



Half-Yearly Financial Report

January to June 2024 | SMA Solar Technology AG

SMA Solar Technology AG

at a glance

SMA Group		H1 2024	H1 2023	Change	Full year 2023
Sales	€ million	759.3	778.9	-2.5%	1,904.1
Export ratio	%	73.6	59.5		63.4
Inverter output sold	MW	9,107	7,213	26.3%	20,454
Capital expenditure ¹	€ million	53.1	35.5	49.7%	95.1
Depreciation	€ million	24.4	19.3	26.5%	41.5
EBITDA	€ million	80.6	125.3	-35.7%	311.0
EBITDA margin	%	10.6	16.1		16.3
Net income	€ million	44.1	103.5	-57.4%	225.7
Earnings per share ²	€	1.27	2.98		6.50
Employees ³		4,594	3,945	16.5%	4,377
in Germany		3,225	2,769	16.5%	3,039
abroad		1,369	1,176	16.4%	1,338

SMA Group		2024/06/30	2023/12/31	Change
Total assets	€ million	1,677.5	1,621.9	3.4%
Equity	€ million	714.6	686.2	4.1%
Equity ratio	%	42.6	42.3	
Net working capital ⁴	€ million	587.7	392.1	49.9%
Net working capital ratio ⁵	%	31.2	20.6	
Net cash ⁶	€ million	65.7	283.3	-76.8%

¹ Investments including additions of rights of use in accordance with IFRS 16

² Converted to 34,700,000 shares

³ Reporting date; including trainees and learners; excluding temporary employees

⁴ Inventories and trade receivables minus trade payables and liabilities from advanced payments received for orders

⁵ Relating to the last twelve months (LTM)

⁶ Total cash minus interest-bearing financial liabilities to banks

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CONSOLIDATED INTERIM MANAGEMENT REPORT¹

BASIC INFORMATION ABOUT THE GROUP

Business activity and organization

SMA Solar Technology AG and its subsidiaries (SMA Group) develop, produce and sell systems and solutions for the efficient and sustainable generation, storage and use of solar energy. These include PV and battery inverters, monitoring systems for PV systems, charging solutions for electric vehicles as well as intelligent energy management systems and digital services for the future energy supply. Extensive services and medium-voltage technology and power supply for hydrogen production round off the product range. With its products and services, the SMA Group actively contributes to making a sustainable, secure and cost-effective energy supply a reality worldwide.

Organizational structure

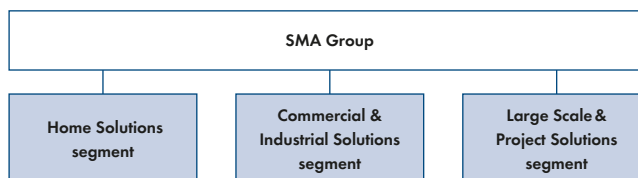
LEGAL STRUCTURE OF THE GROUP

As the parent company of the SMA Group, SMA Solar Technology AG, headquartered in Niestetal near Kassel, Germany, takes over all of the functions required for its operative business. The parent company holds, either directly or indirectly, 100% of the shares of all the operating companies that belong to the SMA Group. The Consolidated Interim Management Report includes information regarding the parent company and all 30 group companies (H1 2023: 30), including seven domestic companies and 24 companies based abroad. Furthermore, the Australian company AE Development Holdings 2023 Trust is treated as a joint venture. The SMA Group has held a 50% stake in the joint venture in the field of solar energy and battery storage projects through SMA Altenso GmbH since April 2024. In January 2024, SMA Solar Technology AG sold its 42% interest in elaxon GmbH to VARO Energy Management AG.

ORGANIZATIONAL AND REPORTING STRUCTURE

The SMA Group operates under a functional matrix organization. In this organization, the Home Solutions, Commercial & Industrial (C&I) Solutions and Large Scale & Project Solutions segments manage development, operational service and sales, production and procurement/logistics as well as quality assurance and order processing.

REPORTING STRUCTURE



MANAGEMENT AND CONTROL

In accordance with the German Stock Corporation Act, the executive bodies consist of the Annual General Meeting, the Managing Board and the Supervisory Board. The Managing Board manages the company. The Supervisory Board appoints, supervises and advises the Managing Board. The Annual General Meeting elects shareholder representatives to the Supervisory Board and grants or refuses discharge to the Managing Board and the Supervisory Board.

¹ In individual cases, rounding may result in values in this report not adding up exactly to the totals given and percentages not being derived from the values presented.

COMPOSITION OF THE MANAGING BOARD

Since December 1, 2022, the Managing Board of SMA Solar Technology AG has comprised the following members: Dr.-Ing. Jürgen Reinert (Chairman of the Managing Board and Board Member for Strategy, Research & Development, Operations and the Business Units (segments) Home Solutions, Commercial & Industrial (C&I) Solutions and Large Scale & Project Solutions, Sales & Service, Communications & Sustainability and Human Resources) and Barbara Gregor (Board Member for Finance, Investor Relations as well as Real Estate Management, Digitalization/IT, Legal, Governance, Compliance, Risk Management and Internal Audit).

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board of SMA Solar Technology AG, which represents shareholders and employees in equal measure, consists of Roland Bent, Kim Fausing (Deputy Chairman), Alexa Siebert, Uwe Kleinkauf (Chairman), Ilonka Nußbaumer and Jan-Henrik Supady as shareholder representatives. The employees are represented on the Supervisory Board by Martin Breul, Oliver Dietzel, Johannes Häde, Yvonne Siebert, Romy Siegert and Dr. Matthias Victor.

Research and development

The SMA Group uses its systems expertise to develop holistic solutions comprising hardware, software and operative as well as digital services for different applications in the fields of photovoltaics, battery storage systems and electric vehicle charging, as well as for comprehensive energy management across all segments and sectors (power generators, household appliances, storage systems, heating, ventilation and air-conditioning, e-mobility). To offer our customers technically mature and economic system solutions in all market segments and regions, we selectively collaborate with strong partners. With our continuous research and our market- and customer-focused development, we can further reduce the consumer cost of PV electricity, optimize the use of energy and decrease the complexity in the new, decentralized and digital energy world. At the end of 2018, the decision was made to discontinue development in China and to concentrate development on segment-specific platforms (instead of individual products) at the Kassel site. We have created the basis for this in recent years. Furthermore, we have been using modern development methods such as the SAFe approach since 2023.

Forward-looking development approach

With the growing importance of photovoltaics for the global power generation and the increasing integration of PV systems into complete systems, system technology demands on system integration, connectivity and the provision of grid services for a reliable energy supply are taking center stage. In this context, the SMA Group's development focus is on highly integrated and digitalized solutions that cover as many functions as possible (all-in-one solution). Focus areas of our research and development activities also include energy storage systems, e-mobility, energy market integration and hydrogen.

The first products based on the platform architecture have been available on the market since the beginning of 2024. By standardizing the architecture of the core components and integrating key system functions, we are increasing the proportion of identical components and software modules across the entire portfolio while also reducing the number of components in the system in order to offer our customers highly efficient solutions. Customization in line with different markets and customer needs is implemented partly through the connection area and software as well as through different power classes based on the platform.¹

The implementation of the platform strategy in the Large Scale & Project Solutions segment will be made possible thanks to the new GIGAWATT FACTORY at the Niestetal site near Kassel, Germany. The new factory, which is scheduled to go into operation at the beginning of 2025, will enable us to double our production capacity from its current level of 21 GW to nearly 40 GW. In doing so, we want to safeguard supply chains and become more independent of fluctuating trading conditions. Increased customer proximity will also be an important driver, especially in the large-scale plant business. This will allow us to strengthen our established market position, especially in the core markets of Europe and the U.S. We also want to drive innovations from Germany for the global market and increase added value at our main location in Germany.

SMA Solar Technology AG had 1,641 protected patents and utility models worldwide at the end of the reporting period. In addition, more than 547 other patent applications were still pending as of June 30, 2024. Furthermore, SMA Solar Technology AG holds the rights to 1,547 registered brand names.

In addition to the (further) development of solutions for the efficient generation, storage and use of solar energy, for electric vehicle charging and charging management and for intelligent energy management across various sectors, the focus of development in the reporting period was on optimizing hydrogen production. The SMA Group was already involved in the implementation of related projects on several continents.

¹ This paragraph is not a subject of the financial audit.

Holistic solutions for the energy supply of the future ¹

PRIVATE APPLICATIONS: FOCUS ON ENERGY MANAGEMENT AND THE NEW DYNAMIC TARIFF

In the Home Solutions segment, the collaboration with partners ison and LichtBlick to jointly develop a new dynamic electricity tariff was announced during the reporting period. This tariff, which is set to be launched on the German market, will enable customers to sell their own solar power at a profit and purchase 100% green electricity from the utility grid at a low price. Central to this is the Sunny Home Manager from SMA. As an energy manager, it controls the energy flows in the house and is able to manage the electricity market prices provided by partners on a quarter-hourly basis for the benefit of the residents. SMA customers can even track price trends and savings directly from the SMA Energy App. Dynamic electricity tariffs are becoming increasingly important as a supplement to comprehensive energy management for private households. This innovative approach strengthens SMA's position on the market for sustainable energy solutions and energy management, and underlines our commitment to a future-proof energy supply.

Another example is the Sunny Home Manager 2.0. This intelligent energy manager forms the innovative heart of the SMA Home Energy Solution and connects the PV system as the generator to consuming devices such as a wallbox, battery, heat pump and other home appliances. Its adaptive algorithms learn individual habits or residents and minimize power consumption through intelligent management of energy flows. The Sunny Home Manager also plays an important role in the integration of heat pumps.

Energy management for the optimal use of sustainable energy sources and easing the strain on utility grids is indispensable worldwide. By continuously improving the intelligence of the Sunny Home Manager and through our cooperation with strong partners, such as Samsung and LichtBlick, SMA will continue to strengthen its position in the field of energy management.

During the reporting period, the single-phase Sunny Boy Smart Energy hybrid inverter for markets and applications with specific requirements for single-phase systems was launched in the U.S., Germany, Benelux, Spain and Italy. As a hybrid inverter that combines both PV and battery inverter functions in one product, it ensures seamless integration of solar power generation and battery storage systems. The inverter with optional backup power supply reliably protects almost the entire household against grid failures. Its innovative features such as three MPP trackers with low starting voltage allow maximum flexibility and utilization of even complex roof structures. In the future, it will be possible to commission the inverter easily and intuitively using the SMA 360° app.

It is also compatible with the new SMA Home Storage battery and other HV batteries from leading manufacturers. The market launch in Australia and other European countries is planned in the fourth quarter of 2024.

The modular SMA Home Storage battery was developed as an addition to the hybrid inverters of the Sunny Boy Smart Energy and Sunny Tripower Smart Energy families. It offers homeowners unbeatable flexibility to upgrade existing PV systems and optimize the use of self-generated solar power, for example. With a very high guaranteed nominal energy throughput of 7.2 MWh per 1 kWh, the modular battery is already prepared for the use of future grid services, such as dynamic electricity tariffs. The SMA Home Storage battery is already being sold in Germany, Austria, Belgium, the Netherlands, Italy, Spain, Portugal, Switzerland, Poland, Sweden and France. Other countries, such as Great Britain and Australia, will follow in the fourth quarter of 2024. A market-specific solution for the U.S. market is also in the pipeline.

The SMA eCharger, a next-generation wallbox, will be launched in the third quarter of 2024 as the successor to the SMA EV Charger in Germany, Benelux and France. In addition to the deep integration into the SMA Home Energy Solution and the functions for PV-optimized charging, safety and reliability are the top priorities for the SMA eCharger. Compared to its predecessor, the new model offers mechanical protection against contact (shutter) and access management via an RFID interface. A billing function is also being prepared for the new SMA eCharger, which will allow company employees to conveniently charge their company vehicles at home while billing their employer for the costs. The entire process is conducted easily and transparently via the SMA eMobility Portal. The market launch in other European countries is scheduled for the current fiscal year.

ENERGY SOLUTIONS FOR BUSINESSES: HIGH-PERFORMANCE, CERTIFIED TECHNOLOGY AND VERSATILE SERVICES

In the Commercial & Industrial (C&I) Solutions segment, the focus is on global markets for commercial PV systems with and without energy management, battery storage and electric vehicle charging solutions. At Intersolar 2024, the SMA Group presented the new modular SMA Commercial Solar Solution for the first time, which consists of the three-phase Sunny Tripower 125 and the SMA Data Manager M and was developed for larger commercial PV systems up to 7.5 MW. With a high power of 125 kW, the Sunny Tripower 125 accommodates a wide range of PV modules, including high-current and bifacial types. This is made possible by each MPP tracker being able to support direct current of up to 30 A. The new SMA Data Manager M complies with current grid regulations and is also designed to satisfy future regulatory requirements. Thanks to its versatile connectivity options, no additional hardware is required. With an internal memory for storing setpoint specifications and over-the-air updates, the system can also be configured to meet changing requirements. Both the Sunny Tripower 125 and the new SMA Data Manager M satisfy the highest cybersecurity standards for secure operation.

¹ This section is not a subject of the financial audit.

In December 2023, the SMA EV Charger Business was recognized by the Austrian Federal Office of Metrology and Surveying as compliant with calibration law. These devices have been compliant with calibration law in Germany since the first half of 2023. The calibration law plays a decisive role, especially in the context of public charging stations and billing to third parties. It not only ensures that charged and billed kilowatt hours match precisely, but also that communication between the individual interfaces complies with data protection regulations. Article 14 of the German Energy Industry Act (EnWG) came into force on January 1, 2024. This article is intended to ensure grid stability and authorizes grid operators to reduce the power consumption of controllable appliances if necessary. The SMA EV Charger Business is equipped as standard with a suitable interface for power reduction via an external control device in accordance with this requirement.

The SMA Planning Service was introduced last year in the Commercial & Industrial (C&I) Solutions segment initially for the German market only. Provided for a fee, it is now available in German, English and French, regardless of the national market.

Our wholly owned subsidiary coneva, a power supply company with a spot-market-based, dynamic electricity tariff for commercial customers in Germany, has been active since January 1, 2024. The electricity price dynamically follows the price on the EPEX SPOT power exchange and can be used in conjunction with coneva Flex to automatically utilize the volatility of the energy markets and the optimization potential of flexible operating resources. Customers can thereby reduce their electricity costs by up to 30%.

PROJECT BUSINESS: OPTIMIZED GRID INTEGRATION AND HYDROGEN PRODUCTION

In the Large Scale & Project Solutions segment, development in the reporting period focused on the optimization of customer-specific turnkey PV and storage solutions for handling challenges in grid integration and increasing innovations in power-to-gas applications.

SMA's medium-voltage power plants are turnkey container systems that combine PV or battery inverters with coordinated medium-voltage systems with a nominal system power of up to 4.6 MW.

The new generation of power conversion systems has been launched in all main markets, including the United States and Germany. Sunny Central FLEX is a modular power conversion solution that seamlessly integrates AC-DC and DC-DC Converter, an MV transformer and a switchgear into a 40-foot container.

Additionally, it provides plant control and services ranging from project engineering support to plant operation. Sunny Central FLEX offers the flexibility to address all current and future use cases, including solar, solar+storage, storage, power-to-gas, and grid services. It also allows for energy storage retrofit and upgrades. The integration of renewable energies into the utility grids poses a significant challenge for future growth.

SMA is a leader in the development of grid-forming solutions. This makes a crucial contribution to the expansion of renewable energy sources. SMA grid-forming solutions enable ever larger quantities of renewable energy to be integrated into the utility grids while maintaining grid stability as conventional energy carriers are gradually phased out.

In the area of green hydrogen generation, the SMA Group offers the Electrolyzer Converter for the grid-friendly processing of electricity for electrolysis into the continuously growing market via its wholly-owned subsidiary Altenso. As a turnkey container solution, including medium-voltage technology, this SMA development enables the construction of highly efficient systems without additional filters or compensation units for the operation of the electrolyzer. The converter has a wide DC operating window for electrolyzer operation. This makes it possible to work with almost all types of electrolyzers. Carefully selected low- and medium-voltage components ensure highly efficient and reliable operation over the entire lifetime of the electrolyzers.

The service offering for PV power plants was systematically expanded in the reporting period. This includes remote service from experts for quick fault analysis and rectification and the provision of software updates via remote transmission according to the highest security standards and system availability. The SMA Virtual Support app enables the maintenance of central inverters on-site with expert support via remote service for both corrective and preventive maintenance, including the replacement of components.

Customers need to integrate grid-connected and grid-forming inverters into increasingly unstable utility grids and also require fast approvals for utility grid connections from the transmission grid operators. To assist them with these complex tasks, SMA has invested in key grid modeling resources and advanced engineering services.

ECONOMIC REPORT

General economic conditions and economic conditions in the sector

General economic conditions

According to the ifo Business Climate Index that came out on July 25, 2024, the mood among German companies deteriorated noticeably in July 2024 (87.0 points) (June 2024: 88.6 points). This is also reflected in the forecasts for gross domestic product (GDP) in the second quarter of 2024. Based on a 0.3% rise compared to the previous quarter, the ifo Institute continues to expect only moderate and slightly improved performance compared to the first quarter (Q1 2024: 0.2%). Although exports rose in the first few months of the year, they declined again in May 2024. Industrial production also saw a significant drop, partly due to weaker demand in the automotive and mechanical engineering industries. The construction industry also remains in decline. Given these conditions, the German economy is still not picking up speed.

In contrast, the economy in the eurozone has improved and inflation fell slightly in the second quarter of 2024. This upward trend led to the ECB cutting interest rates for the first time in June 2024. Nevertheless, economic uncertainties remain high due to the war in Ukraine and the conflict in the Middle East.

In the U.S., consumer spending (which accounts for 70% of the GDP) remains the most important driver of the economy. Despite the fall in inflation over the last two years, the U.S. Federal Reserve has not yet lowered its key interest rates in the first half of 2024 because the inflation rate remains above the 2% target figure.

Economic conditions in the sector ¹

Photovoltaics (PV) is now one of the most cost-effective energy sources in most regions of the world. For example, large-scale solar projects in the Middle East are already generating solar power at less than \$0.02 per kWh. This points the way to an environment in which the industry continues to grow even without subsidization. In the wake of the transformation of global energy supply structures, current and future objectives include offering holistic solutions, intelligently interlinking different technologies,

providing intermediate storage and management solutions for generated energy, and integrating users into the energy market. This is the basis for ensuring a reliable and cost-effective electricity supply from renewable energies.

GLOBAL PV MARKET: NEW INSTALLATIONS IN FIRST HALF OF YEAR SIGNIFICANTLY ABOVE PREVIOUS YEAR'S LEVEL

Based on newly installed PV power² of around 181 GW to 201 GW (H1 2023: approximately 155 GW), according to SMA's estimates, the global photovoltaic market was significantly above the previous year's level in the first half of 2024. SMA estimates that global sales with installed PV inverter technology³ increased to between €7.9 billion and €9.5 billion (H1 2023: €7.2 billion). Growth came mainly from large-scale solar projects.

In the photovoltaic markets in Europe, the Middle East and Africa (EMEA), SMA estimates that inverter technology sales increased to around €2.5 billion to €2.9 billion (H1 2023: €2.4 billion). The share of the EMEA region in global sales was thus approximately 31% (H1 2023: 33%). System technology for storage applications and the retrofitting of existing PV systems accounted for a significant portion of sales in the EMEA region at approximately 30%. Investments in North and South America (Americas) amounted to €2.5 billion to €2.9 billion (H1 2023: €2.0 billion). The region thus accounted for around 32% of global inverter technology sales (H1 2023: 27%). The Chinese PV market recorded a particularly strong increase. With an investment volume of between €2.1 billion and €2.5 billion, China accounted for around 26% of global sales in the reporting period (H1 2023: €2.0 billion; 28%). The Asia-Pacific photovoltaic markets (excluding China) were only slightly up year on year with sales of around €0.8 billion to €1.2 billion, accounting for about 11% of the global market (H1 2023: €860 million; 12%).

¹ This paragraph is not a subject of the financial audit.

² The installation figures do not include retrofitting of existing PV systems with new inverters or battery inverter technology.

³ Including inverter retrofittings and battery inverter technology

EMEA: GERMANY IS MOST IMPORTANT MARKET AGAIN

In the Europe, Middle East and Africa (EMEA) region, SMA estimates that newly installed PV power increased to between 35 GW and 40 GW (H1 2023: 33 GW) in the first half of the year. With around 7 GW of newly reported PV capacity in the reporting period, Germany was on a par with the previous year and was once again the most important market in Europe (H1 2023: 7 GW).

Most other European countries also recorded rising installation figures. The main reasons for this include the EU's ambitious plans for decarbonization and the desire for greater independence from fossil fuel imports against the backdrop of Russia's war of aggression on Ukraine.

AMERICAS: U.S. MARKET TO GROW AGAIN

According to SMA estimates, newly installed PV power in the North and South American (Americas) region amounted to a total of approximately 35 GW to 40 GW in the reporting period (H1 2023: 25 GW). Against the backdrop of significantly reduced regulatory uncertainties and improved availability of PV modules, new PV installations in the U.S. market, which continues to be dominated by large-scale PV projects, increased to more than 23 GW in the first half of 2024 according to SMA estimates (H1 2023: 13 GW) despite increased financing costs.

APAC: GROWTH SURGE IN CHINA

According to SMA estimates, around 92 GW to 97 GW of new PV power was installed in China in the first half of 2024 (H1 2023: 79 GW). New PV installations in the Asia-Pacific region, excluding China (APAC), were slightly above previous year's level at around 19 GW to 24 GW (H1 2023: 19 GW). Among the PV markets in the APAC region, newly installed PV power in the key Australian market stabilized at over 2 GW in the first half of 2024 (H1 2023: 2 GW).

Results of operations

Sales and earnings

SALES AND PROFITABILITY REMAIN AT A GOOD LEVEL

The SMA Group's sales from January to June 2024 amounted to €759.3 million and were thus slightly below the previous year's level (H1 2023: €778.9 million). In the reporting period, inverter output sold amounted to 9,107 MW (H1 2023: 7,213 MW). In the Large Scale & Project Solutions segment, sales doubled compared with the previous year, resulting in a correspondingly strong improvement in the segment's EBIT. The Home Solutions and Commercial & Industrial (C&I) Solutions segments declined year on year.

The SMA Group is well positioned internationally and generates sales in all relevant regions. In the reporting period, the company generated 50.1% of external sales in European countries, the Middle East and Africa (EMEA), 40.7% in the North and South American (Americas) and 9.2% in the Asia-Pacific (APAC) region calculated before sales deductions (H1 2023: 75.3% EMEA, 19.6% Americas, 5.1% APAC). The main markets for SMA in the reporting period were Germany, the U.S., the UK and Italy.

The Large Scale & Project Solutions segment made the largest contribution to sales, accounting for 70.5% (H1 2023: 33.0%). The Commercial & Industrial (C&I) Solutions segment generated 15.0% of the SMA Group's sales, while the Home Solutions segment generated 14.5% (H1 2023: 24.9% Commercial & Industrial Solutions, 42.1% Home Solutions).

As of June 30, 2024, the SMA Group had an order backlog of €1,348.6 million, which has decreased in line with the overall situation (June 30, 2023: €2,453.7 million). At €988.0 million, three-quarters of this is attributable to product business (June 30, 2023: €2,075.3 million). The order backlog in the service business amounts to €360.6 million (June 30, 2023: €378.4 million) and will come in particular from extended warranties against payment over a period of five to ten years.

In the reporting period, earnings before interest, taxes, depreciation and amortization (EBITDA) fell to €80.6 million (EBITDA margin: 10.6%; H1 2023: €125.3 million; 16.1%), partly due to the product mix and cost increases. This includes the income from the sale of the shares in elxon GmbH amounting to €19.1 million. Earnings before interest and taxes (EBIT) decreased to €56.2 million (H1 2023: €106.1 million). This equates to an EBIT margin of 7.4% (H1 2023: 13.6%). Net income amounted to €44.1 million (H1 2023: €103.5 million). Earnings per share thus amounted to €1.27 (H1 2023: €2.98).

Sales and earnings per segment

SALES AND EARNINGS IN THE HOME SOLUTIONS SEGMENT SHARPLY DOWN DUE TO THE DEMAND SITUATION

In the **Home Solutions** segment, SMA serves the key photovoltaic markets worldwide (excluding China) and offers integrated solar energy solutions for private users. The new SMA Home Energy Solution comprises systems for the generation, storage and management of solar energy as well as for heating or charging purposes. The system is supplemented by various components such as hybrid inverters, battery storage systems, heat pump connections, wallboxes and an AI-based intelligent energy management system. The ennexOS energy management platform interconnects the various energy sectors and provides the basis for linking the sectors, thus enabling maximum efficiency and functionality. Taking comprehensive data protection standards into account, the system can be adapted to individual customer needs thanks to its modular design. In addition to the single-phase Sunny Boy Smart Energy hybrid inverter, the modular SMA Home Storage battery and the Sunny Home Manager 2.0 for intelligent energy management, the Home Solutions segment is delivering the next generation of the Wallbox Home EV Charger with the eCharger. Communication products, accessories, warranties, spare parts and modernization services (repowering) to increase system performance and service life as well as digital energy services complete the extensive offering.

In the first half year of 2024, external sales in the Home Solutions segment fell by 66.4% to €109.9 million (H1 2023: €327.3 million) due to the lower supply situation combined with high inventories at distributors. Its share of the SMA Group's total sales was 14.5% (H1 2023: 42.1%). The EMEA region made up 93.0% (H1 2023: 95.5%) of gross sales, the Americas region 5.5% (H1 2023: 3.1%) and the APAC region 1.5% (H1 2023: 1.4%).

Earnings before interest and taxes (EBIT) deteriorated year on year to –€21.6 million (Q1 2023: €93.4 million) due to the decline in sales and increase in costs. In relation to external sales, the EBIT margin was –19.7% (H1 2023: 28.5%).

COMMERCIAL & INDUSTRIAL (C&I) SOLUTIONS SEGMENT DOWN DUE TO THE DEMAND SITUATION

In the **Commercial & Industrial (C&I) Solutions** segment, the focus is on global markets for commercial PV systems with and without energy management, battery storage and electric vehicle charging solutions. The SMA Commercial Energy Solution, featuring ideally matched hardware, software, tools and services, gives commercial enterprises and the real estate industry the option of producing, storing and selling solar power themselves, organizing their companies' energy flows in a transparent and cost-efficient way as well as charging and managing electric vehicle fleets efficiently and sustainably. The solutions comprise the three-phase string inverters of the Sunny Tripower product family with outputs of 12 kW and up to 110 kW, storage solutions for commercial and island applications in the Sunny Tripower Storage and Sunny Island product families as well as holistic energy management solutions for commercial integrated energy. Solutions for charging management and billing of electric vehicle fleets on the basis of the ennexOS platform are implemented together with the subsidiary company coneve. As a SaaS provider for intelligent energy management, coneve connects all energy-related sectors, optimizing energy flows and making them transparent. The product offering is rounded off by integrated services and digital services along the product life cycle, starting with the planning of a custom energy solution and including the commissioning of the systems and operational system management right through to system repowering and expansion.

External sales in the Commercial & Industrial (C&I) Solutions segment fell by 41.5% to €113.6 million in the first quarter of 2024 (H1 2023: €194.2 million) due to the normalized supply situation combined with high inventories at customers. Its share of the SMA Group's total sales was 15.0% (H1 2023: 24.9%). 77.3% of gross sales were attributable to the EMEA region, 14.7% to the Americas region and 8.0% to the APAC region (H1 2023: 80.4% EMEA, 11.7% Americas, 7.9% APAC).

Operating earnings before interest and taxes (EBIT) amounted to –€45.2 million in the first half of 2024 compared to the strong previous year as a result of the current demand situation and high inventories in the customer side (H1 2023: €6.7 million) and were significantly below the previous year's level, driven by the decline in sales, reduced utilization and corresponding lack of fixed cost coverage. In relation to external sales, the EBIT margin was –39.8% (H1 2023: 3.5%).

LARGE SCALE & PROJECT SOLUTIONS SEGMENT SIGNIFICANTLY INCREASES SALES AND EARNINGS

The **Large Scale & Project Solutions** segment offers products, systems and solutions for industrial solar, storage and hydrogen projects as well as for the conversion of utility grids to a higher proportion of renewable energy. These are complete solutions, including turnkey medium-voltage stations, for international markets that perform optimal grid service and monitoring functions on the basis of central and string inverters and system controllers. The offering is complemented by services such as repowering, engineering services, operation and maintenance as well as customized solutions for individual customer requirements. Grid stability and grid reliability are becoming increasingly important as the energy mix is transitioned from conventional to renewable energies. The Large Scale & Project Solutions segment is addressing these challenges with grid-forming solutions in combination with large-scale storage systems. These systems enable numerous additional services, such as energy arbitrage, black starts, frequency control, inertia, stability services and system restoration.

External sales in the Large Scale & Project Solutions segment increased by 108.2% to €535.8 million in the first half of 2024 (H1 2023: €257.4 million). All regions recorded double-digit growth, with the Large Scale & Project Solutions segment accounting for 70.5% of the SMA Group's total sales (H1 2023: 33.0%). The Americas region made up 54.0% (H1 2023: 48.1%) of gross sales, the EMEA region 35.0% (H1 2023: 43.9%) and the APAC region 11.0% (H1 2023: 8.0%).

Operating earnings before interest and taxes (EBIT) improved to €100.5 million (H1 2023: €8.8 million) due to the high level of sales and fixed cost depression. The increase in sales and the profitable product mix contributed to this. In relation to external sales, the EBIT margin was 18.8% (H1 2023: 3.4%).

Development of significant income statement items

SALES AND PROFITABILITY REMAIN AT A GOOD LEVEL

Cost of sales increased by 3.3% year on year to €561.8 million (H1 2023: €543.8 million). In the reporting period, the gross margin was 26.0% (H1 2023: 30.2%). The main reasons for the change are a change in the product mix as well as increased manufacturing costs and lower capacity utilization.

Personnel expenses included in cost of sales increased by 11.7% to €89.4 million in the first half of 2024 (H1 2023: €80.0 million). This was due to cost increases in remuneration, among others. Material costs included in cost of sales amounted to €416.8 million (H1 2023: €423.2 million).

From January to June 2024, depreciation and amortization included in cost of sales amounted to €21.2 million (H1 2023: €16.7 million). This covers scheduled depreciation on capitalized development costs of €8.3 million (H1 2023: €4.2 million). Other costs increased to €34.4 million (H1 2023: €23.9 million). The period in the previous year included an expense-reducing effect from foreign currency valuation amounting to €8.8 million.

Selling expenses rose to €71.2 million (H1 2023: €59.2 million), primarily due to the increase in fees and higher other expenses. The cost of sales ratio was 9.4% in the reporting period (H1 2023: 7.6%).

In the first half of 2024, research and development expenses excluding capitalized development projects amounted to €48.9 million (H1 2023: €31.4 million). In relation to sales, the research and development cost ratio thus amounted to 6.4% (H1 2023: 4.0%). Total research and development expenses, including capitalized development costs, came to €70.7 million (H1 2023: €51.2 million). Development costs were capitalized amounting to €21.8 million in the reporting period (H1 2023: €19.9 million).

General administrative expenses rose to a total of €42.6 million in the first half of 2024 (H1 2023: €36.3 million) due to higher personnel costs. In relation to sales, the ratio of administrative expenses amounted to 5.6% (H1 2023: 4.7%).

The balance of other operating income and expenses resulted in an effect on earnings of €21.3 million in the reporting period (H1 2023: –€2.3 million). The positive result is mainly due to the sale of the shares in elexon GmbH in January 2024 amounting to €19.1 million. This balance also comprises expenses and revenue from the rental of own buildings, for financial assets measured at fair value through profit or loss, as well as expenses from the recognition and income from the reversal of specific valuation allowances on receivables.

Expenses of €9.5 million (H1 2023: €12.5 million) and revenue of €8.4 million (H1 2023: €8.8 million) from foreign currency valuation and foreign currency hedging are also included.

INCREASE IN EMPLOYEE HEADCOUNT IN EVERY AREA TO DRIVE GROWTH IN ALL KEY FIELDS

SMA had 4,488 employees worldwide as of June 30, 2024, representing a year-on-year increase of 717 (June 30, 2023: 3,771 employees). The increase resulted from the further expansion of the employee headcount in all areas due to the previous year's growth, and in order to drive growth of the business in strategically important future fields.

SMA still uses temporary employees to absorb order fluctuations. As of the reporting date, SMA had 286 temporary employees worldwide, 300 less than in the previous year (June 30, 2023: 586 temporary employees) and 372 less than at the end of 2023 (December 31, 2023: 658 temporary employees).

Employees

Reporting date	2024/ 06/30	2023/ 06/30	2022/ 06/30	2021/ 06/30	2020 /06/30
Employees (excl. trainees, learners and temporary employees)	4,488	3,771	3,398	3,305	3,084
Learners	46	124	96	100	73
Trainees	60	50	46	47	42
Temporary employees	286	586	180	220	478
Total employees (incl. trainees, learners and temporary employees)	4,880	4,531	3,720	3,672	3,677

Full-time equivalents

Reporting date	2024/ 06/30	2023/ 06/30	2022/ 06/30	2021/ 06/30	2020/ 06/30
Full-time equivalents (excl. trainees and temporary employees)	4,197	3,597	3,215	3,129	3,019
of which domestic	2,855	2,450	2,229	2,164	2,076
of which abroad	1,342	1,147	986	965	943

Financial position

Gross cash flow reflects operating income prior to commitment of funds. Compared with the previous year, it decreased in the first half of 2024 to €52.8 million (H1 2023: €143.2 million).

In the first six months of the reporting year, net cash flow from operating activities amounted to –€173.5 million (H1 2023: €112.9 million). The main driver here was the further increase in inventories. This development was offset by a reduction in accounts payable due to the currently more restrictive purchasing policy.

At €711.7 million, inventories were significantly higher than at the end of the previous year (December 31, 2023: €559.1 million) due to strategic stockpiling and high customer inventories. The balance of accounts receivable decreased by €23.1 million compared with the end of the previous year. Together with the decrease in the balance of accounts payable by €55.9 million and a decrease in liabilities from advance payments received by €10.2 million, this led to a significant increase in net working capital compared with the end of the previous year (June 30, 2024: €587.7 million, December 31, 2023: €392.1 million).

At 31.2%, the net working capital ratio¹ in relation to sales over the past 12 months was higher than the figure at the end of the previous year (December 31, 2023: 20.6%). The net working capital ratio was thus above the range of 19% to 23% targeted by the Managing Board.

In the first half of 2024, cash flow from investing activities amounted to €11.5 million after –€32.2 million in the previous year. This was significantly influenced by the sale of long-term securities amounting to €41.2 million. In addition, the sale of the shares in exlexon GmbH in January 2024 made a positive contribution with a cash inflow of €18.2 million. The balance of cash inflows and outflows from financial investments was €40.6 million (H1 2023: €0.1 million). The outflow of funds for investments in fixed assets and intangible assets amounted to €47.3 million in the reporting period (H1 2023: €32.3 million). With €21.8 million (H1 2023: €19.9 million), an essential part of the investments was attributable to capitalized development projects.

Cash flow from financing activities amounted to €97.4 million in the first half of 2024 (H1 2023: €1.8 million), which is mainly due to the partial utilization of the available credit line (revolving credit facility) totaling €380.0 million. Of this amount, €220.0 million is available for use in form of cash and cash equivalents and €160.0 million in the form of guarantees. As of June 30, 2024,

¹ For the definition of the above key figure, we refer to the Financial Glossary contained in the Annual Report 2023.

a total of €120.0 million had been drawn down in the form of loans and €42.4 million in the form of guarantees. The remaining RCF credit line is €100.0 million for cash drawings and €117.6 million for guarantees. Furthermore, existing credit lines and guarantee commitments total €68.6 million. The repayment of liabilities under leases amounting to €5.4 million and the payment of the dividend for the 2023 fiscal year amounting to €17.4 million had a reducing effect.

As of June 30, 2024, cash and cash equivalents totaling €155.1 million (December 31, 2023: €219.4 million) included cash on hand, bank balances and short-term deposits with an original term to maturity of less than three months. Net cash is made up of cash and cash equivalents as well as of time deposits that have a term to maturity of more than three months, fixed-interest-bearing securities and liquid assets pledged as collateral minus interest-bearing financial liabilities to banks. This decreased to €65.7 million on June 30, 2024 (December 31, 2023: €283.3 million), due to the drawdown of the credit line. Total cash also came to €185.7 million (December 31, 2023: €283.3 million).

Investment analysis

In the first half of 2024, investments in property, plant and equipment (including additions from rights of use under IFRS 16) and intangible assets amounted to €53.1 million and were thus above the previous year's figure of €35.5 million. This equates to an investment ratio in relation to sales of 7.0% compared with 4.6% in the first half of 2023.

€25.0 million was invested in property, plant and equipment (H1 2023: €11.7 million). The investment ratio for fixed assets was 3.3% in the first half of 2024 (H1 2023: 1.5%). Additions to rights of use under leases amounted to €5.8 million (H1 2023: €3.2 million). Depreciation of fixed assets, including depreciation of rights of use under leases, amounted to €15.5 million (H1 2023: €14.3 million).

Investments in intangible assets amounted to €22.3 million (H1 2023: €20.6 million). These largely related to capitalized development projects. Amortization of intangible assets amounted to €8.9 million and was thus above the previous year's figure of €4.9 million.

Net assets

Total assets went up by 3.4% to €1,677.5 million as of June 30, 2024 (December 31, 2023: €1,621.9 million). At €459.7 million, non-current assets were above the level observed at the end of 2023 (December 31, 2023: €428.2 million).

Net working capital¹ increased significantly compared to the end of the previous year to €587.7 million (December 31, 2023: €392.1 million). This put the net working capital ratio in relation to sales over the past twelve months at 31.2%. Compared to December 31, 2023, trade receivables decreased by 8.3% to €254.3 million as of the end of the first half of 2024 (December 31, 2023: €277.4 million) due to the decline in demand. Days sales outstanding came to 51.5 days and were higher at the end of the previous year (December 31, 2023: 41.3 days). Inventories increased to €711.7 million (December 31, 2023: €559.1 million) in anticipation of the future upturn in business development and the high inventory levels on the customer side. The accumulated figure had already been significantly reduced during the first half of 2024. Total provisions decreased significantly in the reporting period to €175.2 million (December 31, 2023: €201.0 million), largely due to the payment of performance-related bonuses for fiscal year 2023. Trade payables were down significantly compared to the end of 2023 at €247.9 million (December 31, 2023: €303.8 million). The share of trade credit in total assets increased to 14.8% and was therefore also down on the comparative figure at the end of the previous year (December 31, 2023: 18.7%). SMA has utilized the available credit line as of June 30, 2024 in the amount of €120.0 million in the form of borrowings.

The Group's equity capital base also rose to €714.6 million (December 31, 2023: €686.2 million). With an equity ratio of 42.6%, SMA continues to have a solid equity capital base.

¹ For the definition of the above key figure, we refer to the Financial Glossary contained in the Annual Report 2023.

RISKS AND OPPORTUNITIES REPORT

Risk and opportunity management

The 2023 Annual Report details risk and opportunity management, individual risks and opportunities with potentially significant impacts on our business, results of operation, financial position and net assets and information on the company's reputation. Compared to December 31, 2023, the overall risk has increased significantly, mainly due to the increase in sales risks.

In the distribution business of the Home Solutions and Commercial & Industrial (C&I) Solutions segments, the weak phase in the market is lasting longer than expected. The reasons for this are continued high inventory levels at distributors and installers, as well as the postponement of investments due to lower electricity prices and persistently high interest rates. Uncertainties also exist regarding current climate legislation. The associated temporary decline in incoming orders and demand reduces short-term sales expectations and will cause that the business result originally planned for the current fiscal year 2024 will be significantly lower.

The increased sales risks and the resulting significant rise in overall risk were identified by the internal reporting and notification processes, and extensive measures were introduced to reduce costs and secure liquidity. The risk situation in the other risk areas has either remained the same or has improved slightly in some areas.

Based on our risk and opportunity management system and the measures introduced to minimize risk, we continue to assess the risk situation as manageable despite the increase in overall risk. The other statements made in the 2023 Annual Report remain essentially unchanged.

There are currently no discernible risks that, either alone or combined with other risks, could seriously jeopardize the livelihood of the company or significantly impair medium- to long-term business performance. For more information, please refer to the forward-looking statements in the Forecast Report.

FORECAST REPORT

Preamble

The Managing Board's forecasts include all factors with a likelihood of impacting business performance that were known at the time this report was prepared. Not only general market indicators but also industry- and company-specific circumstances are factored into the forecasts. All assessments cover a period of one year.

The general economic situation

The global economy remains stable despite a slowdown in the lowering of inflation rates and political uncertainties

As in April 2024, the International Monetary Fund (IMF) continues to forecast global economic growth of 3.2% in its current World Economic Outlook (July 2024) (2023: 3.3%). Despite a stable global economy, the unexpectedly persistent inflation in services remains challenging as it continues to slow down the progress made so far by central banks in curbing overall inflation.

Due to weak economic development in the first quarter 2024, the IMF has revised its 2024 growth forecast for the U.S. slightly downwards from 2.7% (April 2024) to 2.6% (2023: 2.5%). By contrast, the economic outlook for Europe, China and India has improved and forecasts have been raised accordingly.

The eurozone is now expected to grow by 0.9% (April 2024: 0.8%) (2023: 0.5%). However, with economic growth of 0.2% this year (April 2024: 0.2%), Germany is once again bringing up the rear (2023: -0.2%).

The IMF expects growth of 5.0% for China in the current year 2024 (April 2024: 4.6%) after 5.2% in the previous year and 7.0% for India (April 2024: 6.8%) compared to 8.2% in 2023.

With regards to global inflation, the IMF continues to forecast an average inflation rate of 5.9% for 2024 (April 2024: 5.9%) and 4.4% for 2025 after 6.7% in 2023.

According to the IMF, one risk to global growth is the current slowdown in disinflation in industrialized countries, which makes rapid interest rate cuts impossible. The resulting persistently high interest rates and the associated higher financing costs could lead to investment postponements by private households and companies over a longer period of time. Economic policy uncertainties – such as unilateral tariffs imposed by individual countries – also exist, which could also slow down growth.

Future general economic conditions in the photovoltaics sector

Solar energy becomes the most important source of energy¹

Greater efforts to expand renewable energies are widely regarded as the central pillar in the response to climate change. Politicians are taking account of this with action plans, such as the European Green Deal to achieve climate neutrality within the EU by 2050 and by appointing top-class teams of experts to tackle climate change, like the U.S. government is doing. These attitudes will expedite expansion of renewable energies over the coming years and decades. The experts at the analysis company Wood Mackenzie describe the solar industry as “highly investable” because it is increasingly able to meet both economic and political targets.²

The experts at the International Energy Agency (IEA) emphasize the major role of solar energy in combating the climate crisis: In their “Net Zero by 2050 – A Roadmap for the Global Energy Sector” study, they explain that by 2050, the global energy supply will need to be based largely on renewables, with solar energy as the single largest source of supply. The experts at the Potsdam Institute for Climate Impact Research (PIK) forecast that green electricity could cover three-quarters of global energy use in the long term, given a consistent climate policy.

¹ Source: DNV Energy Transition Outlook 2023

² Source: Wood Mackenzie “Total eclipse: How falling costs will secure solar's dominance in power 2021”

In this context, the electrification of other sectors, such as mobility and heat, and the production of green hydrogen will additionally drive electricity demand as further important elements in achieving climate protection targets. In their Energy Transition Outlook 2023, the experts of the consulting company DNV predict that electricity's share in global total energy demand will increase from 19% in 2022 to 35% in 2050. As a result, the share of renewable energies in global power generation will rise from about 31% currently to more than 80%. Solar energy will account for half of this. Connectivity and fast demand response through flexible storage will become crucial success factors for a decarbonized power system with a high share of fluctuating renewable energies.

According to Bloomberg New Energy Finance's New Energy Outlook 2024, global CO₂ emissions will need to drop significantly in all sectors from 2024 to realize the goal of global climate neutrality by 2050. In the electricity sector, CO₂ emissions must be reduced by 93%, which goes hand in hand with a tripling of renewable generation capacities by 2035 and a further doubling by 2040. Global investment in climate-friendly technologies for power generation and storage as well as in complementary technologies such as electric vehicles and utility grids must increase from around \$1.7 trillion today to well over \$5 trillion per year in order to achieve the goal of climate neutrality by 2050.

Along with climate change targets, further decreases in its costs are contributing to the anticipated rapid growth of solar and wind energy. According to the PIK, the cost of solar power generation has fallen by 85% over the past ten years alone. Further cost reductions can be expected in the future thanks to rapid technological progress. The experts at Bloomberg New Energy Finance classify newly installed wind or PV power plants to be already the most cost-effective form of electricity generation in almost all major markets. These markets cover two-thirds of the world's population, about 77% of global GDP and 91% of total power generation. Moreover, in a growing number of countries, including China, India and a large part of Europe, it is now more cost-effective to build new renewable energy capacity than to operate existing coal- and gas-fired power plants.

In addition to the gradually decreasing consumer cost electricity from PV systems, their decentralized and local generation can be combined very well with battery storage systems. The combination of photovoltaics and storage systems is therefore particularly attractive for private, commercial and industrial consumers. DNV's experts see photovoltaics combined with battery storage systems as a separate power plant category that can supply electricity reliably and on demand, just like conventional power plants. According to their projections, combined PV and storage power plants will have a storage capacity of more than 20 TWh by 2050, accounting for around two-thirds of the world's electricity storage capacity.

In the energy system of the future, cutting-edge communication technologies and services for cross-sector energy management will represent key building blocks for the modernization and expansion of the power grid infrastructure. In its World Energy

Outlook 2022, the IEA states that, in conjunction with the increasing electrification of the transportation and heating sectors through renewable energies, modern utility grids and smart energy management, there is great potential to sustainably reduce both the high cost of electricity and CO₂ emissions.

The SMA Managing Board is therefore convinced of the market appeal and has thus positioned SMA to ensure it benefits from future developments in the fields of photovoltaics and storage technologies as well as in the markets for e-mobility, digital energy services and green hydrogen production, which experts assess will experience exponential growth in the future.

Global new PV installations at approximately 400 GW

For 2024, the Managing Board of SMA expects newly installed photovoltaic output worldwide to stabilize at around 390 GW to 410 GW (2023: 405 GW). Potential growth is expected to be driven by the Americas and APAC regions, while expansion in the EMEA and China regions is currently expected to be roughly on a par with the previous year. The Managing Board estimates that global investments in system technology for traditional photovoltaic applications will decrease by approximately 10%. Investments in system technology for storage applications (excluding investments in batteries) will rise by approximately €500 million to €700 million compared to the previous year. Overall, the SMA Managing Board therefore expects investments in PV system technology (including system technology for storage systems) of around €15.9 billion to €17.9 billion in 2024 (2023: €17.8 billion). The expected market development is subject to a fundamentally uninterrupted supply situation and depends heavily on the further development of new PV installations in Europe in the second half of 2024.

Demand in EMEA stagnated after a record year in 2023

For the Europe, Middle East and Africa region (EMEA), the SMA Managing Board expects newly installed PV power to stagnate at around 72 GW to 77 GW in 2024 (2023: 75 GW). After a record year in 2023, demand is expected to cool in the short term, particularly in the Home and Commercial & Industrial (C&I) segments, and above all in the European markets. Further growth in Europe is particularly evident in the Large Scale segment. Overall stable development is expected for the countries of the Middle East and Africa. According to SMA estimates, investments in PV and storage system technology will decrease to approximately €5.1 billion to €5.6 billion (2023: €6.0 billion). Battery storage systems are gaining importance in European countries, especially in Germany, the UK and Italy. In addition to business involving new systems for consumption of self-generated energy, retrofitting of existing systems with new inverters and storage systems will yield high potential in the medium term. For more and more

PV systems, government subsidization will end in the years to come. As a result, self-consumption of solar power is a particularly attractive option for the operators of these systems. Large battery storage systems are therefore becoming increasingly important for stabilizing utility grids.

Significant growth in the Americas region

For the Americas region, the SMA Managing Board anticipates an increase in newly installed PV power to approximately 55 GW to 60 GW (2023: 52 GW). Roughly between 33 GW and 37 GW of this amount is attributable to the North American markets. In the U.S., the market for PV system technology is currently characterized by strong momentum, in particular for PV power plants, driven by positive impetus such as the Inflation Reduction Act (IRA) and the long-term extension of the Investment Tax Credit (ITC) for PV systems. The reinstatement of import duties on PV modules from certain Asian countries of origin represents an uncertainty factor, particularly with regard to medium-term market development. Inverter technology investments are expected to amount to around €4.1 billion to €4.6 billion in the Americas region (2023: €4.1 billion).

Investments in the Asia-Pacific region remain stable

The most important markets in the APAC region include China, India, Japan and Australia. In Japan and Australia, the installation of PV systems combined with battery storage systems to supply energy independently of fossil energy carriers offers additional growth potential. The SMA Managing Board estimates that new PV installations in China will amount to approximately 224 GW to 229 GW in 2024 (2023: 239 GW). Investments in inverter technology are expected to achieve €5.0 billion to €5.5 billion (2023: €5.7 billion). For the APAC region, excluding China, the SMA Managing Board expects newly installed PV power to grow to around 39 GW to 44 GW in 2024 (2023: 38 GW). This growth is in particular attributable to the positive development in India. The SMA Managing Board expects stable to slightly increasing investments of approximately €1.7 billion to €2.2 billion in inverter technology for the region as a whole (2023: €1.9 billion).

Growth markets: Energy management and digital energy services

The trend to decentralize power supplies is progressing. More and more households, cities and companies are becoming less dependent on energy fuel imports and rising energy costs by having their own PV systems. This will lead to a rise in demand for energy storage solutions in the residential, commercial and industrial sectors. Plus, energy will be increasingly distributed via smart grids to manage electricity demand, avoid consumption peaks and take the strain off utility grids. E-mobility is an essential pillar of these new energy supply structures. Integration of a prospectively large number of electric vehicles will help increase self-consumption of renewable energies and offset fluctuations in the utility grid. Using artificial intelligence, the behavior of decentralized energy consumers and storage systems can be adapted to the fluctuating production of electricity from renewable energies, thus enabling the overall system to be optimized.

In this context, the SMA Managing Board holds that innovative system technologies that temporarily store solar power and provide energy management to private households and commercial enterprises offer worthwhile business opportunities. Rising prices for conventional domestic and commercial power and many private households and companies wanting to drive forward the energy transition by making their contribution to a sustainable and decentralized energy supply are the basis for new business models. Demand for solutions that increase self-consumption of solar power is likely to continue to rise, particularly in the European markets, the U.S., Australia and Japan. In these markets, renewable energies are already taking on a greater share in the electricity supply. Additionally, electric utility companies are increasingly using battery storage systems to avoid expensive grid expansions, stabilize grid frequency and balance fluctuations in the power feed-in from renewable energy sources. The SMA Managing Board expects the still fairly new storage market to grow to approximately €2.4 billion to €2.9 billion in 2024 (excluding investments in batteries). Estimated demand is already included in the specified development projections for the entire inverter technology market.

In addition to storage technology, digital energy services aimed at optimizing household and commercial enterprises' energy costs and their connection to the energy market are becoming increasingly significant. For 2024, the SMA Managing Board expects an investment volume of around €2.6 billion in this area. The market will record significant growth in the medium and long run.

Overall statement from the Managing Board on expected development of the SMA Group

Sales and earnings in the second half of the year below original expectations – guidance adjustment for 2024

On February 29, 2024, the Managing Board of SMA Solar Technology AG published the preliminary figures for the 2023 fiscal year and issued its first sales and earnings guidance for the 2024 fiscal year with sales of €1,950 million to €2,220 million and earnings before interest, income taxes, depreciation and amortization (EBITDA) of €220 million to €290 million. On June 18, 2024, the full-year guidance had to be revised downwards in an ad-hoc announcement. In addition to a volatile market, the reason for the guidance adjustment was the delayed increase in incoming orders as a result of the slower than expected reduction in inventories at distributors and installers in the Home Solutions and Commercial & Industrial (C&I) Solutions segments. Lower electricity prices, persistently high interest rates and customer expectations that prices for small and medium-sized PV systems will continue to fall have also led to a postponement of investments. As a result, sales and earnings performance in the Home Solutions and Commercial & Industrial Solutions segments fell short of expectations. This does not affect the Large Scale & Project Solutions segment, which continues to develop in line with expectations.

For 2024 as a whole, the Managing Board now anticipates sales of €1,550 million to €1,700 million (ACTUAL 2023: €1,904.1 million) and EBITDA of €80 million to €130 million (ACTUAL 2023: €311.0 million).

Scheduled depreciation and amortization will continue to amount to around €45 million in 2024. Should further risks materialize in the second half of 2024, however, the total write-downs could increase to up to €60 million. On this basis, the Managing Board expects an EBIT of €20 million to €85 million (ACTUAL 2023: €269.5 million) for the 2024 fiscal year. In 2024, capital expenditure of approximately €200 million (including capitalized development costs and lease investments) will be approximately above the previous year (ACTUAL 2023: €95.1 million).

The SMA Group is investing in the future to benefit from the potential arising from the megatrends of decentralization, decarbonization and digitalization of the energy supply world-wide, and is developing highly integrated and digitalized solutions for the resulting requirements.

Against this background, investments, especially in new products, land and buildings, technical equipment and machines for the new GIGAWATT FACTORY, at the site in Niestetal, Kassel, Germany, as well as the capitalization of research and development expenses are planned for 2024.

Due to the lower sales development in the Home Solutions and Commercial & Industrial (C&I) Solutions segments in the second half of 2024 as well as high inventories in the SMA Group, the Managing Board expects net working capital to be between 27% and 30% of sales at the end of the year. The amount of expected net cash as at December 31, 2024, has decreased accordingly to around €100 million compared to the original guidance.

For details regarding risks, please refer to the "Risks and Opportunities Report" section in the present Consolidated Interim Management Report and the Risks and Opportunities Report in the SMA Annual Report 2023.

SMA Group guidance for 2024 at a glance

Key figure	Guidance 2024	Actual 2023
Sales in € million	1,550 to 1,700	1,904.1
Inverter output sold in GW	17 to 19	20.5
EBITDA in € million	80 to 130	311.0
Capital expenditure in € million	approx. 200	95.1
Net working capital in % of sales	27 to 30	20.6
Net cash in € million	approx. 100	283.3
EBIT in € million	20 to 85	269.5

The SMA Group's sales and earnings depend on global market growth, market share, price dynamics and the supply of electronic components. Its broad product and solution portfolio in all market segments is a major distinguishing feature for the SMA Group.

Due to the overly optimistic assessment of market development across the entire PV industry in the areas of private households (Home Solutions) and commercial enterprises (Commercial & Industrial Solutions) in the previous year, inventories were built up in 2023 that exceed actual end market demand in the current fiscal year. For the area of large-scale PV power plants (Large Scale & Project Solutions), the Managing Board continues to expect positive, stable business development.

The Managing Board of SMA Solar Technology AG forecasts the following performance for individual SMA segments for the 2024 fiscal year compared to the 2023 fiscal year:

Segment guidance for 2024 at a glance

Segment	Sales	EBIT
Home Solutions	Down significantly	Down significantly
Commercial & Industrial Solutions	Down significantly	Down significantly
Large Scale & Project Solutions	Up significantly	Up significantly

System and solution expertise strengthen long-term competitiveness

In recent years, the SMA Group has laid important groundwork for its future viability. The Managing Board of SMA Solar Technology AG therefore also sees excellent growth prospects for the future. In addition to the continued positive development of the global PV market, key drivers include growth in important future fields such as storage, e-mobility, digital energy services and green hydrogen. With its Strategy 2025, its global presence in 20 countries on six continents and its innovative products and solutions, the SMA Group is well positioned to benefit from this market growth and consolidate and/or expand its market position. The company is continuously driving forward the further development of its portfolio toward a comprehensive system landscape for decentralized energy supply. The SMA Group is already an innovative and sustainable energy transition company. As part of our Strategy 2025, we are developing comprehensive and future-proof systems and solutions with high customer benefits for all key areas of the future energy supply and opening up new business fields. Our high level of system expertise and close cooperation with strong partners will also enable us to consistently develop this strategy in the future.

The SMA Group will continue to reap the benefits of megatrends

The expansion of renewable energies and battery storage systems and the electrification of other sectors, such as mobility, heating and air-conditioning, will further accelerate the increased fight against climate change and the striving for an energy supply that is largely independent from imports of raw materials. Photovoltaics in particular will benefit from this expansion, also due to the already low levelized cost of electricity compared to other types of generation. The three megatrends of decarbonization, decentralization and digitalization are having an accelerating effect on the expansion of PV but also on the innovation of new business models, for example in the area of smart energy management and grid stabilization solutions.

The SMA Group is well positioned to benefit from these trends in all market segments and regions. With our products and solutions, we actively contribute to combating the global climate crisis. In addition, we have an international sales and service organization and decades of experience and technological expertise in all PV and storage applications as well as key future fields for energy supply. Our total installed inverter output of more than 155 GW worldwide is a particularly good foundation for data-based business models, as valuable energy data can be compiled by the inverter. Our extensive knowledge of managing complex battery storage systems and linking solar power systems to other energy sectors, such as heating, ventilation and cooling technology as well as e-mobility, is an excellent basis for developing future growth potential for digital energy solutions. The SMA Group also has extensive expertise in the area of grid stability and has been bundling its services in this area centrally at its competence center in Bangalore (India) since October 2023. In addition, the SMA Group has already positioned itself in the high-margin business field of green hydrogen production, which is expected to see strong growth in the future. With the Electrolyzer Converter for the grid-friendly processing of electricity for electrolysis, we successfully launched our own range of solutions for optimized hydrogen production on the growing market, which we will continue to expand.

The SMA Group will take advantage of the opportunities posed by digitalization ¹

Thanks to its extensive knowledge and experience in PV system technology, the ability to quickly implement changes, alignment of the subsidiaries toward future business areas and its numerous strategic partnerships, the SMA Group is well prepared for the digitalization of the energy industry and will take advantage of the opportunities that it yields. As a specialist in holistic solutions in the energy sector, we will help shape the energy supply of the future, launch a number of innovations and establish further strategic partnerships as part of our centralized and focused partner management. In the process, we will build on our strengths to design additional system solutions for the conversion to a cost-effective, reliable and sustainable energy supply that is based on decentralized renewable energy. We will be helped in this endeavor by SMA's corporate culture and our motivated employees who make a decisive contribution to the company's long-term success and are therefore also given a share in the SMA Group's financial success.

Niestetal, July 30, 2024

SMA Solar Technology AG
The Managing Board

Dr.-Ing. Jürgen Reinert

Barbara Gregor

¹ This section is not a subject of the financial audit.

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Income statement SMA Group ¹

in €'000	Note	April – June (Q2) 2024	April – June (Q2) 2023	Jan. – June (H1) 2024	Jan. – June (H1) 2023
Sales	5	397,546	411,732	759,321	778,910
Cost of sales		294,810	290,882	561,755	543,788
Gross profit		102,736	120,851	197,566	235,123
Selling expenses		37,142	29,787	71,226	59,171
Research and development expenses		25,528	18,631	48,922	31,358
General administrative expenses		21,696	19,169	42,579	36,272
Other operating income		8,694	12,913	37,632	20,830
Other operating expenses		9,138	10,520	16,304	23,089
Operating profit (EBIT)		17,925	55,656	56,167	106,062
Income from at-equity-accounted investments		0	539	0	539
Financial income		1,288	-194	3,183	2,037
Financial expenses		1,175	909	3,574	2,146
Financial result	8	113	-565	-391	429
Profit before income taxes		18,038	55,092	55,776	106,492
Income taxes		2,391	3,295	11,675	3,009
Net income		15,647	51,797	44,101	103,483
of which attributable to shareholders of SMA AG		15,647	51,797	44,101	103,483
Earnings per share, basic (in €)		0.45	1.49	1.27	2.98
Earnings per share, diluted (in €)		0.45	1.49	1.27	2.98
Number of ordinary shares (in thousands)		34,700	34,700	34,700	34,700

Statement of comprehensive income SMA Group ¹

in €'000	April – June (Q2) 2024	April – June (Q2) 2023	Jan. – June (H1) 2024	Jan. – June (H1) 2023
Net income	15,647	51,797	44,101	103,483
Unrealized gains (+)/losses (-) from currency translation of foreign subsidiaries	988	114	1,621	-1,274
All items of other comprehensive income may be reclassified to profit or loss in subsequent periods	988	114	1,621	-1,274
Overall result	16,635	51,912	45,722	102,209
of which attributable to shareholders of SMA AG	16,635	51,912	45,722	102,209

¹ The financial information for the second quarter (April to June 2024 and 2023) included in the Q2 columns is not subject to the review of the Half-Yearly Financial Report.

Balance sheet SMA Group

in €'000	Note	2024/06/30	2023/12/31
ASSETS			
Intangible assets	9	130,554	117,277
Property, plant and equipment	10	240,992	226,107
Investment property		4,650	4,773
Other financial assets, non-current		8,600	1,562
Deferred tax assets		74,885	78,511
Non-current assets		459,680	428,230
Inventories	11	711,731	559,066
Trade receivables		254,288	277,398
Other financial assets, current (total)	12	39,980	70,152
Cash equivalents with a duration of more than 3 months and asset management		1,921	41,391
Rent deposits and cash on hand pledged as collaterals		28,705	22,541
Remaining other financial assets, current		9,354	6,220
Income tax assets		10,979	6,270
Value added tax receivables		22,671	41,587
Other non-financial assets, current		23,041	15,279
Cash and cash equivalents	13	155,122	219,383
Assets held for sale	12, 22	0	4,550
Current assets		1,217,812	1,193,685
Total assets		1,677,492	1,621,915
LIABILITIES			
Share capital		34,700	34,700
Capital reserves		119,200	119,200
Retained earnings		560,653	532,282
SMA Solar Technology AG shareholders' equity	14	714,553	686,182
Provisions, non-current	15	103,518	105,057
Financial liabilities, non-current	16	23,852	23,037
Contract liabilities, non-current	18	143,859	150,540
Other non-financial liabilities, non-current	19	2,895	2,895
Deferred tax liabilities		1,058	1,854
Non-current liabilities		275,182	283,383
Provisions, current	15	71,679	95,992
Financial liabilities, current	16	130,658	8,816
Trade payables		247,922	303,796
Income tax liabilities		16,455	15,694
Contract liabilities (advances)	18	130,376	140,526
Other contract liabilities, current	18	51,715	57,696
Other financial liabilities, current	17	560	922
Other non-financial liabilities, current	19	38,393	28,908
Current liabilities		687,756	652,350
Total equity and liabilities		1,677,492	1,621,915

Statement of cash flows SMA Group

in €'000	Note	Jan. – June (H1) 2024	Jan. – June (H1) 2023
Net income		44,101	103,483
Income taxes		11,675	3,009
Financial result		391	-429
Depreciation and amortization of property, plant and equipment and intangible assets		24,383	19,281
Change in provisions		-25,852	11,887
Result from the disposal of assets		1,033	388
Change in non-cash expenses/revenue		8,007	3,837
Interest received		759	392
Interest paid		-618	-499
Income tax paid		-11,113	1,818
Gross cash flow		52,765	143,167
Change in inventories		-158,416	-162,448
Change in trade receivables		22,967	-36,968
Change in trade payables		-55,875	93,288
Change in other net assets/other non-cash transaction		-34,927	75,840
Cash flow from operating activities		-173,485	112,880
Payments for investments in property, plant and equipment		-25,032	-11,667
Proceeds from the disposal of property, plant and equipment		10	42
Payments for investments in intangible assets		-22,263	-20,625
Proceeds from the sale of shares in associates and available-for-sale assets less cash given up		18,211	0
Proceeds from the disposal of securities and other financial assets		41,179	3,911
Payments for the acquisition of securities and other financial assets		-613	-3,845
Cash flow from investing activities		11,492	-32,183
Change in other financial liabilities		142	6,170
Payments for lease liabilities		-5,390	-4,347
Proceeds of financial liabilities		120,000	0
Redemption of financial liabilities		-4	-4
Dividends paid by SMA Solar Technology AG		-17,350	0
Cash flow from financing activities		97,398	1,819
Net increase/decrease in cash and cash equivalents		-64,596	82,516
Changes due to exchange rate effects		335	1,013
Cash and cash equivalents as of January 1		219,383	165,355
Cash and cash equivalents as of June 30	27	155,122	248,884

Statement of changes in equity SMA Group

in €'000	Share capital	Capital reserves	Difference from currency translation	Other retained earnings	Consolidated shareholders' equity
Shareholders' equity as of January 1, 2023	34,700	119,200	3,836	305,787	463,523
Net income				103,483	103,483
Other comprehensive income after tax			-1,274		-1,274
Overall result					102,209
Shareholders' equity as of June 30, 2023	34,700	119,200	2,562	409,270	565,732
Shareholders' equity as of January 1, 2024	34,700	119,200	1,694	530,588	686,182
Net income				44,101	44,101
Other comprehensive income after tax			1,621		1,621
Overall result					45,722
Dividend payments of SMA Solar Technology AG	0	0	0	17,350	17,350
Shareholders' equity as of June 30, 2024	34,700	119,200	3,314	557,339	714,553

CONDENSED NOTES AS OF JUNE 30, 2024

General information

1. Basic

The Condensed Half-Year Consolidated Financial Statements of SMA Solar Technology AG as of June 30, 2024, were prepared in compliance with the International Financial Reporting Standards (IFRS) as adopted by the EU. In the 2024 fiscal year, the Half-Year Financial Statements of SMA Solar Technology AG are therefore prepared in accordance with IAS 34, "Interim Financial Reporting." Pursuant to the provisions of IAS 34, a condensed scope of reporting was chosen in comparison with the Consolidated Financial Statements as of December 31, 2023. The Condensed Financial Statements do not include all the information and disclosures required for Consolidated Financial Statements and have therefore to be read in conjunction with the Consolidated Financial Statements as at December 31, 2023.

The Condensed Half-Year Consolidated Financial Statements were prepared in euro. Unless indicated otherwise, all amounts are stated in euro and rounded to whole thousands (€'000) or millions (€ million) to improve clarity. In individual cases, rounding may result in values in this report not adding up exactly to the totals given and percentages not being derived from the values presented.

The Half-Year Consolidated Financial Statements are prepared using the amortized acquisition cost principle. This does not include provisions, deferred taxes and other financial instruments.

The income statement is classified according to the cost of sales method.

The Managing Board of SMA Solar Technology AG authorized the Half-Year Consolidated Financial Statements on July 30, 2024, for submission to the Supervisory Board.

The registered office of the company is Sonnenallee 1, 34266 Niestetal, Germany. Shares of SMA Solar Technology AG are traded publicly. They are listed in the Prime Standard of the Frankfurt Stock Exchange. The company has been listed on the TecDAX since June 20, 2022, and was included in the MDAX on May 9, 2023. On June 24, 2024, the shares were classified in the SDAX.

SMA Solar Technology AG and its subsidiaries (SMA Group) develop, produce and sell systems and solutions for the efficient and sustainable generation, storage and use of solar energy. These include PV and battery inverters, monitoring systems for PV systems, charging solutions for electric vehicles as well as intelligent energy management systems and digital services for the future energy supply. Extensive services up to and including operation and maintenance services for photovoltaic power plants (O&M business) as well as medium-voltage technology and power supply for hydrogen production round off the product range. With its products and services, the SMA Group actively contributes to making a sustainable, secure and cost-effective energy supply a reality worldwide.

More detailed information on the segments is provided in section 5.

2. Scope of consolidation and consolidation principles

The scope of consolidation as at June 30, 2024, has changed compared to December 31, 2023, in that elxon GmbH was deconsolidated upon completion of the sale of shares. The scope of consolidation was expanded with the acquisition of the shares in AE Development Holdings 2023 Trust in April 2024.

With the exception of AE Development Holdings 2023 Trust, all companies within the scope of consolidation are fully consolidated. AE Development Holdings 2023 Trust is recognized as a joint venture in the consolidated financial statements according to the equity method. This is a joint venture in the field of solar energy and battery storage projects in Australia, which was acquired in April. The UNIKIMS GmbH entitled to investments in the list of shareholdings as specified in the Consolidated Financial Statements as of December 31, 2023, is not consolidated due to its subordinate importance.

The Half-Year Consolidated Financial Statements are based on the Financial Statements of SMA Solar Technology AG and the subsidiaries included in the scope of consolidation, which were prepared using uniform accounting policies throughout the SMA Group.

Further details can be found in the Notes to the Consolidated Financial Statements as of December 31, 2023.

3. Accounting and valuation policies and adoption of new accounting standards

ACCOUNTING AND VALUATION POLICIES

There were no changes to the accounting and valuation policies in the present Half-Year Consolidated Financial Statements as at June 30, 2024, compared with the Consolidated Financial Statements of SMA Solar Technology AG as at December 31, 2023.

ADOPTION OF NEW ACCOUNTING STANDARDS

The SMA Group has not yet applied the new standards, interpretations or changes to the standards published that were not yet mandatory as of the balance sheet date. The standards that have to be applied in the future can be found in the Notes to the Consolidated Financial Statements for the 2023 fiscal year under Section 2, New IASB Accounting Standards.

The following amendments and interpretations of International Financial Reporting Standards are to be applied from the beginning of the 2024 fiscal year: Amendments to IAS 1 "Presentation of Financial Statements", amendments to IFRS 16 "Leases", amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures".

Due to fulfillment of the corresponding size criteria, the SMA Group will generally fall within the scope of the BEPS Pillar 2 regulations (MinBestRL-UmsG), which have been transposed into German law (MinStG), from the 2024 fiscal year.

As at the reporting date of December 31, 2023, the SMA Group had conducted an initial indicative analysis, according to which at least one of the three alternative possible transitional CbCR safe harbors could be used in all countries of the group. As there were no significant economic changes within the SMA Group in the first half of the 2024 fiscal year, it is currently assumed that at least one of the CbCR safe harbors can also be used in all countries of the group in the 2024 reporting year. A full analysis will be provided as part of the Consolidated Financial Statements as at December 31, 2024.

The amendments have no material effect on the group's accounting.

4. Significant judgments, estimates and assumptions

Regarding the measurement parameters for the warranty provisions, new findings (with regard to reduced error rates based on updated quality data) have had a reducing effect on the amount of the warranty provisions. This has been counteracted to a small extent by the volume effect of the growth in sales.

In addition, updates were made to the other significant discretionary decisions, estimates and assumptions mentioned in the Consolidated Financial Statements of SMA Solar Technology AG as of December 31, 2023 (in particular also in the area of inventory valuation, capitalized development expenses and deferred tax assets). An analysis of inventory risks in connection with the forecasted decline in sales and earnings resulted in an additional impairment loss of €2.0 million. The analysis covered the majority of the inventory and related to minimum shelf life, changes to bills of materials and discontinued products.

Due to the increased sales risks in the distribution business of the Home Solutions and Commercial & Industrial (C&I) Solutions segments, an impairment test was conducted in the first half of 2024 on non-financial assets including completed and in-progress development projects.

The background to this is the ongoing weak phase in the market for solar energy products. The reasons for this are continued high inventory levels on the customer side and a postponement of investments due to lower electricity prices and high interest rates. Uncertainties also exist regarding current climate legislation. The associated decline in incoming orders and demand reduces short-term sales expectations and will cause that the business result originally planned for the fiscal year 2024 will be significantly lower.

The impairment test of the non-financial assets was carried out in the same way as described in the financial statements as at December 31, 2023.

As part of the impairment test for non-financial assets, it was assumed that the sales risks are short-term and that the business development of the Home Solutions and Commercial & Industrial (C&I) Solutions segments will only be severely impaired in 2024 due to high customer stock levels. For the time being, the Managing Board expects the situation to improve significantly from the start of the 2025 fiscal year at the latest, and is therefore keeping to the planning figures for 2025 and 2026. The impairment tests continued to show significant surplus cover of the book values in all segments. In the event that further risks materialize in the second half of 2024 which could have an impact on planning for 2025 and 2026 as part of the next planning cycle, material impairments cannot be ruled out.

As part of the impairment test for work in progress and completed development projects, an in-depth analysis of the planning figures was also carried out over the entire life cycle of the projects and therefore beyond the fiscal year 2024. In addition, the length of the product life cycle was updated for one project. Even taking sensitivity analyses into account, the impairment tests for projects in the Large Scale & Project Solutions segment continue to show significant surplus cover.

In the Home Solutions segment, sensitivity analyses show that significant impairments only arise if sales prices fall by more than 10% and the estimated sales volumes over the product life cycle falls by more than 30%.

In the Commercial & Industrial (C&I) Solutions segment, more significant impairment losses, which could amount to a figure in the low double-digit millions, may arise if prices fall by more than 10% compared to the currently planned price level. Impairment losses in the single-digit millions arise if there is a deviation of more than 11% from the planned sales volume or if, compared to the original estimate, the expected product life of a project is not extended by one year.

Based on the findings from the impairment test of the non-financial assets, there are also no changes in impairment risks for the deferred tax assets.

For the measurement parameters relating to the provision for anticipated losses from the settlement of a long-term contract for operations management and maintenance services for PV power plants (O&M), no new findings have emerged over time that would lead to an adjustment regarding the amount of compensation payments for liquidated damages and an adjusted discount rate.

In the meantime, negotiations on the settlement of customer claims are being continued within the framework of arbitration proceedings.

In the first quarter of 2024, the SMA Group completed the sale of the shares in elexon GmbH. The contingent purchase price payment (earn-out) agreed in connection with the sale was measured on the basis of the available planning figures for elexon GmbH and discounted due to its long-term nature.

In April 2024, the SMA Group acquired 50% of the shares in the AE Development Holdings 2023 Trust (AEDF) through Altenso GmbH. Due to the shareholders' contractual agreements, Altenso GmbH has no control as defined in IFRS 10. The investment is therefore classified as a joint venture in accordance with IFRS 11 and is included in the consolidated financial statements using the equity method. A financing component granted to AEDF in return for the issue of preference shares is discounted due to its non-interest-bearing nature in accordance with IFRS 9.

5. Segment reporting

The segments of the SMA Group are described in the organizational and reporting structure in the Consolidated Interim Management Report and individually in the “Results of operations” section in the Consolidated Interim Management Report. SMA’s segment structure has not changed in comparison with the previous year.

Financial ratios by segments and regions

The segment information in accordance with IFRS 8 for the second quarter of 2024 and 2023 is as follows:

in € million ¹	External product sales		External service sales		Total sales	
	Q2 2024	Q2 2023	Q2 2024	Q2 2023	Q2 2024	Q2 2023
Segments						
Home Solutions	43.6	161.5	3.6	2.5	47.2	164.0
C&I Solutions	39.6	112.1	3.6	1.9	43.2	114.0
Large Scale & Project Solutions	288.8	124.2	18.4	9.5	307.2	133.7
Total segments	372.0	397.8	25.6	13.9	397.6	411.7
Reconciliation	0.0	0.0	0.0	0.0	0.0	0.0
Continuing operations	372.0	397.8	25.6	13.9	397.6	411.7

¹ The above table is not part of the review of the Half-Yearly Financial Report.

in € million ¹			Depreciation and amortization		Operating profit (EBIT)	
			Q2 2024	Q2 2023	Q2 2024	Q2 2023
Segments						
Home Solutions			2.0	0.4	-18.0	43.1
C&I Solutions			2.6	1.8	-27.0	7.9
Large Scale & Project Solutions			0.8	0.8	59.2	6.5
Total segments			5.4	3.0	14.2	57.5
Reconciliation			7.3	6.7	3.7	-1.8
Continuing operations			12.7	9.7	17.9	55.7

¹ The above table is not part of the review of the Half-Yearly Financial Report.

Sales by regions (target market of the product)

in € million ¹	Q2 2024	Q2 2023
EMEA	179.5	336.2
Americas	202.3	74.2
APAC	20.1	23.8
Sales deductions	-4.4	-22.5
External sales	397.5	411.7
thereof Germany	84.6	173.7

¹ The above table is not part of the review of the Half-Yearly Financial Report.

The segment information in accordance with IFRS 8 for the first half year of 2024 and 2023 is as follows:

in € million	External product sales		External service sales		Total sales	
	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023
Segments						
Home Solutions	103.1	322.6	6.8	4.7	109.9	327.3
C&I Solutions	109.3	190.8	4.3	3.4	113.6	194.2
Large Scale & Project Solutions	503.2	225.3	32.6	32.1	535.8	257.4
Total segments	715.6	738.7	43.7	40.2	759.3	778.9
Reconciliation	0.0	0.0	0.0	0.0	0.0	0.0
Continuing operations	715.6	738.7	43.7	40.2	759.3	778.9

in € million	Depreciation and amortization		Operating profit (EBIT)	
	H1 2024	H1 2023	H1 2024	H1 2023
Segments				
Home Solutions			3.3	0.7
C&I Solutions			5.2	3.6
Large Scale & Project Solutions			1.5	1.6
Total segments			10.0	5.9
Reconciliation			14.4	13.4
Continuing operations			24.4	19.3

Sales by regions (target market of the product)

in € million	H1 2024	H1 2023
EMEA	386.9	612.8
Americas	314.4	159.2
APAC	70.7	41.6
Sales deductions	-12.7	-34.7
External sales	759.3	778.9
thereof Germany	203.4	329.2

Reconciliation of the segment figures to the correlating figures in the Financial Statements is as follows:

in € million ¹	Q2 2024	Q2 2023	H1 2024	H1 2023
Total segment earnings (EBIT)	14.2	57.5	33.7	108.9
Elimination	3.7	-1.8	22.5	-2.8
Consolidated EBIT	17.9	55.7	56.2	106.1
Financial result	0.1	-0.6	-0.4	0.4
Earnings before income taxes	18.0	55.1	55.8	106.5

¹ The financial information for the second quarter (April to June 2024 and 2023) included in the Q2 columns is not subject to the review of the Half-Yearly Financial Report.

Circumstances are shown in the reconciliation, which by definition are not part of the segments. In particular, this comprises unallocated parts of group head offices, including centrally managed cash and cash equivalents, financial instruments and buildings, the expenses of which are allocated to the segments. Business relationships between the segments are eliminated in the reconciliation.

Selected notes to the SMA Group income statement

6. Notes to the income statement

The notes to the income statement, including explanations of significant events and transactions, are provided in the presentation of the results of operations in the Consolidated Interim Management Report.

7. Employee and temporary employee benefits

in €'000	H1 2024	H1 2023
Wages and salaries	156,070	137,286
Expenses for temporary employees	9,753	10,123
Social security contribution and welfare payments	23,608	19,517
	189,431	166,926

8. Financial result

in €'000	H1 2024	H1 2023
Result from at-equity-accounted investments	0	539
Interest income	2,046	1,493
Other financial income	1,137	544
Financial income	3,183	2,037
Interest expenses	2,389	1,974
Other financial expenses	1,185	172
Financial expenses	3,574	2,146
Financial result	-391	429

In the previous year, the result from investments accounted for using the equity method included profit shares from elxon GmbH, which was sold in the first half of 2024. The changes in interest income and interest expenses are mainly due to the changed interest rate environment in the measurement of provisions. The increase in other financial expenses is attributable mainly to the fair value measurement of sold shares in institutional mutual funds.

Selected notes to the SMA Group balance sheet

9. Intangible assets

in €'000	2024/06/30	2023/12/31
Goodwill	482	482
Software	1,783	2,159
Patents/licenses/other rights	912	974
Development projects	74,091	41,949
Intangible assets in progress	53,286	71,713
	130,554	117,277

The intangible assets in progress reflect development activities undertaken by the SMA Group. They primarily consist of development projects for the next generation of platforms that are still under development.

10. Property, plant and equipment

in €'000	2024/06/30	2023/12/31
Land and buildings, incl. buildings on third party property	112,337	114,151
Rights of use for buildings	18,832	20,603
Technical equipment and machinery	30,360	25,683
Rights of use for technical equipment/machinery	2,218	180
Other equipment, plant and office equipment	29,768	25,930
Rights of use for vehicle fleet	4,357	3,927
Prepayments and assets under construction	43,120	35,634
	240,992	226,108

11. Inventories

in €'000	2024/06/30	2023/12/31
Raw materials, consumables and supplies	305,703	228,574
Unfinished goods, work in progress	12,636	13,015
Finished goods, and goods for resale	385,043	297,677
Prepayments	8,349	19,800
	711,731	559,066

Inventories are measured at the lower value of the cost of acquisition or sales and net realizable value. In total, impairment as of June 30, 2024 amounted to €30.0 million (December 31, 2023: €29.8 million). The addition to impairment on inventories, included under expenses as cost of sales, amounted to €5.6 million (H1 2023: €13.0 million).

12. Other financial assets and value added tax receivables

The other non-current financial assets include shares in joint ventures and loan receivables. In the first half of 2024, the SMA Group acquired shares of 50.00% in the Australian company AE Development Holdings 2023 Trust (AEDF). In addition, a further €4.1 million was made available to AEDF against the issue of preference shares, which is measured at cost in accordance with IFRS 9. In addition, a long-term, variable component from the sale of the shares in elxon GmbH in the amount of €3.2 million is included.

Other current financial assets as at June 30, 2024 include financial assets and time deposits with a term of more than three months and accrued interest totaling €1.9 million (December 31, 2023: €41.4 million) as well as rental collateral and cash on hand deposited as collateral in the amount of €28.7 million (December 31, 2023: €22.5 million). Also included are receivables from tax authorities from VAT refund claims of €22.7 million (December 31, 2023: €41.6 million).

13. Cash and cash equivalents

Cash and cash equivalents of €155.1 million (December 31, 2023: €219.4 million) comprise cash in hand as well as bank balances, checks, payments in transit of €155.0 million (December 31, 2023: €218.7 million) and deposits with an original term to maturity of less than three months amounting to €0.1 million (December 31, 2023: €0.6 million). Bank balances bear interest at variable interest rates applicable to deposits subject to call.

14. Equity

The change in equity, including effects not recognized in profit or loss, is shown in the statement of changes in equity.

On May 28, 2024, the Annual General Meeting of SMA Solar Technology AG passed a resolution to distribute a dividend of €17.4 million for the 2023 fiscal year (2023: no dividend payment).

15. Other provisions

in €'000	2024/06/30	2023/12/31
Warranties	131,119	133,420
Personnel	7,233	34,858
Other	36,845	32,771
	175,197	201,049

Warranty provisions consist of warranty obligations (periods of between five and ten years) for expected device failures during the warranty period. In addition, provisions are set aside for specific warranty issues that are mainly used in the following year. Warranty provisions for specific individual cases amounted to €1.1 million (December 31, 2023: €1.3 million). Provisions for expected equipment failures during the warranty period came to €130.0 million (December 31, 2023: €132.2 million). For the short-term portion of €44.2 million, an outflow of funds is expected within one year; for the long-term portion, an outflow of funds is expected within a period of five to ten years.

Personnel provisions mainly include obligations from variable, performance-related remuneration, for long-service anniversaries, death benefits, partial retirement benefits and working-life time accounts. They affect cash in relation to contractual commitments made. The decrease is largely due to the payment of variable, performance-related remuneration for the 2023 fiscal year.

Other provisions include provisions for onerous contracts in the low single-digit million range, which were recognized in connection with the decision to withdraw from the North American O&M business.

16. Financial liabilities

in €'000	2024/06/30	2023/12/31
Liabilities due to credit institutions	120,002	6
Derivative financial liabilities	2,088	0
Lease liabilities	25,836	25,405
Other financial liabilities	6,584	6,442
	154,509	31,853

Changes in liabilities to banks and from leases are reflected in the net cash flow from financing activities. Liabilities to credit institutions relate to the partial utilization of the available credit line. In addition, the credit line of €42.4 million was utilized in the form of guarantees. As of June 30, 2024, a total of €120.0 million was utilized in the form of loans and €42.4 million in the form of guarantees. The remaining RCF credit line thus amounted to €100.0 million for further cash draws and €117.6 million for guarantees.

The other non-current financial liabilities include obligations under a sale and leaseback agreement in connection with the sale of a property. There is a repurchase option for the land in question following termination of the future lease, which will commence in the second half of 2024.

17. Other financial liabilities

The other current financial liabilities include costs for preparing the financial statements and other financial liabilities and are due within one year.

18. Contract liabilities

in €'000	2024/06/30	2023/12/31
Accrual item for extended warranties	162,719	165,468
Liabilities from prepayments received	130,377	140,683
Accruals for service and maintenance contracts	16,200	15,041
Other contract liabilities, current	16,654	27,572
Total	325,950	348,764

Liabilities from advance payments received for deliveries of goods have fallen slightly compared to the end of the 2023 fiscal year. Other contract liabilities entail accrual items for extended warranties, service and maintenance contracts and bonus agreements. Non-current contractual obligations mainly include liabilities from chargeable extended warranties granted for products from the Home Solutions and Commercial & Industrial Solutions business units. The fulfillment of the non-current contractual obligations will extend over a period of 5 to 15 years from the start of the extended warranties.

Current contractual obligations mainly include prepayments received and relate to deliveries of goods, accruals for service and maintenance contracts as well as bonus agreements. They will mostly be fulfilled within the next twelve months.

19. Other non-financial liabilities

Other non-financial liabilities mainly include liabilities in the Human Resources department. They contain obligations to employees regarding performance-based bonuses and positive vacation and flextime balances as well as variable salary components, Christmas bonus and contributions to the workers' compensation association and to social insurance systems totaling €35.0 million (December 31, 2023: €25.5 million). Liabilities to tax authorities, other remaining liabilities and subsidies received totaling €6.3 million are also recognized (December 31, 2023: €6.3 million).

20. Financial instruments

in €'000	Assessment category according to IFRS 9	2024/06/30	2023/12/31
		Book value	Book value
Assets			
Cash and cash equivalents	AC	155,122	219,383
Trade receivables	AC	254,288	277,398
Other financial assets		48,581	71,714
of which other financial assets	FVOCI	3	3
of which institutional mutual funds	FVPL	0	39,489
of which other	AC	45,289	30,821
of which contingent purchase price components	FVPL	3,289	0
of which derivatives that do not qualify for hedge accounting	FVPL	0	1,401
Liabilities			
Trade payables	AC	247,922	303,796
Financial liabilities		154,509	31,853
of which liabilities due to credit institutions	AC	120,002	6
of which liabilities from leases	-	25,836	25,405
of which derivatives that do not qualify for hedge accounting	FVPL	2,088	0
of which other financial liabilities	AC	6,584	6,442
Other financial liabilities	AC	560	922
Of which aggregated according to valuation categories in accordance with IFRS 9			
Financial Assets measured at Amortized Cost	AC	454,698	527,602
Financial Liabilities measured at Amortized Cost	AC	368,484	311,166
Financial Assets measured at Fair Value through Profit or Loss	FVPL	3,289	40,890
Financial Liabilities measured at Fair Value through Profit or Loss	FVPL	2,088	0
Financial Assets measured at Fair Value through Other Comprehensive Income	FVOCI	3	3

The book values represent reasonable approximations of the fair values of the assets and liabilities, which is why a separate indication of the fair amounts is omitted. The fair value of liabilities to credit institutions also differs only insignificantly from the book value.

Cash and cash equivalents, trade receivables and time deposits mainly have short-terms to maturity. Accordingly, their book values on the reporting date were almost identical to their fair values.

The fair values of other non-current receivables correspond to the present values of the payments related to the assets while taking into account current interest parameters, which reflect market- and partner-related changes in conditions and expectations (level 2).

Other financial investments relate to investments not included in the scope of consolidation.

The other remaining financial assets include Altenso GmbH's shares in the AE Development Holdings 2023 Trust, which are accounted for using the equity method, as well as the financing component provided by Altenso in return for the issue of preference shares.

Trade payables and other current financial liabilities normally have short-terms to maturity. The recognized values are almost identical to the fair values.

Fair values of other non-current financial liabilities are determined by referring to the present values of the payments associated with the debts. For discounting, term-related commercially available interest rates are used (level 2).

For most borrowings, the fair values are not materially different from the book values, as interest payments on these borrowings are either close to current market rates or borrowing is short-term.

Derivative financial instruments are used to hedge against currency risks arising from operative business. This includes currency futures. In principle, these instruments are only used for hedging purposes. As is the case with all financial instruments, they are recognized at fair value upon initial recognition. The fair values are also relevant to subsequent measurements. The fair value of traded derivative financial instruments is identical to the market value. This value may be positive or negative. The measurement of forward transactions is based on forward contract rates. The parameters that were used in the valuation models are in line with market data.

The item “Conditional components of the acquisition price” was recognized due to the earn-out regulations in connection with the sale of the shares in elexon GmbH and measured at fair value. Any change in the fair value of the purchase price receivable until the agreement expires shall be recognized in profit or loss.

The following table shows the allocation of our financial assets and liabilities measured at fair values in the balance sheet using the three levels of the fair value hierarchy.

The levels of the fair value hierarchy and their application to our assets and liabilities are described below:

Level 1: Quoted prices for identical assets or liabilities in active markets

Level 2: Inputs other than quoted prices that are observable directly (e.g., prices) or indirectly (e.g., derived from prices).

Level 3: Inputs that are not based on observable market data for assets and liabilities.

In the previous year, the institutional mutual funds were valued based on observable market prices.

in €'000	Level 1	Level 2	Level 3	Total
2024/06/30				
Financial assets, measured at fair value				
Institutional mutual funds	0	0	0	0
Contingent purchase price components	0	0	3,289	3,289
Other securities	0	0	3	3
Financial liabilities, measured at fair value				
Derivative financial instruments	0	2,088	0	2,088
2023/12/31				
Financial assets, measured at fair value				
Institutional mutual funds	39,489	0	0	39,489
Other securities	0	0	3	3
Derivative financial instruments	0	0	0	0
Financial liabilities, measured at fair value				
Derivative financial instruments	0	1,401	0	1,401

Other disclosures

21. Events after the balance sheet date

In July 2024, a further €25.0 million of the RCF credit line was utilized in form of cash drawings. In connection with the changing market environment, one of SMA's suppliers has terminated further cooperation. The possible long-term effects are currently analyzed by SMA.

22. Related party disclosures

On May 28, 2014, SMA concluded an agreement regarding a close strategic partnership with Danfoss A/S. As part of this partnership, Danfoss acquired a 20% stake in SMA and therefore belongs to the group of related entities. SMA entered into a strategic partnership with Danfoss in the areas of purchasing, sales, and research and development. SMA also performs services on behalf of Danfoss. In the first half of 2024, goods to the value of €14.8 million were purchased from Danfoss or its subsidiary companies. As at June 30, 2024, account payables to Danfoss amounted to €4.1 million. Goods to the value of €0.2 million were sold to Danfoss. As of the reporting date June 30, 2024, trade receivables amounted to €0.2 million.

All agreements were concluded under fair market conditions. There is no material collateralization nor are there guarantees. No impairment losses were recognized from transactions with Danfoss.

Furthermore, the Australia company AE Development Holdings 2023 Trust is recognized as a joint venture. This is a joint venture in the field of solar energy and battery storage projects, in which the SMA Group holds a 50.00% stake via SMA Altensio GmbH. SMA granted AE Development Holdings 2023 Trust a loan totaling €4.1 million.

In the first quarter of 2024, the SMA Group completed the sale of its shares in elexon GmbH, which was previously managed as a joint venture. The SMA Group achieved a positive earnings contribution from the sale due to disposals of non-current assets amounting to €19.1 million.

RESPONSIBILITY STATEMENT

We assure to the best of our knowledge that, in accordance with the applicable accounting standards for half-year financial reporting, the Half-Year Consolidated Financial Statements give a fair view of the net assets, financial position and results of operations of the SMA Group and that the Consolidated Interim Management Report gives a fair view of the course of business, including the results of operations and the SMA Group's position, and describes the fundamental opportunities and risks associated with the expected development of the SMA Group for the remaining months of the fiscal year.

Niestetal, July 30, 2024

SMA Solar Technology AG
The Managing Board

Dr.-Ing. Jürgen Reinert

Barbara Gregor

REVIEW REPORT¹

To SMA Solar Technology AG, Niestetal

We have reviewed the half year consolidated financial statements—comprising the income statement SMA Group, the statement of comprehensive income SMA Group, the balance sheet SMA Group, the statement of cash flows SMA Group, the statement of changes in equity SMA Group and condensed notes as of June 30, 2024—except for quarterly disclosures for the periods April to June 2024 and April to June 2023 presented within the income statement SMA Group, the statement of comprehensive income SMA Group and in the segment report in the condensed notes as of June 30, 2024 and with the exception of other disclosed information indicated by footnotes in the interim group management report—and the interim group management report of SMA Solar Technology AG, Niestetal, for the period from January 1, 2024 to June 30, 2024 that are part of the semi annual financial report pursuant to section 115 German Securities Trading Act (WpHG). The preparation of the half year consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the half year consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the half year consolidated financial statements and of the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the half year consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of Company personnel and analytical assessments and therefore does not provide the assurance attainable in a financial statements audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we do not express an audit opinion.

Based on our review no matters have come to our attention that cause us to presume that the half year consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. Our audit opinion does not cover quarterly disclosures for the second quarter of the years 2024 and 2023 presented within the income statement SMA Group, the statement of comprehensive income SMA Group and in the segment report in the condensed notes and other disclosed information indicated by footnotes in the interim group management report that were not subject of our financial audit.

Frankfurt/Main, July 30, 2024

BDO AG
Wirtschaftsprüfungsgesellschaft

Gebhardt
Wirtschaftsprüfer
(German Public Auditor)

Dr. Faßhauer
Wirtschaftsprüfer
(German Public Auditor)

¹ Convenience translation of the original independent review report issued in German language on the half-year financial statements as of June 30, 2024 and of the interim group management report prepared in German language by the management of SMA Solar Technology AG. Solely the original German review report is authoritative.

FINANCIAL CALENDAR

2024/11/14	Publication of Quarterly Statement: January to September 2024 Analyst Conference Call: 13:30 p.m. (CET)
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DISCLAIMER

The Half-Yearly Financial Report, in particular the Forecast Report included in the Management Report, includes various forecasts and expectations as well as statements relating to the future development of the SMA Group and SMA Solar Technology AG. These statements are based on assumptions and estimates and may entail known and unknown risks and uncertainties. Actual development and results as well as the financial and asset situation may therefore differ substantially from the expectations and assumptions made. This may be due to market fluctuations, the development of world market prices for commodities, of financial markets and exchange rates, amendments to national and international legislation and provisions or fundamental changes in the economic and political environment. SMA does not intend to and does not undertake an obligation to update or revise any forward-looking statements to adapt them to events or developments after the publication of this Half-Yearly Financial Report.



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