# (Virtual) Annual General Meeting of NORDEX AG Speech given by CEO José Luis Blanco

# at corporate headquarters in Hamburg on 31 May 2022

Please check against delivery.

Dear shareholders,

Ladies and gentlemen,

On behalf of the entire Management Board, I would like to warmly welcome you to the virtual Annual General Meeting of Nordex SE. Last year I had hoped to be able to welcome you in person today, but unfortunately this was not to be. Owing to the protracted coronavirus pandemic, we are again reporting from corporate headquarters in Hamburg today because your health and safety and that of our employees and business partners is of paramount importance for us.

The 2021 financial year was marked by ups and downs in equal measure, holding numerous surprises and posing tough challenges for us. I will now review the past year for you and bring you up to speed on recent developments. Please understand that I will be speaking in English, a language in which I am more comfortable.

Overall, we made a strong start to 2021, with higher installation volumes, rising sales and operating profits in the first half of the year that grew in line with expectations. Our order intake continued to grow on the back of our successful product, Delta4000. Incidentally, this positive trend is still continuing as you can see from our strong order intake momentum. As you know, the ongoing pandemic had also prompted us to develop and implement a whole raft of measures to stabilize our business processes for production and installation, something which we managed to do successfully on the whole. My special thanks go to our Nordex team, who rose to the task with huge commitment and a great deal of passion and made these achievements possible.

In mid-2021, however, the macro environment began to deteriorate rapidly for many industries – including the wind industry and the Nordex Group was no exception. Volatile logistics markets, the continued fallout from the coronavirus pandemic and the unexpected spike in the cost of raw materials and transport services, especially shipping, generated considerable problems in the second half of the year. This concentration of external pressures ultimately led us to revise our earnings guidance in line with our peers, but I'll come back to that later.

Then there was the damage to a turbine in Germany, where a tower collapsed, though fortunately no one was hurt. Comprehensive inspections are still being carried out – nothing unusual for an event of this nature. On the accounting side, this event is accounted for through a corresponding provision in the 2021 financial statements.

It was no surprise that the coronavirus pandemic continued in 2021. We were well prepared for this, as I mentioned before. As you know, the health and safety of our employees and business partners has top priority for us. We systematically continued with our hygiene protocols and were also able to give our staff the opportunity to be vaccinated, an offer that many were happy to take up. Despite the difficulties presented by the pandemic, we achieved an order intake of nearly 8 gigawatts, driven mainly by strong demand for the Delta4000 platform. This further expanded our order book.

In this extremely volatile environment, we again managed to surpass last year's already very high installation volume with an increase of over 20 percent to 6.7 gigawatts. For this we built more than 1,600 wind turbines in over 22 countries, something that required enormous effort and top performance from our staff. I am extremely grateful to them for this commitment and the flexibility they show time and again.

Project execution is and will remain particularly important to us because we strive to be a reliable partner to our customers even in difficult times marked by the coronavirus and supply chain disruption. Our goal is to consistently avoid delays in projects, which is why we work closely with authorities, suppliers and all parties involved in the wind farm. What is more, working off the backlog of orders frees up the necessary financial resources and manpower that we need to implement new projects.

I would like to conclude my introduction with some good news – the effects of the coronavirus pandemic are slowly getting over barring few local exceptions and the governments in many countries have learnt to live with the virus for now. Hopefully, we will not see any further material impact from this topic in the future.

**Financial measures**

We successfully carried out several financial transactions in 2021 that have strengthened our balance sheet, increased our equity ratio and improved our flexibility. I will discuss these transactions in chronological order.

In July we implemented a capital increase that combined a cash inflow with a contribution in kind. The overall transaction volume was in excess of 586 million euros. Gross cash proceeds of nearly 390 million euros were generated from the issue of around 42.7 million new shares at a subscription price of 13.70 euros. In addition, our main shareholder Acciona S.A. contributed receivables from a shareholder loan with a value of nearly 197 million euros as a contribution in kind. This transaction improved our financial freedom and strengthened our balance sheet in line with the industry.

Parallel to this capital increase, we increased our guarantee credit facility assessed according to sustainability criteria by 171 million euros by exercising a top-up option, bringing this up to 1.41 billion euros. This top-up also makes up to 100 million euros available to Nordex in the form of a guaranteed cash credit line. Furthermore, we had already extended the bulk of our guarantee credit facility for a further year until 2024. In this context, we also terminated the 350 million euro state-guaranteed revolving credit facility and thus withdrew from coronavirus-related state subsidies ahead of schedule. In addition, we repaid in full the research and development loan from the European Investment Bank (EIB) originally totaling 100 million euros.

With these transactions we further strengthened the Group's financial base and will be able to use this to support our strategic goals, which I will discuss next.

**Strategic goals**

A year ago, I talked to you about our ultimate strategic goal of generating sales of 5 billion euros and achieving an EBITDA margin of 8 percent with production capacity of 6 GW. We achieved our sales and production capacity targets as early as 2021, but due to numerous disruptions in the market, we had to postpone the achievement of our EBITDA margin target. Nevertheless, we still firmly believe that we can achieve this goal in structural terms in the medium term once the markets return to stability. While the challenges in the short term are enormous, the Nordex Group's medium-term prospects are excellent. In light of this, I would like to outline our strategy that we have consistently implemented from last year.

Let me start in general terms. Our focus remains exclusively on production, marketing and servicing of onshore wind power systems. These systems on land are much less capital-intensive and have much lower risk potential than offshore systems. Geographically speaking, we focus on markets that are profitable and open, which is why we are not implementing any projects in China, India or Argentina at present. On the production side we also avoid risks by focusing on our tried-and-tested Delta4000 platform, both for the development of new products and for the refinement of existing ones.

Product portfolio

The Delta4000 series with its modular design forms the basis of our competitive product portfolio, which offers types of turbines that are ideally suited for every wind strength in all of our international markets. Having already had turbines in the 4 MW and 5 MW classes, we succeeded in entering the 6 MW segment with the N163/6.X in September 2021. This turbine is able to produce a higher annual energy yield thanks to its higher nominal output. Usable in different modes, it enables optimal use in terms of customer requirements as regards output, capacity, operating time and sound requirements. It has an operational life of 25 years, but up to 35 years are possible. In this respect, this turbine gives us a promising positioning in the onshore market – something that was confirmed at the end of 2021 when we received an order from Finland for 380 megawatts or 56 turbines which also included an anti-icing system. This large order underscores our customers’ deep trust in us and our good partnership, but is also indicative of anticipated brisk demand for types of turbines that have a high, scalable nominal output. And just on May 18, 2022, we built the prototype of this turbine. The premiered turbine is now being installed as part of the installation work in the Zeebiestocht and Olsterwind wind farms in the province of Flevoland in the Netherlands, where a total of 15 turbines in this latest version are being installed.

The quality of our order book also improved as our order intake rose from 6.0 gigawatts in 2020 to nearly 8.0 gigawatts in the year under review. Here, the share of Delta4000 platform rose even further to a total of 83 percent in our annual order intake. While Delta4000 models accounted for

36 percent of project business sales in 2020, this share climbed to over 60 percent in 2021.

The Nordex Group thus maintained a leading role in terms of order intake and again ranks second in Europe. Worldwide, we have moved up to third place in the ranking. We continue to hold a leading position in Europe and Latin America and also have a good market position in the United States. The vast majority of projects for this year are secured by firm orders.

Supply Chain

Another element of our strategy is the regular review of our production footprint because a geographical shift in demand necessitates periodic adjustments. Last year I told you that we were planning to build up production in India for rotor blades and turbines to a capacity of 4 gigawatts. We are nearly three months behind our original schedule here due to the coronavirus pandemic. However, this step is an important one for the Nordex Group to increase our competitiveness and achieve cost savings.

Reviewing production footprint is a continuous task. As a result of this review, we will discontinue rotor blade production in Rostock in the middle of the year so as to remain competitive. We notified our workforce in Rostock of this difficult decision on 28 February 2022. Nacelle production in Rostock will not be affected by this decision.

The intense competitive environment also forced us to review the continuation of hub, nacelle and drivetrain production at the site in La Vall d'Uixó, Spain, and it was ultimately decided to close this production facility as well.

In this connection, I would like to mention that the lack of permits is still causing surplus capacity in the European markets, which in turn creates price pressure.

We started to establish rotor blade production in Matamoros, Mexico, in 2020. In view of the extremely challenging ramp-up of production during the pandemic, we decided to enter a strategic partnership with US-based TPI Composites. TPI manufacturers rotor blades and is a leading expert in rotor blade process technology. We transferred operation of rotor blade production to TPI for three years to further increase efficiency and output.

Improvement program

Last year, I talked to you about our Group-wide program for improving profitability. We systematically implemented this program and will continue to do so it in 2022. Generally speaking, we expect the full effect to be achieved by the end of this year. The program contains numerous modules and initiatives for cutting costs and increasing efficiency. I was talking just now about the ramp-up of our production. A key driver for achieving a sustainable increase in profitability is the already high and growing importance of the Delta4000 platform in our order intake, which benefits from the modular concept, among other things.

The service business is our another strategic focus area because it not only ensures close ties with customers but also safeguards a steady stream of income with attractive margins. The continuous rise in installations will give a boost to the service business as well, because every contract entered into for a turbine is accompanied by a service contract and remains in many cases under contract afterwards. The time lag is approximately one year as the service contracts only commence after the turbines come on stream. We ensure cost-effective, reliable operation of wind farms for our customers over a network of 320 sites. We have now taken account of this growing service business at an organizational level as well.

We have standardized service contracts with different levels of service which customers can enter into for a term of their choosing. Some contracts are even concluded for terms of 35 years. We offer our customers all-in solutions that can comprise preventive maintenance, upgrades, customer training, full modernization, and also 24-hour remote monitoring. The primary goals remain the same: to improve the Company's profitability and lock in our customers for the long term with attractive terms and services.

We currently have over 39 gigawatts installed in 40 countries, of which we have nearly 9,800 wind turbines worldwide with a good 27 gigawatts under service contract.

Let's now take a look at what's happening in our markets.

**Market development 2021/2022**

The trend towards renewables is one of the main driving forces in our business. Renewable sources of energy are the only possible answer to climate change with the goal of achieving a competitive, environmentally beneficial form of generating energy. The competitive strength of wind energy achieved by technical innovations and more intense initiatives to expand the use of renewable energy in almost all countries are creating robust structural demand for wind energy and placing the global market on course for long-term growth.

When looking at 2021, however, it is important to note that the special factors in China and the USA that led to an exceptional boom in these countries in the previous year slowly faded away. In addition, the pandemic as well as the global supply shortages and the exorbitant cost increases for steel and transport services had an adverse impact on the wind industry and led to delays. In this respect, the global expansion of wind energy ground to a halt in 2021 despite strong demand. Nevertheless, 2021 was the second-best year on record for wind energy when it came to building new power generation capacity. According to the Global Wind Energy Council (GWEC), nearly 94 gigawatts of new capacity were installed worldwide in 2021, of which 72.5 gigawatts of were onshore. Europe achieved strong growth with an increase of 19 percent and Latin America witnessed growth of 27 percent. Total capacity available worldwide rose to 837 gigawatts in 2021, an increase of 12.4 percent.

Many of the government stimulus packages currently being discussed and agreed are expected to speed up the transformation of the energy supply. For this reason, our business is largely determined by the political environment and the climate strategies in our sales regions. The UN Climate Change Conference in Glasgow in November 2021 reaffirmed the targets set out in the Paris Agreement limiting global warming to a maximum of 1.5 degrees Celsius and emphasized the accelerated move away from coal and other fossil fuels.

At the European level, the European Green Deal is particularly relevant for Nordex; this envisages climate neutrality by 2050 and targets a significant increase in the share of renewables by as early as 2030. The Nordex Group does not expect the proposal made in early 2022 to categorize nuclear energy and natural gas as sustainable in the EU Taxonomy to have any significant negative impact on investments in the wind energy sector.

In addition, there are efforts by national governments to accelerate the expansion of wind energy, which Germany’s newly elected federal government has also expressed by announcing ambitious targets. Based on considerably higher anticipated demand of 715 terrawatt hours instead of the 580 terrawatt hours previously forecast, the new government is now aiming to generate 80 percent of power from renewable energy sources by 2030. This would require installed capacity to approximately double from its current level of **55 gigawatts to around 110 gigawatts** in 2030. To reach this target, 2 percent of land in Germany will need to be made available for onshore wind compared to current usage of around 0.5 percent today. Efforts will also be made to simplify the current lengthy planning and approval processes. These new policies and initiatives could improve the demand drastically in the medium term.

Likewise, the USA's return to the Paris Agreement in conjunction with the plan of the package of infrastructure initiatives is also likely to boost the use of renewables. However, expansion has recently stalled here, as support for the wind industry through tax credits has not yet been extended in 2022.

In Latin America, the market environment is dominated by auctions and bilateral power purchase agreements, or PPAs. Bilateral PPAs are emerging in part as alternative financing structures to existing state auctions. For example, this was the case in Brazil in recent years due to highly competitive onshore wind power prices combined with a lower number of public auctions.

The recent events in Ukraine are giving an additional boost to the energy transition worldwide, above all in Europe. In connection with Russia's war of aggression against Ukraine, which I personally condemn in the strongest possible terms, fossil fuels and countries' high level of dependence on them have risen high on the political agenda. Beyond the harmful aspects of fossil fuels for our climate, the current situation shows the vulnerability of the existing energy supply structure in terms of stability and security of supply as well as the resulting high degree of political extortion. The EU's primary goal is therefore to eliminate these structural weaknesses as quickly as possible in order to safeguard the economy and prosperity in Europe. As a consequence, the desire for cleaner, locally produced energy has perceptibly become much stronger. With the REPowerEU plan, for instance, the EU published a more ambitious expansion plan for ending Europe's dependence on fossil fuels from Russia well before 2030. This could require the wind markets to double in size from its current levels. This could be extremely positive for the industry. In addition, the "Easter package" adopted by the new German government is intended to improve the framework for further accelerating the expansion of renewables. A core element of this package is focused on making more space usable for onshore wind turbines. I welcome these efforts and hope that they will rapidly lead to practical implementations so that we reduce our dependence on fossil fuels and have cheap energy available to us that is generated locally and independently.

Repowering provides additional potential. In the coming years, wind turbines in established markets like Germany, the United States, Denmark and Spain will lose their subsidies and reach the end of their economic useful life. As a result, such turbines could be replaced with new ones that have a significantly higher energy yield. We expect this to create additional market opportunities because our Delta4000 platform is also designed to meet such technical requirements.

We can sum up by saying that the medium-term prospects for wind energy are thus very attractive. According to the most recent market forecast by the Global Wind Energy Council (GWEC), annual installations in wind energy systems will increase by an average of 6.6 percent worldwide by 2026, with onshore installations increasing by 6.1 percent. Overall growth of 7.5 percent to 100.6 gigawatts is expected for 2022. The medium-term prospects up to 2026 for the markets that are relevant for Nordex, i.e. onshore worldwide excluding China, are exceedingly positive. GWEC expects that 87.7 gigawatts will be installed onshore in Europe by 2026, with Germany making up the lion's share at 19.7 gigawatts or 22 percent. Spain and France will also account for large shares with 11 and 10 percent respectively, as will Sweden and Finland. The highest-volume markets in Latin America in the forecast period are Brazil, Chile and Colombia. GWEC expects the USA to record strong onshore growth in 2022 and further growth by 2026. Australia will also invest substantially in expanding onshore wind energy.

By modifying our production structure as needed, focusing on the Delta4000 platform, and making pinpointed investments in our capacity as well as in the value chain as a whole, we are creating the right framework to leverage this attractive market potential as comprehensively as possible and steer the Company on a course of profitable growth with the aim of achieving sustained good profitability as well as a solid and robust balance sheet and financing structure.

**Sustainability**

I am also delighted to be able to report that on 29 March 2022 we published our sixth sustainability report together with our 2021 Annual Report. Along with recent developments, activities, and KPIs in the field of sustainability, the report also details our new sustainability strategy. This includes ambitious targets to reduce carbon emissions, continuous improvement of a progressive corporate culture, reinforcement of ethical standards in our supply chain, and sustainable optimization of our products. I am particularly proud that we created even greater transparency by formulating our new targets more specifically. In this connection, I would also like to mention that we reached a saving of 60 million metric tons of carbon emissions that our installed turbines around the world were able to save last year, and it shows the contribution we at Nordex Group are making worldwide to achieving the 1.5 degree target.

## Business performance in 2021

Let me now present Nordex's figures for 2021. First I want to talk about the revision of our guidance that I mentioned at the beginning. We had originally estimated that we would generate consolidated sales of 4.7 to 5.2 billion euros with an EBITDA margin of 4.0 to 5.5 percent. In the middle of the year, we still believed we could achieve a margin at the lower end of this range. However, the instability in the logistics markets, continued fallout from the coronavirus pandemic in conjunction with the unexpected spike in raw material and logistics costs, especially shipping, in the third quarter forced us to revise our forecast downward in November. Our revised guidance then provided for consolidated sales of between 5.0 and 5.2 billion with an EBITDA margin of around 1 percent.

Now for the specifics: We increased sales from 4.7 billion euros in the previous year to 5.4 billion euros, which was slightly above the new sales guidance I just mentioned. Sales in the turbine business amounted to 5.0 billion euros, and sales in the Service segment came to 468 million euros. This sales increase is mainly due to the significantly higher number of installations.

Gross revenue less cost of materials, i.e. gross profit, rose sharply by 51.1 percent to EUR 827 million and achieved a margin of 15.2 percent, up from 11.8 percent in the previous year. This increase is primarily attributable to the growth in gross revenue, which benefited from the rising contribution from our profitable Delta4000 platform in the overall revenues. This is proof that our strategy for improving our profitability holds promise. External factors over which we have no control had a dampening effect. As a result, we had to absorb an increase in material expenses of nearly 425 million euros, with the explosion in material costs and shipping costs in particular impacting us from the second half of the year onwards – and with greater momentum as the year went on. Earnings before interest, taxes, depreciation and amortization fell to approx. 53 million euros, around 44 percent below the prior-year figure of 94 million euros. This was caused by higher personnel expenses of nearly 40 million euros in the reporting year and non-recurring other income of almost 363 million in the previous year on account of the sale of the European project development portfolio to RWE at the time. The EBITDA margin of 1.0 percent, down from 2.0 percent in 2020, fulfilled the revised guidance in November 2021. After adjusting for depreciation and amortization, earnings before interest and taxes (EBIT) came to minus 107 million euros after minus 62 million euros in the previous year. We therefore ended the 2021 reporting period with a consolidated net loss for the year of 230 million euros, which is higher than the consolidated loss for the prior year of 130 million euros.

Total assets fell to 4.1 billion euros in the reporting period due primarily to a significant reduction in inventories of just under 7 percent. The equity ratio rose significantly from 17.5 percent to 25.9 percent, with the capital increase implemented in July 2021 easily offsetting the consolidated net loss. Cash and cash equivalents rose marginally to 784 million euros as of the end of 2021 from 778 million euros in the previous year. This means that the Nordex Group continues to have a solid balance sheet structure. In the project business, management of working capital is paramount and is therefore a particular focus area. The working capital ratio as a percentage of consolidated sales was minus 10.2 percent, which was still well below the target of less than minus 6.0 percent. The prior-year ratio had come in at minus 6.3 percent. In 2021, we recorded investments of close to 169 million euros, slightly below the target of around 180 million in our guidance. Capital expenditure mainly focused on the establishment and expansion of rotor blade production in India and the procurement of installation and transportation equipment in Spain for international projects.

I would now like to discuss developments in our operating business, starting with production. At 1,480 turbines in 2021, our turbine production hovered around the 2020 level of 1,488 turbines. However, the number of Delta4000 series turbines nearly doubled to over 1,100 from a good 600 in the previous year. As a consequence of the turbines' higher nominal output, the increase in megawatts was significant at around 16 percent, rising to 6.7 gigawatts from 5.8 gigawatts in the previous year.

We likewise recorded a strong increase in our in-house manufacturing of rotor blades. Production in 2021 was up by nearly 9 percent to 1,680 rotor blades from 1,545 in the previous year. The number of externally manufactured blades is virtually unchanged on the prior-year volume at 2,822 and depends to a large extent on the prevailing market conditions.

Turning now to our installation output, which we boosted by 20 percent from 5.5 to 6.7 gigawatts – despite the coronavirus pandemic and the global supply chain and logistics problems, which caused disruption to project development activities. In total, we erected more than 1,600 wind turbines in 22 countries, 6 percent more than in the previous year, when we built 1,533 turbines in 24 countries. According to the market observers at Wood Mackenzie, we thus once again rank fourth among all manufacturers worldwide – outside China. Order intake in the Projects segment from 22 countries came to 5.7 billion euros in 2021, up 35 percent from the 4.2 billion euros recorded in the previous year.

Most of our incoming orders came from established markets, which have a much lower risk overall: Europe accounted for 64 percent of the value of the order intake and Latin America for 19 percent. In 2021, 9 percent of orders came from the "Rest of the World" region (Australia) and 8 percent from North America. Our most important individual markets in Europe were Germany, Finland, France, Turkey and Poland, while the key international markets included Brazil, Australia and the USA. And while we’re still on the subject of order intake, I would like to underline our strong market position in Europe, where we rank second with a market share of 31.3 percent.

Overall, the order book in the turbine business increased by a good 20 percent to 6.2 billion euros from 5.1 billion euros in the previous year. European markets once again accounted for the largest share of 61 percent, followed by Latin America at 24 percent, then the region “Rest of the World” at 8 percent and North America at 7 percent. As a result of the steady growth in installations, our service business is also continuing to grow and is characterized by a high level of stability, consistent cash flows and attractive margins. As I described earlier, this business ensures close contact with our customers and plays an important part in strategic customer retention. As of the end of 2021, we had nearly 9,800 turbines with a total output of 27 gigawatts under service contract. Sales in the Service segment rose again by nearly 7 percent from just under 440 million euros to 468 million, which means that, as in the previous year, this segment accounted for around 9 percent of consolidated sales.

The EBIT margin rose from 15.8 percent in the previous year to 16.7 percent. Order intake in the Service segment amounted to nearly 625 million euros, up from 608 million euros in the previous year. The number of ongoing service contracts rose further by 8 percent from 2.8 to 3.0 billion euros. As of year-end 2021, we had an order book for new turbines and maintenance orders in excess of 9.2 billion euros. This represents an increase of nearly 16 percent on booked business at the end of the prior period.

## First quarter of 2022

Normally I would go into more detail on developments in the first quarter of 2022 at this point. As you have presumably learned from the press, we were the target of a cyber incident on 31 March 2022, though the intrusion was quickly identified and countermeasures were taken right away in line with the corresponding emergency protocols. As a purely precautionary measure, the IT systems of several business areas at various locations were shut down in response to the attack. The crisis team that was set up immediately worked with internal and external safety experts to contain the disruption and minimize its impact. The good news is that we were successful in our efforts and damage was limited. None of our customers' wind farms or systems were affected. However, as a result of this situation, our reporting is delayed, so I'm afraid it won't be available in the usual format until the 20th of June. Cyber security has always been a top priority for us, and we are ISO-certified. However, we discovered that our best efforts were not enough, which is why we will place even stronger emphasis on the topic of cyber security going forward.

Even without having all the results for the first quarter of 2022 at hand, I can say that in terms of orders we started the year on a very strong footing. In the first quarter, the Nordex Group received orders for 229 wind turbines with a nominal output of around 1.2 gigawatts – similar to in the previous year – with the Delta4000 turbine series accounting for 91 percent. The N163/5.X in particular has made a major contribution to this gratifying development, of which I am very proud. 89 percent of the new orders came from Europe and 11 percent from Latin America. The most important individual markets were Finland, Germany and Croatia.

## Outlook for the 2022 financial year

Let me now give you an outlook for the rest of the 2022 financial year. As I said before, we are faced with different challenges caused by both internal and external factors that are impacting on our operating business. We had issued our guidance for this year on 29 March 2022. The starting point for this was the order book at the end of 2021, which I mentioned earlier, and the price stability. In these circumstances, we expected to achieve consolidated sales of between 5.4 and 6.0 billion euros. We also expected to generate an EBITDA operating profit margin of 1.0 to 3.5 percent, excluding any costs for organizational restructuring and geopolitical events.

Against the background of recent developments, we updated our guidance for the 2022 financial year on the 24th of May. The updated guidance takes into account direct as well indirect effects expected as of today of the war in Ukraine and one-off expenses for reconfiguration in the production footprint that for lack of sufficient visibility could not be included in the forecast published at the end of March. In addition, the updated guidance also includes additional costs and impacts on the company's business in connection with the cyber security incident of 31 March 2022 and anticipated effects from supply chain disruptions coming from China. We know that this difficult market environment with a strained cost situation will continue in 2022 due in part to the war in Ukraine. The guidance for the capex and working capital levels remain unchanged. We still expect to invest 180 million euros as we continue to expand our global production and develop our product portfolio. The working capital ratio as a percentage of consolidated sales is still predicted to be below minus 7 percent at the end of 2022.

Increasing sale prices to offset the increasing cost structure, improving product mix and a stable macroenvironment will remain essential for achieving the Company's margin improvement targets.

To achieve our goals and return to a normal profitability in the medium term, we have three key tasks for this year. Firstly, safeguarding the supply chains is our top priority so that we can work off our order backlog efficiently and continue to be perceived as a reliable partner by our customers. To this end, we are in talks with our suppliers and are evaluating alternative procurement solutions and initiating further measures. We have also concluded a master agreement with a shipping company, securing appropriate freight quotas for ourselves. Secondly, we will need to keep adjusting our sale prices in line with increasing cost structure. As wind is already one of the cheapest sources of energy, we believe that our customers should be able to absorb the increase relatively easily. This topic, incidentally, applies not specific to the Nordex Group but to the entire wind industry. And thirdly, continue to strengthen our balance sheet partly by continued tight control on working capital and carefully managing our cash flows.

The medium-term prospects for our industry are better than ever. Climate change, decarbonization of industry and – especially due to the war in Ukraine and its consequences – the pursuit of a clean, independent energy supply are strong, long-term drivers of demand. We are also assisted in our endeavors by what has become a high level of acceptance of renewables and thus of the wind industry among the general population. We will continue to need the support of political decision-makers to be successful on this path. Our goals are clear. We want to add value for society by actively continuing to help avoid emissions with our products. At the same time, we want to be an attractive and sustainable investment for you, our shareholders – this is the overriding goal of all our efforts.

I hereby conclude my report on the 2021 financial year, the explanation of recent developments, and the outlook of the Nordex Group for 2022. Now, as announced by the Supervisory Board Chairman and meeting chair Dr.

Ziebart, I would like to summarize the proposed resolutions on today's agenda.

**Agenda item 1** relates to the 2021 annual financial statements referred to earlier.

**Items 2 and 3** comprise the resolution to ratify the actions of the members of the Management Board and Supervisory Board for the 2021 financial year.

**Agenda item 4** concerns the by-election of two Supervisory Board members. The first candidate, Ms. María Cordón Ucar, was appointed to the Supervisory Board by the court in September of last year to succeed Mr. Rafael Mateo Alcalá until the end of today's Annual General Meeting and has since been a member of the Strategy and Technology Committee. Ms. Cordón is Director of Corporate Transactions at the anchor shareholder Acciona S.A. and has been involved in many major transactions for the Group. Ms. Cordón has attended all meetings of the Supervisory Board and all meetings of the Strategy and Technology Committee held since her appointment. Ms. Cordón does not hold a seat on any other supervisory boards or comparable bodies of domestic or foreign undertakings.

The second candidate, Ms. María Isabel Blanco Álvarez, is a leading climate policy and environmental economist at the European Bank for Reconstruction and Development in London and boasts an exceedingly diverse 20-year track record in management in the fields of climate change policy and green economy. Ms. Blanco has been nominated for today's by-election because Ms. Connie Hedegaard stepped down with effect from the end of today's Annual General Meeting. Ms. Blanco has exercised her current position since 2014, prior to which she held management posts at Gamesa in Madrid and at the European Wind Energy Association in Brussels, among others. Since 2012 she has also acted as an independent expert for climate and energy programs for the European Commission. Ms. Blanco does not have any personal or professional relationships with the Group, the Company's executive bodies or a major shareholder of the Company. In addition, she does not hold a seat on any other supervisory boards or comparable bodies of domestic or foreign undertakings.

**Agenda item 5** concerns the approval of the remuneration report for the 2021 financial year.

**Agenda item 6** relates to Authorized Capital One. As things stand, Authorized Capital One was used up in June of last year through a cash and non-cash capital increase and therefore no longer exists. Our proposal to today's Annual General Meeting is therefore to "top up" the volume to 16 million euros, representing 10 percent of the current share capital of 160 million euros. The new authorization would have a term of three years. In addition, the new Authorized Capital One would again provide for an authorization to disapply shareholders' pre-emption rights for a cash and/or non-cash capital increase of up to 10 percent of the current share capital.

**Agenda item 7** contains a motion to create new Authorized Capital Two after Authorized Capital Two had been used up in June of last year through a cash capital increase. Our proposal to today's Annual General Meeting is therefore to "top up" the volume to 32 million euros, representing 20 percent of the current share capital of 160 million euros. The new authorization would likewise have a term of three years. However, disapplication of pre-emption rights would only be possible in the case of fractional amounts.

**Agenda item 8** contains the resolution on the creation of new Authorized Capital Three after the existing authorization had been utilized in connection with the cash capital increase in June 2021 apart from 0.3 million shares. Today we would like to propose that the volume of the authorization be "topped up" to 4 million shares. This authorization would also have a term of three years. The content of the proposed authorization would not differ from that of the previous one.

In **agenda item 9** we would like to propose setting the overall limit for all capital authorizations at 40 percent of the current share capital. This would solely serve to prevent dilution of the holdings for you, the existing shareholders, and would require certain amendments to the Company's Articles of Incorporation.

**Agenda item 10** contains the proposal to the Annual General Meeting to approve the conclusion of a profit and loss transfer agreement between Nordex SE and its subsidiary Nordex Offshore GmbH, which is to be renamed Nordex Manufacturing GmbH. This transfer agreement will make it possible to establish a tax group under German law that allows profits and losses to be combined at Group level. This is highly recommendable for tax reasons and in the interest of the Company.

**Agenda item 11** contains the resolution on an amendment to the Articles of Incorporation that would enable the Company to hold virtual Annual General Meetings in the future.

**Agenda item 12** concludes with the election of the auditor.

I would like to stress that the agenda items presented here are of great importance for the further development of the Group – particularly in this volatile market environment – and would like to take this opportunity to ask you to give your approval.

For more information on the items on today's agenda, including the necessary reports, please refer to the invitation to this Annual General Meeting, which was e-mailed to you and is available in the Investor Relations section of our website under "Annual General Meeting". In relation to the proposed capital authorizations and the curriculum vitae of each of the nominees to the Supervisory Board, you will also find a fact sheet with a summary of the content.

Soon we will answer the questions that you sent to us ahead of this Annual General Meeting, but before we do I would like to sincerely thank you for your patience and trust during these challenging times.

I would also like to express my thanks to our business partners, employees and employee representatives.

Thank you very much!