



Speech by Dr. Jürgen Reinert

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Check against delivery.

Shareholders and SMA staff, it is my pleasure to welcome you to the Annual General Meeting of SMA Solar Technology AG.

Let me start my speech by telling you what was good about 2022:

We received a record number of incoming orders. At the end of 2022, we reported an order backlog of over €2 billion, which is a 134% increase on last year. We again generated sales of over €1 billion – 8.4% more even than in 2021. And we increased our EBITDA (that is, earnings before interest, taxes, depreciation and amortization) by more than 700% to €70 million. So looking back, SMA had a successful year.

All of these factors had a combined impact on the share price, which also performed very well during the past year. In a very recent development, you have also been able to track the share price on the MDAX, which we joined on May 9, 2023.

On that note, I would like to welcome you all to this year's Annual General Meeting of SMA Solar Technology AG.

What a year we had. 2022 surprised, shocked, excited and moved us in so many ways. It was the year that brought an end to peace in Europe, a peace that many of us had taken for granted. The geopolitical situation has not improved – the war in Ukraine is ongoing, as are all the devastating impacts for the Ukrainian people as well as the effects on the global situation and the world economy. Looking at the global situation from Europe, it is clear that we are facing a series of geopolitical upheavals that affect us all. In the Far East, the conflict between China and Taiwan threatens to escalate, and the number of people all over the world who are being forced to flee armed conflict, hunger and political persecution is growing. In a nutshell, we are facing long-term challenges on the international political stage that most of us would not even have dreamed of a few years ago.

But these conflicts are also making something abundantly clear to us that we should have realized a long time ago: global supply chains and the dependence of our economy on individual countries make us and our prosperity vulnerable. In countries like Canada and the U.S., but also in Europe, there is a growing realization that we need to make our own economies more independent and resilient for the future. The U.S. Inflation Reduction Act came into force in August 2022. It is a package of investment worth more than \$430 billion, designed to boost healthcare, climate protection and industry and earmarked for key industries in the U.S. involved in climate change mitigation. The European Union has also responded with the Green Deal Industrial Plan and the Net Zero Industrial Act, which aim to simplify state aid rules, enable quicker approval of climate protection projects and push through trade agreements to safeguard scarce raw materials.

It has also been an eventful year in Germany. The war has fanned the flames of the energy crisis. Electricity and gas prices rose sharply in 2022, which in turn drove up inflation. It crossed the 10% threshold in October 2022, hitting a 70-year high.

In an effort to avert the crisis, the German Federal Government resolved measures to tackle the immediate hardship of the price rises for the population. At the same time, the governing coalition acknowledged that the goal of achieving the country's ambitious renewable energy expansion targets must not be left by the wayside. And the foundations for this are not yet all in place. We need to maintain and develop future climate protection technologies in Germany, combat the skilled workers shortage and break down regulatory barriers. This is the only way we will be able to deliver on our climate protection goals. This is the only way that Germany will remain competitive going forward and the only way German companies will survive on the global market. Fundamental decisions were taken in 2022 that will significantly accelerate the expansion of renewable energies. The biggest-ever reform of the Renewable Energy Sources Act (EEG) came into effect in January 2023.

There's a lot going on.

Ladies and gentlemen, where does SMA Solar Technology stand in this complex situation?

Over the last few years, we have laid the foundations for a company that can look to the future with total confidence.

There are various intertwining elements underpinning this confidence:

- Politicians are recognizing the immense importance of renewable energies for supply reliability, climate protection and peace, and guidelines have been established for accelerated expansion of renewables and robust delivery costs.
- We are on the right track with our strategy of transforming SMA into a systems and solutions provider and systematically developing future fields for SMA within the framework of our strategic fields of action.
- We are realigning our processes and structures to make them more customer-centric and bolstering the three segments with our "SPIRIT" realignment program to give us the necessary agility to continue successfully on this track. I'll talk about SPIRIT again in more detail later on.
- Always at the center of everything are our employees. They work hard on a daily basis to ensure SMA's success. They give their best each and every day with their capacity for innovation, dedication and passion.

Before I come to the review of last year, please allow me to give a very warm welcome to Barbara Gregor, who was appointed Chief Financial Officer in December 2022 and has strengthened the Managing Board with her broad and international expertise. I'm happy to have you on board, Barbara.

But the fact that business continued to run smoothly even before you joined us is thanks to the work of Thomas Pixa, who unhesitatingly took on Managing Board duties on an interim basis alongside his role as EVP Finance for six months. We are very grateful to you, Thomas.

Now I'd like to take a look back at the 2022 fiscal year.

Review of 2022

We got off to a very difficult start in 2022 due to the supply situation, but it turned out to be a successful year for SMA in the end.

I already mentioned the most important key figures in my introduction, so I'll just take another look at two of them here:

- Despite supply constraints across all segments and added project delays in the Large Scale & Project Solutions segment, **Group sales** increased by 8.4% to €1,065.9 million in the 2022 fiscal year.
- **Earnings before interest, taxes, depreciation and amortization (EBITDA)** increased significantly to €70.0 million from €8.5 million in the 2021 fiscal year. This corresponds to an EBITDA margin of 6.6%.

These are very good figures, especially considering the ongoing strained supply situation in 2022. Although we successively implemented our measures to improve the supply situation, we are still feeling the effects of the constraints in some areas.

But 2022 was also a year in which we tightened our focus on SMA's profitability. We're taking a three-pronged approach here:

- We're optimizing the core business and utilizing economies of scale,
- we're systematically refining the systems and solutions business across all three segments and
- we're targeting strategically relevant fields of action to drive our business forward for the long term.

We also focused last year on strengthening our three segments. I would like to emphasize here that although the Home Solutions segment made the largest contribution to sales and earnings, the Commercial & Industrial Solutions and Large Scale Solutions segments also performed well in the second half of the year. We're already expecting both segments to achieve positive EBIT in 2023.

This positive development did not happen by chance. As I already mentioned at the start of my speech, we realigned our company in 2022. In addition to reorienting our organizational structure, we made two crucial changes in the course of our SPIRIT realignment:

- The first crucial change is that every one of our three segments now has full profit and loss responsibility. This strengthens business initiatives and actions, on the one hand, and, on the other, places greater responsibility in the hands of the segment heads for determining exactly what these initiatives and actions should look like. They are well equipped for this task with all the relevant resources, including HR, marketing and controlling, at their disposal.
- Second, end-to-end processes are being formulated and implemented for the very different customer groups in each segment. This means that we always keep our customers and their needs in mind and, thanks to the new alignment, are able to identify and implement trends and requirements quicker and better. I'll outline a few specific examples of implementation in a moment.

But first let's take a look at market development.

Market development

We are continuing to see untrammelled growth in all fields that are relevant to SMA. This is certainly true for photovoltaics, but also for the future fields of storage systems, energy management, e-mobility and hydrogen production. It is now clear that, in reality, the growth rates are in line with the Net Zero Emissions scenario, the upper of the two scenarios presented. The political decisions I mentioned in the beginning have again given us an additional boost.

PV inverters are continuing to play a pivotal role. Demand is higher than ever for this core element of smart grid solutions, which not only makes the energy that is produced useable but also collects data and connects the components in the smart system. But we're increasingly going to see demand not just for inverters alone, but for system solutions that enable seamless interconnection of power generation, energy storage, electric charging solutions and energy management. After all, the demand for zero-emission mobility is also continuing to grow exponentially – for households and companies alike. Digital energy solutions are another field that is becoming increasingly important for both private households and companies. And, last but not least, global demand for green hydrogen is as high as ever. It is the fuel of the global energy transition and a key technology for electrifying industrial processes. And the independence from fossil fuels that we are all trying to achieve means that its importance is going to increase.

These future fields are not new to us – we've analyzed them intensely as the basis for developing our strategy and have looked very closely at the market conditions that will be key for their continued growth.

And we're not alone in our assessment: Our industry association Solar Power Europe, for example, is projecting installed PV power of 2.3 terawatts by 2025. Just to give you a point of comparison: It took ten years (2012 to 2022) to install

the first terawatt. Thus, 2.3 terawatts will mean doubling the accumulated power installed to date within the space of three years between 2023 and 2025. And even the German Federal Government is aiming not just to generate a total of 80% of electricity from renewable energies by 2030, but also to invest significantly in hydrogen and in expanding e-mobility.

Positioning

We consider SMA to be in an excellent position in this environment.

Backed by our strategy, we are taking consistent and firm steps as we move ever closer to becoming a systems and solutions provider, and we are continuing to expand our positioning as a sustainable and innovative energy transition company. Inverters remain a core part of our offering, but we are increasingly expanding this offering across all segments to include digital products, services, and integrated systems and solutions.

You're already familiar with our strategic objectives, but I'll just set them out again for you to illustrate the point that we are on the right track:

1. **Closer to the customer.** We are making SMA more customer-centric. With SPIRIT, we have consistently aligned our processes and structures with the various customer segments in such a way that we can develop and deliver even faster, in a more seamless and demand-oriented manner.
2. **Stability through profitability.** We are optimizing our core business, systematically refining the systems and solutions portfolio, and specifically targeting strategic fields of action. On this basis, we have set ourselves the target of achieving an EBITDA margin of at least 10% in 2025. We're currently ahead of schedule and could already meet this target much earlier than planned.
3. **Holistic sustainability.** We are placing sustainability at the core of our strategy. Sustainable action and management have been firmly anchored in the company since it was founded and are at the heart of its corporate mission. And we have also set ourselves ambitious targets here.
4. **Shaping the future with innovation.** We are systematically strengthening our innovative power. It is a key driver of our success and a USP all rolled into one. The people in our Innovation Center, but also in Development and other departments, are working hard on innovation issues and are combining fresh ideas with years of experience.
5. **Powerful partnerships.** We will become a successful solutions provider – but we won't do it alone. We will only achieve this objective by working closely with reliable partners. With this in mind, we are working to expand our strategic partner network on an ongoing basis.

But a strategy is only as good as its implementation. So we intend to attack our strategic fields of action with a clear focus and with full force to secure our long-term growth. Each segment focuses on the strategic fields of action that best align with its particular area of business, and in the Home Solutions and Commercial & Industrial Solutions segments in particular there are synergy effects that we are utilizing effectively.

Focusing on these fields of action increases the speed of our decision-making and implementation.

But what does this mean in real terms? I'd like to present a few highlights from the past year, which demonstrate not only that we're doing the right thing, but also that we're going about it in the right way.

In our **Universe project**, we are developing a modular all-in-one platform for the Home Solutions segment, and have already introduced it in the U.S. The initial customer feedback has been overwhelmingly positive. We're confident that the platform will receive an enthusiastic response in other countries as well.

The SMA subsidiary Sunbelt GmbH became **Altenso** in 2022. Among other things, it is the base of operations for SMA's hydrogen business. And it has been a true hydrogen success story so far: 45 projects implemented in the past year alone with a total output of over 500 megawatts. What started out as an idea has since become a business that as early as 2022 was generating sales in the double-digit millions, and is continuing to grow.

We closed a gap in the portfolio in 2022 with our Sunny Tripower Smart Energy **hybrid inverter**. The 2-in-1 device enables households and smaller business to use self-generated solar energy, for example, to operate heat pumps and electric charging stations, which can be connected via integrated interfaces.

The **Sunny Tripower X** was incorporated into the SMA Energy Systems Home and Business last year. For the first time ever, the three-phase PV inverter combines state-of-the-art solar power generation with the features of the SMA Data Manager M, taking on the monitoring, management and grid-compliant power control of as many as five inverters at a time.

The intelligent SMA **EV Charger Business** allows our commercial customers to ideally charge their electric vehicles with green electricity from their company's own PV systems. In combination with the SMA Data Manager M, the charging solution connects up to 20 charging points in the SMA Energy System Business and coordinates the charging processes.

I could go on and on with the list of highlights. But not only did we develop solutions and products for our customers in 2022; we also made a number of important forward-looking decisions on certain issues that will strategically move the company forward. This includes our sustainability work, which we have made more professional and to which we have dedicated more staff. The results have been impressive: Last year, we were awarded the highest MSCI ESG Rating of AAA and received the EcoVadis gold medal for outstanding sustainability management. And just recently, the renowned non-profit organization CDP gave us an A- rating for our supplier engagement in its Supplier Engagement Rating 2022. This puts us in the Leadership group according to its scoring methodology.

But we're not stopping there: We will continue to press ahead, for instance, with our plans to formulate an ambitious climate roadmap so that we can play our part in meeting the 1.5°C limit. For this year, we've set ourselves the objective of having our climate targets certified by the Science Based Targets Initiative. The high standard of sustainability requirements and regulations that we hold ourselves to as a European company is not just something that gives us a USP over our competitors; it is a matter close to SMA's heart, something that the company founders laid the foundations for more than 40 years ago – long before the Supply Chain Act came into being.

But our long-term success hinges not just on what we do, but on who we talk to. We significantly expanded our political network in 2022. We became a member of the Alliance for Transformation, a venture spearheaded by Chancellor Olaf Scholz and Federal Minister for Economic Affairs and Climate Action Robert Habeck. We are also a sought-after expert in dialogues on various topics at the national and international level – on the skilled workers shortage in Germany and on fleshing out the details for the European Commission's Net Zero Industrial Act. We are part of high-level associations and working groups, where we are able to have our views taken on board in legislative processes and play a role in ensuring that the European solar industry gets the attention and the profile that it deserves.

Ladies and gentlemen, will you allow me to present a current dilemma that we have been discussing both internally and externally in recent months: How can SMA stay competitive, not just now but also in the future, improve its profitability and increase its market share? Are we on the right track with our decision to expand production here in Germany and increase our capacity from 20 to 40 gigawatts? Or would it be wiser to invest in the U.S. where the Inflation Reduction Act holds out the prospect of generous subsidies?

We held the groundbreaking ceremony for the new production facility at Sandershäuser Berg, Niestetal, Germany, in April, and it gave us a clear answer to the dilemma I have just outlined: it was the right decision. The close proximity between innovation, development and production at the location is a definite competitive advantage. Going forward, we will be able to supply all three segments with innovative systems and solutions directly from Kassel, Germany.

The fact that we are bucking the trend and setting up production locally is a clear commitment to the European solar industry, to Germany and to North Hesse. Not only this, but it also makes business sense as I explained in the beginning. We are ready and prepared to deliver the very best systems for the global energy transition to countries all over the world from our base in Kassel, Germany.

But let me state plainly here that we also see a fantastic opportunity to set up an additional production location in the U.S. in view of the attractive subsidization options that are being offered under the Inflation Reduction Act. After all, SMA is on course for growth, and this growth is scaleable from here on. We're looking forward to exploiting this growth potential with your help.

I'd now like to take a look with you at the first quarter of 2023.

First quarter and 2023 guidance

SMA and its subsidiaries have made a positive start to the new year. From January to March 2023, the SMA group reported a 66.5% increase in sales to €367.2 million. All three segments contributed to this positive performance. Sales in the Home Solutions segment were increased to considerably more than double at €163.3 million. The Commercial & Industrial Solutions segment also posted a significant sales increase of 41.9%, from €56.5 million to €80.2 million. Sales in the Large Scale & Project Solutions segment reached €123.7 million after €101.5 million in the same quarter of the previous year, an increase of 21.9%. The business areas of storage technology, digital energy services and green hydrogen production likewise contributed to this positive overall development.

Earnings before interest, taxes, depreciation and amortization (EBITDA) also increased significantly from €14.8 million in the first quarter of 2022 to €60.0 million. This corresponds to an EBITDA margin of 16.3% compared with 6.7% last year. The factors behind this positive performance were persistently high demand and improvements in the supply of electronic components, combined with positive effects from capacity utilization and the current product mix. Earnings before interest and taxes (EBIT) climbed to €50.4 million, representing an EBIT margin of 13.7%.

Ladies and gentlemen, it was a strong first quarter. But I should point out that we won't be able to continue this growth on a straight-line basis. This is because, on the one hand, we experienced some catch-up effects at the start of the year as the supply situation eased and, on the other, we will need to finance our growth. This means, for example, that we will be making planned investments that will allow us to take specific advantage of the current growth opportunities. There is absolutely no doubt in our mind that we will be taking advantage of them.

Because the world urgently needs the systems and products we are developing. Not only is the expansion of renewable energies essential in order to limit global warming to 1.5°C; there is also no alternative if we want to break our dependency on fossil fuels. But considering the ambitious targets, it is all the more important not to lose track of issues like sustainability and supply chain diversification. The task we face requires swift and resolute political action, but also bold and visionary companies.

Ladies and gentlemen, SMA is such a company. And we are superbly positioned to provide the solutions to this mammoth task. We work in a future sector at an innovative, powerful and sustainable company. We work with some of the most competent and committed individuals. We are operating in a political climate in which policymakers have understood the challenges and are addressing them step by step. And we're doing all of this not just for our and your success, but for a cleaner, more secure future that is worth living.

In his welcome address at the groundbreaking ceremony for the new production facility in April, Robert Habeck, Vice Chancellor of Germany, called on us to "be brave and stay true to our vision." And that, ladies and gentlemen, is exactly what we will do.

Thank you.