

Audit Report on Consolidated Financial Statements  
issued by an Independent Auditor

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

## AUDIT REPORT ON CONSOLIDATED 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.:

### Audit report on the consolidated financial statements

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#### Opinion

We have audited the consolidated financial statements of SIEMENS GAMESA RENEWABLE ENERGY, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at September 30, 2019, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the fiscal year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at September 30, 2019 and of its financial performance and its consolidated cash flows, for the fiscal year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

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#### 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 consolidated financial statements section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated 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.

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## Key audit matters

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

## Revenue recognition on construction contracts

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**Description** Siemens Gamesa Renewable Energy Group conducts a significant portion of its business under construction contracts. Revenue recognition for such contracts is recognized in accordance with IFRS 15, Revenue from Contracts with Customers, generally by applying the percentage-of-completion ("PoC") method. We consider the accounting for construction contracts to be an area with a significant risk of material misstatement (including the potential risk of management override of internal controls) and, accordingly, a key audit matter, because management's estimates significantly impact the determination of the extent of progress towards completion. These estimates include, in particular, the scope of deliveries and services required to fulfill contractually defined obligations, total estimated contract costs, remaining cost to complete the contract, total estimated contract revenues as well as contract risks, including technical, regulatory, political and legal risks.

Revenue, total contract costs and profit recognition may deviate significantly from original estimates based on new or additional information, among others, about cost overruns and changes in project scope over the term of a construction contract.

Revenue recognition according to the POC method requires Group management to make significant estimates regarding the planned revenues and costs, as well as the margin and the percentage of completion for each contract. Since revenues are recognized based on the estimates in each period, there is a high degree of management judgement involved. For this reason, we have considered this matter as a key audit matter for our audit.

The disclosures regarding revenue recognition on construction contracts are presented in the attached notes to the consolidated financial statements under note 3.u "Accounting principles and policies and key judgments and estimates". The disclosures regarding provisions for impending order related losses and other risks are presented under note 19 "Provisions".

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

- ▶ We obtained an understanding of the Group's established methods, processes and internal control mechanisms for project management in the bid and execution phases of construction contracts. We also assessed the design and operating effectiveness of the accounting-related internal controls by obtaining an understanding of business transactions specific to construction contracts from the initiation of the transaction through presentation in the consolidated financial statements, and testing controls over these processes.

- ▶ As part of our substantive audit procedures, we evaluated management's estimates and assumptions based on the selection of a sample of contracts, selected considering both significant figures and the related risk, applying analytical review procedures to identify unusual elements in the margins obtained throughout the execution of project. Our sample particularly included projects that are subject to significant future uncertainties and risks, such as fixed-price or turnkey projects, projects with complex technical requirements or with a large portion of materials or services to be provided by suppliers, subcontractors, cross-border projects, and projects with changes in cost estimates, delays and/or low or negative margins.
- ▶ Our audit procedures included, among others, review of the contracts and their terms and conditions including contractually agreed partial deliveries and services, termination rights, penalties for delay and breach of contract as well as liquidated damages. In order to evaluate whether revenues were recognized on an accrual basis for the selected projects, we analyzed billable revenue and corresponding cost of sales to be recognized in the consolidated statement of profit and loss in the reporting period considering the percentage of completion, and examined the accounting for the associated items in the consolidated financial statements. Considering the requirements of IFRS 15, we also assessed the accounting for contract amendments or contractually agreed options. We further performed inquiries of project management with respect to the development of the projects for which they are responsible, the reasons for deviations between planned and actual costs, the estimated costs to complete the projects and current costs, and management's assessment on probabilities that contract risks will materialize. Moreover, we obtained evidence from third parties for the selected projects (for example, documentation of project acceptance, contract conditions, lawyer confirmations for alleged breaches of contract and claims made).
- ▶ We have reviewed the disclosures included in the notes of the consolidated financial statements of the year in accordance with the applicable financial information regulatory framework.

#### Provisions for warranties, including other legal and quality matters or project-related matters

Description In our professional judgment, the accounting for provisions for warranties, including other legal and quality matters or project-related matters is a key audit matter. The area is particularly uncertain and requires estimates that could significantly influence the recognition and measurement of respective provisions and thus, the financial position and results of Group operations. The uncertainties and the judgmental areas refer mainly to the expected failure rates, expected repair costs, complexity of the necessary repair or replacement work, the expected period of cash outflows and the discount rates. As a consequence, there is significant judgement associated with the provisions to cover these risks.

The Company's disclosures regarding the accounting treatment of provisions are presented in the attached notes to the consolidated financial statements in note 3.k "Accounting principles and policies and key judgments and estimates". The Company's disclosures regarding provisions are presented in note 19 "Provisions".

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

- ▶ We obtained an understanding of the Group's internal control environment, processes and mechanisms for the calculation and the accounting of warranty provisions, including other legal and quality matters or project-related matters. We assessed the design and the effectiveness of the internal controls related to the calculation of provisions, identification of the obligation and the process of monitoring the evolution of the provision, including the deviation analysis in the assumptions considered in the calculations and their actual and expected future use.
- ▶ We performed a general analytical review of the movement of the different existing provisions, obtaining evidence and supporting documentation that corroborate our expectations and management's responses to our inquiries and that provide an understanding of the reasons and factors that have produced the most significant variations and deviations.
- ▶ In addition, we performed substantive audit procedures, both, on the model and methodology used by management, with the support of our specialists, and through the selection of a sample of provisions based on quantitative and risks criterion.
- ▶ For the selected sample of projects, we reviewed the supporting documentation of the reasonableness of the provisions estimate as of September 30, 2019, validating the consistency with the most up-to-date internal technical reports and, when available, also with the conclusions of internal and external advisors on the most significant technical issues. In addition, we compared the expected failure rates and the expected average repair costs with the actual values incurred and reviewed the updates made in the related warranty provisions, focusing our review on the expected failure rates, the expected repair costs and expected of cash outflows for the period, as well as the discount rates. For the planned repair costs, we made inquiries through interviews with the project managers evaluating their reasonableness based on the actual costs incurred.
- ▶ We have reviewed the disclosures included in the notes of the consolidated financial statements of the year in accordance with the applicable financial information regulatory framework.

#### Fair value measurement

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Description In our professional judgment, the accounting treatment of fair value measurements is a key audit matter as the Group has a significant amount of goodwill, intangible assets and inventories. The measurement of these matters is particularly uncertain and requires estimates that could significantly influence the amounts accounted for and thus the financial position and results. The uncertainties and judgmental estimates particularly concern assessing the fair value of these assets according to IFRS 13. In addition, goodwill and intangible assets with an indefinite-life must be tested for impairment on an annual basis by determining the recoverable amount of these assets, being the higher of value-in-use and fair value less costs to dispose. This requires significant judgements on current market conditions such as future price expectation as well as expected growth rates, the timing of future cash flows and the most appropriate discount and long-term growth rates. As a consequence, there is significant judgement regarding the fair value measurement of these assets.

The Company's disclosures regarding the accounting treatment of fair value measurements are presented in note 3 "Accounting principles and policies and key judgments and estimates" of the accompanying consolidated financial statements. The information disclosed regarding fair value measurements is presented in note 4 "Acquisitions, dispositions and discontinued operations". Likewise, the information related to the main assumptions used in the impairment test is described in note 13 "Goodwill".

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

- ▶ We have obtained an understanding of the Group's internal control methodology, processes and mechanisms for fair value assessment.
- ▶ In relation to the impairment tests performed for goodwill and intangible assets, we validated the key assumptions used by management with external market data where possible. With the assistance of our valuation specialists, we verified the calculation methodology applied with regard to the discounted cash flow model used in determining the recoverable amounts of the assets and the requirements according to IFRS 13. Furthermore, we analysed whether the assumptions and judgmental estimates used in determining the future cash flows as well as the parameters used are in line with the accounting treatment.  
We also inquired management and challenged the judgements made to assess the parameters used and the estimated cash flows. Additionally, we recalculated the models used to support the recoverable amount of the assets and reconciled expected future cash flows, among other, with internal business plans. We inquired management of the key assumptions and obtained evidence for the explanations provided by comparing key assumptions to market data, underlying accounting records, past performance and forecasts. We also tested management's sensitivity analyses around key assumptions i.e. average future growth rate, long-term average growth rate and discount rate applied for the segments and challenged management on the outcomes of the assessment.
- ▶ In addition, as part of our audit, we verified that inventories are measured at the lower of cost or net realizable value if lower. In addition, we assessed the reasonability of the quantity risks, technical risks and price risks used by management to calculate the inventory net realizable value. We also inquired management and challenged the judgements made regarding future price estimates, the potential project pipeline related to these inventories and the assessment of technical obsolescence used to determine the realizable value.
- ▶ We have reviewed the disclosures included in the notes of the consolidated financial statements of the year in accordance with the applicable financial information regulatory framework.

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Other information: consolidated management report

Other information refers exclusively to the 2019 consolidated 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 consolidated financial statements does not cover the consolidated management report. Our responsibility for the information contained in the consolidated 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 consolidated management report, which requires us to evaluate and report on the consistency of said information in the financial statements, based on our knowledge of the Group obtained during the audit, excluding the information not obtained from evidence. Moreover, we are required to evaluate and report on whether the content and presentation of this part of the consolidated 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 consolidated management report, and that the remaining information contained therein is consistent with the information provided in the 2019 consolidated financial statements and their content and presentation are in conformity with applicable regulations.

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#### Responsibilities of the parent company's directors and the audit committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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#### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated 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 Group'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 directors' 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the parent 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 parent 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, we determine those matters that were of most significance in the audit of the consolidated 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

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### Additional report to the audit committee

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

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### Term of engagement

The ordinary general shareholders' meeting held on March 27, 2019 appointed us as auditors of the Group for 1 year, commencing on September 30, 2018.

Previously, we were appointed as auditors by the shareholders for 4 year and we have been carrying out the audit of the consolidated 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. and  
subsidiaries composing the SIEMENS GAMESA  
Group**

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

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MANAGEMENT REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2019

Translation of Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 37)

**SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES**  
**COMPOSING SIEMENS GAMESA GROUP**

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2019 AND 2018

Thousands of euros

	Note	09.30.2019	09.30.2018 (*)
<b>Assets</b>			
Cash and cash equivalents	7	1,727,457	2,429,034
Trade and other receivables	8	1,286,781	1,113,918
Other current financial assets	9	274,736	171,036
Receivables from SIEMENS Group	30	21,516	28,486
Contract assets	11	2,056,255	1,572,188
Inventories	12	1,863,919	1,499,178
Current income tax assets		207,445	172,856
Other current assets	20	461,265	362,382
<b>Total current assets</b>		<b>7,899,374</b>	<b>7,349,078</b>
Goodwill	13	4,744,153	4,557,607
Other intangible assets	14	1,915,730	2,022,423
Property, plant and equipment	15	1,425,901	1,442,503
Investments accounting for using the equity method	16	70,876	73,036
Other financial assets	9 and 17	143,462	240,227
Deferred tax assets	27	400,538	366,957
Other assets		89,379	100,906
<b>Total non-current assets</b>		<b>8,790,039</b>	<b>8,803,659</b>
<b>Total assets</b>		<b>16,689,413</b>	<b>16,152,737</b>
<b>Liabilities and equity</b>			
Financial debt	9 and 18	352,209	990,538
Trade payables		2,599,836	2,416,394
Other current financial liabilities	9	130,396	103,772
Payables to SIEMENS Group	30	285,690	341,710
Contract liabilities	11	2,839,670	1,670,176
Current provisions	19	761,730	730,522
Current income tax liabilities		200,964	166,943
Other current liabilities	20	797,563	683,559
<b>Total current liabilities</b>		<b>7,968,058</b>	<b>7,103,614</b>
Financial debt	9 and 18	512,226	823,248
Post-employment benefits	21	14,823	12,635
Deferred tax liabilities	27	320,446	364,158
Provisions	19	1,400,252	1,702,108
Other financial liabilities	9	169,835	184,963
Other liabilities	22	30,968	31,060
<b>Total non-current liabilities</b>		<b>2,448,550</b>	<b>3,118,172</b>
Issued capital	23.A	115,794	115,794
Capital reserve	23.B	5,931,874	5,931,874
Unrealised asset and liability revaluation reserve	23.C	(4,520)	40,075
Retained earnings		712,833	583,832
Treasury shares, at cost	23.E	(21,616)	(20,343)
Currency translation differences		(464,261)	(722,507)
Non-controlling interest	24	2,701	2,226
<b>Total equity</b>		<b>6,272,805</b>	<b>5,930,951</b>
<b>Total liabilities and equity</b>		<b>16,689,413</b>	<b>16,152,737</b>

(\*) Figures presented for comparative purposes only.

The accompanying Notes from 1 to 37 are an integral part of these Consolidated Financial Statements.

*Translation of Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 37)*

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

	Note	Year ended 09.30.2019	Year ended 09.30.2018 (*)
Revenue	25 and 29.A	10,226,879	9,122,272
Cost of sales		(9,278,647)	(8,167,776)
<b>Gross profit</b>		<b>948,232</b>	<b>954,496</b>
Research and development expenses	14	(207,936)	(165,594)
Selling and general administrative expenses		(496,249)	(567,495)
Other operating income		36,342	18,347
Other operating expenses		(27,727)	(28,885)
Income (loss) from investments accounted for using the equity method, net	16	(1,479)	(431)
Interest income	29.F	13,810	15,167
Interest expenses	29.G	(52,940)	(54,628)
Other financial income (expenses), net	29.H	(21,625)	(3,190)
<b>Income from continuing operations before income taxes</b>		<b>190,428</b>	<b>167,787</b>
Income tax	26	(49,490)	(97,857)
<b>Income from continuing operations</b>		<b>140,938</b>	<b>69,930</b>
Income from discontinued operations, net of income taxes		-	-
<b>Net income</b>		<b>140,938</b>	<b>69,930</b>
<b>Attributable to:</b>			
Non-controlling interests	24	936	(63)
Shareholders of Siemens Gamesa Renewable Energy, S.A.		140,002	69,993
<b>Earnings per share in euros (basic and diluted)</b>	<b>33</b>	<b>0.21</b>	<b>0.10</b>

(\*) Figures presented for comparative purposes only.

The accompanying Notes from 1 to 37 are an integral part of these Consolidated Financial Statements.

*Translation of Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 37)*

**SIEMENS GAMESA RENEWABLE ENERGY, S.A. AND SUBSIDIARIES**  
**COMPOSING SIEMENS GAMESA GROUP**  
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018  
Thousands of euros

		Year ended 09.30.2019	Year ended 09.30.2018 (*)
<b>Net income</b>		<b>140,938</b>	<b>69,930</b>
<b>Items that may be subsequently reclassified into Profit and Loss</b>			
Currency translation differences		258,246	(228,850)
Remeasurements of defined benefit plans	21	237	321
Tax effect	27	(94)	(99)
Derivative financial instruments	23.C	(67,008)	(25,411)
Tax effect	23.C and 27	16,672	8,606
<b>Amounts transferred to Profit and Loss</b>			
Derivative financial instruments	23.C	8,210	22,321
Tax effect	23.C and 27	(2,469)	(5,865)
<b>Other comprehensive income, net of taxes</b>		<b>213,794</b>	<b>(228,977)</b>
<b>Total comprehensive income</b>		<b>354,732</b>	<b>(159,047)</b>
<b>Attributable to:</b>			
Non-controlling interests	24	936	(63)
Shareholders of Siemens Gamesa Renewable Energy, S.A.		353,796	(158,984)

(\*) Figures presented for comparative purposes only.

The accompanying Notes from 1 to 37 are an integral part of these Consolidated Financial Statements.

Translation of Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 37)

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

	Issued capital	Capital reserve	Unrealised asset and liability revaluation reserve	Retained earnings	Treasury shares, at cost	Currency translation differences	Non-controlling interests	Total equity
<b>Balances as of October 1, 2017 (*)</b>	<b>115,794</b>	<b>5,931,874</b>	<b>55,782</b>	<b>493,745</b>	<b>(21,505)</b>	<b>(493,657)</b>	<b>2,814</b>	<b>6,084,847</b>
Total comprehensive income for the year ended September 30, 2018	-	-	-	69,993	-	-	(63)	69,930
Other comprehensive income, net of income taxes	-	-	(349)	222	-	(228,850)	-	(228,977)
Share-based payments (Note 3.R)	-	-	-	2,077	-	-	-	2,077
Treasury shares transactions (Note 23.E)	-	-	-	(1,184)	1,162	-	-	(22)
Other changes in equity	-	-	(15,358)	18,979	-	-	(525)	3,096
<b>Balances as of September 30, 2018 (**)</b>	<b>115,794</b>	<b>5,931,874</b>	<b>40,075</b>	<b>583,832</b>	<b>(20,343)</b>	<b>(722,507)</b>	<b>2,226</b>	<b>5,930,951</b>
Adjustments due to IFRS 9 (Note 2.E)	-	-	-	(4,645)	-	-	-	(4,645)
<b>Balances as of October 1, 2018 (***)</b>	<b>115,794</b>	<b>5,931,874</b>	<b>40,075</b>	<b>579,187</b>	<b>(20,343)</b>	<b>(722,507)</b>	<b>2,226</b>	<b>5,926,306</b>
Total comprehensive income for the year ended September 30, 2019	-	-	-	140,002	-	-	936	140,938
Other comprehensive income, net of income taxes	-	-	(44,595)	143	-	258,246	-	213,794
Dividends	-	-	-	(17,442)	-	-	(446)	(17,888)
Share-based payments (Note 3.R)	-	-	-	8,850	-	-	-	8,850
Treasury shares transactions (Note 23.E)	-	-	-	2,084	(1,273)	-	-	811
Other changes in equity	-	-	-	9	-	-	(15)	(6)
<b>Balances as of September 30, 2019</b>	<b>115,794</b>	<b>5,931,874</b>	<b>(4,520)</b>	<b>712,833</b>	<b>(21,616)</b>	<b>(464,261)</b>	<b>2,701</b>	<b>6,272,805</b>

(\*) Adjusted figures as of September 30, 2017 (see Note 2.E of the Consolidated Financial Statements for the year ended September 30, 2018)

(\*\*) Figures presented for comparative purposes only.

(\*\*\*) Adjusted figures at October 1, 2018 (See Note 2.E).

The accompanying Notes from 1 to 37 are an integral part of these Consolidated Financial Statements.

Translation of Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 37)

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

Note	Year ended 09.30.2019	Year ended 09.30.2018 (*)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before taxes	190,428	167,787
Adjustments to reconcile income before taxes to cash flows from operating activities		
Interest (income) expenses, net	29.F, 29.G and 29.H 60,755	42,651
Amortization, depreciation and impairments	14 and 15 646,791	645,222
Other (income) losses from investments	(6,755)	(6,979)
Other non-cash (income) expenses	23,273	24,195
Change in operating net working capital		
Contract assets	(449,427)	(359,384)
Inventories	(342,766)	552,086
Trade and other receivables	(148,348)	(79,928)
Trade payables	170,615	164,990
Contract liabilities	1,126,440	(10,439)
Change in other assets and liabilities	(316,160)	(322,454)
Income taxes paid	(190,655)	(102,850)
Dividends received	17 5,384	302
Interest received	14,106	13,544
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>783,681</b>	<b>728,743</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to intangible assets and property, plant and equipment	14 and 15 (497,766)	(415,076)
(Purchase) Sale of investments	3,930	(3,895)
Disposal of intangible assets and property, plant and equipment	19,223	1,719
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(474,613)</b>	<b>(417,252)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Purchase) Sale of treasury shares	23.E 811	(22)
Changes in financial debt	18 (965,397)	552,758
Dividends paid	(17,888)	(65)
Interest paid	(55,131)	(50,913)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(1,037,605)</b>	<b>501,758</b>
<b>EFFECT OF FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS</b>	<b>26,960</b>	<b>(43,683)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(701,577)</b>	<b>769,566</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,429,034</b>	<b>1,659,468</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,727,457</b>	<b>2,429,034</b>

(\*) Figures presented for comparative purposes only.

The accompanying Notes from 1 to 37 are an integral part of these Consolidated Financial Statements.



# Siemens Gamesa Renewable Energy, S.A. and subsidiaries composing the SIEMENS GAMESA Group

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

## 1. Formation of the Group and its activities

### A. GENERAL INFORMATION

The Consolidated Financial Statements present the financial position and the results of operations of Siemens Gamesa Renewable Energy, S.A. (hereinafter, “the Company” or “SIEMENS GAMESA”), whose corporate address is located at Parque Tecnológico de Bizkaia, Building 222, Zamudio (Bizkaia, Spain), and its subsidiaries (together referred to as “the Group” or “the SIEMENS GAMESA Group”).

The SIEMENS GAMESA Group 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.

Its activities are divided into two business segments: Wind Turbines and Operation and Maintenance. The Wind Turbines segment offers wind turbines for various pitch and speed technologies, as well as provides development, construction and sale of wind farms. The Operation and Maintenance segment is responsible for the management, monitoring and maintenance of wind farms.

In addition to the operations carried out directly, SIEMENS GAMESA is the head of a group of subsidiaries that engage in various business activities and which compose, together with the Company, the SIEMENS GAMESA Group. Therefore, in addition to its own separate Financial Statements, the Company is obliged to present Consolidated Financial Statements for the Group including its interests in joint ventures and investments in associates. The companies that are part of the Group are listed in the Appendix.

The SIEMENS GAMESA Group's Consolidated 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.

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.

The SIEMENS GAMESA Group prepares and reports its Consolidated 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 Consolidated 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 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.F and 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.

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

#### *D. ENVIRONMENTAL INFORMATION*

In view of the business activities carried out by the SIEMENS GAMESA Group, 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, the SIEMENS GAMESA Group does not include any specific disclosures relating to environmental matters in the accompanying Consolidated Financial Statements.

## **2. Basis of presentation of the Consolidated Financial Statements and basis of consolidation**

#### *A. BASIS OF PRESENTATION*

These Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter, IFRS).

It should be noted that in these Consolidated Financial Statements any information or disclosure which has not been considered material due to the lack of relative importance, qualitative and quantitative, in accordance with the concept of Relative Importance (materiality), defined in the Conceptual Framework of IFRS, has been omitted.

#### *B. BASIS OF CONSOLIDATION*

##### Subsidiaries

The Consolidated Financial Statements include the Financial Statements of SIEMENS GAMESA and its subsidiaries. Subsidiaries are all entities (including structured entities), which are controlled by SIEMENS GAMESA. The Group controls an entity when it is exposed, or has rights to variable returns from its involvement in the entity and has the capacity to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are out of the scope from the date that there is loss of control.

##### Associated companies

Associates are companies over which SIEMENS GAMESA has the capacity to exercise significant influence regarding operating and financial policies (generally through direct or indirect ownership of 20% to 50% of the voting rights). These are recorded in the Consolidated Financial Statements using the equity method and are initially recognized at cost. SIEMENS GAMESA's share of its associate's post-acquisition profits or losses is recognized in the Consolidated Statement of Profit and Loss, and its share of post-acquisition changes in equity that have not been recognized in the associate's profit or loss is recognized directly in equity. The cumulative post-acquisition changes are adjusted against the carrying amount of the investment in the associate.

Significant influence is deemed not to exist in specific cases where, although SIEMENS GAMESA holds more than 20% of the voting rights, the absence of significant influence can be clearly demonstrated. Significant influence is deemed to exist when the SIEMENS GAMESA Group has the power to influence on the financial and operating policies of an investee.

### Joint ventures

Joint ventures are entities over which SIEMENS GAMESA and one or more parties have joint control. Joint control requires unanimous consent of the parties sharing control in decision making on relevant activities. The Group records its stakes in joint ventures using the equity method (Note 16).

In the Appendix of these Consolidated Financial Statements a list of SIEMENS GAMESA's subsidiaries, joint ventures and associates, together with the consolidation or measurement method used in preparing the accompanying Consolidated Financial Statements and other relevant information is disclosed.

### Business combinations

The cost of an acquisition is measured at the fair value of the assets acquired and liabilities incurred or assumed at the date of the business combination. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are initially measured at their fair values at the acquisition date, regardless of the extent of any non-controlling interest. Non-controlling interests are measured at the proportional fair value of assets acquired and liabilities assumed (partial Goodwill method). If there is no loss of control, transactions with non-controlling interests are accounted for as equity transactions not affecting profit and loss. At the date control is lost, any retained equity interest is remeasured to fair value. In case of a written put option on non-controlling interests the Company assesses whether the prerequisites for the transfer of present ownership interest are fulfilled at the Balance Sheet date. If the Company is not the beneficial owner of the shares underlying the put option, the exercise of the put option will be assumed at each balance sheet date and treated as an equity transaction among shareholders with the recognition of a purchase liability at the respective exercise price. The non-controlling interests participate in profits and losses during the period.

### Foreign currency translation

Assets and liabilities of foreign subsidiaries, where the functional currency is other than the euro, are translated using the spot exchange rate at the end of the period, while the Consolidated Statement of Profit and Loss is translated using the average exchange rate for the period. Differences arising from such translations are recognized within equity and reclassified to net income when the gain or loss on disposal of the foreign subsidiary is recognized.

## *C. CHANGES IN THE SCOPE OF CONSOLIDATION*

During the periods ended September 30, 2019 and 2018, the following changes in the consolidation scope have taken place:

- **The following entities have been constituted or acquired:**

### Fiscal year 2019

<b>Constituted / acquired company</b>	<b>Holding company of the investment</b>	<b>% of shareholding</b>
Siemens Gamesa Renewable Energy Offshore Wind Limited (Taiwan)	Siemens Gamesa Renewable Energy Apac, S.L. Unipersonal (*)	100%
Siemens Gamesa Renewable Energy S.A.S. (Colombia)	Siemens Gamesa Renewable Energy Latam, S.L.U.	100%
Carmody's Hill Investment Company Pty Ltd. (Australia)	Siemens Gamesa Renewable Energy Pty Ltd.	100%

(\*) Hereinafter, S.L.U.

Fiscal year 2018

Constituted / acquired company	Holding company of the investment	% of shareholding
Gamesa Wind Power Technologies S.A. (Iran)	Siemens Gamesa Renewable Energy A/S	99.98%
Siemens Gamesa Renewable Energy LLC (Russia)	Siemens Gamesa Renewable Energy Eólica, S.L.U.	99%
Siemens Gamesa Renewable Energy LLC (Russia)	Siemens Gamesa Renewable Energy Wind Farms, S.A. Unipersonal (*)	1%
Siemens Gamesa Yenylenebylyr Energy yc ve dis Ticaret Ltd.STI (Turkey)	Siemens Gamesa Renewable Energy Eólica, S.L.U.	100%
Maski Renewable Energy Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Gangavathi Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Kanigiri Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Kollapur Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Jamkhandi Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Rayachoty Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Shivamogga Renewable Energy Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Nandikeshwar Renewable Energy Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Sindhanur Renewable Energy Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Vempalli Renewable Energy Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Siemens Gamesa Renewable Energy Sarl (New Caledonia)	Siemens Gamesa Renewable Energy Apac, S.L.U.	100%
Ganquan Chaiguanshan Wind Power Co. Ltd. (China)	International Wind Farm Development IV Limited	100%
Yongzhou Shuangpai Daguping Wind Power Co. Ltd. (China)	International Wind Farm Development VII Limited	100%
Tai'an Sanglin Wind Power Co. Ltd. (China)	International Wind Farm Development V Limited	100%
PT Siemens Gamesa Renewable Energy (Indonesia)	Siemens Gamesa Renewable Energy S.A.	95%

(\*) Hereinafter, S.A.U.

- The following entities have been dissolved:

Fiscal year 2019

Dissolved company	Holding company of the stake	% of shareholding
Elliniki Eoliki Attikis Energiaki S.A. (Greece)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	86%
Elliniki Eoliki Likourdi S.A. (Greece)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	86%
Elliniki Eoliki Kopriseza S.A. (Greece)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	86%
Generación Eólica Extremeña, S.L. (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	30%
Eoliki Peloponnissou Lakka Energiaki S.A. (Greece)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	86%
Siemens Gamesa Renewable Finance, S.A.U. (Spain)	Siemens Gamesa Renewable Energy, S.A.	100%
Elliniki Eoliki Kseropousi S.A. (Greece)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	86%
Elliniki Eoliki Energiaki Pirgos S.A. (Greece)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	86%
Siemens Gamesa Renewable Energy Wind, LLC (United States)	Siemens Gamesa Renewable Energy, Inc.	100%
9REN Israel Ltd. (Israel)	Siemens Gamesa Renewable Energy 9REN S.L.U.	100%
Sistema Eléctrico de Conexión Montes Orientales S.L. (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	83.3%
Tai'an Sanglin Wind Power Co. Ltd. (China)	International Wind Farm Development V, Ltd.	100%

Fiscal year 2018

Dissolved company	Holding company of the stake	% of shareholding
Convertidor Solar Trescientos Sesenta y Nueve, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Trescientos Sesenta y Ocho, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Trescientos Veinte, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar G.F. Uno S.L.U., Madrid (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Trescientos Setenta, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Uno, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar G.F. Dos, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Doscientos Noventa y Nueve, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Doscientos Noventa y Siete, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Trescientos Sesenta y Siete, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
9REN Services Italia S.r.l. (Italy)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar G.F. Tres, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Trescientos, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Trescientos Diecinueve, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
International Wind Farm Development V, S.L. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
International Wind Farm Development IV, S.L. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
International Wind Farm Development VI, S.L. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
International Wind Farm Development VII, S.L.(Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
Whitehall Wind, LLC (United States)	Navitas Energy Inc	100%
Navitas Energy Inc (United States)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	94.63%
Navitas Energy Inc (United States)	Siemens Gamesa Renewable Energy USA, INC	2.48%
Convertidor Solar Trescientos Dieciocho, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Gamesa Puerto Rico, CRL (Puerto Rico)	Siemens Gamesa Renewable Energy Eólica, S.L.U.	100%
AD BMW GmbH & Co.KG (Germany)	Adwen GmbH	100%
Adwen Verwaltungs GmbH (Germany)	Adwen GmbH	100%
Siemens Gamesa Renewable Energy USA, INC (United States)	Siemens Gamesa Renewable Energy S.A.	100%

- The following entities have been sold:

#### Fiscal year 2019

Sold company	Holding company of the stake	% of shareholding
Sistemas Energéticos Barandon, S.A. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
Convertidor Solar Ciento Veintidos, S.L. (Spain)	Convertidor Solar Trescientos Diecisiete, S.L.U.	3.33%
Convertidor Solar Ciento Veinticinco, S.L. (Spain)	Aljaraque Solar, S.L.	6.69%
Convertidor Solar Trescientos Diecisiete, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Convertidor Solar Ciento Veintisiete, S.L.U. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Aljaraque Solar, S.L. (Spain)	Siemens Gamesa Renewable Energy 9REN, S.L.U.	100%
Sistemas Energéticos Sierra del Carazo, S.L.U. (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%
Sistemas Energéticos Alcohujate, S.A.U. (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%
Sistemas Energéticos Fuerteventura, S.A.U. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
Lichnowy Windfarm Sp. z o.o. (Poland)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%
Windfarm Ganderkesee-Lemwerder GmbH (Germany)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
Gamesa Energie Deutschland GmbH (Germany)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%

#### Fiscal year 2018

Sold company	Holding company of the stake	% of shareholding
Sistemas Energéticos Islas Canarias, S.L.U. (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%
Sanchore Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Bidwal Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Parques Eólicos del Caribe, S.A. (Dominican Republic)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	57.01%
Latur Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Pugalur Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Jodhpur Wind Farms Private Limited (India)	Siemens Gamesa Renewable Power Private Limited	100%
Sistemas Energéticos Alto da Croa, S.A.U. (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%
Sistemas Energéticos del Umia, S.A.U. (Spain)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%
Sistemas Energéticos Edreira, S.A.U. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
Sistemas Energéticos Campoliva, S.A.U. (Spain)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
Energiaki Arvanikou M.E.P.E (Greece)	Siemens Gamesa Renewable Energy Invest, S.A.U.	100%
SEPE de la Cote du Cerisat SAS (France)	Siemens Gamesa Renewable Energy Wind Farms, S.A.U.	100%

The exclusions from the scope of consolidation are mainly related to companies' dissolutions or to wind farms that were disposed of during the period ended September 30, 2019 and 2018 and whose net assets were classified as inventories and, therefore, the sale, as indicated in Note 3.U, is recognized under the heading "Revenue" in the Consolidated Statement of Profit and Loss for the year.

- The name of the following entities has been modified:

Fiscal year 2019

Previous denomination	New denomination
Siemens Wind Power GmbH (Austria)	Siemens Gamesa Renewable Energy GmbH (Austria)
Gamesa Eólica Costa Rica, S.R.L. (Costa Rica)	Siemens Gamesa Renewable Energy, S.R.L. (Costa Rica)
Gamesa (Beijing) Wind Energy System Development Co, Ltd (China)	Siemens Gamesa Renewable Energy (Beijing) Co, Ltd. (China)
Kintech Santalpur Windpark Private Limited (India)	Santalpur Renewable Power Private Limited (India)
GM Navarra Wind Energy Private Limited (India)	Siemens Gamesa Renewable Energy Projects Private Limited (India)
Siemens Wind Power (Pty) Ltd. (South Africa)	Siemens Gamesa Renewable Energy (Pty) Ltd. (South Africa)
GESA Eólica Honduras, S.A. (Honduras)	Siemens Gamesa Renewable Energy, S.A. (Honduras)
Gamesa Wind (Tianjin) Co. Ltd. (China)	Siemens Gamesa Renewable Energy Technology (China) Co. Ltd. (China)
Siemens Wind Power Ruzgar Enerjisi Anonim Sirketi (Turkey)	Siemens Gamesa Renewable Enerji Anonim Sirketi (Turkey)

Fiscal year 2018

Previous denomination	New denomination
Gamesa Wind US, LLC (United States)	Siemens Gamesa Renewable Energy Wind, LLC (United States)
Gamesa Wind PA, LLC (United States)	Siemens Gamesa Renewable Energy PA, LLC (United States)
Siemens Wind Power Inc (United States)	Siemens Gamesa Renewable Energy Inc. (United States)
Gamesa Energia (Portugal), S.A. (Portugal)	Siemens Gamesa Renewable Energy, S.A. (Portugal)
Siemens Wind Power Limited, Hull (United Kingdom)	Siemens Gamesa Renewables Energy Limited, Hull (United Kingdom)
Gamesa Technology Corporation, INC (United States)	Siemens Gamesa Renewable Energy USA, INC (United States)
Siemens Gamesa Renewable Pty Ltd (Australia)	Siemens Gamesa Renewable Energy Pty Ltd (Australia)
Gamesa Singapore Private Limited (Singapore)	Siemens Gamesa Renewable Energy Singapore Private Limited (Singapore)
Siemens Wind Power, Inc. (Philippines)	Siemens Gamesa Renewable Energy, Inc. (Philippines)
Siemens Wind Power BVBA (Belgium)	Siemens Gamesa Renewable Energy BVBA (Belgium)
Siemens Wind Power B.V. (Netherlands)	Siemens Gamesa Renewable Energy, B.V. (Netherlands)
Siemens Gamesa Renewable Private Limited (India)	Siemens Gamesa Renewable Power Private Limited (India)
Gamesa Australia Pty. Ltd. (Australia)	Siemens Gamesa Renewable Energy Australia Pty Ltd (Australia)
Gamesa Wind Sweden AB (Sweden)	Siemens Gamesa Renewable Energy Sweden AB (Sweden)
Siemens Wind Power Sp. z o.o. (Poland)	Siemens Gamesa Renewable Energy Sp. z o.o. (Poland)
Siemens Wind Power AB (Sweden)	Siemens Gamesa Renewable Energy AB (Sweden)
Siemens Wind Power Kft. (Hungary)	Siemens Gamesa Renewable Energy Kft. (Hungary)
Siemens Wind Power S.r.l. (Italy)	Siemens Gamesa Renewable Energy Italia S.r.l (Italy)
Siemens Wind Power Private Limited (India)	Siemens Gamesa Renewable Energy Engineering Centre Private Limited (India)
Gamesa Eólica France, S.A.R.L., Saint Priest (France)	Siemens Gamesa Renewable Energy Wind SARL (France)
Gamesa Wind Bulgaria, EOOD (Bulgaria)	Siemens Gamesa Renewable Energy, EOOD (Bulgaria)
Gamesa Israel, Ltd (Israel)	Siemens Gamesa Renewable Energy Ltd (Israel)
Gamesa (Thailand) Co. Ltd. (Thailand)	Siemens Gamesa Renewable Energy (Thailand) Co. Ltd. (Thailand)
Gamesa Canada ULC (Canada)	Siemens Gamesa Renewable Energy Canada ULC (Canada)
Gamesa Japan K.K. (Japan)	Siemens Gamesa Renewable Energy Japan K.K. (Japan)
Siemens Wind Power Rüzgar Enerjisi Anonim Sirketi (Turkey)	Siemens Gamesa Turkey Yenilenebilir Enerji Limited Sirketi (Turkey)
Siemens Wind Power, S.L. (Spain)	Siemens Gamesa Renewable Energy Iberica, S.L. (Spain)



Previous denomination	New denomination
Servicios Eólicos Globales S. de R.L. de C.V. (Mexico)	Siemens Gesa Renewables Energy Services S. de R.L. de C.V. (Mexico)
Gamesa Ukraine, LLC (Ukraine)	Siemens Gamesa Renewable Energy, LLC (Ukraine)
Gesa Eólica México, S.A. de C.V. (Mexico)	Siemens Gesa Renewable Energy, S.A. de C.V. (Mexico)
Gamesa Wind Romania, S.R.L. (Romania)	Siemens Gamesa Renewable Energy S.R.L. (Romania)
Gamesa Energy Romania, S.R.L. (Romania)	Siemens Gamesa Renewable Energy Wind Farms S.R.L. (Romania)
Gesa Energía, S. de R.L. de C.V. (Mexico)	Siemens Gesa Renewable Energy México, S. de R.L. de C.V. (Mexico)
Gamesa Energía Polska Sp. z o.o. (Poland)	Siemens Gamesa Renewable Energy Poland Sp. z o.o. (Poland)
Gamesa Chile SpA (Chile)	Siemens Gamesa Renewable Energy Chile SpA (Chile)
Siemens Wind Power LLC (Egypt)	Siemens Gamesa Renewable Energy Egypt LLC (Egypt)
Siemens Gamesa Renewable Energy S.R.L. (Romania)	Siemens Gamesa Renewable Energy Romania S.R.L. (Romania)
Gamesa Ireland Limited (Ireland)	Siemens Gamesa Renewable Energy Ireland Limited (Ireland)
Siemens Gamesa Turkey Renewable Energy Limited Company (Turkey)	Siemens Gamesa Turkey Yenilenebilir Enerji Limited Sirketi (Turkey)
Siemens Wind Power S.A.C (Peru)	Siemens Gamesa Renewable Energy S.A.C. (Peru)
Gamesa Pakistan Private Limited (Pakistan)	Siemens Gamesa Renewable Energy (Private) Limited (Pakistan)
Siemens Gamesa Renewables Energy Limited (United Kingdom)	Siemens Gamesa Renewable Energy Limited (United Kingdom)
Siemens Wind Power Limited (Republic of Korea)	Siemens Gamesa Renewable Energy Limited (Republic of Korea)
Siemens Wind Power Limited (Canada)	Siemens Gamesa Renewable Energy Limited (Canada)
Gamesa Wind Sweden AB (Sweden)	Siemens Gamesa Renewable Energy Sweden AB (Sweden)
Pocahontas Prairie Wind, LLC (United States)	Pocahontas Prairie Holdings, LLC (United States)
Pocahontas Wind, LLC (United States)	Pocahontas Prairie Wind, LLC (United States)
Gamesa Wind Power Technologies, S.A. (Iran)	Siemens Gamesa Energy Tajdidpazir SSK (Iran)
Siemens Wind Power Management GmbH (Germany)	Siemens Gamesa Renewable Energy Management GmbH (Germany)
Siemens Wind Power GmbH & Co. KG (Germany)	Siemens Gamesa Renewable Energy GmbH & Co. KG (Germany)
Gamesa Morocco, SARL (Morocco)	Siemens Gamesa Renewable Energy Morocco SARL (Morocco)
Gamesa Uruguay S.R.L. (Uruguay)	Siemens Gamesa Renewable Energy S.R.L. (Uruguay)
Tirupur Renewable Private Limited (India)	Tirupur Renewable Energy Private Limited (India)
Siemens Wind Power Blades (Shanghai) Co., Ltd (China)	Siemens Gamesa Renewable Energy (Shanghai) Co.,Ltd (China)
Siemens Wind Power Sp.z.o.o. (Poland)	Siemens Gamesa Renewable Energy Sp.z.o.o. (Poland)
Haveri Renewable Private Limited (India)	Haveri Renewable Power Private Limited (India)
Hungund Renewable Private Limited (India)	Hungund Renewable Energy Private Limited (India)
Saunshi Renewable Private Limited (India)	Saunshi Renewable Energy Private Limited (India)
Chikkodi Renewable Private Limited (India)	Chikkodi Renewable Power Private Limited (India)
Siemens Wind Energy, SARL (Morocco)	Siemens Gamesa Renewable Energy SARL (Morocco)
Sankanur Renewable Private Limited (India)	Sankanur Renewable Energy Private Limited (India)
Siemens Gamesa Yenilenebylyr Energy yc ve dis Ticaret LTD.STI (Turkey)	Siemens Gamesa Yenilenebilir Enerji IC VE Dis Ticaret Limited Sirketi (Turkey)
Siemens Gamesa Renewable Energy Belgium, SPRL (Belgium)	Siemens Gamesa Renewable Energy Belgium BVBA (Belgium)

#### D. ADOPTION OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

##### D.1) New standard applied in the year ended September 30, 2019:

##### *First-time application of IFRS 9, “Financial Instruments”*

IFRS 9, “Financial Instruments”, was adopted retrospectively as of October 1, 2018. Fiscal year 2018 information is measured under IAS 39 and therefore, amounts are not adjusted, in accordance with IFRS 9 transitional provisions. The adoption had no material impact on the Consolidated Financial Statements of the SIEMENS GAMESA Group (Note 2.E).

IFRS 9 changes the classification of financial instruments, mainly regarding the former available-for-sale category. Equity instruments are assessed on a case-by-case basis whether measurement at fair value through Other Comprehensive Income or fair value Through Profit and Loss applies (Note 17).

In fiscal year 2018, under IAS 39, loans and receivables were measured at amortized cost using the effective interest method less any impairment loss. Available-for-sale financial assets were measured at fair value, if reliably measurable, and changes in fair value other than impairment losses were recognized in Other comprehensive income, net of income taxes; upon derecognition, gains and losses accumulated in Equity were reclassified. If fair value was not reliably measurable, Available-for-sale assets were measured at cost. Impairments were based on the incurred loss model.

*Remaining standards, amendments and interpretations*

Standards, amendments and interpretations		IASB (*) effective date
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	January 1, 2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	January 1, 2018
Amendments to IAS 40	Transfers of Investment Property	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018

(\*) IASB: International Accounting Standards Board. Effective date applicable for years beginning on or after the indicated date.

These changes have not had a significant impact on the Consolidated Financial Statements.

D.2) Standards, amendments and interpretations applied in the year ended September 30, 2018:

*IFRS 15, "Revenue from contracts with customers"*

The SIEMENS GAMESA Group, making use of the option included in IFRS 15, has early applied the standard for the year beginning as of October 1, 2017 using the full retrospective approach (using practical expedients). As a result, the Consolidated Financial Statements for the year ended September 30, 2017 were modified in order to reflect the application of such standard (Notes 2.D and 2.E of the Consolidated Financial Statements for the year ended September 30, 2018).

As a result of this decision, the SIEMENS GAMESA Group updated its accounting policies, its internal processes and controls relating to revenue recognition (Note 3.U of the Consolidated Financial Statements for the year ended September 30, 2018).

*Amendments to IAS 7, "Statement of Cash Flows"*

Such amendments are part of the IASB's disclosure initiative of information to be revealed and require that entities shall disclose changes in liabilities arising from financing activities, including both, changes arising from cash flows and changes that do not involve cash flows (such as gains or losses arising from changes in foreign exchange rates).

D.3) New standards and amendments not applied in the year ended September 30, 2019 that will be applicable in future periods:

*IFRS 16, "Leases"*

SIEMENS GAMESA Group will apply IFRS 16 starting October 1, 2019.

From the perspective of the lessee, IFRS 16 eliminates the current classification among operating and finance leases and requires lessee to recognize a right-of-use asset and a lease liability at the present value of the obligation to make lease payments.

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

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

From the perspective of the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The SIEMENS GAMESA Group has substantially completed the analysis in order to assess whether an agreement includes a lease on the date of its first application in accordance with the definition and conditions set in IFRS 16. Implementation of the standard in the SIEMENS GAMESA Group is based on the modified retrospective approach without restating comparative period figures. Furthermore, the SIEMENS GAMESA Group is applying practical expedient in recognizing current leases whose lease term is equal or under 12 months, which will continue being accounted for as presently and associated payments will be recognized as a lease expense. The same practical expedient is applied for low value assets.

For lease contracts which may include lease and non-lease components (i.e. executory cost), in general the SIEMENS GAMESA Group is not separating both elements for accounting purposes, recognizing them as a single element, except for the type of underlying assets for which the separation may have a significant impact on the Financial Statements.

It is estimated that IFRS 16 at October 1, 2019 will result in the recognition of current and non-current liabilities in a net amount of EUR 583,308 thousand as per below breakdown by type of assets:

Thousands of euros	10.01.2019
Buildings and real property	427,882
Technical facilities and machinery	144,572
Other property, plant and equipment	10,854
<b>Total</b>	<b>583,308</b>

In order to determine the present value of lease payments which is needed when classifying a lease (for the lessor) and to measure the lessee's lease liability, three parameters are required: lease term, relevant lease payments, and the appropriate discount rate.

IFRS 16 requires lessee to discount the lease payments using the interest implicit in the lease or the incremental borrowing rate if the interest implicit in the lease cannot be determined.

Details of discount rates (minimum and maximum ranges) used for the main currencies at the time of the first application are as follows:

Currency	Less than 5 years		Between 6 and 10 years	
	Minimum	Maximum	Minimum	Maximum
Euro	0.001%	0.001%	0.001%	0.336%
Sterling pound	0.790%	1.203%	1.216%	1.462%
United States dollar	2.173%	2.498%	2.173%	2.412%
Indian rupee	6.124%	6.753%	6.610%	6.704%

While IFRS 16 does not specify requirements on reassessment of discount rates by a lessor, a lessee is required to reassess the discount rate upon any of the following:

- Change in lease term or a change in the assessment of purchase option.
- A lease modification that is not accounted for as a separate lease.
- Change in lease payment resulting from a change in floating interest rates.

Details of the reconciliation between the future minimum payment for non-cancellable operating leases under the scope of the current IAS 17 at September 30, 2019 (Note 29.D) and lease liabilities estimated to be recognized at October 1, 2019 in the transition to IFRS 16 are as follows:

<b>Thousands of euros</b>	
Future minimum payments for non-cancellable operating leases in accordance with IAS 17 (Note 29.D)	786,975
Prepaid lease instalments	(95,895)
Re-stated contracts not qualifying as lease in accordance with IFRS 16	(90,081)
Difference due to financial discount	(17,691)
<b>Lease liabilities as October 1, 2019 under IFRS 16</b>	<b>583,308</b>

The lease liability as of October 1, 2019 under IFRS 16 will be reduced by the existing pre-payments. The amount of prepaid lease instalments as of September 30, 2019, which corresponds to lease contracts for buildings and real property, amount to EUR 95,895 thousand, booked mainly under other non-current assets of the accompanying Consolidated Balance Sheet as of September 30, 2019, whereby the final lease liability estimated to be recognized as of October 1, 2019 will be of a net amount of EUR 583,308 thousand.

The concept of re-stated contracts not qualifying as lease in accordance with IFRS 16 mainly includes the separation of non-lease components for certain vessel lease contracts. Finally, the corresponding right of use asset estimated to be recognized as of October 1, 2019 under IFRS 16 amounts to EUR 679,203 thousand.

#### *Remaining standards, amendments and interpretations*

<b>Standards, amendments and interpretations</b>	<b>IASB effective Date (*)</b>
Improvements to IFRS Standards 2015-2017 Cycle	January 1, 2019
IFRIC 23                      Uncertainty over income Tax treatments	January 1, 2019
Amendments to IFRS 9      Prepayment Features with Negative Compensation	January 1, 2019
Amendments to IAS 19      Plan Amendment, Curtailment or Settlement	January 1, 2019
Amendments to IAS 28      Long-term Interests in Associates and Joint Ventures	January 1, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
Amendments to IFRS 3      Definition of a Business	January 1, 2020
Amendments to IAS 1 and IAS 8                      Definition of Material or of Relative Importance	January 1, 2020
IFRS 17                          Insurance Contracts	January 1, 2021
Amendments to IFRS 10      Sale or Contribution of Assets between an Investor and its Associate or and IAS 28                      Joint Venture	Deferred indefinitely

(\*) Applicable for years beginning on or after the indicated date.

The SIEMENS GAMESA Group is currently analysing the expected impact resulting from the remaining standards, amendments and interpretations mentioned above, which have been published by the IASB, but are not effective yet.

### E. COMPARATIVE INFORMATION OF PRIOR PERIOD

As required by IAS 1, the Consolidated Financial Statements are shown together with comparative information in respect of the prior period for all amounts reported in the current period's Consolidated Financial Statements.

The Group has adopted IFRS 9 for the fiscal year beginning as of October 1, 2018 (Note 2.D.1). The following table discloses the effect that this change has had on the affected headings in the Consolidated Balance Sheet (only affected Consolidated Balance Sheet headings are shown below):

Thousands of euros	Financial Statements as of 09.30.2018	Transition to IFRS 9 (Note 2.D.1)	Financial Statements as of 10.01.2018
<b>Assets</b>		<b>(5,233)</b>	
Trade and other receivables	1,113,918	(3,270)	1,110,648
Contract assets	1,572,188	(3,182)	1,569,006
<b>Within current assets</b>	<b>2,686,106</b>	<b>(6,452)</b>	<b>2,679,654</b>
Deferred tax assets	366,957	1,219	368,176
<b>Within non-current assets</b>	<b>366,957</b>	<b>1,219</b>	<b>368,176</b>
<b>Liabilities &amp; Equity</b>		<b>(5,233)</b>	
Deferred tax liabilities	364,158	(588)	363,570
<b>Within non-current liabilities</b>	<b>364,158</b>	<b>(588)</b>	<b>363,570</b>
Other reserves	583,832	(4,645)	579,187
<b>Within Equity</b>	<b>583,832</b>	<b>(4,645)</b>	<b>579,187</b>

Additionally, in the opening balance as of October 1, 2017 of the Consolidated Statement of Changes in Equity, it is necessary to consider the impact of the change in "Currency translation differences" and, therefore, in "Total Equity" due to the allocation of the Merger "Goodwill" to the different countries and currencies, as described in Notes 2.E and 4 of the Consolidated Financial Statements for the year ended September 30, 2018.

### F. FUNCTIONAL AND PRESENTATION CURRENCY

These Consolidated 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.C.

## 3. Accounting principles and policies and key judgments and estimates

The preparation of the Consolidated Financial Statements requires 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. Estimates and assumptions are reviewed on an ongoing basis and changes in estimates and assumptions are recognized in the period in which the changes occur and in future periods impacted by such changes, in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the Consolidated Statement of Profit and Loss for the related year.

## A. CONSOLIDATED STATEMENT OF CASH FLOWS

The SIEMENS GAMESA Group presents the Consolidated 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 Consolidated 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: The Group'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 Group.

## B. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Based on their nature and the business model they are held in, financial instruments are classified as financial assets and financial liabilities measured at amortized cost and financial assets and financial liabilities measured at fair value. Regular way purchases or sales of financial assets are accounted for at the trade date. Initially, financial instruments are recognized at their fair value. Transaction costs are only included in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. After its recognition, financial assets and liabilities are measured according to the category to which they are assigned:

- cash and cash equivalents;
- financial assets measured at fair value through Other comprehensive income;
- financial assets measured at fair value through Profit and Loss;
- financial assets measured at amortized cost;
- loans and receivables;
- financial liabilities measured at amortized cost; and
- financial liabilities measured at fair value through Profit and Loss.

### Cash and cash equivalents

The SIEMENS GAMESA Group considers all highly liquid investments with less than three months maturity from the date of acquisition to be “Cash and cash equivalents”. “Cash and cash equivalents” are measured at cost (Note 7).

### Financial assets measured at fair value through Other Comprehensive Income

Equity instruments for which SIEMENS GAMESA irrevocably elects to present subsequent fair value changes in Other Comprehensive Income at initial recognition of the instrument. Unrealized gains and losses, net of deferred income tax expenses, as well as gains and losses on the subsequent sale of the instruments are recognized in line item “Other comprehensive income, net of income taxes” (Note 9).

### Financial assets measured at fair value through Profit and Loss

Debt instruments are measured at fair value through Profit and Loss if the business model they are held in is not “hold-to-collect”, or if their contractual cash flows do not represent solely payments of principal and interest. Equity instruments are measured at fair value through Profit and Loss unless the fair value through Other Comprehensive Income option is elected (Note 9).

### Financial assets measured at amortized cost

Credits, receivables and other debt instruments held in a hold-to-collect business model with contractual cash flows that represent solely payments of principal and interest are measured at amortized cost using the effective interest method less allowances for expected credit losses. Such allowance involves significant Management judgements and the review of receivables based on customer’s creditworthiness, current economic trends and the analysis of historical bad debts on the portfolio (Note 9).

### Financial Liabilities

The SIEMENS GAMESA Group measures financial liabilities, except for derivative financial instruments, at amortized cost using the effective interest method.

- “Financial debt”:

Loans, bonds and similar interest-bearing items are initially recognized at the amount received, net of direct issuance costs, under the “Debt” headings of the Consolidated Balance Sheet. Borrowing costs are recognized on an accrual basis in the Consolidated Statement of Profit and Loss at their amortized cost using the effective interest rate method and they are aggregated to the carrying amount of the financial instrument to the extent that they are not settled in the year in which they arise. Moreover, obligations under finance leases, according to IAS 17, are recognized at the present value of the lease payments under this Consolidated Balance Sheet heading (Note 18).

- “Trade Payables”:

Trade payables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest rate method.

### Derivative financial instruments and hedge accounting

Derivative financial instruments, such as foreign currency exchange contracts and interest rate swap contracts are measured at fair value and classified through Profit and Loss unless they are designated as hedging instruments, for which hedge accounting is applied. Changes in the fair value of derivative financial instruments are recognized either in net income or, in the case of a cash flow hedge, under line item "Other comprehensive income, net of income taxes". Certain embedded derivative instruments in host contracts are also accounted separately as derivatives.

- Fair value hedges:

The carrying amount of the hedged item is adjusted by the gain or loss attributable to the hedged risk. Where an unrecognized firm commitment is designated as hedged item, the subsequent cumulative change in its fair value is recognized as a separate financial asset or liability with the corresponding gain or loss recognized in net income. For hedged items carried at amortized cost, the adjustment is amortized until maturity of the hedged item. For hedged firm commitments the hedged carrying amount of the assets or liabilities that results from the firm commitments are adjusted to include the cumulative changes in the fair value that were previously recognized as separate financial assets or liabilities.

- Cash flow hedges:

The effective portion of changes in the fair value of derivative instruments designated as cash flow hedges are recognized under the heading "Other comprehensive income, net of income taxes", and any ineffective portion is recognized immediately in net income. Amounts accumulated in equity are reclassified into the Consolidated Statement of Profit and Loss in the same periods in which the hedged item affects net income.

### Category of financial assets at fair value

The different categories of financial instruments are grouped in categories from 1 to 3, depending on the fair value measurement system (Notes 10 and 17):

- Category 1: the fair value is obtained from the directly observable quoted prices in active markets for identical assets and liabilities.
- Category 2: the fair value is determined using observable market inputs other than the quoted prices included in category 1, that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices).
- Category 3: the fair value is determined using measurement techniques that include inputs for the assets and liabilities that are not directly observable in the market.



Derivative financial instruments consist of forward exchange rate contracts, interest rate swaps and raw material swaps (electricity):

- Forward exchange rate contracts:

The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

- Interest rate swaps:

The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps.

- Raw material swaps (electricity):

Raw material swaps are measured at fair value using the prices and interests from observable yield curves.

The fair value of raw material swap contracts is calculated by discounting the estimated cash flows using the future prices at the closing date.

The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

The effects of discounting have not been significant for category 2 financial instruments.

#### Impairment of financial assets

Except for the financial assets classified at fair value, the financial assets are analysed by the SIEMENS GAMESA Group in order to test them periodically, and at least at the end of each reporting period, for a potential impairment.

The SIEMENS GAMESA Group considers that a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence of impairment.

For the rest of financial assets, valuation allowances are set up for expected credit losses, representing a forward-looking estimate of future credit losses involving significant management judgment. Expected credit loss is the gross carrying amount less collateral, multiplied by the probability of default and a factor reflecting the loss in the event of default. Valuation allowances are not recognized when the gross carrying amount is sufficiently collateralized. Probabilities of default are mainly derived from counterparts rating grades. A simplified approach is used to assess expected credit losses from trade receivables and contract assets by applying their lifetime expected credit losses. The valuation allowance for loans and other long-term debt instruments is measured according to a three-stage impairment approach:

- Stage 1: At inception, 12-month expected credit losses are recognized based on a twelve months probability of default.

- Stage 2: If the credit risk of a financial asset increases significantly without being credit-impaired, lifetime expected credit losses are recognized based on a lifetime probability of default. A significant increase in credit risk is determined for each individual financial instrument using counterparts credit ratings. A rating deterioration does not trigger a transfer into Stage 2 if the credit rating remains within the investment grade range. More than 30 days past due payments will not be transferred into Stage 2 if the delay is not credit-risk-related. A credit-risk driven contractual modification is an indicator for an increase in credit risk.
- Stage 3: If the asset is credit-impaired, valuation allowances equal lifetime expected credit losses. A financial asset is considered credit-impaired when there is observable information about significant financial difficulties and a high vulnerability to default, however, the definition of default is not yet met. Impairment triggers include liquidity problems, a request for debt restructuring or a breach of contract.

Financial assets are written off as uncollectible if recovery appears unlikely. Generally, if the limitation period expired, when a debtor's sworn statement of affairs is received, or when the receivable is not pursued due to its minor value. Receivables are written off when bankruptcy proceedings close.

#### Derecognition of financial instruments

The SIEMENS GAMESA Group only derecognizes financial assets when the contractual rights on the cash flows from the assets expire, or when the financial asset and substantially all the risks and rewards inherent to its ownership are transferred to another entity.

In cases where risks and rewards associated with accounts receivable are contractually transferred to a factor and the factor also assumes the related insolvency risk, the Group derecognizes these financial assets.

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or of a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of its original financial liability and the recognition of a new financial liability.

### *C. TRANSACTIONS IN FOREIGN CURRENCY*

#### Group companies

The functional currency of the Parent company is the euro.

For all of the SIEMENS GAMESA Group companies with a functional currency other than the euro, the functional currency usually is the same as the local currency. Therefore, there are no functional currencies which are different from the local currencies in which each individual company pays the corresponding income tax. Consequently, changes in exchange rates do not give rise to any temporary differences which might lead to the recognition of a deferred tax asset or liability for a significant amount.

#### Transactions and balances

Transactions that are denominated in a currency other than the functional currency of an entity, are recorded at that functional currency applying the spot exchange rate at the date when the underlying transactions are initially recognized. At the end of each reporting period, foreign currency-denominated monetary assets and liabilities are re-valued to the functional currency applying the spot exchange rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the historical exchange rate at the date of the transaction.

Moreover, foreign currency fixed-income securities, receivables and payables are translated to the functional currency at the exchange rates prevailing at the Consolidated Balance Sheet date.

Exchange differences arising on a monetary item that is part of the net investment in a company's foreign operation is recognized in the Statement of Profit and Loss in the separate Financial Statements for the reporting company, or in the Individual Financial Statements for the foreign operation, as appropriate. In the Consolidated Financial Statements that include the foreign operation and the reporting company, those exchange differences are initially recognized in "Other comprehensive income, net of taxes" and are reclassified from equity to profit or loss when the foreign business is disposed of or the investment is recovered fully or partially by other means.

The hedge instruments that the SIEMENS GAMESA Group uses to reduce foreign currency risks are described in Note 10.

The equivalent euro value of the monetary assets and liabilities denominated in currencies other than euro held by the SIEMENS GAMESA Group 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
Indian rupee	219,001	599,006	138,683	315,471
United States dollar	487,817	391,575	814,702	391,495
Chinese yuan	228,372	135,381	147,994	269,384
Mexican peso	14,179	35,723	18,984	37,044
Danish krone	107,706	217,369	192,666	228,898
Canadian dollar	34,958	2,696	47,108	7,157
Sterling pound	71,078	68,689	144,452	60,984
Moroccan dirham	23,219	11,910	22,273	14,957
Swedish krona	3,423	824	32,864	1,705
Australian dollar	10,593	351	24,552	11,195
Turkish lira	3,857	20,001	258	8,008
Brazilian real	74,766	53,751	131,680	27,289
Norwegian krone	4,918	18,710	1,828	519
South African rand	13,124	10,848	7,942	2,479
Croatian kuna	4,966	1,042	657	224
Egyptian pound	15,303	6,240	14,082	6,057
Taiwan dollar	41,760	12,194	61	95
Other currencies	91,687	37,445	49,141	33,658
<b>Total</b>	<b>1,450,727</b>	<b>1,623,755</b>	<b>1,789,927</b>	<b>1,416,619</b>

The equivalent euro value of the main 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
Cash and cash equivalents (Note 7)	840,223	-	1,203,655	-
Trade receivables (Note 8)	610,504	-	586,272	-
Debt (Note 18)	-	321,450	-	215,762
Trade payables	-	1,302,305	-	1,200,857
<b>Total</b>	<b>1,450,727</b>	<b>1,623,755</b>	<b>1,789,927</b>	<b>1,416,619</b>

#### *D. CONTRACT ASSETS, CONTRACT LIABILITIES, TRADE AND OTHER RECEIVABLES*

When either party to a contract with customers has performed, the SIEMENS GAMESA Group presents a “Contract asset”, a “Contract liability” or “Trade and other receivables” depending on the relationship between the SIEMENS GAMESA Group’s performance and the customer’s payment. Contract assets and liabilities for each contract are presented net as current since incurred in the operating cycle. Receivables are recognized when the right to consideration becomes unconditional. Valuation allowances for credit risks are set up for “Contract assets” and trade receivables according to the accounting policy for loans and receivables.

#### *E. INVENTORIES*

“Inventories” are valued at the lower of their acquisition or production costs and their net realizable value, and costs are generally determined on an average basis or a first-in, first-out method. In determining the net realizable value of inventories, write-downs based on their intended use and realizable value are taken into account. The criteria for inventory intended use and realizable value cover quantity, technical and price risks.

#### *F. 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 (Note 2.B). The estimates of the acquisition-date fair values are based on judgements and are determined by using certain measurement techniques, which are also supported by independent appraisers. Additionally, the measurement period, which is the 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 as required by IFRS 3, 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 SIEMENS’s Wind Power Business with GAMESA finalised during the year ended as of September 30, 2018.

#### *G. GOODWILL*

The “Goodwill” arising on acquisitions represents the excess of the cost of acquisition over the Group’s interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a business combination at the date of acquisition. The “Goodwill” is recognized as an asset and is tested for impairment annually, or whenever events or changes in circumstances indicate that it might be impaired. The “Goodwill” is carried at cost less accumulated impairment losses.

Once an impairment loss is recognized for goodwill, it is not reversed in subsequent periods.

#### *H. OTHER INTANGIBLE ASSETS*

The “Other intangible assets” are recognized initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortization and any accumulated impairment losses. The “Other intangible assets” with finite useful lives are amortized on a straight-line basis over their respective estimated useful lives to their estimated residual values. Intangible assets which are determined to have indefinite useful lives, as well as intangible assets not yet available for use, are not amortized but instead tested for impairment at least annually.

The “Other intangible assets” consist of software, patents, licenses and similar rights. Estimated useful lives generally range from 3 to 10 years, except for intangible assets with finite useful lives acquired in business combinations. Intangible assets acquired in business combinations mainly consist of customer relationships, order backlog and technology.

The SIEMENS GAMESA Group determines the estimated useful lives and the relevant amortization charges for its intangible assets. The Group will increase the amortization charge where 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.

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

The “Property, plant and equipment” is valued at acquisition cost less any accumulated depreciation and any recognized impairment losses. 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).

Subsequent costs, i.e. the ones related to the expansion, modernisation or improvement of an asset, are recognized in the carrying amount of the concerned asset when it is probable that the costs incurred will result in future economic benefits to the SIEMENS GAMESA Group. All other costs incurred for ordinary repairs and maintenance are recognized in the Consolidated Statement of Profit and Loss as incurred.

The SIEMENS GAMESA Group determines the estimated useful lives and the relevant depreciation charges for its property, plant and equipment. The Group will increase the depreciation charge where 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.

Depreciation expense is recognized using the straight-line method. The following useful lives are assumed:

	<b>Average estimated useful life</b>
Factory and office buildings	20 - 50
Other buildings	5 - 10
Technical machinery & equipment	5 - 10
Other property, plant and equipment	3 - 10

Assets under construction are not depreciated.

#### *J. IMPAIRMENT OF ASSETS*

The “Property, plant and equipment” and the “Other intangible assets” are reviewed for impairment at segment level whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, intangible assets not yet available for use are subject to an annual impairment test.

Whenever “Other 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.

The impairment tests require the estimation of the future development of the businesses and the most appropriate discount rate in each case. The SIEMENS GAMESA Group considers that its estimates in this area are adequate and coherent with the current economic environment and they reflect its investment plans and the best estimates available regarding its future revenues and income, and it considers that its discount rates adequately reflect the risks relating to each cash generating unit.

## K. PROVISIONS

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 entity; or possible obligations, whose occurrence is unlikely or whose amount cannot be reliably estimated.

The Consolidated Financial Statements include all material provisions for which it is 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 Consolidated Financial Statements, except for those which arise from business combinations (Note 2.B).

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 Consolidated Statement of Profit and Loss based on the nature of the obligation.

Provisions for warranty costs are recognized at the time when the significant risks and rewards of a product are transferred to the customer. The provisions are recognized individually at the best estimate of the expenditure required by the SIEMENS GAMESA Group to settle the underlying obligation (Note 19). Warranty provisions related to wind turbines are generally calculated using estimates regarding the number of component failures (failure rate estimate) and their rectification costs. In the case of new products, expert opinions and industry data are also taken into consideration in estimating product warranty provisions.

Expected losses from onerous contracts are recognized when the best estimate of total contract costs exceeds foreseen contract revenue.

Provisions are discounted to reflect the present value of the expected expenditure, when the effect of the time value of money is significant.

As of September 30, 2019 and 2018, certain litigation and claims against the consolidated companies arising from the ordinary course of their operations are in progress. The Group's legal advisors and the Company consider that the provisions recognized for this purpose are sufficient and that the outcome of these proceedings and claims will not have a material effect on the Consolidated Financial Statements for the years in which they would be settled (Note 19).

As of September 30, 2019 and 2018, there are no significant contingent liabilities or provisions that have not been recognized or disclosed in these Consolidated Financial Statements.

#### *L. POST-EMPLOYMENT BENEFITS*

The SIEMENS GAMESA Group measures the entitlements to post-employment benefits by applying the projected unit credit method. This approach reflects an actuarially calculated net present value of the future benefit entitlement for services already rendered. In determining the net present value of the future benefit entitlement for service already rendered (hereinafter, Defined Benefit Obligation), the expected rates of future salary increase and expected rates of future pension increase are considered. The assumptions used for the calculation of the Defined Benefit Obligation as of the period-end of the preceding year are used to determine the calculation of service cost and interest income and expense of the following year. The net interest income or expense for the year will be based on the discount rate for the respective year multiplied by the net liability at the preceding year's period-end date.

Current and past service cost for post-employment benefits and administration costs unrelated to the management of plan assets are allocated among functional costs. Past service cost and settlement gains (losses) are recognized immediately in the Consolidated Statement of Profit and Loss. For unfunded plans, the amount of the heading "Post-employment benefits" equals the Defined Benefit Obligation. For funded plans, the SIEMENS GAMESA Group offsets the fair value of the plan assets with the Defined Benefit Obligation. The Group recognizes the net amount, after adjustments for effects relating to any asset ceiling.

Remeasurements (new measurements of the deferred tax liabilities or assets nets) comprise actuarial gains and losses as well as the difference between the return on plan assets and the amounts included in net interests on the defined benefit liabilities or asset. These are recognized in "Other comprehensive income, net of income taxes".

Actuarial valuations are based on assumptions including discount rates, expected compensation increases, rate of pension increase and mortality rates. The used discount rate is determined by reference to yields on high-quality corporate bonds of appropriate duration at the end of the period. In case such yields are not available, discount rates are based on government bonds yields. Due to changing market, economic and social conditions the underlying assumptions may differ from real developments.

#### *M. TERMINATION BENEFITS*

Termination benefits are recognized in the period they are incurred, and when the amount can be reasonably estimated. Termination benefits arise as a result of an entity's offer made in order to encourage voluntary redundancy before the normal retirement date, or from an entity's decision to terminate the employment contract. Termination benefits in accordance with IAS 19, Employee Benefits, are recognized as a liability when the entity can no longer withdraw the offer of those benefits.

#### *N. CLASSIFICATION OF CURRENT AND NON-CURRENT LIABILITIES*

Liabilities are classified as current or non-current on the basis of the projected period to maturity, disposal or settlement. Non-current liabilities are amounts due to be settled within more than twelve months from the date of the Consolidated Balance Sheet, except for the cases explained below.

Long term loans and credit facilities assigned to wind farms held for sale, which are legally structured in individual public or private limited liability companies, are classified as current or non-current depending on the foreseeable and expected sale date of these wind farms, because the sale of the shares in these individual companies leads to an exclusion of all assets and liabilities of the wind farm from the scope of consolidation.

Accordingly, regardless of the repayment schedule contractually established for these borrowings, the total amount of borrowings assigned to the wind farms that will foreseeably be sold within twelve months from the closing date of the Consolidated Financial Statements is classified under current liabilities.

#### *O. GOVERNMENT GRANTS*

Government grants are recognized when there is reasonable assurance that the conditions attached to the grants are complied with and the grants will be received. Grants awarded for the purchase or the production of fixed assets (grants related to assets) are generally offset against the acquisition or production costs of the respective assets reducing its future depreciations accordingly.

Government grants for future expenses are recorded as deferred income and allocated to income in the Consolidated Statement of Profit and Loss in the year in which the related expenses are incurred. In this context, government grants included in the Consolidated Statement of Profit and Loss amount to EUR 6.2 million for the year ended September 30, 2019 (7.2 million for the year ended September 30, 2018).

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

The treasury shares held by SIEMENS GAMESA as the Parent company of the SIEMENS GAMESA Group as of September 30, 2019 and 2018 are recognized at acquisition cost with a charge to "Total Equity - Treasury Shares, at cost" in the Consolidated Balance Sheet (Note 23.E).

The gains and losses derived from the purchase, sale, issue or cancellation of treasury shares are recognized directly in "Total Equity".

#### *Q. DIVIDENDS*

Any interim dividends approved by the Board of Directors are deducted from "Total Equity" in the Consolidated Balance Sheet. However, the complementary dividends proposed by the Board of Directors of SIEMENS GAMESA to the shareholders at the General Shareholders' Meeting are not deducted from equity until they have been approved by the latter. During the years ended September 30, 2019 and 2018 no interim dividends have been distributed.

Dividends have been paid during the year ended September 30, 2019 (Note 23.G).

#### *R. 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 the SIEMENS GAMESA Group's estimate of the shares that will ultimately be delivered, and credited to "Total Equity" (Note 23.E and 23.F).

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), the SIEMENS GAMESA Group 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.



The SIEMENS GAMESA Group 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 (Notes 23.E and 23.F) that are not traded in an active market is determined by using measurement techniques. The Group uses judgments to select a series of methods and to make assumptions, that are mainly based on the market conditions existing at each Consolidated Balance Sheet date. Changes in these assumptions would not have a significant impact on these Consolidated Financial Statements.

#### *S. FINANCIAL REPORTING BY SEGMENT*

The reporting on operating segments is presented in accordance with the internal information that is provided to the chief operating decision maker. The Board of Directors has been identified as the main chief operating decision maker, as it is responsible for assigning resources and evaluating the performance of the operating segments, as well as it is in charge of taking strategic decisions.

#### *T. INCOME TAX*

Both current and deferred tax income or expense are recognized in the Consolidated Statement of Profit and Loss, except when they are the result of a transaction whose results are recorded directly in "Total Equity", in which case the corresponding tax is also recorded in "Total Equity".

The current tax is the amount that the Group 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 or recognition of deferred tax assets and liabilities. These include the temporary differences that are identified as those amounts that are expected to be payable or recoverable derived from the differences between the carrying amounts of the assets and liabilities and their tax value, as well as the tax loss carryforwards pending to be compensated and the 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 derived 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.

The Group is subject to income taxes in numerous jurisdictions. A significant level of judgement is required to determine the worldwide provision for income tax expenses. There are many transactions and calculations with respect to which the ultimate calculation of the tax is uncertain in the ordinary course of business. The tax calculation is made based on the best estimates of the Management according to the current tax regulations and considering the foreseeable development of the same in the different jurisdictions in which the Group operates. The Group recognizes liabilities for potential tax claims based on an estimation of whether additional taxes will be necessary. 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 (Notes 26 and 27).

SIEMENS GAMESA Group recognizes a deferred tax liability for all taxable temporary differences related to investments in subsidiaries, branches and associates, except to the extent where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

On the other hand, 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 future taxable profits against which to make them effective. The recoverability of deferred tax assets is assessed based on projected future taxable profits. According to the level of historical taxable income and projections of future taxable income in the periods in which deferred tax assets are deductible, it is assessed whether it is probable that SIEMENS GAMESA Group will realise the benefits of these deductible differences (Note 27). At each closing, to the extent that doubts exist about their future recovery, the recorded deferred tax assets are analysed, making the appropriate corrections to them. In addition, deferred tax assets not recorded in the Consolidated Balance Sheet are assessed at each closing and these are recognized when their recovery with future tax benefits becomes probable.

The income or expense for income tax and taxes of a similar nature applicable to consolidated foreign entities is the amount, which for this concept, accrues in the year and includes both, current and deferred income or expense.

#### *U. REVENUE RECOGNITION*

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

Sales from construction-type contracts: A construction-type contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Revenues are recognized over time under the percentage-of-completion method, based on the percentage of costs incurred to date compared to total estimated costs. An expected loss on the contract is recognized as an expense immediately. Payment terms for the customer are usually and in average 40 days from the date of issue of the invoice, always according to the contract terms.

The percentage-of-completion method places considerable importance on accurate estimates of the extent of progress towards completion, and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These significant estimates include total estimated costs, total estimated revenues, contract risks, including technical, political and regulatory risks, and other judgments. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenue. In addition, the SIEMENS GAMESA Group needs to assess whether the contract is expected to continue or to be terminated. In determining whether the continuation or termination of a contract is expected to be the most likely scenario, all relevant facts and circumstances relating to the contract are considered on an individual basis.

In the case that separate legal entities are set-up for the development and sale of wind farms, the non-current assets (basically wind turbines, fixtures and civil engineering work) of the wind farms adopting the legal structure of a public or private limited liability company whose shares are fully consolidated in the accompanying Consolidated Financial Statements (see Appendix), are classified as “Inventories” and are measured in the same way as other inventories and are included in the percentage-of-completion calculations in the Consolidated Financial Statements when the requirements therefore are fulfilled.

Revenues from services: revenues are recognized over time on a straight-line basis or, if the performance pattern is other than straight-line, as services are provided, i.e. under the percentage-of-completion method as described above. Payment terms for the customer are usually and in average 40 days from the date of issue of the invoice, always according to the contract terms.

Sale of goods: revenues are recognized at the point in time when control of the goods passes to the buyer, usually upon delivery of the goods. Invoices are issued at that point in time and payment terms for the customer are usually and in average 40 days from the date of the issue of the invoice, always according to the contract terms.

## V. LEASES

The SIEMENS GAMESA Group classifies leases as finance leases whenever all the risks and rewards incidental to the ownership of the asset are substantially transferred to the lessee. All other leases are classified as operating leases.

Finance leases are recognized at the starting date of the lease as assets and liabilities in the Consolidated Financial Statements at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each of those determined at the inception of the leases. The leased assets are depreciated in a similar manner as those assets owned by the Group.

Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term in the Consolidated Statement of Profit and Loss.

From October 1, 2019 the Group will adopt IFRS 16. This standard, from the perspective of the lessee, eliminates the current classification among operating and financial leases and requires the lessee to recognize a right-of-use asset and a lease liability representing the present value of its obligation to make lease payments (Note 2.D.3).

## W. FUNCTIONAL COSTS

In general, operating expenses by type are assigned to the functions depending on the functional area of the corresponding profit and cost centres. The amortization, depreciation and impairment of “Other intangible assets” and “Property, plant and equipment” are included in functional costs depending on the use of the assets.

## X. RESEARCH AND DEVELOPMENT EXPENSES

Expenses of research activities are recognized as incurred. Expenses of development activities are capitalised when the recognition criteria in IAS 38 are met. Capitalised development expenses are stated at cost less accumulated amortization and impairment losses.

The amortization of development expenses begins when the projects are in the conditions necessary for them to be capable of operating in the manner initially intended by the SIEMENS GAMESA Group. The expenditure is amortized generally on a straight-line basis over the estimated period of time that the new product will generate economic benefits, in a maximum of 5 years.

#### Y. INTEREST EXPENSES

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset are part of the cost of that asset. A qualified asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Financial income obtained on the temporary investment of specific loans until their usage on qualified assets is deducted from the interest expense that may be capitalised.

All other borrowing costs are recognized as a cost in the period in which they are incurred.

#### Z. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the reporting period by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the net income for the reporting period by the weighted average number of ordinary shares outstanding in the period, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. For such purposes, dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the reporting period or, if later, at the date of the issuance of the potential ordinary shares.

Basic earnings per share in the years ended September 30, 2019 and 2018 coincide with diluted earnings per share, since there were no potential shares outstanding in those periods (Note 33).

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

As described in Note 1.D of the Consolidated 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 Consolidated Financial Statements for the year ended September 30, 2018. All adjustments in order to reflect the valuation of the acquired assets and liabilities were done within 12 months from the acquisition of GAMESA as required by IFRS 3 "Business Combination" (Note 3.F of the of the Consolidated Financial Statements for the year ended 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, the SIEMENS GAMESA Group 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 the Group's operational and financial performance. The general conditions for compliance with the Group's 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 10). 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 Group are denominated in United States Dollars, Canadian Dollars, Danish Kroner, Chinese Yuans, Indian Rupees, Brazilian Reals, Sterling Pounds and Mexican Pesos. 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 10).

The following table shows the translation impact on profit and loss and equity as a result of changes in exchange rates as of September 30, 2019 and 2018 for the Group's most significant currencies, by simulating a 5% devaluation and appreciation of the euro against the respective currency:

Thousands of euros	Exchange rate at 09.30.2019	Debit / (Credit) (*)			
		Devaluation 5% of euro		Appreciation 5% of euro	
		Impact on income before taxes	Impact on equity before taxes	Impact on income before taxes	Impact on equity before taxes
Currency					
United States dollar	1.0889	(198)	(32,842)	198	32,842
Canadian dollar	1.4426	(845)	(236)	845	236
Danish krone (**)	7.4662	(9,167)	(8,132)	8,553	7,587
Chinese yuan	7.7784	(662)	(33,514)	662	33,514
Indian rupee	77.1615	5,680	(76,322)	(5,680)	76,322
Brazilian real	4.5288	520	(6,531)	(520)	6,531
Sterling pound	0.8857	(5,427)	344	5,427	(344)
Mexican peso	21.4522	1,245	(11,062)	(1,245)	11,062

(\*) Income and equity increase in negative and expenses and equity decrease in positive.

(\*\*) To calculate the sensitivity of the change of the Danish Krone's exchange rate, the fluctuation bend fixed by the European Central Bank and the Danish Bank is used (2.25% over the 7.4604 DKK/EUR fixed rate).

Thousands of euros	Exchange rate at 09.30.2018	Debit / (Credit) (*)			
		Devaluation 5% of euro		Appreciation 5% of euro	
		Impact on income before taxes	Impact on equity before taxes	Impact on income before taxes	Impact on equity before taxes
Currency					
United States dollar	1.1576	5,105	(58,236)	(5,105)	58,236
Canadian dollar	1.5064	(1,002)	(1,333)	1,002	1,333
Danish krone (**)	7.4564	(4,941)	(11,321)	5,631	11,872
Chinese yuan	7.9662	(1,029)	(33,139)	1,029	33,139
Indian rupee	83.9160	1,554	(70,225)	(1,554)	70,225
Brazilian real	4.6535	1,069	(6,426)	(1,069)	6,426
Sterling pound	0.8873	(2,840)	(3,093)	2,840	3,093
Mexican peso	21.7800	1,145	(11,054)	(1,145)	11,054

(\*) Income and equity increase in negative and expenses and equity decrease in positive.

(\*\*) To calculate the sensitivity of the change of the Danish Krone's exchange rate, the fluctuation bend fixed by the European Central Bank and the Danish Bank is used (2.25% over the 7.4604 DKK/EUR fixed rate).

## 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 Consolidated 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.

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 Consolidated 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.

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 10).

As of September 30, 2019 and 2018, the split of the borrowings into fixed and variable rate is as follows:

Thousands of euros	09.30.2019		09.30.2018 (*)	
	Excluding hedges (Note 18)	Including hedges	Excluding hedges (Note 18)	Including hedges
Fixed Rate	-	-	720,000	720,000
Variable Rate	864,435	864,435	1,093,786	1,093,786
<b>Total</b>	<b>864,435</b>	<b>864,435</b>	<b>1,813,786</b>	<b>1,813,786</b>

(\*) During fiscal year 2018 all the previous interest rate hedges have been cancelled. During the whole fiscal year 2019 no interest rate hedges have been entered into.



Based on instruments bearing interests at fixed and variable rates and financial instruments hedging interest rate risk which the SIEMENS GAMESA Group holds, a hypothetical change in the interest rates applicable to the respective instruments would have had the following effects:

Thousands of euros	Debit / (Credit) (*)			
	Variation in interest -0.25%		Variation in interest +0.25%	
	Impact on income before taxes	Impact on equity	Impact on income before taxes	Impact on equity
09.30.2019	(3,838)	-	3,838	-
09.30.2018	(3,742)	-	3,742	-

(\*) Income and equity increase in negative and expenses and equity decrease in positive.

### 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, the SIEMENS GAMESA Group has unused credit facilities amounting to EUR 2,791 million, which represents 77% of total credit facilities (EUR 2,143 million as of September 30, 2018, representing 54% 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.

The analysis of the overdue trade receivables, which cover the majority of the financial assets and which have not been impaired individually, notwithstanding that the value adjustments derived from the application of the expected credit losses model are already included, as of September 30, 2019 and 2018, is as follows:

Thousands of euros	09.30.2019	09.30.2018
Less than 90 days	165,730	298,750
90 - 180 days	64,829	67,259
More than 180 days	125,183	85,921
<b>Total trade and other receivables - overdue</b>	<b>355,742</b>	<b>451,930</b>

The credit risk exposure of cash and other cash equivalents can be anticipated with the credit rating of the corresponding financial institutions. The overview below discloses the cash and cash equivalents as of September 30, 2019 and 2018, by financial institutions with the following ratings (Note 7):

Thousands of euros	09.30.2019	09.30.2018
AA-	12,974	13,766
A+	518,211	276,988
A	181,713	710,609
A-	216,543	323,112
BBB+	696,746	953,392
BBB	17,229	34,349
BBB-	11,856	26,374
BB+ or lower	72,185	90,444
<b>Total</b>	<b>1,727,457</b>	<b>2,429,034</b>

## 6. Earnings allocation

At the date of preparation of these Consolidated Financial Statements, the SIEMENS GAMESA Group'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>

## 7. Cash and other cash equivalents

The breakdown of “Cash and cash equivalents” 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>
Cash in euros	887,234	1,225,379
Cash in foreign currency (Note 3.C)	726,320	827,170
Liquid assets (Note 3.C)	113,903	376,485
<b>Total</b>	<b>1,727,457</b>	<b>2,429,034</b>

The heading “Cash and cash equivalents” includes mainly the Group's cash and short-term bank deposits with an initial maturity of three months or less. Cash and cash equivalents accrue market interest rates. There are no restrictions on the use of these balances.

The liquid assets maturing in less than three months are denominated in foreign currency (Note 3.C).

## 8. Trade and other receivables

The detail of “Trade and other receivables” in the Consolidated Balance Sheet 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>
Trade and other receivables from third party	1,317,034	1,111,063
Trade and other receivables from related parties (Note 30)	27,070	57,188
Impairment due to uncollectible receivables	(57,323)	(54,333)
<b>Total</b>	<b>1,286,781</b>	<b>1,113,918</b>

All the aforementioned balances mature in less than twelve months and are non-interest-bearing.

The carrying amount of the “Trade and other receivables” denominated in foreign currency as of September 30, 2019 and 2018 is as follows (Note 3.C):

<b>Currency</b>	<b>Equivalent value in thousands of euros</b>	
	<b>09.30.2019</b>	<b>09.30.2018</b>
Canadian dollar	3,326	5,715
United States dollar	174,269	260,271
Sterling pound	21,334	44,880
Chinese yuan	83,180	82,529
Danish krone	71,911	22,526
Swedish krona	1,116	15,723
Brazilian real	7,566	8,122
Australian dollar	6,876	14,250
Egyptian pound	14,856	14,017
Indian rupee	176,318	102,965
Other currencies	49,752	15,274
<b>Total</b>	<b>610,504</b>	<b>586,272</b>

Movements in the provision for the impairment of trade and other receivables have been as follows:

Thousands of euros	
<b>Balance at 09.30.2018</b>	<b>54,333</b>
Transition to IFRS 9 (Note 2.E)	3,270
<b>Balance at 10.01.2018</b>	<b>57,603</b>
Reversal of unused amounts	(12,046)
Creation of provisions	20,089
Provisions applied to intended purpose	(8,965)
Exchange differences	642
<b>Balance at 09.30.2019</b>	<b>57,323</b>
Thousands of euros	
<b>Balance at 10.01.2017</b>	<b>73,036</b>
Reversal of unused amounts	(38,965)
Creation of provisions	22,292
Provisions applied to intended purpose	(222)
Exchange differences	(1,808)
<b>Balance at 09.30.2018</b>	<b>54,333</b>

## 9. Financial instruments by category

### A. COMPOSITION AND BREAKDOWN OF OTHER FINANCIAL ASSETS

The breakdown of the SIEMENS GAMESA Group's "Other financial assets" as of September 30, 2019 and 2018, presented by nature and category for measurement purposes, is the following:

Thousands of euros	09.30.2019		
	Credits, receivables and other	Derivatives	Total
<b>Other financial assets:</b>			
<b>Nature / Category</b>			
At fair value through Profit or Loss	-	-	-
At fair value through Other Comprehensive Income	-	-	-
At amortised cost	135,800	-	135,800
Hedge derivatives (Note 10)	-	33,362	33,362
Other derivatives (Note 10)	-	105,574	105,574
<b>Short-term / current</b>	<b>135,800</b>	<b>138,936</b>	<b>274,736</b>
At fair value through Profit or Loss (Note 17)	28,043	-	28,043
At fair value through Other Comprehensive Income	-	-	-
At amortised cost (Note 17)	39,186	-	39,186
Hedge derivatives (Notes 10 and 17)	-	5,298	5,298
Other derivatives (Notes 10 and 17)	-	70,935	70,935
<b>Long-term / non-current</b>	<b>67,229</b>	<b>76,233</b>	<b>143,462</b>
<b>Total</b>	<b>203,029</b>	<b>215,169</b>	<b>418,198</b>

Thousands of euros		09.30.2018		
Other financial assets: Nature / Category	Available-for-sale financial assets	Credits and Receivables	Derivatives	Total
Derivatives (Note 10)	-	-	82,529	82,529
Other financial assets	-	88,507	-	88,507
<b>Short-term / current</b>	<b>-</b>	<b>88,507</b>	<b>82,529</b>	<b>171,036</b>
Derivatives (Note 10)	-	-	103,800	103,800
Other financial assets (Note 17)	28,158	108,269	-	136,427
<b>Long-term / non-current</b>	<b>28,158</b>	<b>108,269</b>	<b>103,800</b>	<b>240,227</b>
<b>Total</b>	<b>28,158</b>	<b>196,776</b>	<b>186,329</b>	<b>411,263</b>

#### B. COMPOSITION AND BREAKDOWN OF FINANCIAL DEBT AND OTHER FINANCIAL LIABILITIES

The breakdown of the Group's "Financial debt" and "Other financial liabilities" as of September 30, 2019 and 2018, presented by nature and category for measurement purposes, is the following:

Thousands of euros		09.30.2019		
Financial debt and Other financial liabilities: Nature / Category	Payable financial liabilities		Derivatives	Total
Financial debt (Note 18)	352,209		-	352,209
Hedge derivatives (Note 10)	-		37,871	37,871
Other derivatives (Note 10)	-		75,260	75,260
Other financial liabilities	17,265		-	17,265
<b>Short-term / current</b>	<b>369,474</b>		<b>113,131</b>	<b>482,605</b>
Financial debt (Note 18)	512,226		-	512,226
Hedge derivatives (Note 10)	-		23,434	23,434
Other derivatives (Note 10)	-		66,955	66,955
Other financial liabilities	79,446		-	79,446
<b>Long-term / non-current</b>	<b>591,672</b>		<b>90,389</b>	<b>682,061</b>
<b>Total</b>	<b>961,146</b>		<b>203,520</b>	<b>1,164,666</b>

Thousands of euros		09.30.2018		
Financial debt and Other financial liabilities: Nature / Category	Payable financial liabilities		Derivatives	Total
Financial debt (Note 18)	990,538		-	990,538
Derivatives (Note 10)	-		89,079	89,079
Other financial liabilities	14,693		-	14,693
<b>Short-term / Current</b>	<b>1,005,231</b>		<b>89,079</b>	<b>1,094,310</b>
Financial debt (Note 18)	823,248		-	823,248
Derivatives (Note 10)	-		37,025	37,025
Other financial liabilities	147,938		-	147,938
<b>Long-term / non-current</b>	<b>971,186</b>		<b>37,025</b>	<b>1,008,211</b>
<b>Total</b>	<b>1,976,417</b>		<b>126,104</b>	<b>2,102,521</b>

## 10. Derivative financial instruments

The SIEMENS GAMESA Group uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows are exposed, mainly foreign currency and interest rate risk. The detail of the balances that represent the valuation of derivatives in the Consolidated Balance Sheets as of September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019			
	Current		Non-current	
	Assets (Note 9)	Liabilities (Note 9)	Assets (Notes 9 and 17)	Liabilities (Note 9)
<b>Interest rate hedges</b>				
Cash-flow hedges	-	-	-	-
<b>Electricity prices hedges</b>				
Cash-flow hedges	-	56	-	865
<b>Foreign currency hedges</b>				
Cash-flow hedges	33,362	37,815	5,298	22,569
Fair value hedges	-	-	-	-
<b>Other derivatives</b>				
Foreign currency derivatives	94,873	63,210	7,043	31,353
Embedded derivatives	10,696	12,012	63,892	35,602
Other derivatives	5	38	-	-
<b>Total</b>	<b>138,936</b>	<b>113,131</b>	<b>76,233</b>	<b>90,389</b>

Thousands of euros	09.30.2018			
	Current		Non-current	
	Assets (Note 9)	Liabilities (Note 9)	Assets (Notes 9 and 17)	Liabilities (Note 9)
<b>Interest rate hedges</b>				
Cash-flow hedges	-	-	-	-
<b>Electricity prices hedges</b>				
Cash-flow hedges	-	-	-	1,691
<b>Foreign currency hedges</b>				
Cash-flow hedges	27,046	39,982	44,882	5,853
Fair value hedges	-	-	-	-
<b>Other derivatives</b>				
Foreign currency derivatives	44,217	39,997	19,327	27,951
Embedded derivatives	11,233	8,843	39,591	1,530
Other derivatives	33	257	-	-
<b>Total</b>	<b>82,529</b>	<b>89,079</b>	<b>103,800</b>	<b>37,025</b>

All derivative financial instruments of the company are grouped in category 2 (Note 3.B). In such financial instruments, the effects of discounting has not been significant.

There have been no transfers between the asset categories at fair value during the year ended September 30, 2019 and 2018.

In the year ended September 30, 2019, the SIEMENS GAMESA Group has not recognized any expense under "Interest expenses" (an expense amounting to EUR 1,944 thousand in the year ended September 30, 2018) and has recognized an expense under the heading "Cost of sales" of the Consolidated Statement of Profit and Loss amounting to EUR 8,210 thousand (an expense amounting to EUR 20,377 thousand in the year ended September 30, 2018). These amounts have been reclassified from "Total Equity - Unrealised asset and liability revaluation reserve" (Note 23.C), under which they had been previously booked.

The SIEMENS GAMESA Group uses foreign currency hedge derivatives to mitigate the possible volatility effect of exchange rate fluctuations on future cash flows from transactions and loans in currencies other than the functional currency of the company concerned. In addition, the SIEMENS GAMESA Group designates hedges for the exchange rate risk deriving from 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 exchange rate hedges is as follows:

Currency	Thousands of euros	
	09.30.2019	09.30.2018
Danish krone	2,366,972	1,256,617
Sterling pound	220,455	504,635
United States dollar	23,926	327,479
South African rand	34,812	111,922
Chinese yuan	309,282	103,912
Indian rupee	34,443	91,617
Australian dollar	21,835	11,108
Japanese yen	116,947	69,183
Canadian dollar	29,395	1,454
Brazilian real	42,359	31,179
Turkish lira	1,969	16,481
Moroccan dirham	1,637	1,637
Norwegian krone	367,721	234,808
Mexican peso	24,220	24,161
Swedish krona	191,591	76,189
Romanian leu	18,031	13,640
Taiwan dollar	274,501	749
Egyptian pound	18,355	-
New Zealand dollar	45,314	4,270
Polish zloty	10,803	370
Russian ruble	12,841	-
Other currencies	28,607	26,077
<b>Total</b>	<b>4,196,016</b>	<b>2,907,488</b>

The SIEMENS GAMESA Group does not have any interest rate hedge as of September 30, 2019 and 2018.

No significant ineffectiveness has been detected in the hedges designated by the SIEMENS GAMESA Group as of September 30, 2019 and 2018 and this effect, if any, has been registered in the Consolidated Statement of Profit and Loss.

#### A. CREDIT RISK

The risk breakdown, by geographical area and counterparty, indicating the book value thereof at the relevant dates, is as follows:

	09.30.2019		09.30.2018	
	Thousands of euros	%	Thousands of euros	%
<b>By geographical area</b>				
Germany	133,359	62%	114,822	62%
Spain	2,468	1%	3,141	2%
Other European Union countries	48,223	22%	63,688	33%
Rest of the world	31,119	15%	4,678	3%
<b>Total</b>	<b>215,169</b>	<b>100%</b>	<b>186,329</b>	<b>100%</b>
<b>By counterparty</b>				
Financial institutions	7,262	3%	21,082	11%
Related parties	133,320	62%	114,422	62%
Other institutions	74,587	35%	50,825	27%
<b>Total</b>	<b>215,169</b>	<b>100%</b>	<b>186,329</b>	<b>100%</b>

The breakdown of the derivatives according to the credit ratings assigned by external credit rating agencies is as follows:

	09.30.2019		09.30.2018	
	Thousands of euros	%	Thousands of euros	%
Risks rated A+ or A-	135,501	63%	120,676	65%
Risks rated BBB+	2,400	1%	3,739	2%
Risks rated BBB	586	0%	852	0%
Risks rated BBB- or less	76,682	36%	61,062	33%
<b>Total</b>	<b>215,169</b>	<b>100%</b>	<b>186,329</b>	<b>100%</b>

## B. MARKET RISK

The sensitivity of the market value of the hedging derivatives arranged by the SIEMENS GAMESA Group to interest rate and exchange rate changes is as follows:

Thousands of euros (*)	Percentage change in exchange rate			
	2019		2018	
	+5%	-5%	+5%	-5%
Change in the value of the hedge	(1,086)	1,086	3,011	(3,011)

(\*) Sensitivity to interest rate changes is not shown as there are no interest rate derivatives.

## C. MATURITY OF DERIVATIVE LIABILITIES

The maturities of derivative liabilities are as follows:

Thousands of euros	09.30.2019			
	< 1 year	1-2 years	2-3 years	> 3 years
Electric prices hedges	56	209	656	-
Foreign currency hedges	37,815	4,325	926	17,318
Other derivatives	75,260	15,949	20,214	30,792
<b>Total</b>	<b>113,131</b>	<b>20,483</b>	<b>21,796</b>	<b>48,110</b>

Thousands of euros	09.30.2018			
	< 1 year	1-2 years	2-3 years	> 3 years
Electric prices hedges	-	506	189	996
Foreign currency hedges	39,982	4,427	517	909
Other derivatives	49,097	8,530	1,793	19,158
<b>Total</b>	<b>89,079</b>	<b>13,463</b>	<b>2,499</b>	<b>21,063</b>

## 11. Customer contracts

The breakdown of the balances of the Consolidated Balance Sheet related to contracts with customers as of September 30, 2019 and 2018, is the following:

Thousands of euros	09.30.2019	09.30.2018
Contract assets	2,056,255	1,572,188
Contract liabilities	2,839,670	1,670,176



As of September 30, 2019, and 2018, amounts expected to be settled after twelve months are EUR 1,275 thousand and EUR 127,306 thousand for “Contract assets” and EUR 440,180 thousand, which mainly correspond to wind farm construction contracts expected to be executed in 2021 and 2022, and EUR 320,030 thousand, respectively, for “Contract liabilities”.

In fiscal year 2019 and 2018, “Revenue” includes EUR 844,447 thousand and EUR 951,396 thousand, respectively, which was included in contract liabilities at the beginning of the fiscal year.

In fiscal year 2019, EUR 17,441 thousand are included in “Revenue”, relating to performance obligations satisfied in previous periods. In fiscal year 2018, there was no “Revenue” recognized from performance obligations satisfied in previous periods.

As of September 30, 2019, order backlog amounted to EUR 25,507 million (EUR 22,801 million as of September 30, 2018), of which EUR 13,606 million correspond to the Wind Turbines segment (EUR 12,020 million as of September 30, 2018) and EUR 11,901 million to the Operation and Maintenance segment (EUR 10,781 million as of September 30, 2018). The orders are determined mainly as the estimated revenue of accepted purchase orders for which enforceable rights and obligations exist, as well as subsequent order value changes and adjustments, excluding letters of intent. To determine orders, the SIEMENS GAMESA Group considers termination rights and customer’s creditworthiness. During fiscal year 2019 order intake amounted to EUR 12,749 million (EUR 11,872 million during 2018), EUR 10,034 million for the Wind Turbines segment (EUR 9,477 million during 2018) and EUR 2,715 million for the Operation and Maintenance segment (EUR 2,395 million during 2018). Out of the total order backlog as of September 30, 2019, the Group expects to recognize as revenue of EUR 9,360 million in the fiscal year 2020 and EUR 16,147 million in the fiscal years 2021 and onwards.

## 12. Inventories

The breakdown of “Inventories” as of September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019	09.30.2018
Raw materials and supplies	979,748	708,115
Work in progress and finished goods	851,851	815,914
Advances to suppliers	188,087	124,143
Inventory write-downs	(155,767)	(148,994)
<b>Total</b>	<b>1,863,919</b>	<b>1,499,178</b>

Provisions recorded as of September 30, 2019 and 2018 basically refer to the amount provisioned for technical, quantity and price risks.

Cost of sales include inventories recognized as expense amounting to EUR 6,786 million and EUR 4,875 million in the years ended September 30, 2019 and 2018, respectively.

As of September 30, 2019 and 2018, there are no inventories pledged as security for liabilities.

## 13. Goodwill

The carrying amount of “Goodwill” is as follows:

Thousands of euros	Balance at 10.01.2018	Translation differences	Balance at 09.30.2019
Cost	4,589,810	186,571	4,776,381
Accumulated impairment losses	(32,203)	(25)	(32,228)
<b>Total Goodwill</b>	<b>4,557,607</b>	<b>186,546</b>	<b>4,744,153</b>

Thousands of euros	Balance at 10.01.2017	Translation differences	Balance at 09.30.2018
Cost	4,721,100	(131,290)	4,589,810
Accumulated impairment losses	(32,357)	154	(32,203)
<b>Total Goodwill</b>	<b>4,688,743</b>	<b>(131,136)</b>	<b>4,557,607</b>

The “Goodwill” impairment test is performed at the segment level, Wind Turbines and Operation and Maintenance, since they are the smallest identifiable groups of assets that generate cash-flows independently and that the Group monitors, and that are consistent with the segments identified in Note 25.

For the purpose of estimating the segments’ fair value less costs to sell, cash flows for the next five years have been projected based on past experience, actual operating results and Management’s best estimate about future developments, as well as market assumptions.

The fair value less costs to sell is mainly driven by the terminal value which is particularly sensitive to changes in the assumptions on the terminal value growth rate and discount rate. Both assumptions are individually determined for each segment group. Discount rates are based on the weighted average cost of capital (WACC) for the segments and are calculated based on a risk-free rate of interest and a market risk premium. In addition, the discount rates reflect the current market assessment of the specific risks of each segment by considering specific peer group information on factors, leverage and cost of debt. The parameters for calculating the discount rates are based on external sources of information. The peer group is subject to an annual review and adjusted, if necessary. Terminal value growth rates take into consideration external macroeconomic sources of data and industry specific trends.

The following table presents the key assumptions used to determine the fair value less costs to sell for impairment test purposes for the segments to which a significant amount of goodwill is allocated:

Thousands of euros	09.30.2019		
	Goodwill allocation	Terminal value growth rate	Weighted average cost of capital (WACC)
Wind Turbines segment	1,875,464	1.40%	8.50%
Operation and Maintenance segment	2,868,689	1.40%	8.50%
<b>Total</b>	<b>4,744,153</b>		

Thousands of euros	09.30.2018		
	Goodwill allocation	Terminal value growth rate	Weighted average cost of capital (WACC)
Wind Turbines segment	1,805,830	1.40%	8.50%
Operation and Maintenance segment	2,751,777	1.40%	8.50%
<b>Total</b>	<b>4,557,607</b>		

Additionally, for the Wind Turbines segment a sales volume close to EUR 9,000 million has been considered for 2020 (above EUR 9,000 million for 2019 as of September 30, 2018) with a 0.6% profit margin pre-PPA for 2020 (3.4% for 2019 as of September 30, 2018), and for subsequent years a gradual increase has been considered due to the evolution of the composition of the revenue line (“business mix”), the synergies and the capacity adjustment measures adopted. The terminal value obtained through the generally accepted methodology for business valuations (discounted cash flows), represents 81.78% of the total recoverable value in 2019 (79.65% in 2018).

On the other hand, for the Operation and Maintenance segment a sales volume above EUR 1,500 million has been considered for 2020 (above EUR 1,000 million for 2019 as of September 30, 2018) with a 21.7% profit margin pre-PPA for

2020 (23.6% for 2019 as of September 30, 2018), and for subsequent years a gradual increase has been considered due to the synergies and the capacity adjustment measures adopted. The terminal value obtained through the generally accepted methodology for business valuations (discounted cash flows), represents 72.16% of the total recoverable value in 2019 (77.12% in 2018).

The sensitivity analysis for the group of segments has been based on a reduction in after-tax future cash flows by 10% or an increase in after-tax discount rates by one percentage point or a reduction in the terminal value growth rate by one percentage point or a 10% in terminal value margin. The SIEMENS GAMESA Group concluded that no impairment loss would need to be recognized on “Goodwill” in any of the two segments.

Therefore, the recoverable amounts estimated for the annual impairment test for 2019 for the SIEMENS GAMESA Group’s segments are higher than their carrying amounts.

#### 14. Other intangible assets

The development in the heading “Other Intangible Assets” in the Consolidated Balance Sheet in the years 2019 and 2018 is as follows:

Thousands of euros	Balance at 10.01.2018	Additions	Disposals	Exchange differences	Transfers	Balance at 09.30.2019
<b>Cost</b>						
Internally generated technology	249,350	159,059	(621)	(116)	-	407,672
Acquired technology including patents, licenses and similar rights	1,245,331	806	(245)	(32)	-	1,245,860
Customer relationships and order backlog	1,198,174	-	-	55,157	-	1,253,331
	<b>2,692,855</b>	<b>159,865</b>	<b>(866)</b>	<b>55,009</b>	-	<b>2,906,863</b>
<b>Amortization and impairment</b>						
Internally generated technology	(52,437)	(42,070)	181	55	-	(94,271)
Acquired technology including patents, licenses and similar rights	(345,584)	(171,721)	236	27	-	(517,042)
Customer relationships and order backlog	(272,411)	(94,645)	-	(12,764)	-	(379,820)
	<b>(670,432)</b>	<b>(308,436)</b>	<b>417</b>	<b>(12,682)</b>	-	<b>(991,133)</b>
<b>Total other intangible assets</b>	<b>2,022,423</b>	<b>(148,571)</b>	<b>(449)</b>	<b>42,327</b>	-	<b>1,915,730</b>

Thousands of euros	Balance at 10.01.2017	Additions	Disposals	Exchange differences	Transfers	Balance at 09.30.2018
<b>Cost</b>						
Internally generated technology	120,795	129,084	(828)	(419)	718	249,350
Acquired technology including patents, licenses and similar rights	1,245,686	12	-	(367)	-	1,245,331
Customer relationships and order backlog	1,250,995	-	-	(52,821)	-	1,198,174
Advance payments for intangible assets	718	-	-	-	(718)	-
	<b>2,618,194</b>	<b>129,096</b>	<b>(828)</b>	<b>(53,607)</b>	<b>-</b>	<b>2,692,855</b>
<b>Amortization and impairment</b>						
Internally generated technology	(35,890)	(17,452)	822	83	-	(52,437)
Acquired technology including patents, licenses and similar rights	(173,217)	(172,715)	-	348	-	(345,584)
Customer relationships and order backlog	(149,834)	(132,900)	-	10,323	-	(272,411)
	<b>(358,941)</b>	<b>(323,067)</b>	<b>822</b>	<b>10,754</b>	<b>-</b>	<b>(670,432)</b>
<b>Total other intangible assets</b>	<b>2,259,253</b>	<b>(193,971)</b>	<b>(6)</b>	<b>(42,853)</b>	<b>-</b>	<b>2,022,423</b>

#### A. MOVEMENTS FOR THE YEAR

During the years 2019 and 2018, the main increase in the capitalised development costs is due to the development of new wind turbine models, software and the optimization of the components' performance for an amount of EUR 159 million and EUR 129 million, respectively. These additions are mainly in Denmark amounting to EUR 123 million during 2019 (EUR 103 million during 2018) and in Spain amounting to EUR 29 million during 2019 (EUR 23 million during 2018).

Not capitalised research and development expenses for the years ended September 30, 2019 and 2018 amounted to EUR 208 million and EUR 166 million, respectively.

The impairment provision (included under internally generated technology) for the year ended September 30, 2019 amounts to EUR 14 million and relates mainly to development costs for the evolution of platforms incurred in Denmark, on which there are doubts about its capacity to generate future cash flows. For the year ended September 30, 2018 no impairments were booked.

#### B. ACQUIRED TECHNOLOGY, CUSTOMER RELATIONSHIPS AND ORDER BACKLOG

Acquired technology includes technologies identified in line with the SIEMENS GAMESA Merger valued on platform basis amounting to EUR 729 million as of September 30, 2019 (EUR 899 million as of September 30, 2018). The fair value at the Merger effective date of technology identified in line with the Merger amounted to EUR 1,147 million. The remaining useful life for these intangible assets, depending on the different platform types, is between 2.5 and 17.5 years (in average 6.01 years).

The fair value of customer relationships identified in line with the SIEMENS GAMESA Merger amounted at the Merger effective date to EUR 958 million. The remaining useful life depends on the business segment for which the customer relationship has been identified: 3.5 years on average for the Wind Turbine segment and 17.41 years on average for the Operation and Maintenance segment.

Furthermore, an order backlog amounting to EUR 385 million was identified at the Merger effective date (Note 2.E of the Consolidated Financial Statements for the year ended September 30, 2018). The remaining useful life depends on the individual contracts and is between 1.25 and 17.25 years (14.48 years in average) for the Operation and Maintenance segment (the ones that refer to the Wind Turbines segment are fully amortized as of September 30, 2019).

The carrying amount of customer relationships and order backlog as of September 30, 2019 is EUR 874 million (EUR 926 million as of September 30, 2018).

### C. FULLY AMORTIZED ASSETS

The acquisition cost of fully amortized intangible assets that remained in use as of September 30, 2019 and 2018 amount to EUR 140 million and EUR 41 million, respectively.

### D. COMMITMENTS FOR THE ACQUISITION OF ASSETS

As of September 30, 2019 and 2018, the SIEMENS GAMESA Group has no significant contractual commitments for the acquisition of intangible assets.

## 15. Property, plant and equipment

The development in “Property, Plant and Equipment” in the Consolidated Balance Sheet in the years 2019 and 2018 is as follows:

Thousands of euros	Balance at 10.01.2018	Additions	Disposals	Exchange differences	Transfers	Balance at 09.30.2019
<b>Cost</b>						
Land and buildings	893,670	14,528	(19,671)	15,496	5,685	909,708
Technical facilities and machinery	681,596	95,292	(68,858)	17,914	35,052	760,996
Other property, plant and equipment	821,356	99,806	(77,077)	7,935	42,383	894,403
Property, plant and equipment under construction	121,559	128,275	(11,573)	2,729	(83,120)	157,870
	<b>2,518,181</b>	<b>337,901</b>	<b>(177,179)</b>	<b>44,074</b>	-	<b>2,722,977</b>
<b>Depreciation</b>						
Buildings	(186,502)	(41,453)	10,495	(3,461)	-	(220,921)
Technical facilities and machinery	(270,994)	(127,636)	48,191	(8,926)	(1,946)	(361,311)
Other property, plant and equipment	(575,825)	(157,614)	74,887	(4,229)	1,946	(660,835)
	<b>(1,033,321)</b>	<b>(326,703)</b>	<b>133,573</b>	<b>(16,616)</b>	-	<b>(1,243,067)</b>
<b>Impairment</b>						
Land and buildings	(9,937)	(339)	-	-	-	(10,276)
Technical facilities and machinery	(26,788)	(5,748)	-	-	-	(32,536)
Other property, plant and equipment	(5,632)	(2,613)	-	-	-	(8,245)
Property, plant and equipment under construction	-	(2,952)	-	-	-	(2,952)
	<b>(42,357)</b>	<b>(11,652)</b>	-	-	-	<b>(54,009)</b>
<b>Total tangible assets</b>	<b>1,442,503</b>	<b>(454)</b>	<b>(43,606)</b>	<b>27,458</b>	-	<b>1,425,901</b>

Thousands of euros	Balance at 10.01.2017	Additions	Disposals	Exchange differences	Transfers	Balance at 09.30.2018
<b>Cost</b>						
Land and buildings	789,781	24,783	(18,113)	(725)	97,944	893,670
Technical facilities and machinery	613,067	115,901	(52,327)	(3,973)	8,928	681,596
Other property, plant and equipment	835,198	75,266	(105,756)	(9,640)	26,288	821,356
Property, plant and equipment under construction	187,563	70,030	(2,353)	(521)	(133,160)	121,559
	<b>2,425,609</b>	<b>285,980</b>	<b>(178,549)</b>	<b>(14,859)</b>	-	<b>2,518,181</b>
<b>Depreciation</b>						
Buildings	(171,872)	(31,653)	16,495	528	-	(186,502)
Technical facilities and machinery	(172,631)	(136,920)	38,215	342	-	(270,994)
Other property, plant and equipment	(525,709)	(147,106)	96,193	797	-	(575,825)
	<b>(870,212)</b>	<b>(315,679)</b>	<b>150,903</b>	<b>1,667</b>	-	<b>(1,033,321)</b>
<b>Impairment</b>						
Land and buildings	(9,915)	(22)	-	-	-	(9,937)
Technical facilities and machinery	(20,971)	(5,817)	-	-	-	(26,788)
Other property, plant and equipment	(4,995)	(637)	-	-	-	(5,632)
	<b>(35,881)</b>	<b>(6,476)</b>	-	-	-	<b>(42,357)</b>
<b>Total tangible assets</b>	<b>1,519,516</b>	<b>(36,175)</b>	<b>(27,646)</b>	<b>(13,192)</b>	-	<b>1,442,503</b>

#### A. MOVEMENTS FOR THE YEAR

The main acquisitions for the year ended September 30, 2019 are mainly related to improvements in different factories and prototypes in Denmark, capacity increase of equipment in Spain as well as the normal maintenance capital expenditure in India. The acquisitions in 2018 were mainly related to the Cuxhaven plant in Germany, the improvements of prototypes in Denmark and the renovation or increase of Spanish equipment's capacity, as well as, to the normal maintenance capital expenditure in Denmark, Spain and Germany.

The main impairment losses and disposals of the year ended September 30, 2019 are related to low return on assets in use in Denmark and the impairment of production tooling in Spain, India and United States. The impairment losses of the year ended September 30, 2018, were related to the closure of a production line in Morocco, as well as the impairment and disposals of production tooling in various locations, mainly México, Brazil, China and Spain.

#### B. LEASING CONTRACTS

As of September 30, 2019 and 2018, the SIEMENS GAMESA Group has no significant finance leases (Note 18).

#### C. FULLY DEPRECIATED ASSETS

The acquisition cost of fully depreciated fixed assets that are still in use as of September 30, 2019 and 2018 amounted EUR 632 million and EUR 489 million, respectively. As of September 30, 2019 and 2018, most of these assets correspond to tools and test equipment.

#### D. COMMITMENTS FOR THE ACQUISITION OF ASSETS

As of September 30, 2019, the SIEMENS GAMESA Group companies have property, plant and equipment purchase commitments amounting to EUR 64.1 million approximately (EUR 71.9 million as of September 30, 2018), which are mainly related to production facilities for new developments of wind facilities and its components.

## E. INSURANCE COVERAGE

The SIEMENS GAMESA Group arranges insurance policies to adequately cover its property, plant and equipment. Also, the SIEMENS GAMESA Group has entered into insurance policies to cover the wind turbines generators while they are being assembled.

### 16. Investments accounting for using the equity method

The breakdown of the investments in associates of the SIEMENS GAMESA Group as of September 30, 2019 and 2018 is as follows:

Company	Shareholding %	Thousands of euros	
		09.30.2019	09.30.2018
Windar Renovables, S.L.	32%	65,223	64,525
Nuevas Estrategias de Mantenimiento, S.L.	50%	1,692	3,645
Other	-	3,961	4,866
<b>Total</b>		<b>70,876</b>	<b>73,036</b>

The changes occurred in the years 2019 and 2018 under this heading in the Consolidated Balance Sheet were as follows:

Thousands of euros	
<b>Balance at 10.01.2018</b>	<b>73,036</b>
Profit for the year	(1,479)
Other	(681)
<b>Balance at 09.30.2019</b>	<b>70,876</b>

Thousands of euros	
<b>Balance at 10.01.2017</b>	<b>73,609</b>
Profit for the year	(431)
Other	(142)
<b>Balance at 09.30.2018</b>	<b>73,036</b>

The breakdown of consolidated assets, liabilities, revenues and expenses of companies recognized using the equity method as of September 30, 2019 and 2018 is as follows:

### A. FINANCIAL INFORMATION RELATED TO JOINT VENTURES

Summarised financial information as of September 30, 2019 and 2018 (at 100% and before intercompany eliminations) related to the most significant joint ventures booked using the equity method is as follows:

Nuevas Estrategias de Mantenimiento, S.L.	Thousands of euros	
	09.30.2019	09.30.2018
Total current assets	3,284	4,721
Total non-current assets	1,653	799
<b>Total Assets</b>	<b>4,937</b>	<b>5,520</b>
Total current liabilities	893	808
Total non-current liabilities	660	563
Total equity	3,384	4,149
<b>Total Liabilities and Equity</b>	<b>4,937</b>	<b>5,520</b>

<b>Nuevas Estrategias de Mantenimiento, S.L.</b>	<b>Thousands of euros</b>	
	<b>09.30.2019</b>	<b>09.30.2018</b>
<b>Profit and Loss information</b>		
Income from ordinary activities	3,973	4,484
Depreciation and amortization	(195)	(115)
Interest income	6	3
Interest expenses	(28)	(11)
Net profit from continued operations	(497)	(574)
<b>Balance sheet information</b>		
Cash and cash equivalents	1,703	2,426
Current financial liabilities	841	615
Non-current financial liabilities	660	563

During the periods ended September 30, 2019 and 2018 no dividends have been received from this company.

#### *B. FINANCIAL INFORMATION RELATED TO ASSOCIATED COMPANIES*

Summarised financial information as of September 30, 2019 and 2018 (at 100% and before the intercompany eliminations) related to the most significant associated companies booked using the equity method is as follows:

<b>Windar Renovables, S.L. and subsidiaries</b>	<b>Thousands of euros</b>	
	<b>09.30.2019</b>	<b>09.30.2018</b>
Total current assets	158,262	174,099
Total non-current assets	69,719	72,836
<b>Total Assets</b>	<b>227,981</b>	<b>246,935</b>
Total current liabilities	118,437	138,801
Total non-current liabilities	12,206	18,673
Total equity	97,338	89,461
Parent company's total equity	91,640	89,461
Non-controlling interests' total equity	5,698	-
<b>Total Equity and Liabilities</b>	<b>227,981</b>	<b>246,935</b>

<b>Windar Renovables, S.L. and subsidiaries</b>	<b>Thousands of euros</b>	
	<b>09.30.2019</b>	<b>09.30.2018</b>
<b>Profit and Loss information</b>		
Income from ordinary activities	149,920	239,611
Net profit from continued operations	1,040	1,731
Net profit attributable to the parent company	337	1,731
Net profit attributable to non-controlling interests	703	-

During the periods ended September 30, 2019 and 2018 no dividends have been received from this company.

The book value of the investment in Windar Renovables, S.L. as of September 30, 2019 and 2018 amounts EUR 65 million and it includes the capital gain which arose at the moment of the acquisition of the investment in the associate (approximately EUR 35 million, representing the difference between the price paid and the share of the entity's book value at the date of the acquisition as of April 3, 2017).



## 17. Other non – current financial assets

The breakdown of “Other non-current financial assets” of the Consolidated Balance Sheet as of September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019
Derivatives (Note 9)	76,233
Financial assets measured at fair value through Profit and Loss (Notes 2.D and 9)	28,043
Other concepts in non-current financial assets (Note 9)	39,186
<b>Total other non-current financial assets</b>	<b>143,462</b>

Thousands of euros	09.30.2018
Derivatives (Note 9)	103,800
Available-for-sale financial assets (Notes 2.D and 9)	28,158
Other concepts in non-current financial assets (Note 9)	108,269
<b>Total other non-current financial assets</b>	<b>240,227</b>

### A. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

The detail of the most representative financial assets measured at fair value through Profit and Loss (available-for-sale financial assets in the year 2018) as of September 30, 2019 and 2018 is as follows:

Company	09.30.2019		09.30.2018	
	Thousands of euros	% of shareholding	Thousands of euros	% of shareholding
Wendeng Zhangjiachan Wind Power Co., Ltd.	8,494	40%	7,651	40%
CGN Anqiu Wind Power Co., Ltd.	-	-%	5,114	25%
Jianping Shiyingzi Wind Power Co., Ltd.	4,438	25%	4,438	25%
Beipiao CGN Changgao Wind Power Co., Ltd.	6,024	25%	4,318	25%
Beipiao Yangshugou Wind Power Co., Ltd.	2,349	25%	2,349	25%
Datang (Jianping) New Energy Co., Ltd.	2,779	25%	1,812	25%
Jinan Wohushan Wind Power Co., Ltd.	1,164	25%	1,164	25%
Other	2,795	Several	1,312	Several
<b>Total</b>	<b>28,043</b>		<b>28,158</b>	

As of September 30, 2019 and 2018, the SIEMENS GAMESA Group holds investments in various Chinese companies (wind farms) with ownership interests generally ranging from 25% to 40%. Despite holding ownership interests are above 20%, the SIEMENS GAMESA Group’s management considers that there is no significant influence in these companies since there is no power to participate in the decision making process regarding the financial and operating policies of these companies. In general, the SIEMENS GAMESA Group takes part in the capital of these companies with the sole objective of promoting relevant licences for the development of the plants and the construction and sale of wind turbines for those windfarms.

During the year ended 30 September 2019, there was a dividend income of EUR 5,384 thousand, as well as the sale of one of the companies, which has yielded a positive result of EUR 285 thousand. During the year ended September 30, 2018, there were no significant dividend income from these investments or gains from their sale.

As of September 30, 2019, the financial instruments under this heading are classified at Category 3, and correspond to equity instruments that have been valued using valuation techniques in which one or another significant input is not based on observable market data. The unobservable market inputs used in estimating the fair value of these instruments include financial information, projections or internal reports, combined with other assumptions or available market data which, in general, for each type of risk, are obtained from organized markets, sector reports or data providers, among others. At valuation date, the discount rate interval, understood as the weighted average cost of capital allocated to the business, was 6-7%.

The movement in the balances of the Financial assets measured at fair value through Profit and Loss classified at Category 3 is as follows:

<b>Thousands of euros</b>	
<b>Balance at 10.01.2018</b>	<b>28,158</b>
Changes in fair value allocated to Profit and Loss	2,799
Additions	2,286
Disposals	(5,200)
<b>Balance at 09.30.2019</b>	<b>28,043</b>

#### Sensitivity analysis

Sensitivity analysis is performed on assets included in Category 3, i.e. with significant inputs that are not based on observable market variables in order to obtain a reasonable range of possible alternative valuations. Based on asset types, methodology and availability of inputs, the Group reviews bi-annually the evolution of the main assumptions and their possible impact on valuation, and performs a complete update of these valuations annually.

As of September 30, 2019, the effect on the results of modifying the main assumptions used (discount rate) in the valuation of Category 3 financial instruments by other reasonably possible hypothesis would be as follows:

	<b>Fair value at 09.30.2019</b>	<b>Potential impact on Profit and Loss</b>	
		<b>Favorable scenario</b>	<b>Non- favorable scenario</b>
Financial assets measured at fair value through Profit and Loss	28,043	561	(237)
<b>Total</b>	<b>28,043</b>	<b>561</b>	<b>(237)</b>

#### *B. OTHER CONCEPTS IN NON-CURRENT FINANCIAL ASSETS*

The amount of other concepts in non-current financial assets as of September 30, 2019 and 2018 is mainly related to the long-term portion of an indemnification that will be received from the former ADWEN shareholder, Areva.

## 18. Financial debt

The “Financial debt” in the Consolidated Balance Sheet as of September 30, 2019 and 2018 as well as the maturity dates are as follows:

	Book value	Debt at 09.30.2019 maturing at:						Total
		Current	Non-current					
Thousands of euros	09.30.2019	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Non-current
Loans from banks	542,985	32,170	501,201	3,030	2,138	1,859	2,587	510,815
<b>In euros</b>	<b>542,985</b>	<b>32,170</b>	<b>501,201</b>	<b>3,030</b>	<b>2,138</b>	<b>1,859</b>	<b>2,587</b>	<b>510,815</b>
Indian Rupee	303,957	303,957	-	-	-	-	-	-
Turkish lira	12,397	12,397	-	-	-	-	-	-
Other	5,096	3,685	166	166	166	166	747	1,411
<b>In foreign currency (Note 3.C)</b>	<b>321,450</b>	<b>320,039</b>	<b>166</b>	<b>166</b>	<b>166</b>	<b>166</b>	<b>747</b>	<b>1,411</b>
<b>Total of loans and credit facilities</b>	<b>864,435</b>	<b>352,209</b>	<b>501,367</b>	<b>3,196</b>	<b>2,304</b>	<b>2,025</b>	<b>3,334</b>	<b>512,226</b>

	Book value	Debt at 09.30.2018 maturing at:						Total
		Current	Non-current					
Thousands of euros	09.30.2018	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Non-current
Loans from banks	1,591,428	775,540	52,253	538,231	18,075	202,523	4,806	815,888
Finance leases	6,596	732	782	839	550	3,693	-	5,864
<b>In euros</b>	<b>1,598,024</b>	<b>776,272</b>	<b>53,035</b>	<b>539,070</b>	<b>18,625</b>	<b>206,216</b>	<b>4,806</b>	<b>821,752</b>
Indian Rupee	139,911	139,911	-	-	-	-	-	-
Chinese Yuan	37,400	37,400	-	-	-	-	-	-
United States Dollar	34,605	34,605	-	-	-	-	-	-
Other	3,846	2,350	149	150	150	150	897	1,496
<b>In foreign currency (Note 3.C)</b>	<b>215,762</b>	<b>214,266</b>	<b>149</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>897</b>	<b>1,496</b>
<b>Total of loans and credit facilities</b>	<b>1,813,786</b>	<b>990,538</b>	<b>53,184</b>	<b>539,220</b>	<b>18,775</b>	<b>206,366</b>	<b>5,703</b>	<b>823,248</b>

In order to provide information about the historical cash and cash equivalents' flows according to IAS 7, changes in liabilities arising from financing activities are as follows:

Thousands of euros	01.10.2018	Cash flows	Foreign exchange movements	Other	09.30.2019
Current loans and credits (excluding the below mentioned)	989,703	(653,669)	16,175	-	352,209
Current obligations arising from finance leases and purchase contracts	835	(752)	-	(83)	-
<b>Current financial debt</b>	<b>990,538</b>	<b>(654,421)</b>	<b>16,175</b>	<b>(83)</b>	<b>352,209</b>
Non-current loans and credits (excluding the below mentioned)	815,888	(305,023)	(129)	-	510,736
Non-current obligations arising from finance leases and purchase contracts	7,360	(5,953)	-	83	1,490
<b>Non-current financial debt</b>	<b>823,248</b>	<b>(310,976)</b>	<b>(129)</b>	<b>83</b>	<b>512,226</b>
<b>Total of liabilities arising from financing activities</b>	<b>1,813,786</b>	<b>(965,397)</b>	<b>16,046</b>	<b>-</b>	<b>864,435</b>

Thousands of euros	10.01.2017	Cash flows	Foreign exchange movements	Other	09.30.2018
Current loans and credits (excluding the below mentioned)	796,176	154,393	(21,099)	60,233	989,703
Current obligations arising from finance leases and purchase contracts	842	(822)	-	815	835
<b>Current financial debt</b>	<b>797,018</b>	<b>153,571</b>	<b>(21,099)</b>	<b>61,048</b>	<b>990,538</b>
Non-current loans and credits (excluding the below mentioned)	478,331	397,790	-	(60,233)	815,888
Non-current obligations arising from finance leases and purchase contracts	6,785	1,397	(7)	(815)	7,360
<b>Non-current financial debt</b>	<b>485,116</b>	<b>399,187</b>	<b>(7)</b>	<b>(61,048)</b>	<b>823,248</b>
<b>Total of liabilities arising from financing activities</b>	<b>1,282,134</b>	<b>552,758</b>	<b>(21,106)</b>	<b>-</b>	<b>1,813,786</b>

The debt in the Consolidated Balance Sheet as of September 30, 2019 and 2018 mainly relates to the multi-currency revolving credit facility and the 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.

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

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 to these credit lines.

As of September 30, 2019, SIEMENS GAMESA has bilateral credit lines in India with annual maturities, for an amount of EUR 304 million, accruing an average interest rate of around 8%.

The rest of the financing is located in countries such as Spain and Turkey.

As of September 30, 2019, the SIEMENS GAMESA Group companies had been granted loans and had drawn from credit facilities that accounted for 23% of the total financing granted to them maturing between 2019 and 2029 (46% as of September 30, 2018 maturing between 2018 and 2026) and bearing a weighted average interest at Euribor plus a market spread. The outstanding loans as of September 30, 2019 bore annual weighted average interest at approximately 2.55% (2.51% as of September 30, 2018).

As of September 30, 2019 and 2018 the heading "Financial Debt" (current and non-current) also includes EUR 24 million and EUR 32 million, respectively, of interest-free advances provided to Siemens Gamesa Renewable Energy Innovation & Technology, S.L. U, Gamesa Energy Transmission, S.A.U. and Gamesa Electric, S.A.U. by the Ministry of Science and Technology and other public agencies for financing R&D projects, which are refundable in 7 or 10 years, after a three-year grace period.

The fair value, taking into consideration the counterparty credit risk, of bank borrowings as of September 30, 2019 and 2018 is similar to the book value since the debt is either subject to variable interest rates and market spreads, or subject to fixed rates that are at a market level (Note 3.B).

As of September 30, 2019 and 2018, the sensitivity of the market value of bank borrowings in relation to interest rate changes is as follows:

Thousands of euros	Interest rate change			
	09.30.2019		09.30.2018	
	+0.25%	-0.25%	+0.25%	-0.25%
Change in the value of the debt (*)	3,838	(3,838)	3,742	(3,742)

(\*) Income and equity increase in negative and expenses and equity decrease in positive.

As of September 30, 2019 and 2018, the sensitivity of the market value of foreign currency bank borrowings in relation to exchange rate and interest rate changes is as follows:

Thousands of euros	09.30.2019				09.30.2018			
	Change in the interest rate		Change in Exchange rate (EUR/foreign currency)		Change in the interest rate		Change in Exchange rate (EUR/foreign currency)	
	+0.25%	-0.25%	+5%	-5%	+0.25%	-0.25%	+5%	-5%
<b>Change in the value of the debt (*)</b>								
Indian Rupee	574	(574)	15,198	(15,198)	543	(543)	6,996	(6,996)
Chinese Yuan	50	(50)	-	-	67	(67)	1,870	(1,870)
Danish Krone (**)	4	(4)	32	(35)	3	(3)	37	(35)
United States Dollar	-	-	-	-	5	(5)	1,730	(1,730)
Philippine Peso	2	(2)	-	-	2	(2)	35	(35)
Turkish lira	28	(28)	620	(620)	-	-	-	-
Egyptian pound	2	(2)	71	(71)	1	(1)	40	(40)
South African rand	1	(1)	109	(109)	-	-	37	(37)

(\*) Income and equity increase in negative and expenses and equity decrease in positive.

(\*\*) To calculate the sensitivity of the change of the Danish Krone's exchange rate, the fluctuation bend fixed by the European Central Bank and the Danish Bank is used (2.25% over the 7.4604 DKK/EUR fixed rate).

Previous to the restructuring of its financial debt in 2018, the SIEMENS GAMESA Group hedged part of the risk associated with the volatility of cash flows relating to the interest payments on borrowings tied to floating interest rates through derivative financial instruments (Notes 5.A and 10). As explained in Note 10, as this type of loans have been cancelled during the fiscal year 2018, the related derivatives were also cancelled.

The balance of unmatured receivables assigned to non-recourse factoring transactions as of September 30, 2019, amounts to EUR 339 million (EUR 183 million as of September 30, 2018). The average amount of factored receivables during the year ended September 30, 2019 has been EUR 122 million (EUR 89 million in 2018).

## 19. Provisions

The breakdown of current and non-current provisions as of September 30, 2019 and 2018 is as follows:

Thousands of euros	Balance at 10.01.2018	Charges Reversals	Provisions applied	Exchange differences	Other changes	Balance at 09.30.2019	Thereof non-current
Warranties	2,024,604	174,336	(451,305)	15,646	189,217	1,952,498	1,266,681
Order related losses and risks	346,584	55,272	(61,756)	1,982	(185,522)	156,560	113,102
Others	61,442	6,995	(11,633)	537	(4,417)	52,924	20,469
<b>Total</b>	<b>2,432,630</b>	<b>236,603</b>	<b>(524,694)</b>	<b>18,165</b>	<b>(722)</b>	<b>2,161,982</b>	<b>1,400,252</b>

Thousands of euros	Balance at 10.01.2017	Charges Reversals	Provisions applied	Exchange differences	Other changes	Balance at 09.30.2018	Thereof non-current
Warranties	2,111,198	252,707	(461,738)	(7,219)	129,656	2,024,604	1,437,981
Order related losses and risks	570,014	3,030	(103,103)	736	(124,093)	346,584	237,708
Others	66,946	11,114	(8,011)	(3,044)	(5,563)	61,442	26,419
<b>Total</b>	<b>2,748,158</b>	<b>266,851</b>	<b>(572,852)</b>	<b>(9,527)</b>	<b>-</b>	<b>2,432,630</b>	<b>1,702,108</b>

Provisions are recognized whenever the SIEMENS GAMESA Group has a present legal or constructive obligation as a result of past events, which will lead to a probable future outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. Provisions are recognized at the present value of the expenditure required to settle the present obligation. The majority of the provisions of the Group are generally expected to result in cash outflows during the next 1 to 10 years, but exceptional technical issues could reach beyond that time frame.

#### Warranties

Warranty provisions are related to repair and replacement costs resulting from component defects or functional errors, which are covered by the SIEMENS GAMESA Group during the warranty period. In addition to this, non-recurring provisions are recorded derived from various factors, such as customer claims and quality issues that, in general, relate to situations in which the expected failure rates are above normal levels.

The change in these provisions during 2019 is fundamentally due to the charges for the normal course of the business, the result of recurring re-estimation of warranty provisions (updating failure rates, expected costs and customer claims, among others), as well as the application of the provisions to its intended purpose.

#### Order related losses and risks and others

The SIEMENS GAMESA Group recognizes provisions for order related losses and risks when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. In this regard, in relation to loss incurring contracts, the amount as of September 30, 2019 and 2018 includes, fundamentally, expected losses of onerous contracts signed in previous years by a SIEMENS GAMESA Group subsidiary (ADWEN) for the construction and subsequent maintenance of an offshore wind farm in northern Europe.

Other provisions include, among others, provisions for legal proceedings or personnel-related provisions.

## **20. Other current assets and liabilities**

The detail of other current assets and liabilities as of September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019	09.30.2018
<b>Other current tax assets</b>		
Other tax receivables	408,469	307,493
<b>Non-tax related current assets</b>		
Prepaid expenses	38,908	40,061
Other current assets	13,888	14,828
<b>Total</b>	<b>461,265</b>	<b>362,382</b>

Thousands of euros	09.30.2019	09.30.2018
<b>Other current tax liabilities</b>		
Other tax liabilities	176,088	148,550
<b>Non-tax related current liabilities</b>		
Current liabilities to personnel	287,899	255,481
Other current liabilities	333,576	279,528
<b>Total</b>	<b>797,563</b>	<b>683,559</b>

## 21. Post-employment benefits

The Group provides post-employment defined benefit plans or defined contribution plans to certain Group employees.

The amount recognized as expense for defined contribution plans amounts to EUR 53 million in fiscal year 2019 (EUR 52 million in fiscal year 2018).

The Group provides post-employment defined benefit plans to almost all of the Group's employees in Germany. Outside Germany predominantly service gratuities and severance indemnities from legislative requirements or industry arrangements are provided by a limited number of entities in several jurisdictions.

The Group's major plans are funded with assets in separate legal entities. In accordance with local laws these plans are managed in the interest of the beneficiaries by way of contractual trust agreements with each separate legal entity.

The defined benefit plans cover about 6,000 participants virtually completely constituted by active employees.

In Germany, the Group provides pension benefits through the plan "Siemens Gamesa Renewable Energy BSAV" (*Beitragsorientierte Siemens Altersversorgung*), frozen legacy plans and deferred compensation plans. The majority of the Group's active employees participate in the "Siemens Gamesa Renewable Energy BSAV". Those benefits are predominantly based on contributions made by the Group and returns earned on such contributions, subject to a minimum return guaranteed by the Group. The frozen plans expose the employer to investment risk, interest rate risk and longevity risk. The effects of compensation increases are substantially eliminated. No legal or regulatory minimum funding requirements apply. Instead, the pension plans are funded via contractual trust arrangements (CTA).

## A. DEVELOPMENT OF THE DEFINED BENEFIT PLANS

Thousands of euros	Defined benefit obligation (DBO) (I)		Fair value of plan assets (II)		Net defined benefit liability (I)-(II)	
	Fiscal year		Fiscal year		Fiscal year	
	2019	2018	2019	2018	2019	2018
<b>Balance at the begin of fiscal year</b>	<b>41,383</b>	<b>36,091</b>	<b>28,748</b>	<b>23,473</b>	<b>12,635</b>	<b>12,617</b>
Current service cost	5,650	4,893	-	-	5,650	4,893
Interest expense	820	741	-	-	820	741
Interest income	-	-	612	528	(612)	(528)
Past service cost	1,310	-	-	-	1,310	-
<b>Components of defined benefit recognized in the Consolidated Statement of Profit and Loss</b>	<b>7,780</b>	<b>5,634</b>	<b>612</b>	<b>528</b>	<b>7,168</b>	<b>5,106</b>
Return on plan assets excluding amounts included in net interest income and net interest expenses	-	-	562	(417)	(562)	417
Actuarial (gains) losses	325	(737)	-	-	325	(737)
<b>Remeasurements recognized in the Consolidated Statement of Other Comprehensive Income</b>	<b>325</b>	<b>(737)</b>	<b>562</b>	<b>(417)</b>	<b>(237)</b>	<b>(321)</b>
Employer contributions	-	-	4,374	4,669	(4,374)	(4,669)
Benefits paid	(40)	(107)	-	(7)	(40)	(100)
Plan participants' contributions	349	495	349	495	-	-
Foreign currency translation effects	82	(78)	-	-	82	(78)
Other changes	4,359	85	4,771	7	(411)	78
	<b>4,750</b>	<b>395</b>	<b>9,494</b>	<b>5,164</b>	<b>(4,743)</b>	<b>(4,768)</b>
<b>Balance at fiscal year end</b>	<b>54,238</b>	<b>41,383</b>	<b>39,416</b>	<b>28,748</b>	<b>14,823</b>	<b>12,635</b>
thereof:						
Germany	44,518	38,672	33,299	27,562	11,219	11,110
Other (*)	9,720	2,710	6,116	1,185	3,604	1,525

(\*) Mainly from India

The net interest expenses related to provisions for pensions and similar obligations amount to EUR 208 thousand in the fiscal year ended September 30, 2019 (EUR 212 thousand in the fiscal year ended September 30, 2018).

The remeasurement comprises actuarial (gains) and losses resulting from:

Thousands of euros	2019	2018
Changes in demographic assumptions	(262)	143
Changes in financial assumptions	1,662	(77)
Experience (gains) losses	(1,075)	(804)
<b>Total</b>	<b>325</b>	<b>(737)</b>

## B. ACTUARIAL ASSUMPTIONS

The weighted-average discount rate used for the actuarial valuation of the DBO of the German plans was 1.00% according to the Mercer Yield Curve approach for discount rates (1.90% in 2018 based on sub index method from Aon Hewitt for discount rates).

Starting September 30, 2019, the mortality tables used in Germany (Siemens specific tables - Siemens Bio 2017) are mainly derived from data of the German Siemens population and to a lesser extent from data of the Federal Statistical Office in Germany by applying formulas in accordance with recognized actuarial standards. The pension progression rate was 1.50% in Germany (as in the previous year).



### C. SENSITIVITY ANALYSIS

A one-half-percentage-point change of the above assumptions would result in the following increase (decrease) of the German DBO:

Thousands of euros	Effect on DBO (Germany) due to one-half percentage-point			
	Increase	Decrease	Increase	Decrease
	2019	2019	2018	2018
Discount rate	(2,230)	3,175	(2,052)	2,319
Rate of pension progressions	699	(630)	605	(547)

The (German) DBO effect of a 10% reduction in mortality rates for all beneficiaries would be an increase of EUR 561 thousand in 2019 (EUR 472 thousand in 2018).

### D. DISAGGREGATION OF PLAN ASSETS

	Thousands of euros	
	2019	2018
Equity securities	5,126	4,296
Fixed income securities	9,891	8,690
<i>Thereof:</i>		
Government bonds	2,552	1,789
Corporate bonds	7,339	6,901
Alternative investments	828	783
Multi-strategy funds	17,453	13,794
Cash and cash equivalents	9	7
Derivatives	-	-
Other assets	6,109	1,178
<b>Total</b>	<b>39,416</b>	<b>28,748</b>

Virtually all equity securities had quoted prices in active markets. The fair value of fixed income securities was based on prices provided by price service agencies. The fixed income securities were traded in active markets and the majority of the fixed income securities were investment grade. Alternative investments mostly included real estate investments. Multi strategy funds mainly comprised absolute return funds and diversified growth funds that invest in various asset classes within a single fund and aim to stabilize return and reduce volatility.

### E. FUTURE CASH FLOWS

Employer contributions expected to be paid to the German defined benefit plans in fiscal year 2020 amount to approximately EUR 4 million. Over the next 10 fiscal years, global average annual benefit payments of approximately EUR 1.0 million are expected as of September 30, 2019 (EUR 0.8 million as of September 30, 2018). The weighted average duration of the German DBO is 12.2 years as of September 30, 2019 (11.8 years as of September 30, 2018).

## 22. Other non-current liabilities

The breakdown of “Other non-current liabilities” of the accompanying Consolidated Balance Sheet is as follows:

Thousands of euros	09.30.2019	09.30.2018
Long-term accruals	13,859	18,185
Deferred income	11,043	8,204
Other non-current liabilities	6,066	4,671
<b>Total</b>	<b>30,968</b>	<b>31,060</b>

## 23. Equity of the Parent Company

### A. ISSUED CAPITAL

The SIEMENS GAMESA Group’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.

The main objectives of SIEMENS GAMESA Group share capital management are to ensure short and long term financial stability, the positive market performance of the shares of SIEMENS GAMESA, the adequate financing of its investments and maintaining levels of the Group’s external financing in line with the development of the business, so to ensure that the SIEMENS GAMESA Group maintains its financial strengths and the soundness of its financial ratios, supporting its business and maximizing its value for the shareholders.

As of September 30, 2019 and 2018, the SIEMENS GAMESA Group was within the parameters set by management for the purpose of managing this risk, as the ratio of debt (net of cash) to equity attributable to the Parent company is -13.76% and -10.38%, respectively.

The ratios of debt (net of cash) to equity attributable to the Parent company that are reflected throughout this note are as follows:

Thousands of euros	09.30.2019	09.30.2018
<b>Current liabilities</b>		
Financial debt (Note 18)	352,209	990,538
<b>Non-current liabilities</b>		
Financial debt (Note 18)	512,226	823,248
<b>Total financial debt</b>	<b>864,435</b>	<b>1,813,786</b>
<b>Cash and other cash equivalents (Note 7)</b>	<b>(1,727,457)</b>	<b>(2,429,034)</b>
<b>Financial debt net of cash</b>	<b>(863,022)</b>	<b>(615,248)</b>
<b>Total Equity of the Parent Company</b>	<b>6,270,104</b>	<b>5,928,725</b>
<b>Proportion of Financial debt (net of cash) and Equity attributable to the Parent Company</b>	<b>(13.76%)</b>	<b>(10.38%)</b>

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. 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.

#### C. UNREALISED ASSET AND LIABILITY REVALUATION RESERVE

The changes in this reserve in the years 2019 and 2018 were as follows:

Thousands of euros	10.01.2018	Movement between reserves	Change in fair value and/or other movements	Allocated Profit and Loss	09.30.2019
<b>Cash-flow hedges</b>					
Interest rate swaps	-	-	-	-	-
Securities of electricity price hedge	(1,693)	-	302	470	(921)
Currency forwards	53,185	-	(67,310)	7,740	(6,385)
	<b>51,492</b>	<b>-</b>	<b>(67,008)</b>	<b>8,210</b>	<b>(7,306)</b>
<b>Deferred taxes due to the remeasurement of unrealised assets and liabilities</b>	<b>(11,417)</b>	<b>-</b>	<b>16,672</b>	<b>(2,469)</b>	<b>2,786</b>
<b>Total</b>	<b>40,075</b>	<b>-</b>	<b>(50,336)</b>	<b>5,741</b>	<b>(4,520)</b>

Thousands of euros	10.01.2017	Movement between reserves	Change in fair value and/or other movements	Allocated to Profit and Loss	09.30.2018
<b>Cash-flow hedges</b>					
Interest rate swaps	381	-	(2,325)	1,944	-
Securities of electricity price hedge	(521)	-	(1,172)	-	(1,693)
Currency forwards	75,663	(20,941)	(21,914)	20,377	53,185
	<b>75,523</b>	<b>(20,941)</b>	<b>(25,411)</b>	<b>22,321</b>	<b>51,492</b>
<b>Deferred taxes due to the remeasurement of unrealised assets and liabilities</b>	<b>(19,741)</b>	<b>5,583</b>	<b>8,606</b>	<b>(5,865)</b>	<b>(11,417)</b>
<b>Total</b>	<b>55,782</b>	<b>(15,358)</b>	<b>(16,805)</b>	<b>16,456</b>	<b>40,075</b>

#### D. LEGAL RESERVE

Under the Spanish Companies Act, the parent company 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.

#### E. 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 "Total Equity".

#### *F. 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 3 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 4.2 million in "Personnel expenses" in the Consolidated Statement of Profit and Loss by nature for the year ended September 30, 2019 (EUR 1.2 million for the year ended 30, 2018), crediting the heading "Other reserves" under Equity in the accompanying Consolidated Balance Sheet as of September 30, 2019 and 2018, respectively.

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 2.5 million in "Personnel expenses" in the Consolidated Statement of Profit and Loss by nature for the year ended September 30, 2019, crediting the heading "Other reserves" under "Total Equity" in the accompanying Consolidated Balance Sheet as of September 30, 2019.

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.

#### *G. 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.

## 24. Non - controlling interests

The development of the non-controlling interests from non-wholly owned subsidiaries in the years 2019 and 2018 is as follows:

Thousands of euros	
<b>Balance at 10.01.2018</b>	<b>2,226</b>
Profit for the year	936
Other movements	(461)
<b>Balance at 09.30.2019</b>	<b>2,701</b>

Thousands of euros	
<b>Balance at 10.01.2017</b>	<b>2,814</b>
Profit for the year	(63)
Other movements	(525)
<b>Balance at 09.30.2018</b>	<b>2,226</b>

These non-controlling interests are not material over the assets, liabilities, profit and cash-flows of the Consolidated Financial Statements of the SIEMENS GAMESA Group as of September 30, 2019 and 2018.

## 25. Financial reporting by segment

The reportable segments of the SIEMENS GAMESA Group are adapted to the operating configuration of the business units and to the financial and management information used by the executive boards of the Group, being the following in 2019 and 2018:

- Wind Turbines (\*)
- Operation and Maintenance

(\*) Wind Turbines segment includes the manufacturing of wind turbine generators and the development, construction and sale of wind farms (onshore and offshore).

The segments taken into account are Wind Turbines and Operation and Maintenance, since the SIEMENS GAMESA Group is organisationally structured in this manner, and the internal information generated for the Board of Directors is also presented in this way.

### A. *INFORMATION BY SEGMENT*

#### Revenue

The breakdown, by segment, of the "Revenue" for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019	09.30.2018
Wind Turbines	8,733,498	7,847,191
Operation and Maintenance	1,493,381	1,275,081
<b>Revenue</b>	<b>10,226,879</b>	<b>9,122,272</b>

The performance obligations related to Wind Turbines and Operation and Maintenance are generally satisfied over time.

## Net Income

The breakdown, by segment, of the contribution to the net income after tax for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019	09.30.2018
<b>Continuing Operations</b>		
Wind Turbines	(22,434)	(10,318)
Operation and Maintenance	275,096	221,188
<b>Total results of operations by segment</b>	<b>252,662</b>	<b>210,870</b>
Unassigned results (*)	(63,170)	(43,020)
Income tax expenses	(49,490)	(97,857)
<b>Net income attributable to the Parent Company</b>	<b>140,002</b>	<b>69,993</b>

(\*) This item includes financial results, results attributable to non-controlling interests and income (loss) from investments accounted for using the equity method.

Structure costs supporting both business units, whose amount is subject to allocation among both segments, are allocated to the business units according mainly to each business unit's contribution to the amount of the Group's consolidated turnover.

Financial expenses and income, the results attributable to non-controlling interests and the results from investments accounted for using the equity method and Income tax expense have not been assigned to the operating segments because those concepts are jointly managed by the Group.

## *B. GEOGRAPHICAL INFORMATION*

The SIEMENS GAMESA Group currently operates in several geographical markets. The main areas are EMEA (including Spain), AMERICA and APAC. The main countries included in each of those areas are the following:

- EMEA: Denmark, Germany and Great Britain
- AMERICA: USA, Brazil and Mexico
- APAC: India, China and Australia

In this sense, the most significant figures detailed by geographical area are the following:

## Revenue

The breakdown, by geographical area, of the "Revenue" for the years ended September 30, 2019 and 2018 is as follows:

Geographical area	09.30.2019		09.30.2018	
	Thousands of euros	%	Thousands of euros	%
Spain	999,588	9.7%	400,193	4.4%
EMEA	5,653,797	55.3%	4,774,839	52.3%
AMERICA	2,030,644	19.9%	2,235,461	24.5%
APAC	1,542,850	15.1%	1,711,779	18.8%
<b>Total</b>	<b>10,226,879</b>	<b>100%</b>	<b>9,122,272</b>	<b>100%</b>

In 2019, countries where the "Revenue" is more than 10% of the total heading are the United States with a "Revenue" amount of EUR 1,514,168 thousand, United Kingdom EUR 1,497,027 thousand, Denmark EUR 1,115,637 thousand and Germany EUR 1,037,575 thousand. In 2018, Germany with an amount of EUR 1,174,116 thousand, United Kingdom EUR 1,062,202 thousand and United States EUR 997,999 thousand.



## Total assets

The breakdown, by geographical area, of the total assets as of September 30, 2019 and 2018 is as follows:

Geographical area	09.30.2019		09.30.2018	
	Thousands of euros	%	Thousands of euros	%
Spain	4,378,038	26.2%	5,215,776	32.3%
EMEA	4,743,648	28.4%	4,226,197	26.2%
AMERICA	2,882,524	17.3%	2,672,949	16.5%
APAC	4,685,203	28.1%	4,037,815	25.0%
<b>Total</b>	<b>16,689,413</b>	<b>100%</b>	<b>16,152,737</b>	<b>100%</b>

The disclosure above includes the amount corresponding to the Goodwill resulting from the Merger (Note 13).

In 2019, the countries in which the "Total asset" exceeds 10% of the total assets heading are Spain with an amount of "Total assets" of EUR 4,378,038 thousand, Denmark EUR 3,172,840 thousand, India EUR 3,152,955 thousand and United States EUR 1,979,380 thousand. In the 2018 Spain with an amount of EUR 5,215,858 thousand, Denmark EUR 2,654,443 thousand, India EUR 2,620,279 thousand and the United States EUR 1,827,416 thousand.

## Investment in assets

The breakdown, by geographical area, of the investments in "Other intangible assets" (Note 14) and "Property, plant and equipment" (Note 15) for the years ended September 30, 2019 and 2018 is as follows:

Geographical area	09.30.2019		09.30.2018	
	Thousands of euros	%	Thousands of euros	%
Spain	86,869	17.5%	80,378	19.4%
EMEA	303,542	61.0%	258,618	62.3%
AMERICA	43,055	8.6%	39,111	9.4%
APAC	64,300	12.9%	36,969	8.9%
<b>Total</b>	<b>497,766</b>	<b>100%</b>	<b>415,076</b>	<b>100%</b>

## **26. 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, 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.U.	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.U.
Sistemas Energéticos La Plana S.A.	Sistemas Energéticos Cabezo Negro S.A.

Also, since 2010 the subsidiaries located in the Autonomous Community of *Navarra* Siemens Gamesa Renewable Energy Eólica, S.L.U., Siemens Gamesa Renewable Energy Innovation & Technology, S.L.U. and Estructuras Metálicas Singulares, S.A.U. have filed consolidated tax returns pursuant to *Navarra* Corporation Tax Regulation 26/2016 of December 28, (*Ley Foral 26/2016, de 28 de diciembre, del impuesto de sociedades*). Three more companies were incorporated to this Group in 2016, Siemens Gamesa Renewable Energy Latam, S.L., Siemens Gamesa Renewable Energy Apac, S.L.U. and Sistemas Energéticos El Valle, S.L.

Since 2005, Siemens Gamesa Renewable Energy USA, Inc. and its subsidiaries were taxed by the Federal Income Tax under the Consolidated Tax of the United States, being Siemens Gamesa Renewable Energy USA, Inc. the parent company of the Tax Group. Since October 1, 2018 Siemens Gamesa Renewable Energy, Inc. is the parent company of such group after merging with Siemens Gamesa Renewable Energy USA, Inc.

Since 2005, Siemens Gamesa Renewable Energy A/S is part of the Danish national joint taxation Group, being Siemens A/S nominated as the administration company of that Group.

The rest of the Group's companies are taxed on an individual return basis in accordance with the legislation in force in their respective jurisdictions.

The breakdown of income tax between current and deferred taxes is as follows:

Thousands of euros	09.30.2019	09.30.2018
Current tax	(114,894)	(194,670)
Deferred tax	65,404	96,813
<b>Income tax income (expense)</b>	<b>(49,490)</b>	<b>(97,857)</b>

The income tax income (expense) in the years ended September 30, 2019 and 2018 includes adjustments recognized for current tax of prior years amounting to EUR 8,664 thousand and EUR 10,745 thousand, respectively. The deferred tax income (expense) in the year ended September 30, 2019 and 2018 includes tax effects of the creation and reversal of temporary differences amounting to EUR 131,385 thousand and EUR 67,926 thousand, respectively.

Income tax expense (current and deferred) differs from the amounts computed by applying the tax rate corresponding to the parent company, of 26% (28% in the year 2018), as follows:

Thousands of euros	09.30.2019	09.30.2018
<b>Income before taxes</b>	<b>190,428</b>	<b>167,787</b>
Expected income tax income (expense)	(49,511)	(46,980)
(Increase) decrease resulting from		
- Non-deductible losses and expenses	(52,896)	(48,508)
- Tax-free income	27,052	34,338
- Taxes from prior years	1,195	6,860
- Changes in realizability of deferred tax assets and tax credits	(40,435)	(36,708)
- Changes in tax rates	33,990	(40,545)
- Foreign tax rate differential	30,456	33,533
- Other, net	659	153
<b>Income tax income (expense)</b>	<b>(49,490)</b>	<b>(97,857)</b>

## 27. Deferred taxes

The balances recognized under “Deferred tax assets” and “Deferred tax liabilities” of the Consolidated Balance Sheet as of September 30, 2019 and 2018 arose as a result of the following circumstances:

- The different accounting and tax methods for recognising certain provisions.
- Temporary differences deriving from the limit for deductions of financial expenses for tax purposes.
- The Purchase Price Allocation (PPA) effect.

The breakdown of “Deferred tax assets” and “Deferred tax liabilities” on a gross basis in the Consolidated Balance Sheet as of September 30, 2019 and 2018 is as follows:

Thousands of euros	09.30.2019	09.30.2018
<b>Assets</b>		
Non-current and current assets	333,328	307,833
Liabilities	317,034	414,492
Other	498	553
Tax loss carryforwards	381,884	208,637
Tax credit carryforwards	77,193	71,381
<b>Deferred tax assets</b>	<b>1,109,937</b>	<b>1,002,896</b>
<b>Liabilities</b>		
Non-current and current assets	(765,452)	(836,851)
Liabilities	(262,573)	(161,942)
Other	(1,820)	(1,304)
<b>Deferred tax liabilities</b>	<b>(1,029,845)</b>	<b>(1,000,097)</b>
<b>Total deferred tax assets (liabilities), net</b>	<b>80,092</b>	<b>2,799</b>

On 20 September 2019, a Tax Ordinance was promulgated in India introducing new measures and sections in the Income Tax Act that was in force.

Prior to the Ordinance, domestic companies in India were liable to an effective tax rate ranged from 26% to 34.94% (including 10% surcharge and 4% health & education “cess”).

With the new Tax Ordinance, and with effect April 2019 the Indian companies have an option to pay income tax at the effective rate of 25.17% subject to certain conditions, including the not availing of specified tax exemption and incentives foreseen in the previous rule.

The Indian Group’s subsidiaries fulfill the foreseen conditions and has decided to opt for applying the new Tax Ordinance. Therefore, the deferred tax assets and liabilities of the Indian subsidiaries have been measured at the new rate (25.17%) and, as a consequence of that, the income tax expense as of September 30, 2019 includes a positive impact amounting to, approximately, EUR 27 million.

The Tax Cuts and Jobs Act, signed into law on December 22, 2017, effective from January 1, 2018, established a flat federal corporate income tax rate of 21% to replace previous rates that ranged from 15% to 35%. A blended rate for the fiscal year ended September 30, 2018 of 24.53% was applicable for the Group subsidiaries in the United States. The blended rate of 24.53% is based upon a weighted average of the ratio of days in the fiscal year 2018 prior to and after enactment of the new rule.

Additionally, the corporate Alternative Minimum Tax (AMT) was repealed. AMT credit carryovers can be used to offset regular tax liabilities corresponding to future periods. In addition, the AMT credit is refundable in fiscal years beginning after 2017 and before 2022.

During the fiscal year 2018, the deferred tax assets and liabilities of the Group’s United States subsidiaries were measured after the entry into effect of the new legislation, and, as a consequence of that, the income tax expense as of September 30, 2018 included a negative impact, without effect in the cash-flows in the period, estimated at EUR 38 million.

SIEMENS GAMESA Group recognizes deferred tax assets, tax loss carryforwards and unused tax credits and tax relief only to the extent that their future realisation or utilisation is sufficiently assured.

Deferred tax assets have not been recognized with respect of the following items (gross and net amounts):

Thousands of euros	09.30.2019	09.30.2018
Deductible temporary differences	223,991	903,681
Tax loss carryforwards	2,242,421	1,933,857
<b>Total (gross amounts)</b>	<b>2,466,412</b>	<b>2,837,538</b>

Thousands of euros	09.30.2019	09.30.2018
Tax credit carryforwards, net	193,789	191,239
<b>Total (net amounts)</b>	<b>193,789</b>	<b>191,239</b>

Out of the total amount of unrecognized tax loss carry-forwards as of September 30, 2019, an amount of EUR 60,880 thousand will expire in the following years until 2028 and EUR 1,389,563 thousand will expire in 2029 and onwards (EUR 446,548 thousand as of September 30, 2018 over the periods to 2028).

Out of the unrecognized tax credits as of September 30, 2019 EUR 190,327 thousand will expire in 2028 and subsequent years (EUR 191,233 thousand as of September 30, 2018).

SIEMENS GAMESA Group has not recognized deferred tax liabilities for income taxes or foreign withholding taxes on the cumulative earnings of subsidiaries of EUR 844,292 thousand and EUR 715,150 thousand, respectively in fiscal years 2019 and 2018, because the earnings are intended to be permanently reinvested in the subsidiaries.

Including items charged or credited directly to equity and the income (expense) from continuing and discontinued operations, the income tax income (expense) consists of the following:

Thousands of euros	09.30.2019	09.30.2018
Continuing operations	(49,490)	(97,857)
Income (expense) recognized directly in "Total Equity"	14,109	2,642
<b>Total</b>	<b>(35,381)</b>	<b>(95,215)</b>

## 28. Commitments, warranties to third parties and contingent liabilities

As of September 30, 2019 and 2018, different financial and insurance entities have provided financial warranties and warranties provided to public entities amounting to EUR 101,960 thousand and EUR 128,328 thousand, respectively. The breakdown by type of warranty is as follows:

Thousands of euros	09.30.2019	09.30.2018
Financing warranties	74,352	94,612
Warranties provided to public entities	27,608	33,716
<b>Total</b>	<b>101,960</b>	<b>128,328</b>

The SIEMENS GAMESA Group considers that liabilities, if any, which might arise from the obligations and warranties shown in the table above, in addition to those for which provisions had been recognized as of September 30, 2019 and 2018, would not be significant.

In addition, the SIEMENS GAMESA Group provides credit warranties which cover the financial obligations of third parties generally in cases where the SIEMENS GAMESA Group is the vendor and (or) contractual partner or the SIEMENS GAMESA Group is liable for obligations of associate companies accounted for using the equity method. As of September 30, 2019 and 2018, there are no outstanding credit warranties.

Furthermore, the SIEMENS GAMESA Group issues guarantees of third-party performance for project partners. In the event of non-fulfilment of contractual obligations by the partner, the SIEMENS GAMESA Group will be required to pay up to an agreed-upon maximum amount. The total amount of guarantees of third-party performance as of September 30, 2019 is EUR 2,786 thousand (EUR 3,298 thousand as of September 30, 2018).

Additionally, in line with widespread industry practice, the Group obtains warranties and commitments to cover its obligations arising from the ordinary course of its business, coming from the sale of assets and from potential risks of its activities. As at the date of these Consolidated Financial Statements, the probability of a breach that would trigger a liability for these commitments to any material extent is remote.

## 29. Revenues and expenses

### A. REVENUE

The detail of this heading of the Consolidated Statement of Profit and Loss for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Wind Turbines	8,733,498	7,847,191
Operation and Maintenance	1,493,381	1,275,081
<b>Total revenue</b>	<b>10,226,879</b>	<b>9,122,272</b>

### B. PROCUREMENTS

The detail of procurements of the Consolidated Statement of Profit and Loss by nature for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Supplies	6,821,582	5,129,977
Changes in inventories of finished products and work in progress	(35,937)	673,659
<b>Total</b>	<b>6,785,645</b>	<b>5,803,636</b>

### C. STAFF COSTS

The detail of staff cost of the Consolidated Statement of Profit and Loss by nature for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Wages and salaries	1,376,215	1,360,625
Social welfare contributions	173,044	161,511
Expenses related to pension plans and other social benefits	64,512	59,961
<b>Total staff costs</b>	<b>1,613,771</b>	<b>1,582,097</b>

During the year ended September 30, 2019, the SIEMENS GAMESA Group has recognized personnel restructuring costs amounting to EUR 32 million, of which EUR 16 million are related to the agreement signed with the workers council related to the ADWEN entities in Germany on October 15, 2018 and which has affected 166 employees.

During 2018, the SIEMENS GAMESA Group recognized personnel restructuring costs amounting to EUR 86 million related, among others, to the execution of its voluntary redundancy scheme in Spain, as well as the closure of the plant of Miranda de Ebro (Burgos) in total amount of EUR 46 million for both.

Likewise, in April 2018, the SIEMENS GAMESA Group signed a restructuring agreement that mainly affected the Hamburg and Bremen locations. In relation to this agreement, the Group recognized a cost of approximately EUR 17 million for the year ended September 30, 2018. Along with Spain, Denmark, United States and United Kingdom were the main countries affected by the restructuring plan.

Linked to the achievement of strategic medium and long-term objectives, the Board of SIEMENS GAMESA approved in 2016 a 2016-2017 incentive of which the key personnel were beneficiaries (100 employees approximately), linked to achieving an operating result (EBIT) for the period beginning January 1, 2016, up to the Effective Date of the Merger. This incentive plan included a period of permanence of two years for its full payment. Based on this agreement, the Group has recognized during the years 2019 and 2018 a cost amounting EUR 0.515 million and EUR 5.06 million, respectively, having completed the period of permanence during the year 2019 with the subsequent final settlement of the plan.

The average number of employees in the years 2019 and 2018, by professional category, is as follows:

Average number of employees	2019			2018		
	Male	Female	Total	Male	Female	Total
Board Members	10	3	13	7	6	13
Executive / Senior management	287	31	318	257	29	286
Managers	2,548	599	3,147	2,582	535	3,117
Employees	16,549	3,855	20,404	16,552	3,831	20,383
<b>Total</b>	<b>19,394</b>	<b>4,488</b>	<b>23,882</b>	<b>19,398</b>	<b>4,401</b>	<b>23,799</b>

The Executive Management of SIEMENS GAMESA Group 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 by gender 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
Executive / Senior management	298	34	332	248	30	278
Managers	2,616	625	3,241	2,574	568	3,142
Employees	16,944	3,936	20,880	15,858	3,756	19,614
<b>Total</b>	<b>19,868</b>	<b>4,598</b>	<b>24,466</b>	<b>18,687</b>	<b>4,360</b>	<b>23,047</b>

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

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

Categories	2019	2018
Managers	13	13
Employees	19	20
<b>Total</b>	<b>32</b>	<b>33</b>

This average number of employees with a disability equal to or greater than 33% is referred to the employees of the Spanish companies of the consolidated scope.

#### D. OTHER OPERATING EXPENSES

The breakdown of other operating expenses of the Consolidated Statement of Profit and Loss by nature for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Rent and royalties	280,852	379,265
Professional services	424,054	217,247
Insurance	64,109	49,747
Communications, security and advertising	67,284	41,381
Utilities	41,037	33,824
Travel expenses	115,100	110,340
Training and staff development	33,622	21,936
Other services	77,721	182,889
Taxes and other	13,664	14,633
<b>Total other operating expenses</b>	<b>1,117,443</b>	<b>1,051,262</b>

As of September 30, 2019 and 2018, the future minimum lease payments under non-cancellable operating leases arranged by the SIEMENS GAMESA Group amount approximately to EUR 786,975 thousand (Note 2.D) and EUR 619,600 thousand, respectively. The breakdown by maturity of payments of the non - cancellable operating lease instalments is as follows:

Thousands of euros 09.30.2019	2020	2021-2024	2025 onwards
Non - cancellable operating lease instalments	132,897	251,683	402,395

Thousands of euros 09.30.2018	2019	2020-2023	2024 onwards
Non - cancellable operating lease instalments	122,519	164,072	333,009

The most significant leasing agreements are related with leasing of office buildings, in the different locations where the Company develops its activity, in addition to industrial units for the production of components such as nacelles or rotors and for several warehouses.

The amount differs from the effect of the application of IFRS 16 "Leases" for the first time as explained in Note 2.D.

#### E. DEPRECIATION / AMORTIZATION CHARGE AND IMPAIRMENT OF INTANGIBLE AND FIXED ASSETS

The detail of depreciation / amortization charge and impairment of intangible and fixed assets of the Consolidated Statement of Profit and Loss by nature for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Intangible asset amortization charge (Note 14)	294,504	323,067
Property, plant and equipment depreciation charge (Note 15)	326,703	315,679
<b>Amortization and depreciation charge of intangible and fixed assets</b>	<b>621,207</b>	<b>638,746</b>
Intangible asset impairment (Note 14)	13,932	-
Property, plant and equipment impairment (Note 15)	11,652	6,476
<b>Impairment of intangible and fixed assets</b>	<b>25,584</b>	<b>6,476</b>
<b>Amortization / depreciation and impairment of intangible and fixed assets</b>	<b>646,791</b>	<b>645,222</b>



## F. INTEREST INCOME

The detail of “Interest income” of the Consolidated Statement of Profit and Loss by nature for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Interest income of operations	11,851	12,832
Other interest income	1,959	2,335
<b>Total interest income</b>	<b>13,810</b>	<b>15,167</b>

## G. INTEREST EXPENSES

The “Interest expenses” detail of the Consolidated Statement of Profit and Loss by nature for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Interest expenses of operations	27,043	43,391
Other interest expenses	25,897	11,237
<b>Total interest expenses</b>	<b>52,940</b>	<b>54,628</b>

## H. OTHER FINANCIAL INCOME (EXPENSES), NET

The “Other financial income (expenses), net” detail of the Consolidated Statement of Profit and Loss by nature for the years ended September 30, 2019 and 2018 is as follows:

Thousands of euros	2019	2018
Income (expenses) from equity instruments	8,468	(287)
Other financial and similar income / (loss)	(30,093)	(2,903)
<b>Total other financial income (expenses), net</b>	<b>(21,625)</b>	<b>(3,190)</b>

## 30. Related party balances and transactions

All the balances between the consolidated companies and the effect of the transactions between them during the year are eliminated in the consolidation process. The breakdown of the balances with related parties which are not eliminated in consolidation in the years 2019 and 2018 is as follows:

Thousands of euros	09.30.2019					
	Contract Assets	Receivables	Other financial assets	Payables	Other financial liabilities	Contract liabilities
SIEMENS AG	-	19,914	-	272,452	-	-
Other SIEMENS Group entities	-	1,602	-	13,238	-	-
<b>Group SIEMENS</b>	-	<b>21,516</b>	-	<b>285,690</b>	-	-
Iberdrola Group	72,316	14,769	-	555	1,374	29,018
Windar Renovables	-	1,359	-	77,604	-	-
VejaMate Offshore Project GmbH	14,492	-	-	-	-	25,040
Galloper Wind Farm Limited	26,412	4,082	-	1,042	-	6,716
ZeeEnergie C.V. Amsterdam	-	-	-	-	-	21,395
Buitengaats C.V. Amsterdam	-	-	-	-	-	21,395
OWP Butendiek GmbH & Co. KG	-	-	-	-	-	55,455
Tromsø Vind AS	55,178	5,457	-	-	-	8,850
Other	365	1,403	17,880	4,813	-	-
<b>Total</b>	<b>168,763</b>	<b>48,586</b>	<b>17,880</b>	<b>369,704</b>	<b>1,374</b>	<b>167,869</b>

Thousands of euros	09.30.2018					
	Contract		Other	Other		Contract
	Assets	Receivables	financial assets	Payables	financial liabilities	liabilities
SIEMENS AG	-	28,161	-	249,426	-	-
Other SIEMENS Group entities	-	325	-	92,284	-	-
<b>SIEMENS Group</b>	<b>-</b>	<b>28,486</b>	<b>-</b>	<b>341,710</b>	<b>-</b>	<b>-</b>
Iberdrola Group	35,812	48,676	-	2,371	-	5,925
Windar Renovables	-	706	-	50,837	-	-
VejaMate Offshore Project GmbH	25,806	500	-	-	-	11,659
Galloper Wind Farm Limited	29,206	3,152	-	-	-	4,209
ZeeEnergie C.V., Amsterdam	-	-	-	-	-	16,036
Buitengaats C.V., Amsterdam	-	-	-	-	-	16,036
OWP Butendiek GmbH & Co. KG	1,681	-	-	-	-	42,010
Other	22,247	4,154	1,485	-	-	26,984
<b>Total</b>	<b>114,752</b>	<b>85,674</b>	<b>1,485</b>	<b>394,918</b>	<b>-</b>	<b>122,859</b>

The breakdown of the transactions with related parties which are not eliminated in consolidation in the years 2019 and 2018 is as follows:

Thousands of euros	2019		2018	
	Sales and services rendered	Purchases and services received	Sales and services rendered	Purchases and services received
SIEMENS AG	662	339,610	1,270	254,830
Other SIEMENS Group entities	1,653	273,743	1,704	240,806
<b>Group SIEMENS</b>	<b>2,315</b>	<b>613,353</b>	<b>2,974</b>	<b>495,636</b>
Iberdrola Group	716,352	5,905	374,820	8,165
Windar Renovables	1,214	114,871	780	88,983
VejaMate Offshore Project GmbH	24,338	-	70,727	-
Galloper Wind Farm Limited	26,900	1,017	293,686	486
ZeeEnergie C.V. Amsterdam	16,189	-	15,254	-
Buitengaats C.V. Amsterdam	16,189	-	15,254	-
OWP Butendiek GmbH & Co. KG	43,512	-	35,788	-
Tromsø Vind AS	246,274	-	-	-
Other	34,552	20,021	41,600	(4,003)
<b>Total</b>	<b>1,127,835</b>	<b>755,167</b>	<b>850,883</b>	<b>589,267</b>

All transactions with related parties have been carried out under market conditions.

#### A. 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 Consolidated 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". As of September 30, 2019, the amount for this concept recorded in "Other financial assets" and "Other financial liabilities" amounts to EUR 133,320 thousand and 126,225 thousand, respectively (114,422 and 72,093, respectively as of September 30, 2018).

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.

### *B. AGREEMENTS WITH THE IBERDROLA GROUP RELATED TO THE WIND TURBINES 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.

### *C. 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.

#### D. 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).

### 31. 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 Board and Audit Committee of Neoenergía 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.

### **32. 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.

### 33. Earnings per share

As of September 30, 2019, the average number of ordinary shares used for the calculation of earnings per share is 679,490,974 (679,489,769 average number of ordinary shares as of September 30, 2018), given that SIEMENS GAMESA has held a weighted average of 1,652,408 treasury shares (1,653,613 as of September 30, 2018).

The basic earnings per share from continuing operations attributable to the Parent company as of September 30, 2019 and 2018 is as follows:

	<b>09.30.2019</b>	<b>09.30.2018</b>
Net profit from continuing operations attributable to the Parent Company (thousands of euros)	140,002	69,993
Average number of outstanding shares	679,490,974	679,489,769
<b>Total basic earnings per share (euros)</b>	<b>0.21</b>	<b>0.10</b>

As of September 30, 2019 and 2018, SIEMENS GAMESA, the Parent company of the SIEMENS GAMESA Group, had not issued financial instruments or other contracts that entitle the holder thereof to receive ordinary shares of the Company. Consequently, diluted earnings per share coincide with basic earnings per share.

### 34. 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	55	49
Settled operations ratio	51	46
Pending operations ratio	97	77
<b>Thousands of euros</b>	<b>2019</b>	<b>2018</b>
Total settled payments	1,546,373	1,362,229
Total pending payments	148,538	145,147

This average payment period refers only to the suppliers of the Spanish companies included in the consolidation scope of SIEMENS GAMESA, where the nature of transactions is that of trade payables for the supply of goods and services, and is therefore related to amounts included in the line items "Trade payables", "Payables to the SIEMENS Group" and "Other current liabilities" of the current liabilities of the Consolidated Balance Sheet.

The Group has put measures in place to continue adjusting the average payment period, in order to meet the payment terms established in the current legislation.

### 35. Fees for the services rendered by the auditors of the financial statements

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 Statutory Financial Statements of the companies included in the consolidation, 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).

### 36. 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 Servion, in relation to the potential acquisition of Servion'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 Servion GmbH and Servion Indústria S.A. (together Servion) regarding the acquisition of:

- All the shares of Servion Deutschland GmbH, including:
  - Carved-out European onshore service business of Servion, 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 Servion, 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 Servion 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.

**37. Explanation added for translation to English**

These Financial Consolidated Statements are presented on the basis of IFRS, as adopted by the European Union. Certain accounting practices applied by the Group that conform to IFRS 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

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP
<b>A) FULLY CONSOLIDATED COMPANIES</b>				
Jalore Wind Park Private Limited	Other	-	India	100%
Mathak Wind Farms Private Limited	Other	-	India	100%
Tirupur Renewable Energy Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Canada ULC	Service company	-	Canada	100%
Beed Renewable Energy Private Limited	Other	-	India	100%
Tuljapur Wind Farms Private Limited	Other	-	India	100%
Rangareddy Renewable Private Limited	Other	-	India	100%
Nellore Renewable Private Limited	Other	-	India	100%
Gamesa Wind GmbH	Holding company	-	Germany	100%
Gadag Renewable Private Limited	Other	-	India	100%
EBV Holding Verwaltung GmbH	Project company	-	Germany	100%
Channapura Renewable Private Limited	Other	-	India	100%
Windfarm Groß Haßlow GmbH	Project company	-	Germany	100%
Kutch Renewable Private Limited	Other	-	India	100%
Windfarm Ringstedt II GmbH	Project company	-	Germany	100%
Windfarm 35 GmbH	Project company	-	Germany	100%
Siemens Wind Power SpA	Service and distribution company	EY	Chile	100%
Adwen Blades GmbH <sup>(1)</sup>	Production and distribution company	EY	Germany	100%
Siemens Gamesa Renewable Energy Pty Ltd	Service and distribution company	EY	Australia	100%
Windfarm 40 GmbH	Project company	-	Germany	100%
Siemens Gamesa Renewable Energy d.o.o.	Service and distribution company	EY	Croatia	100%
Uppal Renewable Private Limited	Other	-	India	100%
Siemens Wind Power GmbH	Service and distribution company	-	Austria	100%
International Wind Farm Development IV Limited	Holding company	-	Hong Kong	100%
Adwen GmbH <sup>(1)</sup>	Holding company	EY	Germany	100%
Siemens Gamesa Renewable Energy Eolica, S.L.	Holding company	EY	Spain	100%
Windfarm 33 GmbH	Project company	-	Germany	100%
Siemens Gamesa Renewable Energy Limited	Service and distribution company	EY	Canada	100%
Siemens Gamesa Renewable Energy Japan K.K.	Service company	EY	Japan	100%
International Wind Farm Development I Limited	Holding company	-	Hong Kong	100%
Siemens Wind Power Energia Eólica Ltda.	Service and distribution company	EY	Brazil	100%
Sistemas Energéticos Sierra de Valdefuentes, S.L.U.	Project company	-	Spain	100%
International Wind Farm Development II Limited	Holding company	-	Hong Kong	100%
Windfarm 41 GmbH	Project company	-	Germany	100%
Siemens Gamesa Renewable Energy PA, LLC	Other	EY	United States	100%
International Wind Farm Development VII Limited	Holding company	-	Hong Kong	100%
Siemens Gamesa Renewable Energy Singapore Private Limited	Service company	-	Singapore	100%
Siemens Gamesa Renewable Energy (Shanghai) Co., Ltd.	Production and distribution company	EY	China	100%
Siemens Gamesa Renewable Energy Limited	Service and distribution company	EY	Thailand	100%
Sistemas Energéticos de Tarifa, S.L. Unipersonal	Project company	-	Spain	100%
Sistemas Energéticos La Cámara, S.L.	Project company	-	Spain	100%

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP
Siemens Gamesa Renewable Energy Offshore Wind Limited	Project company	-	Taiwan, Province of China	100%
Siemens Gamesa Renewable Energy Sp.z.o.o.	Production and distribution company	EY	Poland	100%
Estructuras Metalicas Singulares, S.A. Unipersonal	Production and distribution company	-	Spain	100%
SIEMENS WIND POWER (PTY) LTD	Production and distribution company	EY	South Africa	70%
Siemens Gamesa Renewable Energy Limited	Service and distribution company	-	Korea, Republic of	100%
Siemens Wind Power Ruzgar Enerjisi Anonim Sirketi	Production and distribution company	EY	Turkey	100%
Sistemas Energéticos Finca San Juan, S.L.U.	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy Iberica S.L.	Production and distribution company	EY	Spain	100%
Siemens Gamesa Renewable Energy, Inc.	Production and distribution company	EY	Philippines	100%
Siemens Gamesa Renewable Energy S.A.S.	Service and distribution company	EY	France	100%
Siemens Gamesa Renewable Energy BVBA	Service and distribution company	EY	Belgium	100%
Siemens Gamesa Renewable Energy B.V.	Production and distribution company	EY	Netherlands	100%
Gamesa Energy Transmission, S.A. Unipersonal	Production company	EY	Spain	100%
SIEMENS GAMESA RENEWABLE ENERGY S.A.S.	Project Company	-	Colombia	100%
Siemens Gamesa Renewable Energy S.A.C.	Production and distribution company	-	Peru	100%
SIEMENS GAMESA RENEWABLE ENERGY INSTALLATION & MAINTENANCE COMPAÑÍA LIMITADA	Service and distribution company	-	Guatemala	100%
Siemens Gamesa Renewable Energy AB	Production and distribution company	EY	Sweden	100%
Societe d'Exploitation du Parc Eolien de Mantoche SARL	Project company	-	France	100%
Gudadanal Renewable Private Limited	Other	-	India	100%
Sistemas Energéticos La Plana, S.A.	Project company	Attest	Spain	90%
Haveri Renewable Power Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Limited	Production and distribution company	EY	United Kingdom	100%
Nirlotoi Renewable Private Limited	Other	-	India	100%
Gerr Grupo Energético XXI, S.A. Unipersonal	Holding company	-	Spain	100%
Neelagund Renewable Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Kft.	Production and distribution company	EY	Hungary	100%
Hungund Renewable Energy Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Limited	Service and distribution company	EY	Ireland	100%
Sistemas Energéticos del Sur S.A.	Project company	-	Spain	70%
Saunshi Renewable Energy Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Italia S.r.l.	Production and distribution company	EY	Italy	100%
Societe d'Exploitation du Parc Eolien de Pouilly-sur-Vingeanne SARL	Project company	-	France	100%
Chikkodi Renewable Power Private Limited	Other	-	India	100%
Umrani Renewable Private Limited	Other	-	India	100%
SIEMENS GAMESA RENEWABLE ENERGY AS	Production and distribution company	EY	Norway	100%
Siemens Gesa Renewables Energy Services S. de R.L. de C.V.	Service company	EY	Mexico	100%
Zalki Renewable Private Limited	Other	-	India	100%
Sistemas Energéticos Monte Genaro, S.L.U.	Project company	-	Spain	100%
Hattarwat Renewable Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy, Inc.	Production and distribution company	EY	United States	100%
Sistemas Energéticos Cabanelas, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy Europa S.L.	Holding company	-	Spain	100%
Siemens Gamesa Renewable Energy LLC	Service company	-	Ukraine	100%
Sistemas Energéticos Loma del Viento, S.A. Unipersonal	Project company	-	Spain	100%
Cedar Cap Wind, LLC	Project company	-	United States	100%

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP
Societe d'Exploitation du Parc Eolien de Vernierfontaine SARL	Project company	-	France	100%
Societe d'Exploitation du Parc Eolien de Sony SARL	Project company	-	France	100%
Gesa Oax I Sociedad Anonima de Capital Variable	Project company	EY	Mexico	100%
Siemens Gamesa Renewable Energy Engineering Centre Private Limited	Production and distribution company	EY	India	100%
Societe d'Exploitation du Parc Eolien de Sommesous SARL	Project company	-	France	100%
Gesa Oax III Sociedad Anonima de Capital Variable	Project company	-	Mexico	100%
Siemens Gamesa Energy Tajdidpazir SSK	Service and distribution company	-	Iran, Islamic Republic of	100%
Sistemas Energéticos Cuerda Gitana, S.A. Unipersonal	Project company	-	Spain	100%
Gesa Oax II Sociedad de Responsabilidad Limitada de Capital Variable	Project company	EY	Mexico	100%
Sistemas Energéticos Loma del Reposo, S.L. Unipersonal	Project company	-	Spain	100%
Societe d'Exploitation du Parc Eolien de Cernon SARL	Project company	-	France	100%
Societe d'Exploitation du Parc Eolien de Broyes SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy SARL	Production and distribution company	-	Morocco	100%
Sistemas Energéticos Sierra de Las Estancias, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy LLC	Service and distribution company	-	Viet Nam	100%
Sistemas Energéticos Cuntis, S.A. Unipersonal	Project company	-	Spain	100%
Sistemas Energéticos Tomillo, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy (Private) Limited	Other	-	Pakistan	100%
Windkraft Trinwillershagen Entwicklungsgesellschaft mbH	Project company	-	Germany	100%
Societe d'Exploitation du Parc Eolien de Saint Bon SARL	Project company	-	France	100%
Sistemas Energéticos Tablero Tabordo, S.L.	Project company	-	Spain	100%
Sistemas Energéticos Carril, S.L. Unipersonal	Project company	-	Spain	100%
CARMODY'S HILL INVESTMENT COMPANY PTY LTD	Project company	-	Australia	100%
Sistemas Energéticos Fonseca, S.A. Unipersonal	Project company	-	Spain	100%
Sistemas Energéticos Argañoso, S.L. Unipersonal	Project company	-	Spain	100%
Pocahontas Prairie Holdings, LLC	Project company	-	United States	100%
Siemens Gamesa Renewable Energy A/S	Production and distribution company	EY	Denmark	100%
Diversified Energy Transmissions, LLC	Development and distribution company	-	United States	100%
Siemens Gamesa Renewable Energy Wind Farms, S.A.	Holding company	EY	Spain	100%
Societe d'Exploitation du Parc Eolien de Champsevraine, SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy International Wind Services, S.A.	Other	EY	Spain	100%
International Wind Farm Developments IX, S.L.	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy Innovation & Technology, S.L.	Research and development company	EY	Spain	100%
Lindom Vindenergi AB	Project company	-	Sweden	100%
Siemens Gamesa Renewable Energy Wind Limited	Holding company	EY	United Kingdom	100%
Sistemas Energéticos Serra de Lourenza, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy UK Limited	Project company	EY	United Kingdom	100%
Gamesa Eólica Costa Rica, S.R.L.	Service company	-	Costa Rica	100%
Societe d'Exploitation du Parc Eolien de Margny SARL	Project company	-	France	100%
Bargrennan Renewable Energy Park Limited	Project company	-	United Kingdom	100%
Siemens Gamesa Renewable Energy AE	Project company	-	Greece	100%
GESA Eólica Honduras, S.A.	Service company	-	Honduras	100%
Sistemas Energéticos Mansilla, S.L.	Project company	-	Spain	78%
Adwen Offshore, S.L.	Holding company	EY	Spain	100%
Parque Eolico Dos Picos, S.L.U.	Project company	-	Spain	100%



COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP
Siemens Gamesa Renewable Energy Egypt LLC	Service and distribution company	EY	Egypt	100%
Siemens Gamesa Renewable Energy B9 Limited	Service company	EY	United Kingdom	100%
Siemens Gamesa Renewable Energy 9REN, S.L.	Holding company	EY	Spain	100%
Sistemas Energéticos Cabezo Negro, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy Invest, S.A.	Holding company	EY	Spain	100%
Wind Portfolio Memberco, LLC	Project company	-	United States	100%
Societe d'Exploitation du Parc Eolien de Romigny SARL	Project company	-	France	100%
Glenouther Renewables Energy Park Limited	Project company	-	United Kingdom	100%
International Wind Farm Developments II, S.L.	Project company	-	Spain	100%
Siemens Gesa Renewable Energy, S.A. de C.V.	Project company	EY	Mexico	100%
Siemens Gamesa Renewable Energy LLC	Service and distribution company	-	Russian Federation	100%
Siemens Gamesa Renewable Energy Limited Liability Company	Service company	-	Azerbaijan	100%
Siemens Gamesa Renewable Energy Wind SARL	Project company	EY	France	100%
Sistemas Energéticos Balazote, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy E00D	Service company	EY	Bulgaria	100%
Sistemas Energéticos Jaralón, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Megújuló Energia Hungary Kft	Service company	EY	Hungary	100%
EcoHarmony West Wind, LLC	Project company	-	United States	100%
GER Baneasa, S.R.L.	Service company	-	Romania	100%
Sellafirth Renewable Energy Park Limited	Project company	-	United Kingdom	100%
Sistemas Energéticos Ladera Negra, S.A. Unipersonal	Project company	-	Spain	100%
Siemens Gamesa Renewable Energy Romania S.R.L.	Service company	EY	Romania	100%
Siemens Gamesa Renewable Power Private Limited	Holding company	EY	India	100%
Adwen France SAS	Production and distribution company	EY	France	100%
Societe d'Exploitation du Parc Eolien de Saint-Lumier en Champagne SARL	Project company	-	France	100%
Gamesa Dominicana, S.A.S.	Service company	EY	Dominican Republic	100%
Societe d'Exploitation du Parc Eolien de Saint Amand SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy Wind Farms S.R.L.	Service company	-	Romania	100%
Siemens Gamesa Renewable Energy Australia Pty Ltd	Service company	-	Australia	100%
Societe d'Exploitation du Parc Eolien de Landresse SARL	Project company	-	France	100%
GER Independenta, S.R.L.	Service company	-	Romania	100%
Gesacisa Desarrolladora, S.A. de C.V.	Project company	EY	Mexico	100%
Societe d'Exploitation du Parc Eolien de Clamanges SARL	Project company	-	France	100%
Gamesa Eólica VE, C.A.	Service company	-	Venezuela, Bolivarian Republic of	100%
Sistemas Energéticos Arinaga, S.A. Unipersonal	Project company	-	Spain	100%
Societe d'Exploitation du Parc Eolien de Maily-le-Camp SARL	Project company	-	France	100%
Smardzewo Windfarm Sp. z o.o.	Project company	-	Poland	100%
Osiek Sp. z o.o. w Likwidacji	Project company	-	Poland	100%
Adwen UK Limited	Project company	-	United Kingdom	100%
Sistemas Energéticos El Valle, S.L.	Project company	-	Spain	100%
Societe d'Exploitation du Parc Eolien de la Brie des Etangs SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy Ireland Limited	Service company	EY	Ireland	100%
Sistemas Energéticos Boyal, S.L.	Project company	-	Spain	60%
Siemens Gamesa Renewable Energy Wind S.R.L.	Service company	EY	Italy	100%
GER Baraganu, S.R.L.	Service company	-	Romania	100%

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP
Siemens Gamesa Energia Renovável Ltda.	Distribution and service company	EY	Brazil	100%
GM Navarra Wind Energy Private Limited	Development and distribution company	-	India	100%
Lingbo SPW AB	Project company	EY	Sweden	100%
Kadapa Wind Farms Private Limited	Development and distribution company	-	India	100%
Gamesa Eólica Nicaragua S.A.	Service company	-	Nicaragua	100%
Kurnool Wind Farms Private Limited	Development and distribution company	-	India	100%
Siemens Gesa Renewable Energy México, S. de R.L. de C.V.	Project company	EY	Mexico	100%
Societe d'Exploitation du Parc Eolien de Souvans SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy Ltd	Service company	EY	Israel	100%
RSR Power Private Limited	Development and distribution company	-	India	100%
Rajgarh Windpark Private Limited	Development and distribution company	-	India	99%
SIEMENS GAMESA YENILENEBILIR ENERJİ İC VE DİS TICARET LİMİTED SİRKETİ	Service and distribution company	-	Turkey	100%
Societe d'Exploitation du Parc Eolien de Plancy l'Abbaye SARL	Project company	-	France	100%
Ujazd Sp. z o.o.	Project company	-	Poland	100%
Societe d'Exploitation du Parc Eolien de Pringy SARL	Project company	-	France	100%
Maski Renewable Energy Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy New Zealand Limited	Service company	-	New Zealand	100%
Gangavathi Renewable Private Limited	Other	-	India	100%
Siemens Gamesa Turkey Yenilenebilir Enerji Limited Sirketi	Other	-	Turkey	100%
Kanigiri Renewable Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy France SAS	Other	EY	France	100%
Kollapur Renewable Private Limited	Other	-	India	100%
Gesan I S.A.P.I de C.V.	Other	-	Mexico	100%
Societe d'Exploitation du Parc Eolien de Chaintrix Bierges SARL	Other	-	France	100%
Jamkhandi Renewable Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Morocco SARL	Other	-	Morocco	100%
Societe d'Exploitation du Parc Eolien de Soude SARL	Other	-	France	100%
Rayachoty Renewable Private Limited	Other	-	India	100%
SIEMENS GAMESA RENEWABLE ENERGY SWEDEN AB	Other	EY	Sweden	100%
Shivamogga Renewable Energy Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Limited	Other	EY	Kenya	100%
Societe d'Exploitation du Parc Eolien de Bouclans SARL	Other	-	France	100%
Nandikeshwar Renewable Energy Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy (Thailand) Co., Ltd.	Other	EY	Thailand	100%
Sindhaur Renewable Energy Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy Latam, S.L.	Other	EY	Spain	100%
Pocahontas Prairie Wind, LLC	Other	EY	United States	100%
Vempalli Renewable Energy Private Limited	Other	-	India	100%
Societe d'Exploitation du Parc Eolien de Savoisy SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy Oy	Service company	EY	Finland	100%
Anantapur Wind Farms Private Limited	Development and distribution company	-	India	100%
Societe d'Exploitation du Parc Eolien de Longueville sur Aube SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy Belgium BVBA	Service company	EY	Belgium	100%
Societe d'Exploitation du Parc Eolien de Coupetz SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy Poland Sp. z o.o.	Project company	EY	Poland	100%

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP
Societe d'Exploitation du Parc Eolien de la Loye SARL	Project company	-	France	100%
Gamesa Wind South Africa (Proprietary) Limited	Service company	-	South Africa	100%
Societe d'Exploitation du Parc Eolien de Trepot SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy Apac, S.L.	Holding company	EY	Spain	100%
Gamesa Wind (Tianjin) Co., Ltd.	Development and distribution company	EY	China	100%
Central Eólica de México S.A. de C.V.	Project company	EY	Mexico	100%
Societe d'Exploitation du Parc Eolien de Sambourg SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy, S.A.	Project company	EY	Portugal	100%
Gamesa (Beijing) Wind Energy System Development Co, Ltd	Development and distribution company	EY	China	100%
SIEMENS GAMESA RENEWABLE ENERGY SARL	Service and distribution company	-	New Caledonia	100%
Gamesa Electric, S.A. Unipersonal	Production company	EY	Spain	100%
Societe d'Exploitation du Parc Eolien de Sceaux SARL	Project company	-	France	100%
Siemens Gamesa Renewable Energy, Ltd	Service company	EY	Mauritius	100%
Societe d'Exploitation du Parc Eolien de Guerfand SARL	Project company	-	France	100%
Societe d'Exploitation du Parc Eolien de Vaudrey SARL	Project company	-	France	100%
Societe d'Exploitation du Parc Eolien d'Orchamps SARL	Project company	-	France	100%
Societe d'Exploitation du Parc Eolien du Vireaux SAS	Project company	EY	France	100%
Societe d'Exploitation du Parc Eolien de Dampierre Prudemanche SAS	Project company	EY	France	100%
Societe d'Exploitation du Parc Eolien de Orge et Ornain SARL	Project company	-	France	100%
Ganquan Chaiguanshan Wind Power Co., Ltd.	Other	-	China	100%
Parco Eolico Manca Vennarda S.r.l.	Project company	EY	Italy	100%
Yongzhou Shuangpai Daguping Wind Power Co., Ltd.	Other	-	China	100%
Societe d'Exploitation du Parc Eolien de Germainville SAS	Project company	EY	France	100%
Societe d'Exploitation du Parc Eolien de Moulins du Puits SAS	Project company	EY	France	100%
Parco Eolico Banzy S.r.l.	Project company	-	Italy	100%
Gamesa Blade (Tianjin) Co., Ltd.	Development and distribution company	EY	China	100%
Shuangpai Majiang Wuxingling Wind Power Co., Ltd	Project company	-	China	100%
Siemens Gamesa Renewable Energy Italy, S.P.A.	Service company	EY	Italy	100%
Siemens Gamesa Renewable Energy Lanka (Private) Limited	Service company	-	Sri Lanka	100%
Siemens Gamesa Renewable Energy Chile SpA	Service company	-	Chile	100%
Jilin Gamesa Wind Co., Ltd.	Development and distribution company	EY	China	100%
Inner Mongolia Gamesa Wind Co., Ltd.	Development and distribution company	EY	China	100%
Societe d'Exploitation du Parc Eolien de Bonboillon SARL	Project company	-	France	100%
Societe d'Exploitation du Parc Eolien de Saint Loup de Saintonge SAS	Project company	EY	France	100%
SIEMENS GAMESA RENEWABLE ENERGY S.R.L.	Service company	EY	Uruguay	100%
Societe d'Exploitation du Parc Eolien de Source de Seves SARL	Other	-	France	100%
Siemens Gamesa Renewable Energy Greece E.P.E.	Service company	EY	Greece	100%
Siemens Gamesa Renewable Energy, SARL	Service company	Others	Mauritania	100%
Societe d'Exploitation du Parc Eolien de la Tete des Boucs SARL	Project company	-	France	100%
Societe d'Exploitation du Parc Eolien de Chepniers SARL	Project company	-	France	100%
Kintech Santalpur Windpark Private Limited	Other	-	India	99%
Siemens Gamesa Renewable Energy Limited	Service company	EY	Cyprus	100%
Fanbyn2 Vindenergi AB	Project company	-	Sweden	100%
Devarabanda Renewable Energy Private Limited	Other	-	India	100%
Ghatpimpri Renewable Private Limited	Other	-	India	100%

COMPANIES	BUSINESS LINE	AUDITOR	LOCATION	% OF DIRECT OR INDIRECT OWNERSHIP
Siemens Gamesa Renewable Energy Management GmbH	Other	-	Germany	100%
Poovani Wind Farms Private Limited	Other	-	India	100%
Kod Renewable Private Limited	Other	-	India	100%
Viralipatti Renewable Private Limited	Other	-	India	100%
PT Siemens Gamesa Renewable Energy	Service and distribution company	-	Indonesia	95%
Siemens Gamesa Renewable Energy Blades, SARL AU	Production and distribution company	-	Morocco	100%
Gagodar Renewable Energy Private Limited	Other	-	India	100%
Thoothukudi Renewable Energy Private Limited	Other	-	India	100%
Sankanur Renewable Energy Private Limited	Other	-	India	100%
Osmanabad Renewable Private Limited	Other	-	India	100%
Dhone Renewable Private Limited	Other	-	India	100%
Siemens Gamesa Renewable Energy GmbH & Co. KG	Production and distribution company	EY	Germany	100%
Bhuj Renewable Private Limited	Other	-	India	100%
Bapuram Renewable Private Limited	Other	-	India	100%
Koppal Renewable Private Limited	Other	-	India	100%
<b>B) COMPANIES ACCOUNTED BY EQUITY METHOD</b>				
Windar Renovables, S.L.	Production and distribution company	PWC	Spain	32%
Energía Eólica de Mexico S.A. de C.V.	Project company	-	Mexico	50%
Sistemas Electricos Espluga, S.A.	Project company	-	Spain	50%
Energías Renovables San Adrián de Juarros, S.A.	Project company	-	Spain	45%
Nuevas Estrategias de Mantenimiento, S.L.	Service company	Deloitte	Spain	50%
Baja Wind US LLC	Venture Capital Investment	-	United States	50%
Energía Renovable del Istmo S.A. de C.V.	Operation of Wind Farms	-	Mexico	50%

<sup>(1)</sup> Exemption pursuant to Section 264 (3) German Commercial Law

CARLOS RODRIGUEZ-QUIROGA MENÉNDEZ, WITH NATIONAL IDENTITY CARD NUMBER 276302-A, SECRETARY OF THE BOARD OF DIRECTORS OF "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 consolidated annual accounts for 2019 of SIEMENS GAMESA RENEWABLE ENERGY, S.A., authorised for issue by the Board of Directors at its meeting held on November 27, 2019, is the content of the preceding 98 sheets of unstamped paper, on the obverse only, in respect of balance sheet, statement of profit and loss, statement of changes in equity, statement of other comprehensive income, statement of cash flows and the consolidated 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

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Miguel Ángel López Borrego  
Chairman

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Carlos Rodríguez-Quiroga Menéndez  
Secretary of the Board of Directors