Chepniers SARL	Project company	-	France	100%	10,001	(60)	(212)
Kiritech Santalpur Windpark Private Limited	Other	-	India	99%	141,867	(196,787)	2,198
Siemens Gamesa Renewable Energy Limited	Service company	EY	Cyprus	100%	1,000	1,619,691	4,301
Fanbyn2 Vindenergi AB	Project company	-	Sweden	100%	5,699	4,465	(1,821)
Devarabanda Renewable Energy Private Limited	Other	-	India	100%	132	(200)	197
Ghatpimpri Renewable Private Limited	Other	-	India	100%	132	(200)	197
Siemens Gamesa Renewable Energy Management GmbH	Other	-	Germany	100%	25,000	42,970	(4,004)
Poovani Wind Farms Private Limited	Other	-	India	100%	132	(200)	197
Kod Renewable Private Limited	Other	-	India	100%	132	(200)	197
Viralipatti Renewable Private Limited	Other	-	India	100%	132	(200)	197
PT Siemens Gamesa Renewable Energy	Service and distribution company	-	Indonesia	95%	148,910	2,945	174,957
Siemens Gamesa Renewable Energy Blades, SARL AU	Production and distribution company	-	Morocco	100%	40,000,000	(9,669,567)	(7,173,219)
Gagodar Renewable Energy Private Limited	Other	-	India	100%	132	(200)	197
Thoothukudi Renewable Energy Private Limited	Other	-	India	100%	132	(200)	197
Sankanur Renewable Energy Private Limited	Other	-	India	100%	132	(200)	197
Osmanabad Renewable Private Limited	Other	-	India	100%	132	(200)	197
Dhone Renewable Private Limited	Other	-	India	100%	132	(200)	197
Siemens Gamesa Renewable Energy GmbH & Co. KG	Production and distribution company	EY	Germany	100%	1,000,000	99,744,438	62,486,197
Bhuj Renewable Private Limited	Other	-	India	100%	132	(200)	197
Bapuram Renewable Private Limited	Other	-	India	100%	132	(200)	197
Koppal Renewable Private Limited	Other	-	India	100%	132	(200)	197
<b>B) COMPANIES ACCOUNTED BY EQUITY METHOD</b>							
Windar Renovables, S.L.	Production and distribution company	PWC	Spain	32%	9,394	96,289,000	1,040,000
Energia Eólica de Mexico S.A. de C.V.	Project company	-	Mexico	50%	386,431	(381,319)	(17)
Sistemas Electricos Esplugas, S.A.	Project company	-	Spain	50%	61,000	(612,279)	(23,663)
Energias Renovables San Adrián de Juarros, S.A.	Project company	-	Spain	45%	60,200	(34,493)	(4,114)
Nuevas Estrategias de Mantenimiento, S.L.	Service company	Deloitte	Spain	50%	570,000	3,311,000	(497,000)
Baja Wind US LLC	Venture Capital Investment	-	United States	50%	-	-	-
Energia Renovable del Istmo S.A. de C.V.	Operation of Wind Farms	-	Mexico	50%	372,225	(402,809)	(33,924)

CARLOS RODRIGUEZ-QUIROGA MENÉNDEZ, WITH NATIONAL IDENTITY CARD NUMBER 276302-A, SECRETARY OF THE BOARD OF DIRECTORS "SIEMENS GAMESA RENEWABLE ENERGY, S.A." WITH REGISTERED OFFICE IN ZAMUDIO (VIZCAYA), AT PARQUE TECNOLÓGICO DE BIZKAIA, BUILDING 222 WITH EMPLOYER IDENTIFICATION NUMBER A-01011253.

HEREBY CERTIFY:

That the text of the annual accounts for 2019 of SIEMENS GAMESA RENEWABLE ENERGY, S.A., authorized for issue by the Board of Directors at its meeting held on November 27, 2019, is the content of the preceding 66 sheets of unstamped paper, on the obverse only, in respect of the balance sheet, statement of profit and loss, statement of changes in equity, statement of cash flows and the notes and for authentication purposes, bear the signature of the Chairman and the Secretary of the Board of Directors on its first sheet and the stamp of the Company in the total remaining sheets.

The directors listed below hereby so ratify by signing below, in conformity with Article 253 of the Spanish Limited Liability Companies Law.

\_\_\_\_\_  
Miguel Ángel López Borrego  
Chairman

\_\_\_\_\_  
Markus Tacke  
CEO

\_\_\_\_\_  
Lisa Davis  
Member of the Board of Directors

\_\_\_\_\_  
Carlos Rodríguez-Quiroga Menéndez  
Secretary of the Board of Directors

\_\_\_\_\_  
Michael Sen  
Member of the Board of Directors

\_\_\_\_\_  
Klaus Rosenfeld  
Member of the Board of Directors

\_\_\_\_\_  
Ralf Thomas  
Member of the Board of Directors

\_\_\_\_\_  
Pedro Azagra Blázquez  
Member of the Board of Directors

\_\_\_\_\_  
Mariel von Schumann  
Member of the Board of Directors

\_\_\_\_\_  
Gloria Hernández García  
Member of the Board of Directors

\_\_\_\_\_  
Rudolf Krämmer  
Member of the Board of Directors

\_\_\_\_\_  
Alberto Alonso Ureba  
Member of the Board of Directors

\_\_\_\_\_  
Andoni Cendoya Aranzamendi  
Member of the Board of Directors

Statement by the Secretary of the Board of Directors to let the record reflect that: (i) Mr. Michael Sen does not sign this document as he hasn't physically attended the meeting of the Board of Directors due to force majeure, that (ii) he has delegated his representation and vote for the items included in the agenda to the director Mr. Miguel Angel López Borrego, and that (iii) Mr. Miguel Angel López Borrego, who holds an express authorization conferred for these purposes by Mr. Michael Sen, has signed this document on his behalf. It is also stated that (i) Ms. Lisa Davis, Mr. Ralf Thomas and Mr. Alberto Alonso Ureba attend the meeting by telematic means and therefore they do not sign this document and that (ii) Mr. Miguel Angel López Borrego has signed this document on behalf of Ms. Lisa Davis and Mr. Ralf Thomas in virtue of an express authorization conferred for these purposes by them; and that (iii) Ms. Gloria Hernández García has signed this document on behalf of Mr. Alberto Alonso Ureba in virtue of an express authorization conferred for these purposes by him.

Zamudio, November 27, 2019. In witness whereof

Approval of the Chairman

---

Miguel Ángel López Borrego  
Chairman

---

Carlos Rodríguez-Quiroga Menéndez  
Secretary of the Board of Directors