



Half-Yearly Financial Report January to June 2021
SMA Solar Technology AG

The background image shows a man in a dark jacket and jeans standing on a rocky mountain peak, looking out at the sunset. A black and white dog sits next to him. In the distance, solar panels are visible on a hillside. The sky is filled with soft, golden light from the setting sun.

Future Energy. Delivered.

Sustainably. Reliably. Inspiring.

SMA Solar Technology AG

at a glance

SMA group		H1 2021	H1 2020	Change	Full Year 2020
Sales	€ million	488.3	514.2	-5.0%	1,026.6
Export ratio	%	74.2	77.3		79.6
Inverter output sold	MW	6,798	7,105	-4.3%	14,416
Capital expenditure	€ million	19.6	14.7	33.3%	38.8
Depreciation and amortization	€ million	21.0	21.3	-1.4%	43.6
EBITDA	€ million	38.1	24.0	58.8%	71.5
EBITDA margin	%	7.8	4.7		7.0
Net income	€ million	13.3	2.7	392.6%	28.1
Earnings per share ¹	€	0.38	0.08		0.81
Employees ²		3,452	3,199	7.9%	3,264
in Germany		2,425	2,215	9.5%	2,262
abroad		1,027	984	4.4%	1,002

SMA group		2021/06/30	2020/12/31	Change
Total assets	€ million	1,046.3	1,051.2	0%
Equity	€ million	443.9	439.1	1%
Equity ratio	%	42.4	41.8	
Net working capital ³	€ million	280.1	210.6	33%
Net working capital ratio ⁴	%	28.0	20.5	
Net cash ⁵	€ million	170.0	226.0	-25%

¹ Converted to 34,700,000 shares

² Reporting date; without temporary employees

³ Inventories and trade receivables minus trade payables and liabilities from advanced payments received for orders

⁴ Relating to the last twelve months (LTM)

⁵ Total cash minus interest-bearing financial liabilities to banks

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BASIC INFORMATION ABOUT THE GROUP

Business activity and organization

SMA Solar Technology AG (SMA) and its subsidiaries (SMA group) develop, produce and sell solar and battery inverters, monitoring systems for PV systems, medium-voltage technology and high-performance power supplies for hydrogen production. In addition, the company offers charging solutions for electric vehicles, intelligent energy management solutions and services, including operation and maintenance services for photovoltaic power plants (O&M business). Another business segment is digital services for the future energy supply.

Organizational structure

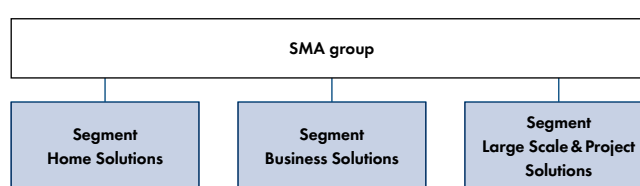
LEGAL STRUCTURE OF THE GROUP

As the parent company of the SMA group, SMA 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 Annual Report includes information regarding the parent company and all 28 group companies (H1 2020: 28), including seven domestic companies and 21 companies based abroad. In addition, SMA Solar Technology AG holds a 42% interest in elxon GmbH. The joint venture in the field of charging infrastructure facilities was established in 2019 and is recognized as an associate in the Consolidated Financial Statements according to the equity method.

ORGANIZATIONAL AND REPORTING STRUCTURE

The SMA group operates under a functional matrix organization. In this organization, the Home & Business Solutions and Large Scale & Project Solutions business units manage development, operational service and sales as well as production and procurement/logistics. The Home Solutions and Business Solutions segments are presented separately in the reporting structure.

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.

COMPOSITION OF THE MANAGING BOARD

Since October 15, 2018, the Managing Board of SMA Solar Technology AG has comprised the following members: Dr.-Ing. Jürgen Reinert (Chief Executive Officer, Board Member for Strategy, Sales and Service, Operations and Technology) and Ulrich Hadding (Board Member for Finance, Human Resources and Legal).

COMPOSITION OF THE SUPERVISORY BOARD

The SMA Supervisory Board, which represents shareholders and employees in equal measure, consists of Roland Bent, Kim Fausing (Deputy Chairman), Alexa Hergenröther, 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

SMA uses its systems expertise to develop holistic solutions for different photovoltaic applications and 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 and decrease the complexity in the new, decentralized and digital energy world, thus making a significant contribution to a successful global energy transition.

Forward-looking development approach

Thorough understanding of different market requirements and close proximity to our customers enable us to anticipate future system technology demands. With the growing importance of photovoltaics for the global power generation and the increasing integration of PV systems into complete systems, system integration and connectivity are taking center stage. In addition, cyber security is playing an ever more important role. In this context, the PV inverter is classified as a system-critical component, so customers place higher demands on the transparency of companies.¹

In product development, we are pursuing a platform strategy aimed at systematically reducing product costs and being able to quickly react to market changes. By standardizing the core inverter, we are capable of increasing the proportion of identical components across the entire portfolio. 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

SMA was granted 1,669 patents and utility models worldwide by the end of the reporting period. In addition, about 500 other patent applications were still pending as of June 30, 2021. Furthermore, SMA holds the rights to 1,391 trademarks.

In addition to the (further) development of solutions for the efficient generation, storage and use of solar energy and intelligent energy management across various sectors, the focus of development is also increasingly on charging solutions for electric vehicles and solutions for optimizing hydrogen production.

Integrated solutions for the global energy transition²

RESIDENTIAL SYSTEMS: HYBRID INVERTERS AND ADDITIONAL APP FUNCTIONS

In the Home Solutions segment, the focus in the reporting period was on the simple and efficient integration of storage and the functional expansion of energy apps for installers and system operators.

SMA is closing a gap in its portfolio with the market launch of the Sunny Tripower Smart Energy planned for the end of 2021. The three-phase hybrid inverter with integrated backup function offers maximum convenience for users. With four power classes, it is ideal for use in private homes. As a solar and battery inverter in one, it manages all energy flows between the PV generator, the connected battery and the household's electricity supply together with the Sunny Home Manager 2.0. The Sunny Tripower Smart Energy thus significantly reduces the power drawn from the utility grid and, thanks to the backup function, continues supplying important appliances in the event of a power outage. Integrated services and software solutions ensure maximum user convenience and utmost safety. This includes the automated SMA Smart Connected inverter monitoring for swift service in the event of a fault.

The SMA 360° app for solar power professionals now allows installers to connect system simulation, planning, commissioning and monitoring as well as automatic notifications when servicing is required. The SMA Energy app for end users was expanded by a module for managing the charging of electric vehicles.

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

² This section is not a subject of the financial audit.

COMMERCIAL APPLICATIONS: OPTIMIZED PLANNING AND EXPANSION OF INVERTER OFFERING

In the Business Solutions segment, SMA expanded the Sunny Design software for fast and comprehensive planning of PV systems by shade analysis taking into account shadow progression and by the possibility of integrating up to six different sub-projects into the planning of one PV system, such as on multiple roofs, in the reporting period. Additional functional expansions are planned for the coming months.

In the important U.S. market, SMA introduced a product update of the Sunny Tripower CORE1 inverter with even better diagnosis, monitoring and reporting functions for PV system designers and operators. In addition, SMA is currently working on new models in the product families Sunny Tripower (the next generation of three-phase solar inverters for small to medium-sized commercial applications), Sunny Island and Sunny Tripower Storage (battery inverters for optimum storage integration into both on-grid and off-grid power supply systems). The new inverters will complement the range of the SMA Energy System Business and make the offering in this area even more flexible and application-oriented.

PV POWER PLANTS: NEW SERVICE SOLUTIONS AND OPTIMIZED HYDROGEN PRODUCTION

In the Large Scale & Project Solutions segment, development in the reporting period focused on customer-specific complete solutions for PV, storage and power-to-gas applications.

SMA's medium-voltage power stations combine PV or battery inverters with perfectly matched medium-voltage technology in one container. With power of up to 6,000 kVA and new, grid-forming functions, they also meet future requirements for integrated energy and maintaining grid stability. They thus make a considerable contribution to integrating ever greater amounts of locally generated power from renewable sources into the grids.

SMA also expanded its service offering for PV power plants in the reporting period. This includes free 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.

In addition, SMA successfully pursued its positioning in the new business field of green hydrogen production in the first half of 2021. Projects with SMA system technology for the processing of direct current for electrolysis went into operation in the U.S., Europe and Australia.

ECONOMIC REPORT

General economic conditions and economic conditions in the sector

General economic conditions

According to the International Monetary Fund (IMF), the development of global economic output was a positive surprise overall in the first quarter of 2021. However, in the July 2021 update of the World Economic Outlook, the experts note that the development of economic recovery is increasingly uneven. After an initially positive development of the economies in Asia and Latin America in the first quarter, in which economic activity in Europe was hampered by new lockdowns, it became increasingly clear in the following months that the further economic development of a country depended heavily on the availability of vaccines. Accordingly, the economy in industrialized countries is normalizing faster overall than in the developing and newly industrialized countries. For example, according to preliminary data, the recovery in the second quarter had spread beyond manufacturing to the service sector, particularly in economies where coronavirus infections were better under control.

Economic conditions in the sector

Photovoltaics have proven to be increasingly competitive in recent years. In a growing number of regions around the world, solar power is now more cost-efficient than conventionally generated electricity. For example, large-scale solar projects in the Middle East are already generating solar power at less than \$0.02 per kWh in some cases. This points the way to an environment in which the industry will grow in the medium and long term even without subsidization. In the wake of the transformation of global energy supply structures, current and future objectives include intelligently linking different technologies and providing intermediate storage solutions for generated energy, thereby ensuring a reliable and cost-effective electricity supply based on renewable energies.

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

Based on newly installed PV power of around 60 GW (H1 2020: approximately 50 GW), according to SMA's estimates, the global photovoltaic market was above the previous year's level in the first half of 2021¹. SMA estimates that global PV inverter technology sales² increased to €3.0 billion (H1 2020: €2.7 billion).

In the photovoltaic markets in Europe, the Middle East and Africa (EMEA), inverter technology sales increased to around €960 million (H1 2020: €800 million). The share of the EMEA region in global sales rose slightly to around 32% (H1 2020: 30%). System technology for storage applications and the retrofitting of existing PV systems accounted for a significant portion of sales in the EMEA region at about 19%. Investments in North and South America (Americas) amounted to almost €800 million (H1 2020: €600 million). The region thus accounted for around 27% of global inverter technology sales (H1 2020: 22%). The Chinese PV market recorded a slight increase. With an investment volume of approximately €360 million, China accounted for around 12% of global sales in the reporting period (H1 2020: €340 million; 13%). The Asia-Pacific photovoltaic markets (excluding China) were down year on year with sales of around €880 million, accounting for around 29% of the global market (H1 2020: €940 million; 35%).

EMEA: GERMANY IS MOST IMPORTANT MARKET AGAIN

In the Europe, Middle East and Africa (EMEA) region, newly installed PV power increased significantly to 16 GW in the first half of the year (H1 2020: 11 GW). At 2.9 GW (H1 2020: 2.3 GW), Germany was again the most significant market in Europe in terms of newly registered PV power in the reporting period.

Development in other European countries was mixed. This was mainly due to the uncertain situation arising from the ongoing coronavirus crisis and to the lockdown measures of varying stringency. Furthermore, higher commodities prices observed since the start of the year had impacts on installation activity in some areas.

¹ The installation figures do not include retrofitting of existing PV systems with new inverters or battery inverter technology.

² Including inverter retrofitting and battery inverter technology

AMERICAS: INVESTMENTS IN THE U.S. MARKET INCREASE

The U.S. market was still dominated by large-scale solar projects in the reporting period. The SMA Managing Board estimates PV installation in the first half of 2021 at approximately 10.8 GW (H1 2020: 7.4 GW). The investment volume for inverter technology increased in the U.S. by around 37% to approximately €580 million (H1 2020: approximately €430 million). Newly installed PV power in the Americas region came to 15 GW in the reporting period (H1 2020: 11 GW).

APAC: NEW PV INSTALLATIONS AT PREVIOUS YEAR'S LEVEL

According to SMA estimates, around 13 GW of new PV power was installed in China in the first half of 2021 (H1 2020: 12 GW). New PV installations in the Asia-Pacific region, excluding China, (APAC) remained on a par with the previous year with around 16 GW.

According to estimates, new PV installations in Japan remained at roughly 4.1 GW in the first half of 2021. Inverter technology investments declined slightly in the reporting period to approximately €340 million (H1 2020: €370 million). The driving segments here were commercial systems and large-scale PV power plants as well as retrofitting of existing PV systems. In Australia, newly installed PV power increased to 2.6 GW in the first half of 2021 (H1 2020: 2.0 GW). Investments in inverter technology grew to €180 million (H1 2020: €150 million).

SMA is well positioned internationally and generates sales in all relevant regions. In the reporting period, 50.1% of external sales calculated before sales deductions were generated in Europe, the Middle East and Africa (EMEA), 35.7% in the North and South America (Americas) region and 14.2% in the Asia-Pacific (APAC) region (H1 2020: 47.9% EMEA, 33.6% Americas, 18.5% APAC).

The Large Scale & Project Solutions segment made the largest contribution to sales in the first half of 2021, accounting for 45.9% (H1 2020: 42.3%). The Home Solutions segment generated 30.3% of the SMA group's sales (H1 2020: 27.1%), while the Business Solutions segment contributed 23.8% (H1 2020: 30.6%).

As of June 30, 2021, SMA had a large order backlog of €852.1 million (June 30, 2020: €760.0 million). Of this amount, €360.6 million is attributable to product business. The product-related order backlog was thus slightly below the level as of December 31, 2020 (€386.3 million) but significantly above the level as of June 30, 2020 (€321.0 million). In total, €491.5 million of the order backlog is attributable to Service business. Most of this share will be implemented over the next five to ten years.

Earnings before interest, taxes, depreciation and amortization (EBITDA) significantly increased year on year to €38.1 million (EBITDA margin: 7.8%; H1 2020: €24.0 million; 4.7%). Earnings before interest and taxes (EBIT) came to €17.1 million (H1 2020: €2.6 million). This equates to an EBIT margin of 3.5% (H1 2020: 0.5%). Net income amounted to €13.3 million (H1 2020: €2.7 million). Earnings per share thus amounted to €0.38 (H1 2020: €0.08).

Results of operations

Sales and earnings

SMA SIGNIFICANTLY INCREASES EARNINGS DESPITE SLIGHT DECLINE IN SALES

From January to June 2021, the SMA group sold PV inverters with accumulated power of 6,798 MW (H1 2020: 7,105 MW). At €488.3 million, sales were 5.0% lower than in the previous year (H1 2020: €514.2 million). This was attributable to price declines and lower demand in the Business Solutions segment. Uncertainties surrounding the coronavirus crisis meant that small and medium-sized companies continued to hold off on investments. By contrast, the Home Solutions and Large Scale & Project Solutions segments posted a positive sales performance. SMA maintained its production and supply chains despite the challenges posed by the continuing coronavirus crisis, and avoided any major constraints as a result of the strained supply situation for electronic components.

Sales and earnings per segment

HOME SOLUTIONS SEGMENT POSTS INCREASE IN SALES AND EARNINGS

In the Home Solutions segment, SMA caters to global markets for small PV systems with and without connection to a smart home solution. The portfolio comprises single- and three-phase string inverters of the Sunny Boy and Sunny Tripower product families in the lower output range of up to 12 kW, integrated services, energy management solutions, storage systems of the Sunny Island and Sunny Boy Storage product families, charging solutions for electric vehicles, communication products and accessories. SMA's Home Solutions segment also offers services, such as extended warranties, spare parts and modernization of PV systems (Repowering), to enhance performance as well as digital energy services.

External sales in the Home Solutions segment rose by 6.1% to €147.9 million in the first half of 2021 (H1 2020: €139.4 million). Its share of the SMA group's total sales was 30.3% (H1 2020: 27.1%). The EMEA region accounted for the largest share of gross sales at 79.6% (H1 2020: 78.7%), while the Americas region contributed 12.0% (H1 2020: 8.8%) and the APAC region 8.4% (H1 2020: 12.5%).

As a result of the growth in sales and higher margins in the product portfolio, earnings before interest and taxes (EBIT) in the Home Solutions segment improved significantly year on year to €29.6 million (H1 2020: €11.5 million). Segment earnings include a positive effect in a low, single-digit million amount from the remeasurement of general warranty provisions for products already sold, which is a regularly occurring practice at the end of the reporting period. In relation to external sales, the EBIT margin was 20.0% (H1 2020: 8.2%).

BUSINESS SOLUTIONS SEGMENT AFFECTED BY PRICE DECLINE AND RELUCTANCE TO INVEST

In the Business Solutions segment, the focus is on global markets for medium-sized PV systems with and without an energy management solution. The product portfolio comprises the three-phase inverters of the product families Sunny Tripower with outputs of more than 12 kW and Sunny Highpower. Storage solutions and holistic energy management solutions for medium-sized PV systems based on the ennexOS platform, medium-voltage technology and other accessories round off the offering in this segment. In addition, SMA offers services up to and including system modernization and operational management of commercial PV systems (O&M business) as well as digital services.

External sales in the Business Solutions segment decreased in the first half of 2021 to €116.3 million (H1 2020: €157.5 million) caused by price declines and restrained corporate investment activity due to the coronavirus crisis. Its share of the SMA group's total sales was 23.8% (H1 2020: 30.6%). 72.4% of gross sales were attributable to the EMEA region, 13.9% to the Americas region and 13.7% to the APAC region (H1 2020: 60.4% EMEA, 14.6% Americas, 25.0% APAC).

In the first half of 2021, the Business Solutions segment's EBIT decreased to -€11.5 million (H1 2020: €0.4 million) as a result of lower sales. In relation to external sales, the EBIT margin was -9.9% (H1 2020: 0.3%). Due to the increased incoming orders in the second quarter, a positive sales and earnings development is expected for the segment in the second half of the year.

LARGE SCALE & PROJECT SOLUTIONS SEGMENT POSTS SALES GROWTH

The Large Scale & Project Solutions segment focuses on international PV and battery storage power plant markets with its powerful string inverters in the Sunny Highpower product family, the central inverters in the Sunny Central product family as well as the battery inverters in the Sunny Central Storage product family. The outputs of inverters in this segment range from 150 kW to the megawatts. Furthermore, the SMA portfolio includes complete solutions comprising central inverters with their grid service and monitoring functions as well as all medium- and high-voltage technology and accessories. The portfolio is supplemented by services, for example, for the modernization and functional enhancement of PV power plants (Repowering), and operation and maintenance services (O&M business).

After the positive performance last year, SMA again increased external sales in its Large Scale & Project Solutions segment by 3.1% to €224.1 million in the first half of 2021 (H1 2020: €217.3 million), mainly driven by the strong U.S. project business. The share of the SMA group's total sales attributable to the Large Scale & Project Solutions segment came to 45.9% in the reporting period (H1 2020: 42.3%). The Americas region accounted for 63.2% (H1 2020: 64.1%) of the segment's gross sales, the EMEA region for 18.5% (H1 2020: 18.1%) and the APAC region for 18.3% (H1 2020: 17.8%).

Despite the increase in sales, EBIT in the Large Scale & Project Solutions segment were again negative at -€5.1 million (H1 2020: -€5.6 million). Increased transportation costs in the first half of 2021 in particular had a noticeable impact on this figure. Segment earnings include a positive effect in a low, single-digit million amount from the remeasurement of general warranty provisions for products already sold, which is a regularly occurring practice at the end of the reporting period. In relation to external sales, the EBIT margin was -2.3% (H1 2020: -2.6%).

Development of significant income statement items

GROSS MARGIN INCREASED

Cost of sales decreased by 8.8% year on year to €379.6 million (H1 2020: €416.5 million). A positive margin development in the Home Solutions segment in particular resulted in an improvement in the gross margin to 22.3% in the reporting period (H1 2020: 19.0%).

Due to performance-based variable remunerations, personnel expenses included in cost of sales increased by 8.4% to €62.1 million in the first half of 2021 (H1 2020: €57.3 million). Material costs, including changes in inventories, came to €289.6 million (H1 2020: €313.6 million).

From January to June 2021, depreciation and amortization included in the cost of sales amounted to €18.1 million (H1 2020: €19.1 million). This covers scheduled depreciation on capitalized development costs of €4.7 million (H1 2020: €4.2 million). Other costs decreased to €9.8 million (H1 2020: €26.5 million) for various reasons, including the fact that improved quality parameters led to a reduction in general warranty provisions for products already sold. In addition, the previous year's figure comprised increased costs for individual warranty issues.

Selling expenses slightly rose to €43.5 million (H1 2020: €42.6 million). The cost of sales ratio was 8.9% in the reporting period (H1 2020: 8.3%).

Research and development expenses, excluding capitalized development projects, came to €26.9 million in the first half of 2021 (H1 2020: €26.9 million). The research and development cost ratio thus amounted to 5.5% (H1 2020: 5.2%). Total research and development expenses, including capitalized development projects, amounted to €38.5 million (H1 2020: €32.9 million). Development projects were capitalized in the amount of €11.6 million (H1 2020: €6.0 million).

General administrative expenses increased to €26.7 million due to performance-based variable remunerations in the first half of 2021 (H1 2020: €24.5 million). The ratio of administrative expenses amounted to 5.5% (H1 2020: 4.8%).

The balance of other operating income and expenses resulted in an effect on earnings of €5.6 million in the reporting period (H1 2020: –€1.1 million). This includes foreign currency valuation effects as well as expenses and income from renting the group's own buildings. This also includes income from assets measured at fair value through profit or loss and expenses from the recognition and reversal of specific valuation allowances on receivables. Currency effects and the valuation of receivables in particular resulted in a positive contribution to earnings.

EMPLOYEE HEADCOUNT INCREASES DUE TO EXPANSION IN MAJOR FUTURE FIELDS

SMA had 3,452 employees worldwide as of June 30, 2021, representing a year-on-year increase of 253 (June 30, 2020: 3,199 employees; figures excluding temporary employees). Reasons for this increase include the creation of jobs in strategically important future fields and the hiring of temporary employees in Production. As of the reporting date, SMA had 2,425 employees in Germany (June 30, 2020: 2,215 employees) and 1,027 employees abroad (June 30, 2020: 984 employees).

SMA still uses temporary employees to absorb order fluctuations. Their hourly rate of pay is in line with that of SMA employees. In addition, temporary employees working at SMA also participate financially in the company's success. As of the reporting date, SMA had 220 temporary employees worldwide, 258 less than in the previous year (June 30, 2020: 478 temporary employees) and 168 less than at the end of 2020 (December 31, 2020: 388 temporary employees).

Employees

Reporting date	2021/ 06/30	2020/ 06/30	2019/ 06/30	2018/ 06/30	2017/ 06/30
Employees (excl. temporary employees)	3,452	3,199	3,052	3,408	3,130
of which domestic	2,425	2,215	2,143	2,190	2,049
of which abroad	1,027	984	909	1,218	1,081
Temporary employees	220	478	399	597	613
Total employees (incl. temporary employees)	3,672	3,677	3,451	4,005	3,743

Full-time equivalents

Reporting date	2021/ 06/30	2020/ 06/30	2019/ 06/30	2018/ 06/30	2017/ 06/30
Full-time equivalents (excl. trainees and temporary employees)	3,129	3,038	2,897	3,238	2,946
of which domestic	2,135	2,074	2,004	2,039	1,878
of which abroad	994	964	893	1,199	1,068

Financial position

Gross cash flow at high level

Gross cash flow reflects operating income prior to commitment of funds. As a result of the improvement in consolidated earnings, it increased to €31.9 million in the first half of 2021 (H1 2020: €28.4 million).

Net cash flow from operating activities improved significantly compared with the same period of the previous year. It amounted to €12.0 million in the first six months of the reporting year (H1 2020: –€85.7 million).

At €302.2 million, inventories were significantly higher than at the end of the previous year (December 31, 2020: €255.5 million). The increase is attributable on the one hand to the Large Scale & Project Solutions segment, where a positive development is expected in the second half of the year thanks to a strong project pipeline, and on the other hand to stockpiling in view of the general shortage of materials. Stockpiling ensures that SMA will have delivery capacity for the expected positive business performance to come in the second half of 2021. Combined with the decrease in trade payables by €10.2 million and the increase in trade receivables by €14.8 million, this resulted in a considerable rise in net working capital to €280.1 million (December 31, 2020: €210.6 million). The net working capital ratio in relation to sales over the past 12 months climbed to 28.0% (December 31, 2020: 20.5%). The net working capital ratio therefore was clearly above the range of 20% to 22% targeted by management.

In the first half of 2021, net cash flow from investing activities amounted to €0.7 million after €12.8 million in the previous year. The balance of cash inflows and outflows from financial investments was €20.9 million (H1 2020: €27.0 million). The outflow of funds for investments in fixed assets and intangible assets amounted to €19.6 million in the reporting period (H1 2020: €14.7 million). With €11.6 million (H1 2020: €6.0 million), a large part of the investments was attributable to capitalized development projects. SMA acquired further interests in elecon GmbH of €0.8 million in June 2021 in the course of a capital increase.

Net cash flow from financing activities amounted to –€15.4 million in the first half of 2021 (H1 2020: –€4.9 million). It was influenced primarily by the dividend distribution of €10.4 million.

As of June 30, 2021, cash and cash equivalents totaling €120.3 million (December 31, 2020: €123.7 million) included cash on hand, bank balances and short-term deposits with an original term to maturity of less than three months. Together with time deposits that have a term to maturity of more than three months, fixed-interest-bearing securities, liquid assets pledged as collateral, and after deducting interest-bearing financial liabilities, this resulted in net cash of €170.0 million (December 31, 2020: €226.0 million).

Investment analysis

In the first half of 2021, investments in fixed assets and intangible assets that affected the statement of cash flows amounted to €19.6 million and were thus above the previous year's figure of €14.7 million. This equates to an investment ratio in relation to sales of 4.0% compared with 2.9% in the first half of 2020. Including additions of rights of use under leases, investments amounted to €28.7 million.

In total €7.2 million was invested in fixed assets (H1 2020: €8.4 million), predominantly for conversions and extensions of existing buildings and for machinery and equipment. The investment ratio for fixed assets was 1.5% in the first half of 2021 (H1 2020: 1.6%). Depreciation of fixed assets, including depreciation of rights of use under leases, amounted to €14.9 million (H1 2020: €16.2 million).

Investments in intangible assets amounted to €12.4 million (H1 2020: €6.3 million). These largely related to capitalized development projects. Amortization of intangible assets amounted to €6.1 million and was thus above previous year's figure of €5.1 million.

Net assets

Sound balance sheet structure

Total assets decreased by 0.5% to €1,046.3 million as of June 30, 2021 (December 31, 2020: €1,051.2 million). At €334.4 million, non-current assets were slightly above the level observed at the end of 2020 (December 31, 2020: €328.5 million).

Net working capital went up significantly to €280.1 million (December 31, 2020: €210.6 million). This put the net working capital ratio in relation to sales over the past 12 months at 28.0%. As of the end of the first half of 2021, trade receivables increased by 12.1% compared to December 31, 2020, to €136.7 million (December 31, 2020: €121.9 million). Days sales outstanding came to 47.2 days and were lower than at the end of the previous year (December 31, 2020: 47.6 days). Inventories remained at a high level at €302.2 million in order to support delivery capacity (December 31, 2020: €255.5 million). Trade payables amounted to €134.0 million and were significantly below the level reported at the end of 2020 (December 31, 2020: €144.2 million). The share of trade credit in total assets of 12.8% was lower than the comparative figure at the end of the previous year (December 31, 2020: 13.7%).

The group's equity capital base slightly increased to €443.9 million (December 31, 2020: €439.1 million). With an equity ratio of 42.4%, SMA still has a solid equity capital base.

RISKS AND OPPORTUNITIES REPORT

Risk and opportunity management

The 2020 Annual Report details risk and opportunity management, individual risks with a potentially significant negative impact on our business, results of operation, financial position and net assets and information on the company's reputation. SMA's key opportunities are also outlined. Using our Risk Management System, we assess the overall risk situation to be manageable. The statements made in the 2020 Annual Report generally continue to apply apart from the fact that a risk of rising prices for raw materials, purchased parts and electronic components emerged in the first six months of the 2021 fiscal year due to the global coronavirus crisis. The strained supply situation for electronic components could lead to delivery capacity constraints later this year. SMA responded to this risk immediately with tighter and more intensive supplier management. We also did not identify any additional significant risks or opportunities aside from those presented in the section on business activity and organization and in the additional information on the results of operation, financial position and net assets.

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 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

Economic development increasingly uneven

In their July 2021 update of the World Economic Outlook, the International Monetary Fund (IMF) experts note that economic development is increasingly uneven. The decisive factor here is the availability of vaccines. While recovery is progressing in developed countries with sufficient vaccines, most less developed national economies are continuing to struggle with significant impacts of the coronavirus pandemic on their economic activity. However, experts are warning that recovery is not assured even in countries with currently very low infection rates as long as the virus circulates elsewhere.

Against this backdrop, the IMF continues to forecast year-on-year growth in global economic output of 6.0% for 2021, although it is revising the outlook downwards for developing and newly industrialized countries, particularly in Asia. According to the experts, however, growth prospects for industrialized countries have improved.

For industrialized countries, the IMF expects a further normalization of economic activity in the second half of the year, driven by advancing vaccination campaigns and supportive fiscal policies. Accordingly, the experts have raised the growth forecast for developed national economies by 0.5 percentage points to 5.6% compared with the April 2021 forecast. For developing and newly industrialized countries, the IMF forecasts growth of 6.3%, which is lower than assumed in the April report. This is due in particular to weaker prospects for the newly industrialized Asian countries.

The experts estimate that U.S. economic output will clearly grow by 7.0% in 2021. Legislative initiatives to boost infrastructure investment and strengthen social security are expected to have a positive impact in the second half of the year. For the eurozone, the IMF expects economic growth of 4.6% in the current year. The IMF economists have slightly lowered their growth expectations for the Chinese economy to 8.1%.

The IMF raised its growth forecast for 2022 by 0.5 percentage points to 4.9% compared with the April forecast, based on the improved outlook for the developed national economies.

Future general economic conditions in the photovoltaics sector

Photovoltaics to become "new king of the world's electricity markets" ¹

The fight against climate change is now one of the most central issues in the public, politics and economics. The global Fridays for Future movement and, more notably, unusual weather phenomena, such as severe storms, droughts and flooding in various regions of the world, not to mention the unprecedented bushfires in Australia and the Western part of the U.S., have helped raise the profile of this issue.

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 in 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. In their "Net Zero by 2050 – A Roadmap for the Global Energy Sector" study, experts at the International Energy Agency (IEA) explain that by 2050 the global energy supply will need to be based largely on renewables, with solar energy the single largest source of supply.

¹ Source: IEA World Energy Outlook 2020

In its study "Growth Opportunities from Decarbonization in the Global Power Market, 2019–2030," the analysis company Frost & Sullivan expects that by 2030, global investments in renewable energies will amount to \$3.4 trillion, of which \$2.7 trillion will be invested in photovoltaics and wind energy. According to the study "Global Energy Perspective 2021," the consultancy firm McKinsey is forecasting that by as early as 2036, half the world's electricity demand will be covered by renewable energy sources.

Demand for electricity is set to increase disproportionately as a result of the electrification of additional sectors such as heating, air conditioning and mobility, which is required to meet climate change targets, and the growing demand for green hydrogen. Along with climate change targets, further decreases in the cost of green hydrogen are contributing to the anticipated rapid growth of solar and wind energy. Photovoltaics is already considered one of the most cost-effective energy sources in most countries of the world. According to the experts at the International Energy Agency (IEA), some solar projects can already provide the lowest electricity costs that there have ever been. The analysis company Wood Mackenzie estimates that the costs of PV power generation have gone down by 90% in the past 20 years and will fall by a further 15% to 25% by 2030.

In the IEA's World Energy Outlook 2020, Executive Director Fatih Birol describes photovoltaics as "the new king of the world's electricity markets." The IEA experts forecast that renewable energy will cover 80% of growth in global demand for electricity by 2030, with photovoltaics representing the largest growth driver. The IEA anticipates new installation records for photovoltaics each year after 2022. Annual global PV installations are expected to have almost tripled by 2030. Wood Mackenzie describes the solar industry as "highly investable" because it is increasingly able to meet both economic and political targets.

In addition to the ever-decreasing consumer cost of electricity from PV systems thanks to technological advancements, the generation of solar power in the vicinity of residential, commercial and industrial consumers makes photovoltaics particularly appealing. The increasingly affordable storage systems and modern communication technologies combined with services for cross-sector energy management will harmonize energy production and demand. 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 are predicting will experience exponential growth in the years to come.

Global new PV installations increase to 155 GW

The SMA Managing Board anticipates growth in newly installed PV power worldwide of around 12% to approximately 155 GW in 2021. The growth is being driven by all regions, apart from Asia-Pacific (excluding China). Global investments in system technology for traditional photovoltaic applications will remain at the previous year's level due to a decline in price development. By contrast, investments in system technology for storage applications (excluding investments in batteries) will rise by approximately €190 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 €6.6 billion in 2021 (2020: €6.4 billion). The Managing Board rates the medium-term prospects for the PV industry as positive. This is due to the continuously increasing competitiveness of photovoltaics and the accelerating transformation of the energy sector toward decentralized, digital and connected energy generation.

Considerable increase in demand in the EMEA region

The SMA Managing Board anticipates a significant increase in newly installed PV power of approximately 22% to more than 33 GW in the Europe, Middle East and Africa (EMEA) region in 2021 (2020: 27 GW). In addition to growth in the countries in the Middle East and Africa, this is also due to the positive development in a large number of European markets. According to SMA estimates, investments in PV and storage system technology will grow to approximately €1.9 billion (2020: €1.7 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. Self-consumption of solar power is a particularly attractive option for the operators of these systems.

Americas region continues to grow

For the Americas region, the SMA Managing Board anticipates growth in newly installed PV power of around 22% to approximately 33 GW (2020: 27 GW). Roughly 25 GW of this amount is attributable to the North American markets. The extension of the Investment Tax Credit (ITC) for PV systems by a further two years, which was adopted by the U.S. Congress in December 2020, and the Climate Change Agenda of the new U.S. government are providing positive impetus here. Inverter technology investments are expected to increase to almost €1.6 billion in the Americas region (2020: €1.4 billion).

Investments in the Asia-Pacific region below previous year's level

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 increase by around 14% and reach more than 55 GW in 2021 (2020: 48 GW). At around €1.4 billion, investments in inverter technology are expected to be slightly higher than last year (2020: €1.3 billion). For the APAC region, excluding China, the SMA Managing Board expects newly installed PV power to decrease slightly by approximately 6% to around 34 GW in 2021 (2020: 36 GW). While the Indian and Australian markets are expected to grow, the Vietnamese market is likely to decline again following the sharp growth in 2020. The SMA Managing Board expects declining investments of approximately €1.7 billion in inverter technology for the region as a whole (2020: €2.0 billion).

Growth markets: storage technology, digital energy services and operational management

The trend to regionalize 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. In addition, 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 also expected to become an essential pillar of these new energy supply structures a few years from now. Integration 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 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 rise, particularly in European markets, the U.S., Australia and Japan. In these markets, renewable energies are already taking on a greater share in the electricity supply. In addition, 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 €950 million in 2021 (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. Solutions from hardware, software and ongoing consulting services are used here, for example, in supermarkets to monitor all energy flows digitally and to identify potential savings across all consumption sectors, such as electricity, cooling, heating and e-mobility. The SMA Managing Board expects this area to represent an addressable market of approximately €1.9 billion in 2021. The market will grow exponentially in the medium and long term.

Technical management of commercial PV systems and large-scale PV power plants is another growth segment. This includes a range of services, such as repairs and device replacements as well as visual inspections and maintenance of entire systems. The market in these segments had an accumulated installed capacity of over 650 GW at the end of 2020 and will have an expected 780 GW by the end of 2021. The SMA Managing Board estimates the addressable market share, which is not yet or no longer under contract, at around 150 GW in 2021, which corresponds to a sales potential of approximately €900 million. Prices are calculated yearly per MW and vary significantly depending on the regions and services included.

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

Managing Board continues to anticipate sales and earnings growth

On February 5, 2021, the SMA Managing Board published its sales and earnings guidance for the current fiscal year for the first time. It predicts a sales increase to between €1,075 million and €1,175 million (ACTUAL 2020: €1,026.6 million). In the second half of 2021, the Managing Board is anticipating an increase in demand for SMA products and solutions, particularly in Europe and America. In addition, the Managing Board is driving the ongoing development of its product portfolio toward creating a system landscape for decentralized energy supply as part of Strategy 2025. The Managing Board is confident that lower production costs and the leveraging of economies of scale accompanied by a leveling off of price declines will bolster both SMA's profitability and the continued portfolio streamlining to focus on higher-margin products. Against this backdrop, the SMA Managing Board is also expecting an increase in earnings. The Managing Board estimates that operating earnings before interest, taxes, depreciation and amortization (EBITDA) will amount to between €75 million and €95 million in 2021 (ACTUAL 2020: €71.5 million). Depreciation and amortization are expected to come to approximately €45 million. The SMA Managing Board currently sees no threat to the forecast due to the continued restrictions in connection with the coronavirus pandemic. However, fundamental uncertainties do not permit a conclusive assessment at this time. Furthermore, the ongoing strained supply situation for electronic components could lead to delivery capacity constraints in the second half of the year. The Managing Board is responding to the situation by implementing tighter and more intensive supplier management policies and putting in place a stockpiling strategy.

In 2021, capital expenditure of approximately €60 million (including capitalized development costs and lease investments) will be slightly up year on year (ACTUAL 2020: €57.1 million).

For details regarding risks, please refer to the Risks and Opportunities Report on page 11 and the Risks and Opportunities Report in the SMA Annual Report 2020 starting on page 62.

SMA group guidance for 2021 at a glance

Key figure	Guidance 2021	2020
Sales in € million	1,075 to 1,175	1,026.6
Inverter output sold in GW	16 to 17	14.4
EBITDA in € million	75 to 95	71.5
Capital expenditure in € million	approx. 60	57.1
Net working capital in % of sales	20 to 22	20.5
Net cash in € million	230 to 250	226.0
EBIT in € million	30 to 50	27.9

SMA's sales and earnings depend on global market growth, market share and price dynamics. Our global presence and our wide portfolio of products and solutions for all segments enable us to respond quickly to changing market conditions, offset fluctuations in demand and take advantage of developments in global photovoltaic markets. Its broad product and solution portfolio in all market segments is a major distinguishing feature for SMA. The SMA Managing Board forecasts the following performance for individual SMA segments in the 2021 fiscal year:

Segment guidance for 2021 at a glance

Segment	Sales	EBIT
Home Solutions	Up	Up
Business Solutions	Slightly down	Up
Large Scale & Project Solutions	Up	Down

SMA has set course for the future with Strategy 2025

By further developing and refining its corporate strategy, SMA's management has laid the foundations for future business success in 2020. The company's further transformation into a systems and solutions provider remains key to the strategy. SMA Strategy 2025 aims to leverage the company's exceptional systems expertise to develop completely sustainable, future-proof solutions offering significant customer benefit in close collaboration with its strong partners and to tap into new business areas.

The focal points of the corporate objectives set out in SMA's Strategy 2025 include achieving closer proximity to customers, stability through profitability, holistic sustainability, leveraging of innovation capacity to position the company for the future in existing and new business areas and development and expansion of a powerful partner network. All the objectives are accompanied by tangible initiatives and measures as well as measurable key figures.

While a market environment dominated by the ever-faster pace of technological development is causing some competitors to shy away from R&D investments, SMA has firmly embedded the continued development of its innovative prowess in its Strategy 2025 and, with investments, including a new test center for large-scale central inverters, which meets stringent international standards, has laid the groundwork to ensure that it can continue to meet even future compatibility and reliability requirements for systems in all regions.

SMA will reap the benefits of megatrends

The urgency of the fight against climate change and the keen awareness of sustainability issues across large parts of the public, economics and politics will accelerate the expansion of renewable energies and storage systems worldwide, thereby advancing the decentralization and digitalization of the energy supply. At the same time, there will be a continuation of the global PV market consolidation, which has already started. This is releasing market shares and is also expected to slow down the decline in prices of PV inverters over the coming years.

SMA is well positioned to benefit from these trends in all market segments and regions. No other competitor has similar international presence combined with similar extensive technical expertise that encompasses all PV applications. In addition, our total installed inverter output of more than 100 GW worldwide is a particularly good foundation for data-based business models, as inverters are the most suitable sensors for compiling valuable energy data. 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, and e-mobility, is an excellent basis for developing future growth potential for digital energy solutions.

Our subsidiary coneve develops white label solutions for public utility companies, which integrate both prosumers and traditional energy customers of utility companies into the world of digital energy and enable them to use energy easily and cost-effectively. The individual solutions for commercial customers range from monitoring energy flows and optimizing energy costs across all sectors to matching supply and demand on the energy management platform ennexOS developed by SMA. In both segments, coneve has already established successful partnerships and projects with leading electric utility companies and supermarket chains.

Through the elaxon joint venture founded in the 2019 fiscal year, SMA is also strengthening its positioning in the future field of e-mobility. elaxon is a single-source supplier of turnkey solutions for planning, installing and servicing efficient e-vehicle charging parks. Based on their production capacities and experience, the joint venture partners are also focusing on industrial solutions for charging parks and large fleets. In addition, SMA successfully gained a foothold in the charging station for private electric vehicles segment with the market launch of the SMA EV Charger in the past fiscal year.

During the reporting period, we also advanced our positioning in the future market of green hydrogen production and already implemented our first few projects in this field.

SMA will take advantage of the opportunities posed by digitalization¹

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, SMA is well prepared for the digitalization of the energy industry and will take advantage of the opportunities that it yields. As a specialist in complete solutions in the energy sector, we will help shape the energy supply of the future, launch a number of innovations and establish new strategic partnerships. In the process, we will build on our unique 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 extraordinary 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 SMA's financial success.

Niestetal, August 3, 2021

SMA Solar Technology AG
The Managing Board

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

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Income Statement SMA group

in €'000	Note	April – June (Q2) 2021	April – June (Q2) 2020	Jan. – June (H1) 2021	Jan. – June (H1) 2020
Sales	5	247,899	226,232	488,256	514,154
Cost of sales		192,553	176,605	379,638	416,454
Gross profit		55,346	49,627	108,618	97,700
Selling expenses		22,514	21,233	43,488	42,639
Research and development expenses		13,193	13,604	26,933	26,854
General administrative expenses		13,793	12,789	26,724	24,461
Other operating income		5,631	6,843	16,848	15,291
Other operating expenses		3,800	7,826	11,187	16,397
Operating profit (EBIT)		7,677	1,018	17,134	2,640
Income from at-equity-accounted investments		-386	0	-386	0
Financial income		414	121	1,740	266
Financial expenses		714	142	1,550	829
Financial result	8	-686	-21	-196	-563
Profit before income taxes		6,991	997	16,938	2,077
Income taxes		1,665	-2,027	53,469	-634
Net income		5,326	3,024	13,289	2,711
of which attributable to shareholders of SMA AG		5,326	3,024	13,289	2,711
Earnings per share, basic (in €)		0.15	0.09	0.38	0.08
Earnings per share, diluted (in €)		0.15	0.09	0.38	0.08
Number of ordinary shares (in thousands)		34,700	34,700	34,700	34,700

Statement of Comprehensive Income SMA group

in €'000	April – June (Q2) 2021	April – June (Q2) 2020	Jan. – June (H1) 2021	Jan. – June (H1) 2020
Net income	5,326	3,024	13,289	2,711
Unrealized gains (+)/losses (-) from currency translation of foreign subsidiaries	-496	-389	1,902	-1,618
Changes recognized outside profit or loss (currency translation differences)¹	-496	-389	1,902	-1,618
Overall result	4,830	2,635	15,191	1,093
of which attributable to shareholders of SMA AG	4,830	2,635	15,191	1,093

¹ All items of other comprehensive income may be reclassified to profit or loss in subsequent periods.

Balance Sheet SMA group

in €'000	Note	2021/06/30	2020/12/31
ASSETS			
Intangible assets	9	51,503	44,263
Property, plant and equipment	10	203,954	207,180
Investment property		17,283	17,988
Other financial assets, non-current		19,865	19,428
Deferred tax assets		41,789	39,674
Non-current assets		334,394	328,533
Inventories	11	302,218	255,469
Trade receivables		136,682	121,872
Other financial assets, current (total)	12	98,594	156,145
Cash equivalents with a duration of more than 3 months and asset management		51,904	72,113
Rent deposits and cash on hand pledged as collaterals		7,634	41,556
Remaining other financial assets, current		39,056	42,476
Income tax assets		15,998	28,032
Value added tax receivables		24,193	28,808
Other non-financial assets, current		13,954	8,629
Cash and cash equivalents	13	120,290	123,707
Current assets		711,929	722,662
Total assets		1,046,323	1,051,195
LIABILITIES			
Share capital		34,700	34,700
Capital reserves		119,200	119,200
Retained earnings		290,027	285,246
SMA Solar Technology AG shareholders' equity	14	443,927	439,146
Provisions, non-current	15	82,133	84,524
Financial liabilities, non-current	16	29,787	29,658
Contract liabilities, non-current	18	154,357	152,249
Other non-financial liabilities, non-current	19	5,202	3,769
Deferred tax liabilities		260	278
Non-current liabilities		271,739	270,478
Provisions, current	15	70,581	83,053
Financial liabilities, current	16	12,405	11,475
Trade payables		134,015	144,210
Income tax liabilities		10,463	6,648
Contract liabilities (advances)	18	24,804	22,560
Other contract liabilities, current	18	43,715	44,617
Other financial liabilities, current	17	377	538
Other non-financial liabilities, current	19	34,297	28,470
Current liabilities		330,657	341,571
Total equity and liabilities		1,046,323	1,051,195
Total cash (in € million)			
Cash and cash equivalents + cash equivalents with a duration of more than 3 months and asset management + rent deposits and cash on hand pledged as collaterals		180	237
Net cash (in € million)			
Total cash minus interest-bearing financial liabilities to banks		170	226

Statement of Cash Flows SMA group

in €'000	Jan. – June (H1) 2021	Jan. – June (H1) 2020
Net income	13,289	2,711
Income taxes	3,649	-634
Financial result	196	563
Depreciation and amortization of property, plant and equipment and intangible assets	20,983	21,311
Change in provisions	-14,864	-384
Result from the disposal of assets	87	2,003
Change in non-cash expenses/revenue	-2,964	5,210
Interest received	658	170
Interest paid	-418	-492
Income tax paid	11,274	-2,108
Gross cash flow	31,890	28,350
Change in inventories	-46,190	-7,105
Change in trade receivables	-13,672	31,823
Change in trade payables	-10,194	-52,579
Change in other net assets / other non-cash transaction	50,203	-86,150
Net cash flow from operating activities	12,037	-85,661
Payments for investments in property, plant and equipment	-7,161	-8,435
Proceeds from the disposal of property, plant and equipment	120	17
Payments for investments in intangible assets	-12,385	-6,271
Payments for the acquisition of shares in associated companies	-750	0
Proceeds from the disposal of available for sale assets net of cash	0	500
Proceeds from the disposal of securities and other financial assets	40,900	45,096
Payments for the acquisition of securities and other financial assets	-19,996	-18,096
Net cash flow from investing activities	728	12,811
Redemption of financial liabilities	-1,672	-1,756
Payments for lease liabilities	-3,337	-3,117
Dividends paid by SMA Solar Technology AG	-10,410	0
Net cash flow from financing activities	-15,419	-4,873
Net increase/decrease in cash and cash equivalents	-2,654	-77,723
Changes due to exchange rate effects	-763	-1,476
Cash and cash equivalents as of January 1	123,707	214,793
Cash and cash equivalents as of June 30	120,290	135,594

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, 2020	34,700	119,200	5,315	257,678	416,893
Net income	0	0	0	2,711	2,711
Other comprehensive income after tax	0	0	-1,618	0	-1,618
Overall result	0	0	0	0	1,093
Shareholders' equity as of June 30, 2020	34,700	119,200	3,697	260,389	417,986
Shareholders' equity as of January 1, 2021	34,700	119,200	-523	285,769	439,146
Net income	0	0	0	13,289	13,289
Other comprehensive income after tax	0	0	1,902	0	1,902
Overall result	0	0	0	0	15,191
Dividend payments of SMA Solar Technology AG	0	0	0	10,410	10,410
Shareholders' equity as of June 30, 2021	34,700	119,200	1,379	288,648	443,927

CONDENSED NOTES AS OF JUNE 30, 2021

General Information

1. Basics

The Condensed Half-Year Consolidated Financial Statements of SMA Solar Technology AG as of June 30, 2021, were prepared in compliance with the International Financial Reporting Standards (IFRS) as adopted by the EU. In the 2021 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, 2020. The Condensed Financial Statements do not include all the information and disclosures required for consolidated financial statements and should therefore be read in conjunction with the Consolidated Financial Statements as of December 31, 2020.

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.

The Consolidated Financial Statements are prepared using the amortized acquisition cost principle. Exceptions to this are provisions, deferred taxes, leases, derivative financial instruments and available-for-sale securities as well as institutional mutual funds.

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 August 3, 2021, 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 in the TecDAX since March 22, 2021.

SMA Solar Technology AG (SMA) and its subsidiaries (SMA group) develop, produce and sell solar and battery inverters, monitoring systems for PV systems, medium-voltage technology and high-performance power supplies for electrolyzers for hydrogen production. In addition, the company offers charging solutions for electric vehicles, intelligent energy management solutions and services, including operation and maintenance services for photovoltaic power plants (O&M business). Another business segment is digital services for the future energy supply. More detailed information on the segments is provided in section 5.

2. Scope of consolidation and consolidation principles

With the exception of elaxon GmbH, all companies within the scope of consolidation are fully consolidated. elaxon GmbH is recognized as an associate in the Consolidated Financial Statements according to the equity method. On April 7, 2021, SMA Solar Technology AG increased its interest in elaxon GmbH from previously 33.34% to 42.00%. The UNIKIMS GmbH entitled to investments in the list of shareholdings as specified in the Consolidated Financial Statements as of December 31, 2020, 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, 2020.

The scope of consolidation as of June 30, 2021, did not change in comparison with December 31, 2020.

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

ACCOUNTING AND VALUATION POLICIES

In the present Half-Year Consolidated Financial Statements as of June 30, 2021, there were no changes in the accounting and valuation principles compared to the Consolidated Financial Statements of SMA Solar Technology AG as of December 31, 2020.

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 2020 Notes under section 2, New IASB Accounting Standards.

The following amendments to the IFRS Standards are effective as of the beginning of the current fiscal year: amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform (Phase 2); amendments to IFRS 4 Insurance Contracts regarding the extension of the temporary exemption from applying IFRS 9; amendments to IFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021. For further details, see our 2020 Annual Report. The amendments have no material effect on the group's accounting.

4. Significant judgments, estimates and assumptions

With regard to the economic and market impacts associated with the coronavirus pandemic, SMA examined whether there could currently be an impact that should be taken into account.

All items within the SMA group were considered. As of the reporting date, at the moment we do not see any negative developments in the business and market environment of the SMA group that could have significant negative effects. This review is ongoing due to the rapidly changing situation and could lead to adjustments due to the risk assessment changes in the future.

Further estimates arise especially from the valuation of the earn-out-provision – see further explanations under Section 20: Financial Instruments.

5. Segment reporting

The segments of the SMA group are described in the organizational and reporting structure on page 2 as well as individually explained in the Results of Operations in the Economic Report on page 6 et seq. 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 2021 and 2020 is as follows:

in € million	External product sales		External services sales		Total sales	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020
Segments						
Home Solutions	68.6	65.5	3.7	2.6	72.3	68.1
Business Solutions	54.3	77.9	0.4	1.0	54.7	78.9
Large Scale & Project Solutions	105.2	65.9	15.7	13.4	120.9	79.3
Total segments	228.1	209.3	19.8	17.0	247.9	226.3
Reconciliation	0.0	0.0	0.0	0.0	0.0	0.0
Continuing operations	228.1	209.3	19.8	17.0	247.9	226.3

in € million	Depreciation and amortization		Operating profit (EBIT)	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020
Segments				
Home Solutions	0.9	0.8	15.4	6.3
Business Solutions	1.1	1.0	-7.4	-0.4
Large Scale & Project Solutions	1.2	1.3	-1.5	-1.5
Total segments	3.2	3.1	6.5	4.4
Reconciliation	7.2	7.5	1.1	-3.4
Continuing operations	10.4	10.6	7.6	1.0

Sales by regions (target market of the product)

in € million	Q2 2021	Q2 2020
EMEA	124.4	128.4
Americas	90.5	51.4
APAC	40.3	54.0
Sales deductions	-7.3	-7.5
External sales	247.9	226.3
thereof Germany	61.7	59.5

The segment information in accordance with IFRS 8 for the first half year of 2021 and 2020 is as follows:

in € million	External product sales		External services sales		Total sales	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
Segments						
Home Solutions	140.2	134.5	7.7	4.9	147.9	139.4
Business Solutions	115.4	156.1	0.9	1.4	116.3	157.5
Large Scale & Project Solutions	195.5	192.2	28.6	25.1	224.1	217.3
Total segments	451.1	482.8	37.2	31.4	488.3	514.2
Reconciliation	0.0	0.0	0.0	0.0	0.0	0.0
Continuing operations	451.1	482.8	37.2	31.4	488.3	514.2

in € million	Depreciation and amortization		Operating profit (EBIT)	
	H1 2021	H1 2020	H1 2021	H1 2020
Segments				
Home Solutions	1.8	1.5	29.6	11.5
Business Solutions	2.1	2.0	-11.5	0.4
Large Scale & Project Solutions	2.4	2.6	-5.1	-5.6
Total segments	6.3	6.1	13.0	6.3
Reconciliation	14.7	15.2	4.1	-3.7
Continuing operations	21.0	21.3	17.1	2.6

Sales by regions (target market of the product)

in € million	H1 2021	H1 2020
EMEA	251.1	253.5
Americas	178.7	177.8
APAC	71.0	98.2
Sales deductions	-12.5	-15.3
External sales	488.3	514.2
thereof Germany	129.4	119.2

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

in € million	Q2 2021	Q2 2020	H1 2021	H1 2020
Total segment earnings (EBIT)	6.5	4.4	13.0	6.3
Elimination	1.1	-3.4	4.1	-3.7
Consolidated EBIT	7.7	1.0	17.1	2.6
Financial result	-0.7	0.0	-0.2	-0.6
Earnings before income taxes	7.0	1.0	16.9	2.0

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, financial liabilities 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 are presented in the Results of Operations in the Economic Report.

7. Employee and temporary employee benefits

in €'000	H1 2021	H1 2020
Wages and salaries	103,906	92,547
Expenses for temporary employees	7,626	8,613
Social security contribution and welfare payments	16,260	14,651
	127,792	115,811

8. Financial result

in €'000	H1 2021	H1 2020
Loss from at-equity-accounted investments	386	0
Interest income	1,067	205
Other financial income	663	35
Income from interest derivatives	10	26
Financial income	1,740	266
Interest expenses	417	492
Other financial expenses	785	129
Interest expenses and lease liabilities	348	208
Financial expenses	1,550	829
Financial result	-196	-563

Selected notes to the SMA group balance sheet

9. Intangible assets

in €'000	2021/06/30	2020/12/31
Goodwill	482	482
Software	3,506	3,904
Patents/licenses/other rights	2,875	3,061
Development projects	19,622	21,296
Intangible assets in progress	25,018	15,520
	51,503	44,263

The intangible assets in progress reflect development activities undertaken by the SMA group.

10. Property, plant and equipment

in €'000	2021/06/30	2020/12/31
Land and buildings, incl. buildings on third party property	119,825	123,733
Rights of use for buildings	24,282	24,607
Technical equipment and machinery	22,021	22,641
Rights of use for technical equipment/ machinery	958	729
Other equipment, plant and office equipment	21,582	24,811
Rights of use for vehicle fleet	4,761	3,545
Prepayments and assets under construction	10,525	7,114
	203,954	207,180

11. Inventories

in €'000	2021/06/30	2020/12/31
Raw materials, consumables and supplies	85,435	93,433
Unfinished goods, work in progress	12,407	8,583
Finished goods and goods for resale	184,323	142,431
Prepayments	20,053	11,022
	302,218	255,469

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, 2021 amounted to €34.7 million (December 31, 2020: €40.4 million). The addition to impairment on inventories, included under expenses as cost of sales, amounted to €0.8 million (H1 2020: €1.6 million).

12. Other financial assets and value added tax receivables

The other non-current financial assets include loan receivables from associated companies, expected future purchase price payments from the MBO in 2019 and a non-current component for claims to compensation payments of €15.0 million from a supplier.

The other current financial assets as of June 30, 2021 include in particular financial assets and time deposits with a term to maturity of more than three months, accrued interest totaling €51.9 million (December 31, 2020: €72.1 million) and a current component for claims to compensation payments of €30.0 million from a supplier. Receivables from tax authorities from sales tax refund claims of €24.2 million were recognized as of June 30, 2021 (December 31, 2020: €28.8 million). In addition, free derivatives amounting to €1.2 million are included (December 31, 2020: €2.3 million).

13. Cash and cash equivalents

Cash and cash equivalents of €120.3 million (June 30, 2020: €135.6 million) comprise cash in hand as well as bank balances, checks, payments in transit and deposits with an original term to maturity of less than three months. Bank balances bear interest at variable interest rates applicable to deposits subject to call.

Cash and cash equivalents, as presented in the Consolidated Statement of Cash Flows as at June 30, 2021, include cash on hand and bank balances of €120.2 million and short-term deposits with a maturity of less than three months of €0.1 million.

14. Equity

The change in equity, including effects not shown in the income statement, is presented in the Statement of Changes in Equity.

On June 1, 2021, the Annual General Meeting of SMA Solar Technology AG resolved to distribute a dividend of €0.30 (2019: €0.00) per qualifying bearer share for the 2020 fiscal year.

15. Provisions

in €'000	2021/06/30	2020/12/31
Warranties	139,969	152,094
Personnel	4,203	4,453
Other	8,542	11,030
	152,714	167,577

Warranty provisions consist of general warranty obligations (periods of between five and ten years) for the various product areas within the group. In addition, provisions are set aside for individual cases that are expected to be used in the following year. Warranty provisions for individual cases amount to €28.4 million and are expected to lead to cash outflows within one year. Lump-sum warranty provisions exist in the amount of €111.6 million. For the short-term portion of €33.7 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 for long-service anniversaries, death benefits and partial retirement benefits. Personnel provisions affect cash in relation to contractual commitments made.

16. Financial liabilities

in €'000	2021/06/30	2020/12/31
Liabilities due to credit institutions	9,752	11,422
Derivative financial liabilities	2,088	597
of which liabilities from derivatives outside of hedge accounting	2,088	597
Lease liabilities	30,352	29,114
	42,192	41,133

Liabilities to credit institutions mainly include liabilities for the financing of SMA Immo properties and an SMA AG PV system. They have an average time to maturity of ten years. Changes in liabilities to banks and from leases are reflected in the net cash flow from financing activities. Derivative financial liabilities consist of interest derivatives and currency futures and options.

17. Other financial liabilities

As at June 30, 2021, 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	2021/06/30	2020/12/31
Accrual item for extended warranties	167,941	165,744
Liabilities from prepayments received	24,804	22,560
Accruals for service and maintenance contracts	13,823	12,339
Other contract liabilities, current	16,307	18,783
Total	222,875	219,426

Contractual liabilities (prepayments received) include prepayments and deliveries of goods.

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 Business Solutions business units. The fulfillment of the non-current contractual liabilities will extend over a period of 5 to 15 years from the start of the extended warranties. Current contractual obligations mainly include prepayments received, accruals for service and maintenance contracts and bonus agreements. They will mostly be fulfilled within the next 12 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 and contributions to the workers' compensation association and to social insurance systems totaling €28.4 million (December 31, 2020: €25.6 million). Liabilities to tax authorities and subsidies received totaling €11.1 million are also recognized (December 31, 2020: €6.7 million).

20. Financial instruments

in €'000	Assessment category according to IFRS 9	2021/06/30 Book value	2020/12/31 Book value
Assets			
Cash and cash equivalents	AC	120,290	123,707
Trade receivables	AC	136,682	121,872
Other financial assets		118,459	175,573
of which other financial assets	FVOCI	3	3
of which institutional mutual funds	FVPL	51,870	72,113
of which other (time deposits)	AC	63,032	98,867
of which other securities	FVPL	2,328	2,255
of which derivatives that do not qualify for hedge accounting	FVPL	1,226	2,335
Liabilities			
Trade payables	AC	134,015	144,210
Financial liabilities		42,192	41,133
of which liabilities due to credit institutions	AC	9,752	11,422
of which liabilities from leases	-	30,352	29,114
of which derivatives that do not qualify for hedge accounting	FVPL	2,088	597
Other financial liabilities	AC	377	538
Of which aggregated according to valuation categories in accordance with IFRS 9:			
Financial Assets Measured at Amortised Cost	AC	320,004	344,446
Financial Liabilities Measured at Amortised Cost	AC	144,144	156,170
Financial Assets Measured at Fair Value through Profit or Loss	FVPL	55,424	76,703
Financial Liabilities Measured at Fair Value through Profit or Loss	FVPL	2,088	597
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 value.

The fair values of other non-current assets 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.

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

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).

Derivative financial instruments are used to hedge against currency risks arising from operative business. These include currency futures and options outside of hedge accounting. 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 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:

in €'000	Level 1	Level 2	Level 3	Total
2021/06/30				
Financial assets, measured at fair value				
Institutional mutual funds	51,870	0	0	51,870
Other securities	0	0	2,328	2,328
Derivative financial instruments	0	1,226	0	1,226
Other financial investments	0	0	3	3
Financial liabilities, measured at fair value				
Derivative financial instruments	0	2,088	0	2,088
2020/12/31				
Financial assets, measured at fair value				
Institutional mutual funds	72,113	0	0	72,113
Other securities	0	0	2,255	2,255
Derivative financial instruments	0	2,335	0	2,335
Other financial investments	0	0	3	3
Financial liabilities, measured at fair value				
Derivative financial instruments	0	597	0	597

Due to the earn-out provisions granted in connection with the sale of the Chinese SMA New Energy companies and the Zeversolar companies, the item "Other securities" includes the fair value of an additional purchase price in the amount of €2.3 million.

Over the course of the reporting period, the fair value decreased as a result of the reclassification of €0.6 million from "Other securities (level 3)" to "Other receivables" and increased following the adjustment of fair value in profit or loss of €0.7 million within the scope of remeasurement as of the reporting date. Any change in the fair value of the purchase price claim up to the point when the earn-out provisions expire in 2029 will be recognized in profit or loss.

The present value of the additional purchase price claim was determined using a discounted cash flow methodology (level 3 of the fair value hierarchy), taking into account the adjusted contractual earn-out provisions. Under this arrangement, the additional purchase price claim is calculated as the sum of the contractually guaranteed profit contributions between the actual sale

in 2019 and the 2029 fiscal year. The additional purchase price receivable essentially depends on the operating earnings of the Chinese subsidiaries as unobservable inputs and the underlying interest rate used to calculate the present value. These are derived from the internal planning of the respective companies. A sensitivity analysis shows that a 10% increase in the companies' earnings before taxes would result in a change in the present value of the additional purchase price claim of +€200k, and that a 10% reduction in earnings would lead to a change in the present value of around -€200k. A change in the interest rate by +/-100 basis points would also lead to a change in the present value of the purchase price claim in the amount of €100k.

Other Disclosures

21. Events after the balance sheet date

There were no events after the balance sheet date.

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. All agreements were concluded under fair market conditions. There is no material collateralization nor are there guarantees.

Furthermore, elaxon GmbH is recognized as an associate. It is a joint venture in the field of charging infrastructure facilities. SMA's interest in the company increased from 33.34% to 42.0% in the course of a capital increase on April 7, 2021. SMA granted elaxon GmbH loans totaling €2.0 million.

The investment in Tigo Energy, Inc. was still included in the report for the comparative period of the previous year. This investment was sold in July 2020.

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, August 3, 2021

SMA Solar Technology AG
The Managing Board

Dr.-Ing. Jürgen Reinert

Ulrich Hadding

AUDITOR'S REPORT

To SMA Solar Technology AG, Niestetal

We have reviewed the Condensed Interim Consolidated Financial Statements – comprising the Condensed Balance Sheet as of June 30, 2021, the Condensed Income Statement and the Condensed Statement of Comprehensive Income, the Condensed Statement of Cash Flows, the Condensed Statement of Changes in Equity, and Selected Explanatory Notes – and the Interim Group Management Report of SMA Solar Technology AG, Niestetal, for the period from January 1 to June 30, 2021, which are part of the Half-Yearly Financial Report in accordance with Section 115 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the Condensed Interim Consolidated Financial Statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU and of the Interim Group Management Report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the Company's Managing Board. Our responsibility is to issue a review report on the Condensed Interim Consolidated Financial Statements and on the Interim Group Management Report based on our review.

We have conducted our review of the Condensed Interim Consolidated Financial Statements and the Interim Group Management Report in accordance with the provisions set forth by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW) for the auditing of financial statements. Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with limited assurance, that the Condensed Interim Consolidated Financial Statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the Interim Group Management Report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act (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 cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the Condensed Interim Consolidated Financial Statements of SMA Solar Technology AG, Niestetal, have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the Interim Group Management Report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Hanover, August 3, 2021

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

(Thorsten Schwibinger)
German Public Auditor

(Elmar Meier)
German Public Auditor

FINANCIAL CALENDAR

2021/11/10	Publication of Quarterly Statement: January to September 2021 Analyst Conference Call: 1:30 p. m. (CET)
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REGISTERED TRADEMARKS

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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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