

SMA SOLAR TECHNOLOGY AG

ANNUAL GENERAL MEETING 2021

Speech by Jürgen Reinert, Dr.Ing., Chief Executive Officer, June 1, 2021

Check against delivery.

Thank you very much for your introductory remarks, Mr. Kleinkauf. Mr. Hadding and I are delighted to hold the SMA Annual General Meeting together with you as Chair of the Supervisory Board for the first time. On behalf of Mr. Hadding and myself, I would like at this point to express my sincere thanks for the cooperation we have enjoyed between the SMA Supervisory Board and Managing Board that has been marked by a spirit of trust and constructive support.

Ladies and gentlemen, the shareholders of SMA Solar Technology AG, SMA employees, I bid you a very warm welcome to our Annual General meeting on behalf of the Managing Board.

The fact that we again have to do without meeting in person is unfortunately still due to the Corona pandemic. We have all become very aware over the past one and a half years or so that virtual formats can never serve as a complete substitute for personal interaction. On the other hand, at SMA we have also come to appreciate the advantages of digitalization. We can welcome you today without exposing ourselves to the risk of infection, we remain in close contact with our customers and suppliers despite the pandemic, and we can reproduce our processes, with the exception of production, almost completely digitally. That we are able to rely on this kind of digital infrastructure is a fundamental advantage for us – and not just in times of a pandemic.

This year's Annual General Meeting is a special meeting in more ways than one. 2021 is the year in which we celebrate the 40th anniversary of our company – that's 40 years of innovation and passion for the use of renewable energy sources. But it is also the second year in which we have to deal with the corona pandemic. And it is a year of political reorientation and late insights. You can almost get the impression that a global crisis such as the corona pandemic was what was needed to cast our eyes at the greatest challenge of our time: global climate change. The positive message is that more and more governments are recognizing the responsibility we bear for the planet on which we live.

“The morality of a society is reflected in what it does for its children.”

This quotation from Dietrich Bonhoeffer gives pause for thought and makes one thing unmistakably clear: the protection of the climate cannot be put off to another day. Climate protection is a question of equity between the generations of today and the generations of tomorrow on our planet. The actions we take today will decide the living conditions of tomorrow. Our children and grandchildren are the ones who are demanding this responsibility. They are angry – and they are right to be. With the Fridays for Future protests, they very vociferously drew our attention to the irreversible consequences of climate change. A lot of SMA employees also took part in the rallies. The younger generation's protests are actually making an impact now: just a few weeks ago, the Federal Constitutional Court issued a historic judgment on

this: climate protection is a basic right. For the first time, intergenerational equity in climate issues is being given legal consideration at the highest level. The state has to protect future generations as far as possible against climate change and may not pass costs onto them unnecessarily. The judges in Karlsruhe use the latest scientific evidence as the basis for their ruling and quote more than 40 times from the most recent report of the Council of Experts on Climate Change. The necessary foundation for all political decisions should be the maximum greenhouse gas budget that is still available to us pursuant to the climate decisions made in Paris. We have to think as far ahead as our actions have an impact. Because in the next ten years, we will be making decisions that may have irreversible consequences for the generations that follow us.

Following the judgment by the Federal Constitutional Court on the Climate Protection Act, the federal government announced an increase in the expansion targets for renewable energies. It would thus fulfill a demand that we at SMA first made some time ago. To ensure a safe and climate-friendly electricity supply, we need at least 15 GW of new solar power generation capacity every year in Germany alone. Now it's about acting quickly – and taking advantage of this historic opportunity. It is not least for this reason that integrated sustainability stands at the heart of our strategy – and is the focus of my speech to you, the shareholders of SMA, today.

We can still reduce climate change to an acceptable level. On one condition: that we all play our part in ensuring a livable future for the generations that follow us. SMA employees are clearly committed to this social mission and, in a company-wide survey, themselves formulated “its purpose”, meaning SMA’s very *raison d’être*, in this way: *Our energy inspires the world’s most important customer. Our future.*

This is the drive, the motivation, and the passion that runs through the entire workforce: we are making a key contribution to the protection of the climate and the environment and, through our innovations, are making the world a more livable place. Sustainability has guided our thoughts and our actions since SMA was founded 40 years ago. At that time, the company founders were laughed at as quixotic dreamers for their vision of supplying people 100% with renewable energies. Today, their vision is more relevant than ever.

In 2020, it was calculated that the use of SMA inverters played a part in preventing 10 billion euros worth of climate damage! But sustainability is about more than climate protection at SMA. Rather, it is our goal to combine long-term economic success with the protection of the environment and social responsibility. Never before have I experienced such a deeply ingrained awareness in a company as I have at SMA. Hundreds of employees took part worldwide in the survey on SMA’s purpose and thereby expressed their attitude to intergenerational equity. I was particularly pleased that

we reached an important milestone in our sustainability strategy in 2020. SMA's headquarters is now supplied 100 per cent with electricity from solar power and wind turbine systems from the immediate neighborhood. It is also a source of pride for us that we were voted among the ten most sustainable companies in Germany in 2020 thanks to our commitment to sustainability. "Stern" magazine and the market research company Statista analyzed over 2,000 companies and surveyed 13,000 citizens for this. The result: Of 200 companies that were able to qualify for the ranking, SMA took eighth place – and was the only medium-sized enterprise alongside major DAX corporations!

We have demonstrated over the last year that at SMA we are able to combine sustainability successfully with profitable growth even in the face of tough competition and a pandemic. SMA successfully overcame the considerable challenges in connection with the coronavirus crisis in 2020, and we achieved our growth targets, which were already set before the pandemic broke out. At 1,027 million euros, we improved our sales by around 12 per cent over the previous year, generating over one billion euros again for the first time since 2012. We were even able to double our EBITDA, at 72 million euros, from the year before. Moreover, SMA continues to enjoy a high equity ratio of 42 per cent. That is an outstanding result in a year that was marked by the corona pandemic and extremely tough competition.

Last year, we were able to increase our inverter output sold to 14.4 GW, which compares with 11.4 GW in 2019 – that's an increase of over 25 per cent. In the segment for private solar applications, sales increased sharply primarily in Europe, the Middle East, and Africa, while in the solar power plant business we gained market shares in particular in the US and further consolidated our leading position in Australia. In total, we hold a market share of around 65 per cent there in solar power plant capacity that is already in operation or that has been approved. We also expanded our system offer in 2020 and reached another milestone on our path to becoming a solutions provider with the 360° app for professionals and the Energy app for private end users.

That we have come through the crisis year of 2020 very well in relative terms is thanks in no small part to the commitment and perseverance of all SMA employees – and the fantastic work of the SMA Corona Task Force, which has led us and continues to lead us safely through the pandemic. As a result, we have not had to make use of the instrument of short-time work or claim any state aid. I would like at this point to express my great thanks to all our employees for their outstanding commitment. To achieve such a good result under such considerable challenges is not something that can be taken for granted – and I know how much efforts that has involved and continues to involve.

Let us now take a look at global market developments.

The energy sector is changing around the world: long-standing business models are crumbling; new opportunities are arising at the same time. The global redesign of the energy landscape is marked by three megatrends above all: decarbonization, decentralization, and digitalization.

Both political and market forces are now driving decarbonization forward – and mutually reinforcing each other in the process. The global community undertook in Paris at the end of 2015 to limit global warming to significantly less than 2 degrees celsius. This will require a massive expansion of renewable energy. Added to this is the commercial benefit: with prices of less than 3 cents per kilowatt hour, wind and solar have long since become the most cost-effective sources of electricity generation.

The second trend, decentralization, follows on logically from the first: in the course of the energy transition, central coal and gas power stations are gradually being replaced by cleaner technology such as wind and solar power plants. These renewable energy generators are smaller and decentralized. Generally speaking, most generation takes place where the electricity is also needed. Decentralization brings several advantages: the more spread out the generating units are, the more resilient and democratic the whole system will be. One challenge, however, consists in “synchronizing” local resources – both with each other and also with the total demand in the system.

This results in the third megatrend: the embedding of the energy transition in the ubiquitous process of digitalization. It plays an important role precisely in this synchronization of the decentralized energy system. Intelligent energy management software and control algorithms keep the network in balance. In this way, they can improve the use of various local resources as driven by the market and thus also improve the system – provided that the market sets the right incentives. Software will also help to reduce the energy costs of large and small consumers as a result of partial self-sufficiency. It will additionally enable totally new business models such as peer-to-peer electricity trading and help consumers generate income that will compensate at least a part of their purchasing costs. Ultimately, intelligent software will increasingly elide the boundary between consumers and producers and allow large and small prosumers to emerge.

The climate targets that have already been agreed will lead in the next few years to an intensified expansion of renewable energies and thus to strong growth in the market that can be addressed by SMA. This year, the outlook is clouded by the lower availability of electronic components. In the long term, however, we see significant trends that will accelerate the transformation that the energy sector is undergoing, for example strong growth in the demand for primary energy and

ever more ambitious climate neutrality targets. This is resulting in renewable energies accounting for an increasing share and is driving the optimization of hydrogen production.

It was just in the middle of May that the International Energy Agency, the IEA, proclaimed the end of the age of oil and showed for the first time in a comprehensive study that the world can reduce its emissions of environmentally damaging CO₂ to net zero by the middle of the century.

The IEA places climate protection at the forefront of its scenario. According to the IEA executive director Fatih Birol, curbing the rise in temperature on earth is “perhaps the greatest challenge humankind has ever faced”. Instead of investing in new oil and gas fields, the world urgently has to invest a great deal more in renewable energies and innovations to protect the climate, he has said. While the oil industry is shrinking, the generation of electricity from renewable sources such as wind and sun has to be massively expanded.

This involves no more and no less than the radical restructuring of the global energy system and makes clear why such a strong global increase is expected in photovoltaic systems. And, obviously, an increasing share accounted for by fluctuating renewable energies in turn requires balancing capacity using storage systems. Using the existing electricity transmission infrastructure more effectively with intelligent battery systems and avoiding over-sized network infrastructure investments is already of economic interest today. The use of storage systems in very different parts of the grid makes sense for a lot of different market participants: comparatively large battery power plants allow suppliers and grid operators to manage and stabilize their grids more effectively. Independent electricity generators can use storage systems to maximize the value of wind and solar power. Industrial and commercial energy users can use plug-and-play battery systems ultimately to optimize their electricity consumption and their related costs.

Innovations are also of major importance: half of the required reduction in global CO₂ emissions can be achieved only through new technologies, such as green hydrogen, according to the IEA. The experts also recommend stopping sales of passenger cars with internal combustion engines throughout the whole world by 2035. The market for electric vehicles is expected to grow tenfold by 2030. In line with that, we are assuming high growth rates also in the field of e-charging infrastructure.

SMA has set itself up in a good position to benefit from these major market trends and to continue to develop its profitable growth in the coming years. I would like to go into our strategy and positioning in somewhat more detail in the next part of my speech.

It is and will remain the heart of every solar power system: the inverter. It is the basis of our core business and a key component in our system offers. But the inverter alone will no longer be enough to meet the future requirements of the market.

The intensity of the competition in the energy market has increased significantly over the last few years as a result of new providers and partnerships from outside the sector entering the market. It is not only the major players of the Internet industry such as Google, Apple and Amazon that have recognized the gigantic potential and are pushing into the market with their own offers. The intense competition and changes in customer requirements, including as a result of digitalization, are producing an increasing product diversity and new product landscapes beyond the conventional commodity business. For SMA, identifying opportunities and risks at an early stage and refining our own positioning under the changed market conditions will be critical. That is why we at SMA will also have to reinvent ourselves. Designing our current systems to be even more user-friendly and tackling price pressures, which remain as high as before, with new, digital offers – that is the task we face in the coming years. The framework for our successful orientation on changed market requirements and the development of new business models is provided by our Strategy 2025, which we are currently introducing to all our employees around the world in virtual events.

Over the last year, in a broad process involving representatives from all the regions and corporate functions, management aligned the SMA Strategy to future requirements for the period up to 2025. The company's further transformation into a systems and solutions provider remains core to the Strategy 2025. In addition to the general mission statement, we have defined ambitious, long-term targets to develop integrated, future-proof solutions with significant customer benefits in close collaboration with our strong partners and to tap into new business areas.

The goal of "stability through profitability" sets the framework for all decisions. This is because we want to generate not only short-term growth, but a sustainable increase in our profitability by further enhancing our core business and at the same time selectively branching out into new business areas. For example, one of the targets we have set ourselves is to achieve an EBITDA margin of at least 10 per cent by no later than 2025.

Sustainability will be of paramount importance for all areas of the company in this process. Respect for people and the environment has always been part of our company DNA and is firmly embedded in the strategy target of "integrated sustainability". For example, we have undertaken here to make SMA CO₂ neutral globally by no later than 2025.

We are also placing our customers even more strongly at the heart of our actions. "Closer to our customers" means far more here than conducting customer surveys. Rather, we want to get a better understanding in dialog with the users of what we have to pay attention to when developing solutions, so that they also strike the right chord with our customers in the future. This also means, for example, continuing to strengthen our human resources in sales, but also in development, and building up additional skills.

When we look at the development of the market and the energy supply of the future, it is already clear that we can design the future only through innovations. A key focus in the context of this target is the continuing digitalization of SMA in all areas of the company. Added value for the customer is also a focus here. We will also give intensive attention to dealing with complexity in this context, for example.

That the solutions business is driven by strong partnerships is a vital experience we have gained in the past few years. We will be successful here only if we cooperate with other manufacturers, for example from the battery and automotive industries, even more closely than before. Our objective is therefore to develop integration capacity and partner management into one of our core competencies.

We will regularly conduct strategy reviews to check whether we are achieving our goals and implement the necessary adjustments as required. Thanks to our cross-functional strategy process and a company-wide communication campaign, we can additionally ensure that our employees are familiar with our direction and our goals and can support the implementation on their own initiative.

In the medium term, we have positioned ourselves in specific "playing fields" in a highly dynamic environment. Against the background of the sociopolitical developments and the major market trends, such as the coupling of different sectors through energy management platforms, these are very clearly for us the following areas of action:

- > Photovoltaic and storage solutions for all segments
- > Grid integration and services
- > Energy management
- > Solutions for e-mobility
- > Future business with power-to-gas

We are thus taking up key high-growth segments of the future energy supply system, consolidating our focus as an "energy transition company", and creating a solid basis for long-term profitability and growth. For me personally and, as

I know from my many conversations with our employees, for the whole SMA team, it is a wonderful experience to be able to help shape the global energy transition so directly and immediately. We can be proud of what we have achieved so far. Let me therefore briefly explain some of our key initiatives and the successes we have already achieved.

SMA already offers individually tailored solutions for different customer groups in all segments today. Above all, the system competence that we have developed over the decades is a major distinguishing feature in the future energy world. This is because the coupling of different sectors is a highly complex process – but, in contrast, users expect exactly the opposite: simple and convenient operation, user-friendly applications, and digital access options. We already combine all this at SMA in our customer solutions today: solar, storage and digital energy solutions that can be expanded on a modular basis for private, commercial, and industrial applications.

The energy transition reached the automotive sector a long time ago: politics and the economy are encouraging e-mobility, environmental awareness is growing in the general population, and at the same time there are more and more electric vehicles that are practical for everyday use. E-mobility is only genuinely sustainable, however, if the electricity for charging also comes from renewable energy sources. We have developed the SMA EV charger solution so that your electric car can be charged safely at any time and ideally with solar energy from your own roof. Users can thus convert the solar energy they have generated themselves into the range they can get on the road – cheaply and sustainably. By combining the solar charging station by the front door with a battery storage system, you can even charge with solar energy in the evening when the sun is no longer shining.

We are not only working closely together with automotive manufacturers such as Audi here, but are also using the skills of our joint venture elxon in order to drive the expansion of the charging infrastructure for electric vehicles, for example in large fleets, throughout Europe.

What's more, we are capitalizing on another key technology for the conversion of the energy sector: with power-to-gas, a large volume of the renewable energy generated in the electricity sector can also be stored for a longer period and can be flexibly reused as hydrogen. The share that renewable energies account for in the generation of electricity and the supply of energy can thus also be increased. There is virtually no alternative to the use of this technology for storing energy in different seasons. The market potential is just as large.

The advantage that we enjoy is that we can use existing infrastructure, as we have already been focusing on the subject of power-to-gas for four years as a core part of our research at SMA. We estimate that this will contribute 150 million

euros in sales, with high margins, as early as 2025. This represents a significant contribution to SMA's long-term profitability.

Offering solutions means reducing complexity and nevertheless catering to individual customer requirements. For us, that is more than an idea. If you look a little bit further into the future with me, you will see that we have already been working very intensively on precisely this concept. Offering functions in a highly integrated way and combining them with digital offers is an approach that we are pursuing with all our might. We are thus taking the critical step from the system of today to the solution of tomorrow. With our new all-in-one solution, we will cover both the home and the business segment – but where the innovative platform concept allows us to take individual requirements comprehensively into consideration. The project has been given top priority at SMA and will be driven by a top-class team of specialists.

Looking forward again – let me finally go into some details about our guidance and the further development of the Germany location.

Despite weaker demand resulting from delays to projects, we achieved a significantly better result in the first quarter of 2021 than in the previous year. Earnings before interest, taxes, depreciation and amortization increased significantly to 20 million euros at an EBITDA margin of 8.4 per cent. By way of comparison: in the first quarter of 2020 we achieved EBITDA of 12.3 million euros and an EBITDA margin of 4.3 per cent.

Should vaccination rates continue to rise as announced and should the economic uncertainties abate, we expect demand in our core markets in Europe and the US to improve especially in the second half of the year. The most recent political signals are very positive for the medium to long-term development of the market. We will continue to track very closely the current strained situation in the supply of electronic components. SMA cannot decouple itself from the global shortage of electronic components, which is also having a strong impact on the automotive industry. Thanks to our strategic supplier management and a comprehensive package of measures, we have so far been able to avoid any notable impacts on our production volumes. We will also continue to make every effort to prevent supply shortages and are also in intensive dialog with our suppliers and customers here. We will also keep a close eye on the developments in connection with the coronavirus so that we can respond quickly and flexibly to any sudden increase in demand.

The SMA Managing Board confirms the sales and earnings guidance for the 2021 fiscal year that was published on February 5, 2021. This forecasts a sales increase to between 1,075 million and 1,175 million euros and EBITDA of 75 million to 95 million euros. Under the conditions I have previously mentioned, we assume that SMA will be able to

expand its position in important core markets as the year progresses and to benefit from the expected growth in the photovoltaic markets in Europe and America as well as the global storage system market – even though the further development of the supply situation in electronic components is difficult to assess. On the basis of the positive business performance in the past year and the growth forecast for 2021, the Managing Board and the Supervisory Board recommend the Annual General Meeting that a dividend of 0.30 euros per share be set for the 2020 fiscal year. This equates to a dividend payout ratio of 37 per cent in relation to the net income.

Ladies and gentlemen, shareholders, it will not be possible to implement the energy transition successfully without the skills and shared commitment of the people in the businesses. We at SMA have long understood this – whether it relates to training, the Innovation Center, or to our development departments. In a team drawn from 62 different nations, diversity and equal opportunities are firmly embedded in our corporate culture. Which is why we were so delighted when one of our trainees, Hedayat Tajik, took first place in the national “Diversity in Training” competition. Hedayat is now a full trained electronic engineer for systems and devices and won the prize for his outstanding training performance and the commitment he has shown to the company. SMA was also honored here: as an exemplary training institution for people coming from a refugee and migrant background.

SMA also convinced the jury in the TOP 100 innovation competition. SMA impressed in the scientific selection procedure in particular in the category “Innovative processes and organization”. It's a fantastic team performance, one that we are hugely proud of.

Finally, we are also delighted to have been honored with the Axia Best Managed Companies Award. This provides confirmation of the fact that the course we have embarked on is the right one – to make our company successful and fit for the future by digitalizing processes, adopting innovative approaches to organizational development, and pursuing a modern understanding of leadership. An absolutely critical factor here is also that we maintain our corporate culture that is built on trust and participation. This distinguishes us from a lot of other companies in the fiercely competitive photovoltaics market.

Increasing competition and bureaucratic hurdles are also the reason why many companies are relocating abroad. In contrast, we made a conscious decision around two years ago not to relocate our production and development activities to China and to reinforce the Germany site. Because it is precisely here that we have the skills that enable us to master the complexity of the future energy supply, to deliver the global market with innovative technology Made in Germany, and to stand our ground against state-subsidized competitors from China. We continue to invest on site and will for

example open our new test center for large central inverters in a few weeks, a center that will be unrivaled in Germany and Europe.

SMA is ready to make a decisive contribution to the climate-neutral restructuring of the German economy and to keep high-quality jobs in Germany. Now it is up to the politicians to chart the right course, to dismantle bureaucratic and tax hurdles that stand in the way of the self-consumption of solar energy, and to promote innovations as well as new occupations to quickly enable the urgently needed restructuring of the economy.

It is only under these conditions that Germany will remain an attractive location. And it is only in this way that we will secure for ourselves a leading role in the future industry involving renewable energies.

I would like to thank all SMA employees for their fantastic work in these challenging times! I am very confident that we will all overcome the challenges before us as a team – we have demonstrated in the last 40 years how well we can sail our ship even in rough seas.

“We pioneer access to clean energy”. That is the vision of SMA. It is at the same time a promise: we will invest all our efforts in making a success of the energy transition and play our part in ensuring that we do not leave a damaged planet to the generations that follow us, but instead give them a livable and diverse world to inherit. That is what we have done for 40 years – and that is what we will also continue to do.

Thank you very much for your trust!