

Siltronic AG

Speech
Annual General Meeting 2023

May 5, 2023

Dr. Christoph von Plotho, CEO

“Quality, Precision, Wafer”

**Speech to the shareholders of Siltronic AG at the Annual General Meeting
on May 5, 2023**

Dr. Christoph von Plotho, CEO Siltronic AG

TRANSLATED FROM GERMAN

The spoken word is valid

Dear Shareholders,
Dear Shareholder Representatives,
Ladies and Gentlemen,

Welcome to today's Annual General Meeting - also on behalf of my board colleague,
Rainer Irle.

I am pleased to welcome you personally to my last Annual General Meeting of Siltronic
AG.

First of all, I would like to start with a brief review.

Slide 4 – A review of the last year of Siltronic

We achieved a great deal in the past financial year and had a record year.
Due to the high global demand for silicon wafers, we were working at high capacity
throughout the year and were able to achieve price increases with our customers. The
favorable development of the US dollar exchange rate gave us additional tailwind. This
led to the best sales in Siltronic's history and hence to an excellent result.

Although our capacity utilization was already very high in 2021, we managed to slightly increase production volumes in 2022. This was possible because a number of production records were achieved at our sites.

Despite the increased volume, we have maintained our high-quality standards. Mr. Irle and I are very proud of the performance of the entire Siltronic team. Thanks to the commitment and passion of our employees, we were able to meet our customers' requirements and received awards from various customers for our performance. Three of our largest customers - Micron Technology, Intel and Samsung Electronics - presented us with supplier awards in 2022, recognizing this outstanding performance.

In the past fiscal year, we also made further progress with the largest investment in Siltronic's history. Our new and state-of-the-art 300 mm fab, FabNext, at our existing production site in Singapore made great progress. Our team on site is doing a remarkable job day by day, so that, as planned, the first wafers should be delivered to our customers early next year. In parallel, investments in the modernization of the Freiberg site have progressed. This is a clear commitment to the location of Germany.

In 2021, Siltronic published a new and ambitious climate strategy. Our goal is to halve our direct greenhouse gas emissions by 2030 and reduce them to zero by 2045. In the past financial year, we took a major step toward achieving this goal. Despite a slight increase in production volumes, we were able to reduce Siltronic's greenhouse gas emissions by more than 10 percent.

Slide 5 - Siltronic achieves record results in 2022

At 1.8 billion euro, Siltronic's sales in 2022 were more than 28 percent up year-over-year. As already mentioned, this increase was mainly due to price increases, but also to a favorable exchange rate development of the US dollar. The sales development was supported by a slight increase in volume.

This encouraging development is also reflected in EBITDA for the past financial year. Despite a strong headwind from higher prices for energy as well as raw materials and supplies, EBITDA increased by 44 percent and reached 672 million euro. This includes a one-time termination fee as a result of the failed tender offer by GlobalWafers. EBIT also improved significantly compared to 2021, from 317 million euro to 496 million euro.

This resulted in a profit for the period of 391 million euro or 13.02 euro per share.

Slide 6 – Strong financials despite record investments

The strong business is also reflected in our key financial figures. Our equity ratio was a strong 51 percent at the end of the financial year, despite the fact that debt financing was also raised for the investment projects.

At the end of the year, we had net financial assets of 374 million euro despite the very high payments for capital expenditure of almost 1 billion euro. This was mainly due to the strong operating cash flow of 805 million euro. As expected, net cash flow was negative at 395 million euro due to the high cash outflows for capex.

Slide 7 – Investments in the future

We invested almost 1.1 billion euro in our projects in 2022. The majority of this relates to the aforementioned new state-of-the-art fab, FabNext, in Singapore. In 2023 we expect a slight increase in investments due to the new fab. In the following year, these should roughly halve.

FabNext is on schedule to produce polished and epitaxial wafers for our customers' most demanding applications starting in early 2024.

During the ramp-up phase of the fab we have secured long-term agreements with customers. The scope here is around 80 percent of production capacity. The long-term agreements include major down payments to support the financing of the project.

We take a conservative approach in financing. In addition to prepayments from our customers, we use Siltronic's positive operating cash flow and existing liquidity. In addition, we have raised an appropriate amount of debt financing in the form of a promissory note loan and other loans.

April 2023 marked a decisive milestone in the construction progress of FabNext in Singapore. At the beginning of the month we started bringing in our production equipment. The building, clean room and supply systems were ready on schedule for the bring-in. We are proud to announce that this significant month was successfully completed, and everything went smoothly according to plan. To give you an idea of the impressive work done by the team: The construction site covers an area roughly equivalent to the size of 25 soccer fields. Currently, around 5,000 people are dedicatedly working on site.

Another important project also progressed in the past financial year. The expansion of the crystal pulling hall as well as the expansion of the epitaxy capacity at our Freiberg site. This investment in Germany ensures that we will continue to be able to produce the most demanding wafers for our customers' most advanced applications in the required

quality and quantity. Although this will not increase overall capacity, it will allow us to increase the share of higher value products in our portfolio.

Slide 8 – FabNext in Singapore with great opportunities for Siltronic

Ladies and gentlemen, let me go into more detail about FabNext, the new factory in Singapore. This state-of-the-art fab will make a significant contribution to Siltronic's further development. The fab is characterized by extensive automation and the use of the latest technologies. As a result, it will be the most cost-efficient fab within Siltronic and will be able to achieve an impressive EBITDA margin.

Dear shareholders, as you can see, we have laid the foundation for a successful future. Our strategy is clear and unambiguous - we want to expand and consolidate our leading technological position in the wafer market and continue to grow with the market.

Silde 9 – Dividend of EUR 3.00 per share

Ladies and gentlemen, as shareholders of Siltronic AG, we want you to participate in the company's very good performance in 2022.

Our dividend policy is to distribute around 40 percent of the consolidated net profit attributable to Siltronic shareholders as dividends. Since 2022, the dividend has been capped at a maximum of 3 euro per no-par value share entitled to dividend in order to maintain additional liquidity for our investments. Today, the Executive Board and the Supervisory Board propose to the Annual General Meeting to pay the maximum dividend of 3 Euro per share for the financial year 2022. This corresponds to a dividend payment of 90 million euro and a dividend yield of 4.4 percent, based on the closing price for 2022. Few shares in Germany offer such a good yield.

Slide 10 – Share performance 2022

Unfortunately, the share price does not reflect the positive development and great opportunities for Siltronic with its new fab. Of course, we are not satisfied with this. The stock markets were under severe pressure in the past financial year due to the central banks' tight monetary policy, the geopolitical crises and rising inflation. In the second half of the year, analysts and investors showed an increasingly cautious attitude toward semiconductor stocks, which caused the shares of our competitors Sumco and GlobalWafers as well as Siltronic to fall even further.

At the beginning of the year, Siltronic's share price was dominated by the tender offer from GlobalWafers. The share price started the year at just under 140 euro. GlobalWafers' offer period expired on January 31. Due to the lack of approval from the German Federal Ministry of Economics and Climate Protection, the tender offer ultimately failed. As a result, the share fell and reached its 2022 low of 56.10 euro on September 29. At the end of the year, the Siltronic share closed slightly improved at 68.15 euro.

Slide 11 – Outlook for the first quarter and 2023

After two very strong years for Siltronic, we are facing a challenging year 2023. Due to inventory corrections at chip manufacturers and their customers, we expect a temporary market weakness. Well-known customers published significant sales declines. In particular, prices for memory chips have fallen significantly.

For this reason, several customers have asked Siltronic to postpone delivery volumes. As a result, during Q1 2023, monthly sales volumes have decreased significantly, and sales are forecast to be approximately 15 percent below Q4 2022 and almost 5 percent below the Q1 2022.

The Executive Board currently expects sales in 2023 to be significantly lower than in 2022. In addition to the reduced volumes negative currency effects from the weakening US dollar will contribute to this. This will be offset by slightly rising selling prices.

A significant decline in the EBITDA margin is also expected. In addition to rising unit costs, this is also due to declining volumes as a result of inventory corrections by customers and exchange rate effects. Depreciation and amortization will increase to around 220 million euro due to investments. In addition to the above-mentioned influences, these factors mean that EBIT and earnings per share are expected to be significantly lower than in the previous year.

Ladies and Gentlemen, although the year 2023 is still characterized by many uncertainties, we are convinced of the medium and long-term growth potential of the semiconductor industry. Factors such as artificial intelligence, machine learning, advancing digitalization, autonomous driving and numerous other technology developments are driving demand for semiconductors and contributing significantly to the expansion of the industry. These megatrends are driving the growth of wafer area in end devices, underpinning the potential of this forward-looking industry.

We are confident that the industry will be back on a growth path by the time the first wafers are delivered to our customers from the new fab in Singapore in 2024 at the latest.

Slide 12 – Megatrends drive demand for wafer area

Allow me to give a few additional examples to illustrate the megatrends and thus the growth potential of our industry. Wafers can be found almost everywhere in your everyday life. Numerous devices in your home, such as your refrigerator, TV and other household appliances, contain our product. The main markets for wafers are in ubiquitous technologies like the smartphone you use every day or your computer. The extensive data you use and create is stored on servers that have a high demand for silicon area.

Machine learning and artificial intelligence mean that ever greater volumes of data have to be processed in ever shorter periods of time. As a result, the demand for silicon area in servers is continuously increasing. While a conventional server currently requires a silicon area of around 600 square centimetres, i.e. almost the area of a 300 mm wafer, an artificial intelligence-oriented server, for example, requires twice that. This impressive increase underscores the growing demand for advanced semiconductors to meet the requirements of modern technologies.

Slide 13 – Example of a car

Let's take a brief look at a car. The silicon area used in vehicles is increasing due to ever new applications. Driver assistance systems are becoming increasingly sophisticated and are now required by law in many countries. Semi-autonomous driving is also evolving, further increasing the demand for silicon. Of course, we are also benefiting from the trend toward more and more vehicles being powered by electricity. This is because electric vehicles require more power semiconductors than vehicles with combustion engines.

Let me give you an example. While the silicon area in an average conventional mid-size car is up to 90 square centimetres' - roughly equivalent to the area of 13 postage stamps - in a mid-size electric car it is already up to 150 square centimetres', or around 22 postage stamps.

As you can see, there are several examples that illustrate how promising the industry is.

Slide 14 – Ambitious climate targets: Our aspiration is to operate sustainably

Ladies and gentlemen, despite all these important issues, we have of course not forgotten another important task - perhaps the most important of our generation. Namely, the task of making Siltronic sustainable.

We want to combine entrepreneurial success and responsible action. This involves the efficiency of production processes, the sustainable procurement and use of resources, and also, in particular, the trusting interaction with our employees and our partners.

At the end of 2021, we therefore joined the “Science Based Targets Initiative”. We have thus committed to halving our CO₂ emissions by the end of this decade. This relates to the so-called "Scope 1" and "Scope 2" emissions, thus the emissions that are generated directly by us or are related to the energy we consume. By 2045, we even want to eliminate these net emissions completely.

To achieve these goals, we have set up a climate action program. This covers all production sites and includes three levers: increasing energy efficiency, generating our own electricity, and procuring electricity from renewable sources. In 2022, Mr. Irle and I approved a large photovoltaic plant for the production of our own electricity in Portland, which is put into operations this year and will thus soon contribute to our climate targets.

Slide 15 – The sustainable wafer

In addition to our climate targets, our product - the silicon wafer - also contributes to a better future. Without silicon wafers, there would be no electromobility, no digitization, no decarbonization - in other words, no energy transition. Silicon wafers are a component of almost all electronic components that make our lives more digital and thus simpler, safer, and more environmentally friendly. In addition, our research and development activities ensure that our customers receive increasingly advanced wafers

from which chips can be produced with significantly lower energy consumption. In this way, alongside our climate targets, we are helping to conserve valuable resources and reduce global carbon dioxide emissions. In addition, our employees face the daily challenge of making our processes better, safer, simpler, and more environmentally friendly, thereby also further increasing the sustainability of our product. Together, we want to live up to our responsibility to reconcile the impact of our business activities with the expectations and needs of society.

Slide 16 – Closing remarks and farewell

Dear shareholders: after this extraordinary year, many courses have been set for Siltronic's future.

We are well equipped to convert the market growth of the next few years into business success and look forward with confidence to a future as an independent and very solidly positioned company. Due to geopolitical challenges and consequences of inventory corrections in the supply chains, 2023 is and will remain a challenging year. However, this does not change our conviction that the semiconductor industry will experience strong growth in the medium and long term.

Please allow me to conclude with a few words about myself. As you may have read, today's Annual General Meeting will be my last for Siltronic. I am therefore all the more pleased to finally be able to address you in person again after three years of pandemic, during which the Annual General Meeting was unfortunately only possible in virtual format.

Dr. Michael Heckmeier will take over as CEO of Siltronic as of tomorrow, and I will retire as planned. I am very pleased that Mr. Heckmeier is here today and will introduce himself to you in person right away.

There will be another change on the Management Board at the beginning of July. My esteemed Executive Board colleague Rainer Irle will be leaving the company at his own request. His successor comes from Siltronic's own ranks and knows the company very well. Claudia Schmitt has already contributed to Siltronic's profitable growth course for more than 13 years and has also been involved in all important strategic decisions in the past. She has been Head of Controlling and Treasury at Siltronic for many years and therefore has extensive financial knowledge.

Dear Ms. Schmitt, I have always greatly appreciated your professionalism, commitment and extensive financial experience and am convinced that you will be an excellent successor to Mr. Irle. I cannot think of a better person to fill this important position on the Executive Board and thank you from the bottom of my heart for taking on this new role. Together with Mr. Heckmeier, you will form an outstanding Executive Board duo that will stand for the further growth and success of Siltronic.

Dear Rainer, I would like to express my heartfelt thanks to you for the many years we spent together at Siltronic. I have enjoyed working side by side with you. Your expertise and dedication have made a significant contribution to Siltronic's success. I have special memories of our joint highlight, the successful IPO in 2015, which was an important milestone for Siltronic. I am proud that we achieved this together. I wish you only the best for your future and your new position.

Dear Dr. Heckmeier, I wish you that you will take the workforce of Siltronic with you on your journey from day one. I am convinced that the Supervisory Board has made a good choice in you and that, together with Ms. Schmitt, you will lead Siltronic into the future with great success.

Ladies and gentlemen of the Supervisory Board, I would like to express my gratitude to you for the excellent cooperation during my time as CEO. Your foresight and commitment have played a decisive role in guiding Siltronic on the path to success and making it what it is today.

Ladies and gentlemen, since the IPO in 2015, I have had the opportunity to get to know a whole new group of stakeholders, including analysts, you dear shareholder representatives, and you dear shareholders. I would like to thank you all for the trust and valuable feedback you have given us. It was always a pleasure to talk to you and present our successes as well as progress. As a shareholder, I will continue to keep an eye on Siltronic and am convinced that the company will continue to be successful in the future.

For me personally, it has been an honor to have served as CEO for this great company for over 12 years. I am proud of what we have achieved together and how we have developed over more than a decade.

Thank you for your attention and all the best to you all.