Activity Report

First quarter Fiscal Year 2023

October-December 2022 Results

2 February 2023

Contents

SIEMENS Gamesa
RENEWABLE ENERGY

Introduction

After a fiscal year 2022 (FY22) marked by internal and external challenges, Siemens Gamesa[1] started fiscal year 2023 (FY23) with a first quarter (Q1 23) in which financial performance was affected by the outcome of the periodic monitoring and technical failure assessment of the installed fleet. Q1 23 results also showed the impact of anticipated higher costs, new platform launches, capacity additions and of the execution of legacy onerous Onshore projects. Group revenue amounted to €2,008m (+9.8% y/y) while EBIT before PPA and integration and restructuring costs amounted to - €760m, i.e., an EBIT margin of -37.8% in the quarter. Including integration and restructuring costs (-€63m in Q1 23) and the impact of the PPA on amortization of intangibles (-€55m in Q1 23), reported EBIT in Q1 23 amounted to -€878m and the net loss attributable to SGRE equity-holders amounted to -€884m.

The impact of the outcome of the periodic monitoring and technical failure assessment of the installed fleet amounted to c. -€472m in EBIT pre PPA and before integration and restructuring costs. The assessment, which detected a negative trend in specific component failure rates, resulted in higher projected maintenance and warranty expenses than had been estimated previously. The total amount includes mainly a reduction in revenue and an increase in the provision for warranties, which mostly impacts the Service business.

Given the market environment and the Q1 23 results, it is important to note the progress made by the Mistral program towards its objectives of stabilizing the business and returning to profitability in future. In this regard, manufacturing and installation volumes of the Siemens Gamesa 5.X platform increased in Q1 23 and project delivery time improved. The company has also continued working to improve commercial conditions in its new WTG contracts, which now offer better protection against cost inflation.

In terms of the balance sheet, the Group's net financial debt stood at -€1,925m as of December 31, 2022. Siemens Gamesa has €4,422m in authorized funding lines, against which it has drawn €2,296m, and total available liquidity amounting to €3,322m, including cash on the balance sheet at the end of Q1 23 (€1,197m).

The company's backlog amounted to €33,698m after signing orders worth €1,609m in the quarter and €10,735m in the last twelve months[2]. Commercial activity in Q1 23 continued to reflect the fact that negotiations with customers are taking longer because of the new contract terms and also the impact that the macroeconomic situation (capex inflation and higher funding costs) and the geopolitical environment continue to have on their decisions.

Siemens Gamesa continues to lead in the area of sustainability. In December, S&P Global announced that SGRE remained as a constituent of Dow Jones Sustainability indexes (World and Europe). This is due to its high ESG score and excellent ranking (#3 out of 286) within the machinery and electrical equipment industry during the last S&P Corporate Sustainability Assessment. SGRE is recognized as a top ESG performer by the relevant ESG rating agencies leading ranking positions within the industry (#1 by ISS ESG and FTSE Russell; #2 by Moody's ESG Solutions (Vigeo Eiris); 97th percentile for Sustainalytics; and AA rating by MSCI).

On 25 January 2023, the Extraordinary General Meeting of Shareholders of SGRE adopted amongst other the following proposed resolutions: (i) conditional on delisting, to establish the number of members of the Board of Directors at three (Messrs. Bruch, Eickholt and Steiger) and (ii) approve the delisting of all the shares of SGRE on the Spanish Stock Exchanges. In furtherance of these resolutions, SGRE has filed with the Spanish National Securities Market Commission (the “CNMV”) the application for the delisting of its shares expected to be obtained on 3 February 2023. The standing purchase order of SGRE shares launched by Siemens Energy GmbH & Co. KG is scheduled to end on 7 February 2023, at market close. An application has been made to the CNMV for the suspension of trading of the shares of the Company from that point in time until the definitive delisting expected on or around the 10th of February.

[1]Siemens Gamesa Renewable Energy (Siemens Gamesa or SGRE) is the result of merging Siemens Wind Power, which was the wind power division of Siemens AG, with Gamesa Corporación Tecnológica (Gamesa). The Group engages in wind turbine development, manufacture, and sale (Wind Turbine business) and provides operation and maintenance services (Service business).

[2]Order intake in the last twelve months includes €613m from the sale of the portfolio of wind development assets in southern Europe.

Consolidated key figures Q1 23

- Revenue: €2,008m (+10% y/y)
- EBIT pre PPA and before integration and restructuring costs[3]: -€760m (N.A.)
- Net income: -€884m (N.A.)
- Net cash/(Net financial debt – NFD)[4]: -€1,925m
- Order book: €33,698m (+0% y/y)
- Firm order intake in Q1: €1,609m (-35% y/y)
- Firm order intake in the last twelve months: €10,735m (-13% y/y)
- Installed fleet: 129,664 MW
- Fleet under maintenance: 83,463 MW

[3]EBIT pre-PPA, integration and restructuring costs excludes integration and restructuring costs in the amount of -€63m and the impact of fair value amortization of intangible assets as a result of the PPA (purchase price allocation) in the amount of -€55m.

[4]Cash / (Net financial debt) is defined as cash and cash equivalents less long-term and short-term financial debt, including lease liabilities. The Siemens Gamesa Group adopted IFRS 16 effective October 1, 2019. As of December 31, 2022, lease liabilities amounted to €833m.

Markets and orders

Against a backdrop of growing long-term demand, Siemens Gamesa entered FY23 with a reduced volume of commercial activity. The reduction in order intake in the Onshore market reflects both the fact that negotiations with customers are taking longer in the face of new contract terms and conditions and also the impact that the macroeconomic situation (capex inflation and higher funding costs) and the geopolitical environment continue to have on our customers' decisions. Commercial activity in the Offshore market reflects the normal volatility in this market. Siemens Gamesa expects that the governmental measures adopted in 2022 and through 2023 to incentivize and accelerate investment in renewables and also the expected conversion of the offshore pipeline into firm contracts will contribute to accelerating commercial activity over the next 9 months.

In the last twelve months, Siemens Gamesa signed orders worth €10,735m[5], equivalent to 1.1 times revenue in the period, ending the quarter with a backlog of €33,698m. The Service division, which is more profitable, accounts for 52% of the backlog: €17,357m (stable y/y). The WTG order book is split into €10,462m Offshore (+9% y/y) and €5,879m Onshore (-12% y/y).

Figure 1: Order book at 31.12.22 (€m)

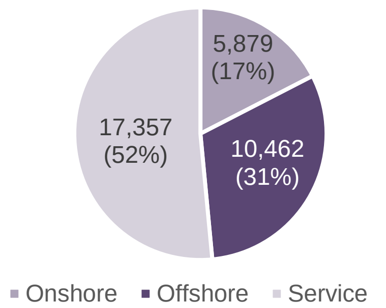
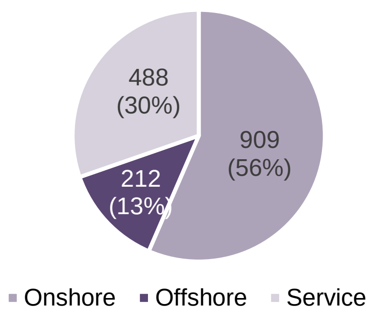


Figure 2: Order intake Q1 23 (€m)



The Group's order intake in Q1 23 amounted to €1,609m (-35% y/y), giving a book-to-bill ratio of 0.8, split between Onshore: €909m, Offshore: €212m and Service: €488m.

Table 1: Order intake (€m)

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
WTG	1,777	529	3,162	3,308	1,121
Onshore	1,361	209	1,068	1,743	909
Offshore	416	321	2,094	1,566	212
Service	695	669	361	1,097	488
Group	**2,472**	**1,198**	**3,523**	**4,405**	**1,609**

As indicated earlier, both the macroeconomic and geopolitical environment and lengthier negotiations with customers have had an impact on Onshore commercial activity, which obtained €909m in orders in the quarter (- 33% y/y), i.e., a book-to-bill ratio of 1.2x, and €3,928m[6] in the last twelve months (-12% y/y), i.e., a book-to-bill ratio of 0.8x. In terms of volume, firm order intake amounted to 961 MW in the first quarter (-46% y/y) and 3,780 MW in the last twelve months (-43% y/y).

[5]Order intake in the last twelve months includes €613m from the sale of the portfolio of wind development assets in southern Europe in Q4 22.

[6]Order intake in the last twelve months includes €613m from the sale of the portfolio of wind development assets in southern Europe in Q4 22.

Figure 3: Order intake (€m) Onshore LTM (%)

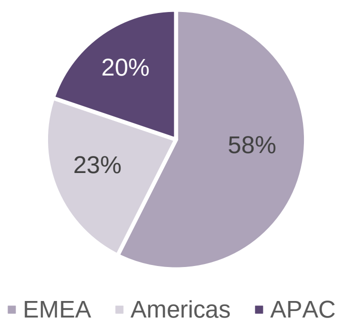
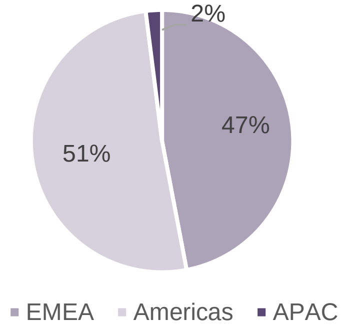


Figure 4: Order intake (€m) Onshore Q1 23 (%)



The markets that accounted for the largest share of Onshore order intake (MW) in the last twelve months are as follows: Canada (24%), India (17%) and Sweden (14%). Canada (51%) was the largest single market in Q1 23, followed by Germany (17%) and Finland (15%). It is important to note the growth in the contribution to order intake by Germany, a key market in the company's Onshore strategy, and the fact that the Siemens Gamesa 5.X platform accounted for 74% of orders (MW) in Q1 23.

Offshore order intake amounted to €212m (book-to-bill: 0.3x), reflecting the normal volatility in commercial activity in this market. Order intake in the last twelve months was €4,193m (book-to-bill: 1.3x). In January 2023, Siemens Gamesa signed a preferred supplier agreement for 1.0 GW in Denmark. The conditional backlog amounted to 7.5 GW as of 31 December 2022. Siemens Gamesa continues to work very closely with customers to prepare for the large volume of auctions expected in 2023 and subsequent years (118 GW through 2027).

Service order intake amounted to €488m in Q1 23 (book-to-bill: 1.1x) and to €2,614m in the last twelve months (book-to-bill: 1.2x). Service commercial activity has also been impacted by the standard volatility in the Offshore wind turbine market.

The trend in average selling price (ASP) in the Onshore segment was positive in Q1 23. The ASP was €0.95m/MW, having increased mainly because of the geographic mix and the increase in prices in like-for-like terms, which offset the impact of project scopes and of the Siemens Gamesa 5.X platform's strong contribution to order intake in the quarter. It should be noted that, in general terms, the geographical mix and the scope of the projects (including the cost of logistics) can explain up to 30% of the variations in the ASP.

Siemens Gamesa continues working with customers on a commercial proposition to balance risk and reward, reduce the risk associated with commodity and shipping price volatility and to offset cost inflation.

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Figure 5: Average selling price (ASP) - Onshore order intake (€m/MW)[7]

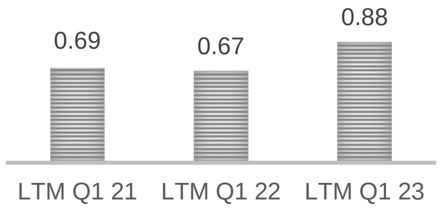
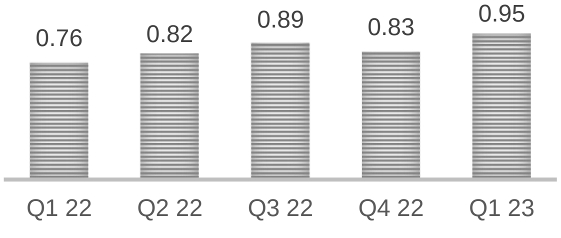


Figure 6: Average selling price (ASP) - Onshore order intake (€m/MW)[8]



[7] In calculating the ASP, the LTM order intake figure for Q1 23 excludes the €613m from sale of the wind development assets in southern Europe in Q4 22.

[8] In calculating the ASP, the order intake figure for Q4 22 excludes the €613m from the sale of wind development assets in southern Europe.

Key figures

The table below shows the main financial aggregates for the first quarter (October-December) of FY 23 and FY 22 (Q1 22), and the year-on-year variations.

Table 2: Key figures

€m	Q1 22	Q1 23	Change y/y
Group revenue	1,829	2,008	9.8%
WTG	1,400	1,580	12.9%
Service	429	428	-0.2%
WTG volume (MWe)	1,445	1,778	23.1%
Onshore	1,195	1,080	-9.6%
Offshore	250	698	2.8x
EBIT pre PPA and before I&R costs	-309	-760	--
EBIT margin pre PPA and before I&R costs	-16.9%	-37.8%	-20.9 p.p.
WTG EBIT margin pre PPA and before I&R costs	-29.3%	-28.5%	0.8 p.p.
Service EBIT margin pre PPA and before I&R costs	23.5%	-72.4%	--
PPA amortization[1]	-57	-55	-2.9%
Integration and restructuring costs	-11	-63	--
Reported EBIT	-377	-878	--
Net income attributable to SGRE shareholders	-403	-884	--
Net income per share attributable to SGRE shareholders[2]	-0.59	-1.30	--
Capex	129	166	38
Capex/revenue (%)	7.0%	8.3%	1.3 p.p.
Working capital	-1,978	-2,711	-733
Working capital/revenue LTM (%)	-20.3%	-27.1%	-6.8 p.p.
Net (debt)/cash[3]	-1,097	-1,925	-828
Net (debt)/EBITDA LTM	--	--	--

1. Impact of the Purchase Price Allocation (PPA) on amortization of intangibles.
2. Net income per share calculated using the weighted average number of outstanding shares in the period. Q1 22: 680,445,089; Q1 23: 680,854,143.
3. Lease liabilities as of December 31, 2021: €875m and as of December 31, 2022: €833m.

The Group's financial performance in Q1 23 was materially impacted by the outcome of the company's periodic monitoring and technical failure assessment of its installed fleet. The analysis showed a negative trend in the failure rates of certain components, which resulted in an increase in projections of maintenance costs and warranty provisions. The impact, which amounts to -€472m in EBIT pre PPA and before integration and restructuring costs and mainly affects the Service division, includes a €187m reduction in revenue. The expected cash impact during FY23 amounts to a mid-double-digit euro million figure.

In this context, Group revenue amounted to €2,008m in Q1 23, 10% more than in Q1 22, when revenue was severely affected by disruptions in the supply of components, especially in the Offshore business. Revenue in the WTG segment increased by 13% y/y to €1,580m, while Service revenue was stable with respect to Q1 22.

EBIT pre PPA and before integration and restructuring costs in Q1 23 amounted to -€760m, equivalent to an EBIT margin of -37.8% (Q1 22: -16.9%). EBIT pre PPA and before integration and restructuring costs reflects:

- A significant increase in projected maintenance costs and warranty provisions for the installed fleet compared to previous estimates.
- Costs associated with the supply chain situation: high cost level, already anticipated, bottlenecks in critical components and delivery delays, affecting project execution and delivery and also the entry into production of new products.
- Ramp up of new products and introduction of new manufacturing capacity.

- Execution of onerous Onshore projects.

The impact of the PPA on amortization of intangible assets was -€55m in Q1 23 (-€57m in Q1 22), while integration and restructuring (I&R) costs amounted to -€63m in the same period (-€11m in Q1 22). The increase in I&R costs in Q1 23 is driven by the progress made by the company in their restructuring exercise. Reported EBIT, including the impact of the PPA on amortization of intangible assets and integration and restructuring costs, amounted to - €878m in Q1 23 (-€377m in Q1 22).

Investments carried by the equity method made a negative contribution of -€1m in Q1 23 (positive contribution of €1.1m in Q1 22). Net financial expenses amounted to -€26m in Q1 23 (an expense of -€5m in Q1 22). The increase in financial costs is driven by higher interest rates and higher average gross debt in the balance sheet. The company recognized €21m in tax income in Q1 23 (tax expense of -€22m in Q1 22) on the back of capitalized deferred tax assets.

As a result, the Group reported a net loss of -€884m in Q1 23 (-€403m in Q1 22), including the impact of amortization of the PPA and integration and restructuring costs, both net of taxes, amounting to a total of -€84m[9] in Q1 23 (- €48m in Q1 22). The net loss per share for Siemens Gamesa equity-holders was -€1.30 in Q1 23 (-€0.59 in Q1 22).

The Group's working capital stood at -€2,711m as of December 31, 2022, equivalent to -27% of LTM revenue. Negative working capital was lower than at FY22 year-end (by €107m) mainly because of higher inventories and a reduction in accounts payable, offset by higher net contract liabilities.

Table 3: Working capital (€m)

Working capital (€m)	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Change y/y[1]
Accounts receivable	890	1,253	1,008	1,106	1,159	269
Inventories	2,007	2,300	2,369	2,313	2,532	525
Contract assets	1,406	1,356	1,545	1,419	1,436	30
Other current assets	524	552	612	691	631	107
Accounts payable	-2,713	-2,928	-3,074	-3,452	-3,124	-411
Contract liabilities	-3,421	-3,686	-3,585	-4,148	-4,567	-1,146
Other current liabilities	-671	-623	-620	-747	-778	-107
Working capital	**-1,978**	**-1,777**	**-1,745**	**-2,818**	**-2,711**	**-733**
Change q/q	+518	+201	+32	-1,073	+107	
Working capital/revenue LTM	**-20.3%**	**-18.6%**	**-18.8%**	**-28.7%**	**-27.1%**	**-6.8 p.p.**

1. Change in closing balances between Q1 22 and Q1 23.

Capex amounted to €166m in Q1 23 (€129m in Q1 22), including €46m of capitalized R&D (€38m in Q1 22). Offshore accounted for over half of capital spending in Q1 23.

The net debt position increased by €694m[10] with respect to year-end, to -€1,925m at the end of Q1 23, due to operating performance and the capital expenditure required to undertake future growth. The company maintains a solid funding position, with access to €4,422m in authorized funding lines, against which it had drawn €2,296m, and total liquidity amounting to €3,322m, including cash on the balance sheet at the end of Q1 23 (€1,197m).

[9] The PPA amounts to -€55m (-€57m in Q1 22), -€39m net of tax (-€40m in Q1 22), and integration and restructuring costs amount to -€63m (-€11m in Q1 22), -€45m net of tax (-€8m in Q1 22).

[10] Net financial debt as of December 31, 2022: -€1,925m (-€1,232m as of September 30, 2022), including €833m in lease liabilities (€843m as of September 30, 2022).

WTG

Table 4: WTG (€m)

€m	**Q1 22**	**Q2 22**	**Q3 22**	**Q4 22**	**Q1 23**	**Change y/y**
Revenue	1,400	1,662	1,904	2,651	1,580	12.9%
Onshore	941	931	1,096	1,875	751	-20.1%
Offshore	460	732	808	777	829	80.4%
Volume (MWe)	1,445	2,008	2,304	2,400	1,778	23.1%
Onshore	1,195	1,502	1,529	1,794	1,080	-9.6%
Offshore	250	506	775	606	698	2.8x
EBIT pre PPA and before I&R costs	-410	-412	-346	202	-450	--
EBIT margin pre PPA and before I&R costs	-29.3%	-24.8%	-18.2%	7.6%	-28.5%	0.8 p.p.

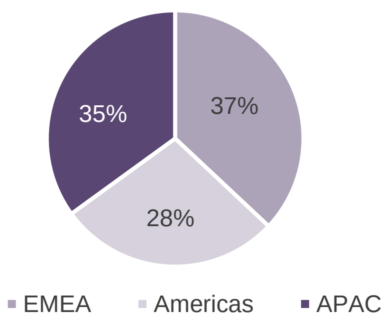
Performance by the WTG division in Q1 23 reflects high cost levels, the execution of onerous Onshore projects and new product launches (Siemens Gamesa 5.X in Onshore and SG 11-200 DD in Offshore) as well as the introduction of new manufacturing capacity in Offshore. The unit's financial performance was also affected by the results of the periodic monitoring and technical failure assessment of the installed fleet, which revealed an upward trend in the failure rate of certain components. That impact amounts to -€126m at the level of EBIT pre PPA and before integration and restructuring costs, including an €83m negative adjustment to revenue in the quarter, mainly affecting Onshore revenue.

Despite financial performance, the Siemens Gamesa 5.X platform is stabilizing, with manufacturing and installation volumes growing and with improved delivery times.

Revenue growth, +13% y/y in Q1 23 to €1,580m, was supported by the increase in Offshore manufacturing (2.8x y/y) and installation (+36% y/y) volumes, which had been severely affected during Q1 22 by component supply disruptions. This increase offsets the decline in activity in the Onshore market.

In Q1 23, India was the largest single source of Onshore sales (in MWe), accounting for 22%; it was followed by Sweden (15%), Brazil (14%) and Canada (13%).

Figure 7: WTG Onshore sales (MWe) Q1 23 (%)



EBIT pre PPA and before integration and restructuring costs amounted to -€450m in Q1 23 (-€410m in Q1 22), i.e., an EBIT margin of -28.5% (-29.3% in Q1 22), as a result of:

- Costs associated with rising component failures in the installed fleet as indicated in the periodic monitoring and technical failure assessment, with an impact amounting to -€126m in Q1 23.
- Already anticipated high cost levels.
- Costs associated to new product launches and to the introduction of new manufacturing capacity.
- Execution of onerous Onshore projects.

Operation and Maintenance Service

Table 5: Operation and maintenance (€m)

€m	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Change y/y
Revenue	429	515	532	721	428	-0.2%
EBIT pre PPA and before I&R costs	101	108	3	173	-310	--
EBIT margin pre PPA and before I&R costs	23.5%	20.9%	0.6%	24.0%	-72.4%	--
Fleet under maintenance (MW)	82,007	83,058	84,203	82,276	83,463	1.8%

Service performance during Q1 23 was severely affected by the outcome of the periodic monitoring and technical failure assessment of the installed fleet, which revealed a negative trend in the failure rate of certain components. As a result, the estimated cost of fleet maintenance and warranty provisions is higher than initially estimated. The impact on EBIT pre PPA and before integration and restructuring costs amounts to -€346m, of which -€104m comes from a negative adjustment to revenue in the quarter.

Taking this impact into account, Service revenue remained stable (at €428m) with respect to Q1 22, and EBIT pre PPA and before integration and restructuring costs in Q1 23 was -€310m, equivalent to an EBIT margin pre PPA and before integration and restructuring costs of -72%.

The Offshore fleet under maintenance expanded by 1.6% y/y to 13.5 GW, while the Onshore fleet expanded by 1.8% y/y to 70 GW.

Sustainability

Table 6: Main sustainability figures

	Q1 22[1]	Q1 23[1]	Change y/y
Workplace Health & safety			
Lost Time Injury Frequency Rate (LTIFR) [2]	1.63[4]	1.79	+10%
Total Recordable Incident Rate (TRIR) [3]	2.82[4]	3.11	+10%
Environment			
Primary (direct) energy used (TJ)	86	(*)	--
Secondary (indirect) energy use (TJ)	165	(*)	--
of which, Electricity (TJ)	137	(*)	--
from renewable sources (TJ)	137	(*)	--
from standard combustion sources (TJ)	0	(*)	--
renewable electricity (%)	100	(*)	--
Fresh water consumption (thousand m3)	99	(*)	--
Waste production (kt)	13	16	+26%
of which, hazardous (kt)	2	4	+95%
of which, non-hazardous (kt)	11	12	+12%
Waste recycled (kt)	11	12	+6%
Employees			
Number of employees (at period-end)	26,481	28,151	+6%
employees aged < 35 (%)	34.0	33.9	-0.1 p.p.
employees aged 35-44 (%)	38.5	37.9	-0.6 p.p.
employees aged 45-54 (%)	19.9	20.4	+0.5 p.p.
employees aged 55-60 (%)	5.1	5.1	0.0 p.p.
employees > 60 (%)	2.5	2.6	+0.1 p.p.
Women in workforce (%)	19.1	19.8	+0.7 p.p.
Women in management positions (%)	12.4	13.6	+1.2 p.p.
Supply chain			
No. of Tier 1 suppliers	11,425	11,409	0%
Purchasing volume covered by Supplier Code of Conduct (%)	-	89	-

1. Non-audited figures.
2. LTIFR index is calculated for 1,000,000 hours worked and includes all accidents with at least one workday loss.
3. TRIR index is calculated for 1,000,000 hours worked and includes fatalities, lost time accidents, restricted work, and medical treatment cases.
4. An adjustment and update of the Q1 22 data was made to include records that were not accurately recorded in the reported period.

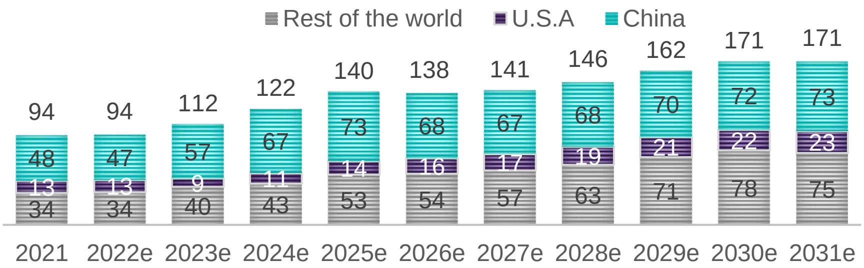
(*) Data unavailable at period closing due to the implementation of and migration to a new data collection system.
Note: TJ=Terajoules; 1Terajoule= 277.77 MWh; kt=thousand tons

Outlook

Short-, medium- and long-term prospects for wind worldwide

The beginning of FY23 saw a further increase in global wind demand prospects for the next 10 years: +16 GW in 2022-31e[11] compared with expectations at the close of FY22. This increase is concentrated in the Onshore market in the Americas, especially in the United States (+14 GW), where demand prospects continue to be driven by the Inflation Reduction Act (IRA). Apart from the USA, demand prospects have increased in Canada (2.1 GW), South Africa (1.2 GW) and Saudi Arabia (1.4 GW). The increase in demand projections for those countries outweighs the reduction in Europe (-5.6 GW), which is concentrated in France (-2.1 GW), the Netherlands (-1.2 GW) and the United Kingdom (-1.2 GW). The macroeconomic environment and the delay in approving mechanisms to accelerate investment in renewable energies in Europe (such as simplifying permitting processes and designing new auction mechanisms) explain the difference between the pace of installations forecast for the coming years and that required to meet the renewable targets proposed for the region.

Figure 8: Annual Onshore and Offshore installations 2021-2031E (GW/year$_e$)



Adjusting for sporadic peaks and troughs, the normalized pace of installations is expected to rise steadily throughout the decade, as is the pace of annual Offshore installations, a market that contributes notably to the rising pace of installations from 2025 onwards.

Figure 9: Average installations per year (Onshore and Offshore) 2020-31E (GW)

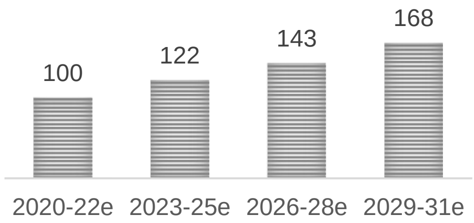
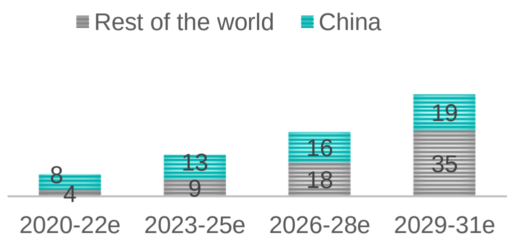


Figure 10: Average installations per year (Offshore) 2020-31E (GW)



China (513 GW), USA (127 GW), India (60 GW) and Germany (53 GW) continue to be the largest Onshore markets, accounting for 71% of the total cumulative installations projected for 2022-2031e. Spain, Brazil, Australia, South Africa, Canada, France, Turkey, and Saudi Arabia contribute 12%, with cumulative installations of between 10 GW and 20 GW each in the same period.

Although more countries are joining, the Offshore market is still much more concentrated. China, with 149 GW of installations in 2022-2031, will account for 44% of total installations in the period. Europe, with the United Kingdom in the lead (36 GW of installations in period), will install 122 GW, accounting for 36% of the total. It will be followed in Europe by Germany (25 GW) and The Netherlands (17 GW). Europe will be followed by the USA (36 GW) and Taiwan (14 GW). The contribution by new markets such as the USA will be concentrated from 2025 onwards.

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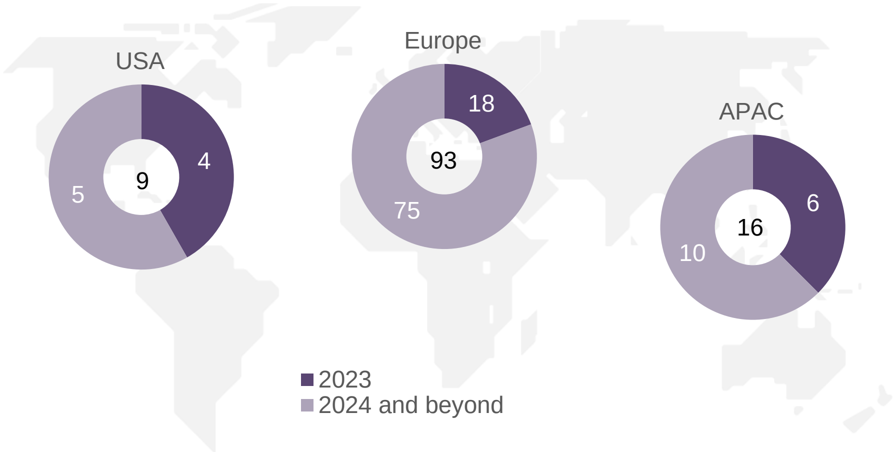
[11] Change in forecasts between Wood Mackenzie's Global Wind Power Market Outlook Update for September 2022 (Q3 2022) and November 2022 (Q4 2022). All increases in the paragraph refer to that comparison and to the 2022-31e period.

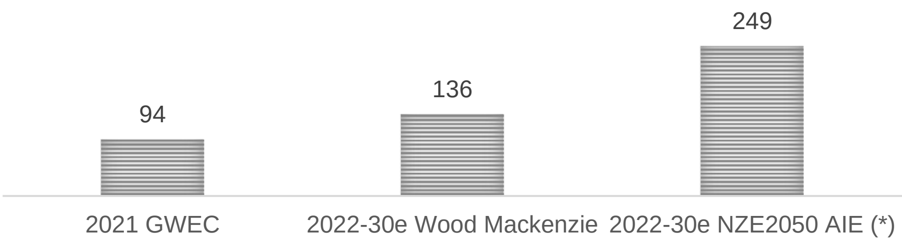
Institutional support for the development of the Offshore market is reflected in the 16 GW allocated by auction in 2021, the 8.7 GW allocated in the UK, Germany, and The Netherlands in 2022, and the 118 GW in auctions expected between 2023 and 2027.

Figure 11: Offshore auctions expected, excluding China (GW)[12]



Importantly, despite the steady improvement in long-term demand prospects, the commitments announced so far are still insufficient to achieve net zero emissions by 2050. To achieve decarbonization by 2050, the International Energy Agency[13] (IEA) estimates that wind power installations need to average 249 GW per year this decade (2022-2030e), which is almost double the level of installations projected in the period by Wood Mackenzie.

Figure 12: Average annual installations 2022-2030e vs. 2021 (GW/year$_e$)[14]



(*) NZE2050: Net zero emissions worldwide by 2050

The establishment of short- and medium-term sub-targets and of effective regulatory frameworks and appropriate incentive systems will influence the actual pace of wind installations. It is worth noting the measures included in the Inflation Reduction Act (IRA) and the recent comments made by the president of the EU Commission to secure the energy transition targets and the creation of a strong and sustainable renewable industry.

[12] Figure 11 does not seek to provide an exhaustive list of all planned auctions.

[13] International Energy Agency (IEA). *World Energy Outlook 2022*. October 2022.

[14] Global Wind Energy Council (GWEC). *Global Wind Report 2022*. April 2022.

Mistral program and long-term vision

Following a year marked by internal and external challenges, Siemens Gamesa began FY23 operating in a complex macroeconomic and geopolitical environment, while it continued to launch new Onshore and Offshore platforms and to add Offshore capacity, all with an impact on the company's operations. Additionally, performance in Q1 23 was severely impacted by the outcome of the periodic monitoring and technical failure assessment of the installed fleet, which revealed negative trends in the failure rate of certain components. This resulted in an increase in expected maintenance costs and warranty provisions in excess of initial estimates. In this context, the Group ended the quarter with €2,008m in revenue and -€760m in EBIT pre PPA and before integration and restructuring costs.

Despite financial performance in the quarter, the Mistral program is advancing in its goal of stabilizing operations in the short term, mainly in connection with the launch of the Siemens Gamesa 5.X platform and the supply chain situation, characterized by inflation and volatility in product costs and by logistics disruptions.

- With regard to the Siemens Gamesa 5.X platform, during Q1 23 the company achieved progress, delivering growing manufacturing and installation volumes. Project delivery times have also improved.
- Within the impact of supply chain conditions, especially product cost inflation, it should be noted that the new orders signed by the company have much greater protection against these conditions than those signed in the past.

In addition, the new organization effective January 1, 2023, has been completed. Integrating Onshore and Offshore manufacturing and technology activities under a single management and the design and implementation of more robust processes will result in cost and quality improvements. Progress has also been made with the restructuring and an agreement has been reached with employee representatives in Spain.

The company expects the market environment to normalize after 2023, enabling it to gradually return to profitability and cash flow generation, and to achieve its long-term vision. This progression, first towards profitability and then towards the long-term vision, is underpinned by three key levers:

- Sales growth supported by a strengthened competitive position and by capital expenditure, within an environment of global growth in demand, especially in the Offshore market.
- The results of the medium-long-term Mistral program will enable Siemens Gamesa to expand margins and maximize its potential.
- The establishment of long-term relationships with suppliers and customers to maximize value creation throughout the wind value chain, protecting the profitability of manufacturers and other players against inflation and price volatility.

Finally, it should be noted that, in addition to those three levers, the development and implementation of an appropriate industry framework that allows Europe's decarbonization and energy independence objectives to be achieved could be a key mechanism for accelerating the achievement of the company's long-term objectives. Such framework should:

- Develop Wind as a pillar in the energy system to support energy independence.
- Consider the industry as of strategic importance, i.e. secure know how (innovation) and resources for future development.
- Turn targets into real opportunities through faster permitting and mid-term visibility on auction volumes to allow for the right investment in manufacturing capacity and stable employment.
- Help stabilize supply chains, ensuring inflation compensation in all levels of agreements, especially the offtake agreements for project developers; and also ensuring sufficient qualitative criteria for the choice of developers and next tiers supply chain partners.
- Support domestic innovation and foster technology competence.
- Establish a level playing field following the rules of the WTO.

The Inflation Reduction Act (IRA) in the USA, the REPowerEU program in the European Union and recent comments by the President of the European Commission all point in this direction, strengthening the good outlook for future growth in demand and the wind industry's potential.

Annex

Financial Statements October 2022 – December 2022

Profit and Loss Account

EUR in Millions	October - December 2021	October - December 2022
Revenue	1,829	2,008
Cost of sales	(2,021)	(2,669)
Gross Profit	**(192)**	**(661)**
Research and development expenses	(69)	(82)
Selling and general administrative expenses	(120)	(141)
Other operating income	6	7
Other operating expenses	(2)	(2)
Results of companies accounted for using the equity method	1	(1)
Interest income	4	12
Interest expense	(10)	(23)
Other financial income (expense), net	1	(14)
Income from continuing operations before income taxes	**(381)**	**(905)**
Income tax expenses	(22)	21
Income from continuing operations	**(403)**	**(884)**
Income from discontinued operations, net of income taxes	-	-
Non-controlling interests	-	-
Net income attributable to the shareholders of SGRE	**(403)**	**(884)**

Balance Sheet

EUR in Millions	12.31.2021	09.30.2022	12.31.2022
Assets:			
Cash and cash equivalents	1,332	1,242	1,197
Trade and other receivables	885	1,100	1,153
Other current financial assets	285	402	247
Trade receivables from related companies	6	6	6
Contract Assets	1,406	1,419	1,436
Inventories	2,007	2,313	2,532
Current income tax assets	165	210	212
Other current assets	524	691	631
Total current assets	**6,609**	**7,382**	**7,414**
Goodwill	4,709	4,967	4,692
Other intangible assets	1,624	1,585	1,525
Property, plant and equipment	2,654	2,799	2,787
Investments accounting for using the equity method	80	93	92
Other financial assets	211	239	196
Deferred tax assets	494	576	643
Other assets	9	7	6
Total non-current assets	**9,781**	**10,266**	**9,942**
Total assets	**16,391**	**17,648**	**17,355**
Liabilities and equity:			
Short-term debt and current maturities of long-term debt	590	546	1,322
Trade payables	2,695	3,396	3,085
Other current financial liabilities	190	270	211
Trade payables to related companies	18	57	39
Contract Liabilities	3,421	4,148	4,567
Current provisions	1,121	1,020	1,066
Current income tax liabilities	154	212	244
Other current liabilities	671	747	778
Total current liabilities	**8,859**	**10,396**	**11,312**
Long-term debt	1,840	1,927	1,800
Provisions for pensions and similar obligations	19	11	14
Deferred tax liabilities	145	83	95
Non-current provisions	1,231	1,151	1,237
Other financial liabilities	104	166	117
Other liabilities	25	52	76
Total non-current liabilities	**3,364**	**3,389**	**3,339**
Issued capital	116	116	116
Capital reserve	5,932	5,932	5,932
Retained earnings and other components of equity	(1,881)	(2,186)	(3,345)
Non-controlling interest	1	1	1
Total Equity	**4,168**	**3,863**	**2,704**
Total Liabilities & Equity	**16,391**	**17,648**	**17,355**

(*) Prior-year figures have been adjusted due to a change in accounting policies regarding derivative financial instruments (Net effect of a decrease in equity as of October 1st, 2022 in amount of M€ 4.6. The effect in the income statement for the first quarter of fiscal year 2022 is not material).

Cash Flow Statement

EUR in Millions	October - December 2021	October - December 2022
Net Income before taxes	(381)	(905)
Amortization + PPA	176	193
Other P&L (*)	18	37
Working Capital cash flow effective change (***)	(583)	60
Charge of provisions (**)	184	323
Provision payments (**)	(100)	(125)
CAPEX	(129)	(166)
Investment in leased assets (****)	(69)	(36)
Adwen provision usage (**)	(8)	(21)
Tax payments	(13)	(20)
Acquisitions of businesses, net of cash acquired	-	-
Others	14	(33)
Cash flow for the period	**(890)**	**(694)**
Beginning cash / (net financial debt)	(207)	(1,232)
Ending cash / (net financial debt)	(1,097)	(1,925)
Variation in net financing cash flow	**(890)**	**(694)**

(*) Other non-cash (income) expenses, including results of companies accounted for using the equity method.

(**) The line items "Charge of provisions", "Provision payments" and "Adwen provision usage" are included within the caption "Change in other assets and liabilities" of the consolidated Statement of Cash Flow.

(***) The line item "Working Capital cash flow effective change contains" mainly the following line items of the consolidated Statement of Cash Flow: "Inventories", "Contract assets", "Trade and other receivables", "Trade payables", "Contract liabilities" and "Change in other assets and liabilities" (excluding the abovementioned effect of provisions).

(****) Additions to leased assets in accordance with IFRS 16; this concept was included within the line item "Working capital cash flow effective change" in previously reported financial information. Such line item has been modified in the comparative information for the separate disclosure of investments in leased assets.

Key Balance Sheet Positions

EUR in Millions	12.31.2021	09.30.2022	12.31.2022
Property, plant and equipment	2,654	2,799	2,787
Goodwill & Intangibles	6,333	6,551	6,217
Working capital	(1,978)	(2,818)	(2,711)
Other, net (*)	652	797	728
Total	**7,660**	**7,329**	**7,022**
Net financial debt / (cash)	1,097	1,232	1,925
Provisions (**)	2,371	2,182	2,316
Equity	4,168	3,863	2,704
Other liabilities	25	52	76
Total	**7,660**	**7,329**	**7,022**

(*) The caption “Other, net” contains the following line items of the consolidated balance sheet: “Other current financial assets”, “Investments accounting for using the equity method”, “Other financial assets”, “Other assets”, “Other current financial liabilities”, “Other financial liabilities”, “Current income tax assets”, “Current income tax liabilities”, “Deferred tax assets” and “Deferred tax liabilities”.

(**) The caption “Provisions” contains the following line items of the consolidated balance sheet: “Current and non-current provisions”, and “Post- employment benefits”.

Note: Summarized balance sheet showing net positions mainly on the asset side.

Alternative Performance Measures

Siemens Gamesa Renewable Energy (SGRE) financial information contains magnitudes and measurements prepared in accordance with the applicable accounting standards and others referred to as Alternative Performance Measures (APMs). The APMs are considered to be adjusted magnitudes with respect to those presented in accordance with EU-IFRS and, consequently, the reader should view them as supplementary to, but not replacements for, the latter.

The APMs are important for users of the financial information since they are the metrics used by SGRE's Management to assess financial performance, cash flows and the financial position for the purposes of the Group's financial, operational and strategic decisions.

The APMs contained in SGRE´s financial disclosures that cannot be directly reconciled with the financial statements in accordance with EU-IFRS are as follows.

Net Financial Debt (NFD)

Net financial debt (NFD) is calculated as the sum of the company's bank borrowings (including any subsidized loans) less cash and cash equivalents.

Net financial debt is the main APM used by Siemens Gamesa Renewable Energy's management to measure the Group's indebtedness and leverage.

€m	12.31.2020	03.31.2021	06.30.2021	09.30.2021
Cash and cash equivalents	1,533	1,515	1,400	1,961
Short-term debt	(636)	(607)	(540)	(382)
Long-term debt	(1,372)	(1,680)	(1,698)	(1,786)
Cash / (Net Financial Debt)	**(476)**	**(771)**	**(838)**	**(207)**

€m	12.31.2021	03.31.2022	06.30.2022	09.30.2022	12.31.2022
Cash and cash equivalents	1,332	1,058	1,237	1,242	1,197
Short-term debt	(590)	(1,442)	(1,687)	(546)	(1,322)
Long-term debt	(1,840)	(1,347)	(1,825)	(1,927)	(1,800)
Cash / (Net Financial Debt)	**(1,097)**	**(1,731)**	**(2,275)**	**(1,232)**	**(1,925)**

Working capital (WC)

Working Capital (WC) is calculated as the difference between current assets and current liabilities. Current assets and liabilities exclude all items classified as Net Financial Debt, such as Cash and cash equivalents.

Working Capital reflects the part of Capital Employed that is invested in net operating assets. Siemens Gamesa Renewable Energy's management uses this metric in managing and making decisions with respect to the business's cash conversion cycle, particularly in managing inventory, trade accounts receivable and trade accounts payable. Effective management of working capital involves achieving an optimal amount of working capital without jeopardising the company's ability to honour its obligations in the short term.

€m	12.31.2020	03.31.2021	06.30.2021	09.30.2021
Trade and other receivables	1,150	1,054	1,157	901
Trade receivables from related companies	1	5	4	5
Contract assets	1,517	1,464	1,657	1,468
Inventories	1,718	1,886	1,901	1,627
Other current assets	467	449	553	520
Trade payables	(2,346)	(2,493)	(2,880)	(2,900)
Trade payables to related companies	(47)	(38)	(25)	(22)
Contract liabilities	(3,393)	(3,237)	(3,209)	(3,386)
Other current liabilities	(767)	(728)	(780)	(709)
Working Capital	**(1,699)**	**(1,639)**	**(1,621)**	**(2,496)**

(*) Comparable for Opening Balance Sheet adjustments of acquired businesses (PPA of Senvion business combinations, according to IFRS 3).

€m	12.31.2021	03.31.2022	06.30.2022	09.30.2022	12.31.2022
Trade and other receivables	885	1,247	1,001	1,100	1,153
Trade receivables from related companies	6	6	7	6	6
Contract assets	1,406	1,356	1,545	1,419	1,436
Inventories	2,007	2,300	2,369	2,313	2,532
Other current assets	524	552	612	691	631
Trade payables	(2,695)	(2,902)	(3,045)	(3,396)	(3,085)
Trade payables to related companies	(18)	(26)	(29)	(57)	(39)
Contract liabilities	(3,421)	(3,686)	(3,585)	(4,148)	(4,567)
Other current liabilities	(671)	(623)	(620)	(747)	(778)
Working Capital	**(1,978)**	**(1,777)**	**(1,745)**	**(2,818)**	**(2,711)**

The ratio of working capital to revenue is calculated as working capital at a given date divided by the revenue in the twelve months prior to that date.

Capital Expenditure (CAPEX)

Capital expenditure (CAPEX) refers to investments made in the period in property, plant and equipment and intangible assets to generate future profits (and maintain the current capacity to generate profits, in the case of maintenance CAPEX). This APM does not include the allocation of the purchase price (the PPA exercise) to property, plant and equipment and intangible assets that has been performed in context of a business combination (e.g. the merger of Siemens Wind Power and Gamesa). This APM does also not include additions to right of use assets (first time adoption of IFRS 16 starting October 1st, 2019).

€m	Q1 22	Q1 23
Acquisition of intangible assets	(38)	(46)
Acquisition of Property, Plant and Equipment	(91)	(121)
CAPEX	**(129)**	**(166)**

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

€m	Q2 22	Q3 22	Q4 22	Q1 23	LTM Dec 22
Acquisition of intangible assets	(48)	(43)	(60)	(46)	(196)
Acquisition of Property, Plant and Equipment	(145)	(140)	(220)	(121)	(625)
CAPEX	**(192)**	**(183)**	**(280)**	**(166)**	**(821)**

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
Acquisition of intangible assets	(50)	(45)	(54)	(38)	(187)
Acquisition of Property, Plant and Equipment	(99)	(118)	(171)	(91)	(479)
CAPEX	**(149)**	**(163)**	**(225)**	**(129)**	**(665)**

Definitions of Cash Flow

Gross operating cash flow: amount of cash generated by the company's ordinary operations, excluding working capital and capital expenditure (CAPEX). SGRE includes the flow of net financial expenses under gross operating cash flow. Gross operating cash flow is obtained by adjusting the reported income for the period, for the ordinary non-cash items (mainly depreciation and amortization and provision charges).

€m	Q1 22	Q1 23
Net Income before taxes	(381)	(905)
Amortization + PPA	176	193
Other P&L (*)	18	37
Charge of provisions	184	323
Provision usage (without Adwen usage)	(100)	(125)
Tax payments	(13)	(20)
Gross Operating Cash Flow	**(116)**	**(497)**

(*) Other non-cash (income) expenses, including results of companies accounted for using the equity method.

Cash flow is calculated as the variation in Net financial debt (NFD) between two closure dates.

Average Selling Price in Order Intake, Onshore (ASP - Order Intake)

Average monetary order intake collected by Onshore WTG division per unit booked (measured in MW). ASP is affected by several factors (project scope, geographical distribution, product, exchange rate, prices, etc.) and does not represent the level or trend of profitability.

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

	Q2 22 (*)	Q3 22 (*)	Q4 22 (*) (**)	Q1 23 (*)	LTM Dec 22
Order Intake Onshore Wind (€m)	209	1,068	1,129	909	3,314
Order Intake Onshore Wind (MW)	255	1,204	1,360	961	3,780
ASP Order Intake Wind Onshore	**0.82**	**0.89**	**0.83**	**0.95**	**0.88**

(*) Order intake WTG ON includes only wind orders. No solar orders are included.

(**) Order Intake WTG ON does not include the effect of the wind farm development asset sale €613m in Q4 22.

	Q2 21 (*)	Q3 21 (*)	Q4 21 (*)	Q1 22 (*)	LTM Dec 21
Order Intake Onshore Wind (€m)	1,330	856	867	1,361	4,414
Order Intake Onshore Wind (MW)	2,113	1,352	1,376	1,791	6,632
ASP Order Intake Wind Onshore	**0.63**	**0.63**	**0.63**	**0.76**	**0.67**

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €51m in Q2 21, €16m in Q3 21, €0m in Q4 21 and €0m in Q1 22.

	Q2 20 (*)	Q3 20 (*)	Q4 20 (*)	Q1 21 (*)	LTM Dec 20
Order Intake Onshore Wind (€m)	1,289	872	1,698	1,619	5,478
Order Intake Onshore Wind (MW)	1,645	1,200	2,713	2,360	7,919
ASP Order Intake Wind Onshore	**0.78**	**0.73**	**0.63**	**0.69**	**0.69**

(*) Order intake WTG ON includes only wind orders. No solar orders are included. Solar orders amounted to €61m in Q2 20, €0m in Q3 20, €0m in Q4 20 and €0m in Q1 21.

Order Intake, Revenue and EBIT

Order Intake (in €) LTM (Last Twelve Months) is calculated by aggregation of the quarterly order intake (in EUR) for the last four quarters.

€m	Q2 22	Q3 22	Q4 22 (*)	Q1 23	LTM Dec 22
WTG	529	3,162	3,308	1,121	8,121
Of which WTG ON	209	1,068	1,743	909	3,928
Of which WTG OF	321	2,094	1,566	212	4,193
Service	669	361	1,097	488	2,614
TOTAL	**1,198**	**3,523**	**4,405**	**1,609**	**10,735**

(*) Order Intake WTG ON does include the effect of the wind farm development asset sale €613m in Q4 22.

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
WTG	4,258	986	1,755	1,777	8,777
Of which WTG ON	1,381	840	867	1,361	4,450
Of which WTG OF	2,877	146	888	416	4,327
Service	1,242	534	1,129	695	3,599
TOTAL	**5,500**	**1,520**	**2,884**	**2,472**	**12,376**

Order Intake (in MW) LTM (Last Twelve Months) is calculated by aggregation of the quarterly order intake (in MW) for the last four quarters.

MW	Q2 22	Q3 22	Q4 22	Q1 23	LTM Dec 22
WTG ON	255	1,204	1,360	961	3,780
WTG OF	-	1,753	1,036	-	2,789
TOTAL	**255**	**2,957**	**2,396**	**961**	**6,569**

MW	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
WTG ON	2,113	1,352	1,376	1,791	6,632
WTG OF	2,607	24	847	253	3,731
TOTAL	**4,720**	**1,376**	**2,223**	**2,044**	**10,363**

Revenue LTM (Last Twelve Months) is calculated by aggregation of the quarterly revenues for the last four quarters.

€m	Q2 22	Q3 22	Q4 22 (*)	Q1 23	LTM Dec 22
WTG	1,662	1,904	2,651	1,580	7,798
Of which WTG ON	931	1,096	1,875	751	4,652
Of which WTG OF	732	808	777	829	3,146
Service	515	532	721	428	2,195
TOTAL	**2,177**	**2,436**	**3,372**	**2,008**	**9,993**

(*) Revenue WTG ON does include the effect of the wind farm development asset sale €613m in Q4 22.

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
WTG	1,902	2,179	2,292	1,400	7,773
Of which WTG ON	1,154	1,328	1,463	941	4,885
Of which WTG OF	748	851	829	460	2,888
Service	434	525	571	429	1,959
TOTAL	**2,336**	**2,704**	**2,863**	**1,829**	**9,732**

EBIT (Earnings Before Interest and Taxes): operating profit as per the consolidated income statement. It is calculated as Income (loss) from continuing operations before income taxes, before 'Income (loss) from investments accounted for using the equity method', interest income and expenses and 'Other financial income (expenses), net'.

EBIT (Earnings Before Interest and Taxes) pre PPA and integration & restructuring costs: EBIT excluding integration and restructuring costs and the impact on amortization of intangibles' fair value from the Purchase Price Allocation (PPA).

- Integration costs: are one-time-expenses (temporary nature – limited in time) that are related to the integration of the two legacy companies, or of other acquired companies, excluding any restructuring related costs.
- Restructuring costs: personnel and non personnel expenses which arise in connection with a restructuring (e.g. site closures), where restructuring refers to measures that materially modify either the scope of business undertaken or the manner in which this business is conducted.

€m	Q1 22	Q1 23
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(381)	(905)
(-) Income from investments acc. for using the equity method, net	(1)	1
(-) Interest income	(4)	(12)
(-) Interest expenses	10	23
(-) Other financial income (expenses), net	(1)	14
EBIT	**(377)**	**(878)**
(-) Integration costs	8	8
(-) Restructuring costs	3	56
(-) PPA impact	57	55
EBIT pre-PPA and integration & restructuring costs	**(309)**	**(760)**

EBIT margin: ratio of EBIT to Revenue in the period that is equal to the revenue figure in the consolidated Income Statement for the period.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): It is calculated as EBIT before amortization, depreciation and impairments of goodwill, intangible assets and property, plant and equipment.

€m	Q1 22	Q1 23
EBIT	(377)	(878)
Amortization, depreciation and impairment of intangible assets and PP&E	176	193
EBITDA	**(201)**	**(685)**

EBITDA LTM (Last Twelve Months) is calculated by aggregation of the quarterly EBITDA for the last four quarters.

€m	Q2 22	Q3 22	Q4 22	Q1 23	LTM Dec 22
EBIT	(385)	(459)	280	(878)	(1,443)
Amortization, depreciation and impairment of intangible assets and PP&E	198	258	208	193	857
EBITDA	**(187)**	**(201)**	**488**	**(685)**	**(586)**

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
EBIT	(19)	(238)	(279)	(377)	(914)
Amortization, depreciation and impairment of intangible assets and PP&E	182	192	203	176	753
EBITDA	**163**	**(46)**	**(77)**	**(201)**	**(161)**

Net income and Net income per share (EPS)

Net income: consolidated profit for the year attributable to the parent company.

Net income per share (EPS): the result of dividing net income by the average number of shares outstanding in the period (excluding treasury shares).

	Q1 22	Q1 23
Net Income (€m)	(403)	(884)
Number of shares (units)	680,445,089	680,854,143
Earnings Per Share (€/share)	**(0.59)**	**(1.30)**

Other indicators

Revenue coverage: The revenue coverage is a ratio that indicates, at each point in time, the amount of the Group target for annual revenue that is already secured through firm contracts in the backlog, for execution in the year, and already executed revenue. The revenue coverage is calculated as a percentage of the disclosed revenue target for a given year. As a result, the lack of guidance for FY23 Group revenue renders this ratio unavailable. For historic information please refer to previous Activity Reports.

Book-to-Bill: ratio of order intake (in EUR) to activity/revenue (in EUR) in the same period. The Book-to-Bill ratio gives an indication of the future trend in revenue volume.

Book-to-Bill LTM (Last Twelve Months): this APM is calculated by aggregation of the quarterly revenues and order intakes for the last four quarters.

€m	Q2 22	Q3 22	Q4 22 (*)	Q1 23	LTM Dec 22
Order Intake	1,198	3,523	4,405	1,609	10,735
Revenue	2,177	2,436	3,372	2,008	9,993
Book-to-Bill	**0.6**	**1.4**	**1.3**	**0.8**	**1.1**

(*) Order intake & revenue does include the effect of the wind farm development asset sale €613m in Q4 22.

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
Order Intake	5,500	1,520	2,884	2,472	12,376
Revenue	2,336	2,704	2,863	1,829	9,732
Book-to-Bill	**2.4**	**0.6**	**1.0**	**1.4**	**1.3**

Reinvestment Rate: ratio of CAPEX divided by amortization, depreciation and impairments (excluding PPA amortization on intangibles' fair value). According to the definition of CAPEX, the amount of amortization, depreciation and impairments does not include the amortization, depreciation and impairments of right of use assets (first time adoption of IFRS 16 starting October 1st, 2019).

€m	Q2 22	Q3 22	Q4 22	Q1 23	LTM Dec 22
CAPEX (1)	192	183	280	166	821
Amortization depreciation & impairments (a)	198	258	208	193	857
Amortization, depreciation & impairments of right of use assets (IFRS 16) (b)	37	38	38	39	152
PPA Amortization on Intangibles (c)	57	55	55	55	222
Depreciation & Amortization (excl. PPA) (2=a-b-c)	104	165	115	100	483
Reinvestment rate (1/2)	**1.9**	**1.1**	**2.4**	**1.7**	**1.7**

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
CAPEX (1)	149	163	225	129	665
Amortization depreciation & impairments (a)	182	192	203	176	753
Amortization, depreciation & impairments of right of use assets (IFRS 16) (b)	29	30	32	34	126
PPA Amortization on Intangibles (c)	59	56	55	57	227
Depreciation & Amortization (excl. PPA) (2=a-b-c)	94	105	115	86	401
Reinvestment rate (1/2)	**1.6**	**1.5**	**1.9**	**1.5**	**1.7**

Gross Profit: the difference between revenue and cost of sales, according to the consolidated statements of profit and loss.

Gross Profit (pre PPA, I&R costs): Gross Profit excluding integration and restructuring costs and the impact on amortization of intangibles' fair value from the PPA (purchase price allocation). The result of dividing this indicator by the sales of the period, which are equal to the revenue figure in the consolidated Income Statement for the period, is denominated Gross Margin pre PPA, I&R costs, and it is expressed as a percentage.

- Integration costs: are one-time-expenses (temporary nature – limited in time) that are related to the integration of the two legacy companies, or of other acquired companies, excluding any restructuring related costs.
- Restructuring costs: personnel and non personnel expenses which arise in connection with a restructuring (e.g. site closures), where restructuring refers to measures that materially modify either the scope of business undertaken or the manner in which this business is conducted.

€m	Q1 22	Q1 23
Gross Profit	(192)	(661)
PPA amortization on intangibles	41	39
Integration costs	5	6
Restructuring costs	2	51
Gross Profit (pre PPA, I&R costs)	**(144)**	**(565)**

The calculation of this indicator and its comparable for the last twelve months (LTM) is as follows:

€m	Q2 22	Q3 22	Q4 22	Q1 23	LTM Dec 22
Gross Profit	(202)	(272)	500	(661)	(635)
PPA amortization on intangibles	41	39	39	39	159
Integration costs	12	10	20	6	48
Restructuring costs	3	41	10	51	106
Gross Profit (pre PPA, I&R costs)	**(146)**	**(182)**	**570**	**(565)**	**(323)**

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
Gross Profit	199	(29)	(107)	(192)	(129)
PPA amortization on intangibles	44	42	40	41	167
Integration costs	21	19	24	5	69
Restructuring costs	37	4	3	2	45
Gross Profit (pre PPA, I&R costs)	**301**	**36**	**(41)**	**(144)**	**151**

Integration and Restructuring costs: see Gross Profit (pre PPA, I&R costs) and EBIT (pre PPA, I&R costs).

€m	Q1 22	Q1 23
Gross Profit	6	57
Research & Development	2	2
Sales and Administration	3	5
Others	0	0
Integration and Restructuring costs	**11**	**63**

€m	Q2 22	Q3 22	Q4 22	Q1 23	LTM Dec 22
Gross Profit	15	52	30	57	154
Research & Development	5	4	(10)	2	1
Sales and Administration	4	6	20	5	35
Others	(0)	(0)	0	0	0
Integration and Restructuring costs	**24**	**62**	**40**	**63**	**189**

€m	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
Gross Profit	57	23	27	6	113
Research & Development	3	1	2	2	8
Sales and Administration	10	6	14	3	33
Others	1	1	5	0	7
Integration and Restructuring costs	**71**	**31**	**48**	**11**	**161**

MWe: an indicator of activity (a physical unit of sale) used to measure wind turbine generator manufacturing progress. The MWe indicator does not reflect post-manufacturing processes (civil engineering, installation, commissioning, etc.), which also generate monetary revenue.

MWe	Q2 22	Q3 22	Q4 22	Q1 23	LTM Dec 22
Onshore	1,502	1,529	1,794	1,080	5,906

MWe	Q2 21	Q3 21	Q4 21	Q1 22	LTM Dec 21
Onshore	1,927	2,404	2,223	1,195	7,749

Cost of energy (LCOE/COE): the cost of converting an energy source, e.g. wind, into electricity, measured in monetary units per MWh. It is calculated taking in account all costs incurred during asset's life cycle (including construction, financing, fuel, operation and maintenance, taxes and incentives) divided by the total output expected from the asset during its useful life.

Note that due to rounding, numbers presented in this document may not add up exactly to the totals shown and percentages may not exactly replicate the absolute figures presented.

Glossary & Definitions for Alternative Performance Measures

The definition and conciliation of the alternative performance measures (APMs) are included and disclosed in this Activity Report and also used in the presentation associated to these and previous results. This glossary contains a summary of terms and APMs used in this report but does not replace the aforementioned definitions and conciliations**.**

AEP: annual energy production.

ASP in Order Intake: average monetary order intake collected by WTG division per unit booked (measured in MW). It excludes the value and volume of solar orders from the calculation.

Book & Bill: amount of orders (in EUR) to be booked and fulfilled in a set period of time to generate revenue without material lead time ("in for out" orders in set period of time).

Book-to-Bill ratio: order intake (in EUR) to activity/sales (in EUR) in the same period. The Book-to-Bill ratio gives an indication of the future trend in sales volume.

Capital Expenditure (CAPEX): refers to investments made in the period in property, plant and equipment and intangible assets in order to generate future profits (and maintain the current capacity to generate profits, in the case of maintenance capex).

CAGR: Compound annual growth rate.

EBIT (Earnings Before Interest and Taxes): operating profit per the consolidated income statement. It is calculated as Income (loss) from continuing operations before income taxes, before 'Income (loss) from investments accounted for using the equity method', interest income and expenses and 'Other financial income (expenses), net'.

EBIT pre PPA integration & restructuring costs (I&R): EBIT excluding integration and restructuring costs and the impact on amortization of intangibles' fair value from of the Purchase Price Allocation (PPA).

• Integration costs: are one-time-expenses (temporary nature – limited in time) that are related to the integration of the two legacy companies, or of other acquired companies, excluding any restructuring related costs.

• Restructuring costs: personnel and non personnel expenses which arise in connection with a restructuring (e.g. site closures), where restructuring refers to measures that materially modify either the scope of business undertaken or the manner in which this business is conducted.

EBITDA: It is calculated as EBIT before amortization, depreciation and impairments of goodwill, intangible assets and property, plant and equipment.

Gross operating cash flow: amount of cash generated by the company's ordinary operations, excluding working capital, capital expenditure (CAPEX), payments related to Adwen provisions and others mainly FX conversion impacts. SGRE includes the flow of net financial expenses under gross operating cash flow. Gross operating cash flow is obtained by adding, to reported income for the period, the ordinary non-cash items (depreciation and amortization, and provision charges) and income from equity-accounted affiliates.

IP: Intellectual Property.

LTM: last twelve months.

MWe: an indicator of activity (a physical unit of sale) used to measure wind turbine generator manufacturing activity in terms of work in progress. The MWe indicator does not reflect post-manufacturing processes (civil engineering, installation, commissioning, etc.), which also generate monetary revenue.

Net Financial Debt (NFD): is defined as long-term and short-term financial debt less cash and cash equivalents.

Reinvestment rate: ratio of CAPEX divided by amortization, depreciation and impairments (excluding PPA amortization on intangibles' fair value).

Working Capital (WC): is calculated as the difference between current assets and current liabilities. Current assets and liabilities exclude all items classified as Net Financial Debt, such as Cash and cash equivalents.

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Note on alternative performance measures (APMs)

This document includes supplemental financial measures that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens Gamesa´s net assets and financial position or results of operations as presented in its consolidated financial statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently.