



Quarterly Statement January to March 2021  
SMA Solar Technology AG

A person with long hair, wearing a white sweater, a dark knit hat with a pom-pom, and a dark backpack, stands with their back to the camera. Their arms are raised in a gesture of triumph or joy. They are standing in a field of tall grass and wildflowers. In the background, a large solar farm is visible, with rows of solar panels stretching across a valley. The sun is low on the horizon, creating a warm, golden glow and lens flare effects. The sky is blue with light clouds.

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## SMA Solar Technology AG at a glance

| SMA group                        |           | Q1 2021 | Q1 2020 | Change | Full Year 2020 |
|----------------------------------|-----------|---------|---------|--------|----------------|
| Sales                            | € million | 240.4   | 287.9   | -16.5% | 1,026.6        |
| Export ratio                     | %         | 72.4    | 79.8    |        | 79.6           |
| Inverter output sold             | MW        | 3,360   | 4,367   | -23.1% | 14,416         |
| Capital expenditure <sup>1</sup> | € million | 9.4     | 7.2     | 30.6%  | 38.8           |
| Depreciation                     | € million | 10.6    | 10.7    | -0.9%  | 43.6           |
| EBITDA                           | € million | 20.1    | 12.3    | 63.4%  | 71.5           |
| EBITDA margin                    | %         | 8.4     | 4.3     |        | 7.0            |
| Net income                       | € million | 8.0     | -0.3    |        | 28.1           |
| Earnings per share <sup>2</sup>  | €         | 0.23    | -0.01   |        | 0.81           |
| Employees <sup>3</sup>           |           | 3,330   | 3,174   | 4.9%   | 3,264          |
| in Germany                       |           | 2,308   | 2,213   | 4.3%   | 2,262          |
| abroad                           |           | 1,022   | 961     | 6.3%   | 1,002          |

| SMA group                              |           | 2021/03/31 | 2020/12/31 | Change |
|--|-----------|------------|------------|--------|
| Total assets                           | € million | 1,076.9    | 1,051.2    | 2%     |
| Equity                                 | € million | 449.5      | 439.1      | 2%     |
| Equity ratio                           | %         | 41.7       | 41.8       |        |
| Net working capital <sup>4</sup>       | € million | 239.1      | 210.6      | 14%    |
| Net working capital ratio <sup>5</sup> | %         | 24.4       | 20.5       |        |
| Net cash <sup>6</sup>                  | € million | 226.7      | 226.0      | 0%     |

<sup>1</sup> Excluding IFRS 16 Leasing

<sup>2</sup> Converted to 34,700,000 shares

<sup>3</sup> Reporting date; without temporary employees

<sup>4</sup> Inventories and trade receivables minus trade payables and liabilities from advanced payments received for orders

<sup>5</sup> Relating to the last twelve months (LTM)

<sup>6</sup> Total cash minus interest-bearing financial liabilities to banks

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# ECONOMIC REPORT

## Results of operations

### Sales and earnings

#### SIGNIFICANT INCREASE IN EARNINGS DESPITE LOWER SALES

From January to March 2021, the SMA group sold PV inverters with accumulated power of 3,360 MW (Q1 2020: 4,367 MW). In the reporting period, sales decreased by 16.5% to €240.4 million (Q1 2020: €287.9 million). The lower sales year on year resulted mainly from the postponement of orders due to the global coronavirus pandemic and an increase in the price of PV modules. In addition, sales in the first quarter of the previous year included an unusually large project in the U.S. The previous year's quarter is therefore suitable to only a limited extent as a reference value.

SMA is well positioned internationally and generates sales in all relevant regions. In the reporting period, the company generated 51.6% of external sales in European countries, the Middle East and Africa (EMEA), 35.9% in the North and South American (Americas) region and 12.5% in the Asia-Pacific (APAC) region (Q1 2020: 42.3% EMEA, 42.7% Americas, 15.0% APAC). The main markets for SMA in the reporting period were again the U.S., Germany and Australia.

The Large Scale & Project Solutions segment made the largest contribution to sales in the first quarter of 2021, accounting for 43.0% (Q1 2020: 47.9%). In the reporting period, the Home Solutions segment generated 31.4% of the SMA group's sales, while the Business Solutions segment generated 25.6% (Q1 2020: 24.8% Home Solutions, 27.3% Business Solutions).

As of March 31, 2021, SMA had a large order backlog of €835.7 million (March 31, 2020: €797.4 million). Of this amount, €354.5 million is attributable to product business (March 31, 2020: €376.3 million). With €481.2 million, more than half of the order backlog continues to be attributable to the service business. Most of this share will be implemented over the next five to ten years.

In the reporting period, earnings before interest, taxes, depreciation and amortization (EBITDA) significantly increased to €20.1 million (EBITDA margin: 8.4%; Q1 2020: €12.3 million; 4.3%). Earnings before interest and taxes (EBIT) rose to €9.5 million (Q1 2020: €1.6 million). This equates to an EBIT margin of 3.9% (Q1 2020: 0.6%). Net income amounted to €8.0 million (Q1 2020: -€0.3 million). Earnings per share thus amounted to €0.23 (Q1 2020: -€0.01).

### Sales and earnings per segment

#### HOME SOLUTIONS SEGMENT INCREASES SALES AND EARNINGS SIGNIFICANTLY

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 6.0% to €75.6 million in the first quarter of 2021 (Q1 2020: €71.3 million). Its share of the SMA group's total sales was 31.4% (Q1 2020: 24.8%). The EMEA region accounted for 81.2% (Q1 2020: 77.8%) of the Home Solutions segment's gross sales, the Americas region for 10.8% (Q1 2020: 11.7%) and the APAC region for 8.0% (Q1 2020: 10.5%).

The Home Solutions segment's EBIT improved year on year to €14.2 million (Q1 2020: €5.2 million) driven by the increase in sales. In relation to external sales, the EBIT margin was 18.8% (Q1 2020: 7.3%).

## BUSINESS SOLUTIONS SEGMENT POSTS DECLINE IN SALES

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 and EV fleet charging solutions based on the ennexOS platform, medium-voltage technology and other accessories complement the range of products 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 to €61.6 million in the first quarter of 2021 (Q1 2020: €78.6 million) as a result of reluctance to invest due to the pandemic. Its share of the SMA group's total sales was 25.6% (Q1 2020: 27.3%). 73.6% of gross sales were attributable to the EMEA region, 15.7% to the APAC region and 10.7% to the Americas region (Q1 2020: 62.0% EMEA, 22.7% APAC, 15.3% Americas).

In the first quarter of 2021, the Business Solutions segment's EBIT decreased to -€4.1 million (Q1 2020: €0.8 million) as a result of the decline in sales. In relation to external sales, the EBIT margin was -6.7% (Q1 2020: 1.0%).

## LARGE SCALE & PROJECT SOLUTIONS SEGMENT MAINTAINS EARNINGS LEVEL WITH LOWER SALES

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. In addition, the SMA portfolio of this segment 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).

External sales in the Large Scale & Project Solutions segment decreased by 25.2% to €103.2 million in the first quarter of 2021 (Q1 2020: €138.0 million). The difference was mainly due to project delays as a result of the global coronavirus pandemic and was also influenced by the fact that an extremely large project in the U.S. was implemented in the same quarter of the previous year. Its share of the SMA group's total sales was 43.0% (Q1 2020: 47.9%). The Americas region accounted for 69.8% (Q1 2020: 75.2%) of the Large Scale & Project Solutions segment's gross sales, the EMEA region for 16.3% (Q1 2020: 12.0%) and the APAC region for 13.9% (Q1 2020: 12.8%).

Despite the decline in sales, EBIT in the Large Scale & Project Solutions segment slightly improved to -€3.6 million (Q1 2020: -€4.1 million). In relation to external sales, the EBIT margin was -3.5% (Q1 2020: -3.0%).

## Development of significant income statement items

### HIGHER GROSS MARGIN DESPITE DECLINE IN SALES

Cost of sales decreased by 22.0% year on year to €187.1 million (Q1 2020: €239.8 million), particularly in light of the lower sales in project business. A favorable product mix and cost optimization had a positive impact on the gross margin. In the reporting period, the gross margin was 22.2% (Q1 2020: 16.7%). SMA is continuously working on its product portfolio in all segments to tackle price pressure by optimizing the cost of existing products and introducing new and less expensive products.

Personnel expenses included in cost of sales increased by 6.3% to €30.6 million in the reporting period (Q1 2020: €28.8 million). Material costs, including changes in inventories, amounted to €139.9 million (Q1 2020: €184.7 million).

From January to March 2021, depreciation and amortization included in the cost of sales amounted to €9.2 million (Q1 2020: €9.6 million). This comprises scheduled depreciation on capitalized development costs of €2.4 million (Q1 2020: €2.1 million). Due to the lower volume, other costs decreased to €7.4 million (Q1 2020: €16.7 million), particularly in the areas of transportation costs and warranty provisions.

Selling expenses slightly declined to €21.0 million (Q1 2020: €21.4 million). This includes €2.5 million for the continued expansion of the digital business units. The cost of sales ratio was 8.7% in the reporting period (Q1 2020: 7.4%).

Research and development expenses, excluding capitalized development costs, amounted to €13.7 million in the first quarter of 2021 (Q1 2020: €13.3 million). This put the research and development cost ratio at 5.7% (Q1 2020: 4.6%). Total research and development expenses, including capitalized development costs, were slightly above the previous year's level at €18.5 million (Q1 2020: €15.7 million). Development costs were capitalized in the amount of €4.8 million in the reporting period (Q1 2020: €2.4 million).

General administrative expenses totaled €12.9 million in the first quarter of 2021 (Q1 2020: €11.7 million). The ratio of administrative expenses amounted to 5.4% in the reporting period (Q1 2020: 4.1%).

The balance of other operating income and expenses resulted in a positive effect on earnings of €3.8 million in the reporting period (Q1 2020: -€0.2 million). This includes income from renting the group's own buildings as well as foreign currency valuation effects.

## Financial position

### Operating cash flow increases significantly

Gross cash flow reflects operating income prior to commitment of funds. It amounted to €29.7 million in the first quarter of 2021 (Q1 2020: €15.7 million) due to the significant improvement in net income.

In the first three months of the reporting year, net cash flow from operating activities amounted to €16.6 million (Q1 2020: -€50.5 million). This positive development is mainly due to the increase in earnings.

At €300.1 million, inventories were higher than at the end of the previous year (December 31, 2020: €255.5 million). This stockpiling ensures SMA's delivery capacity during the ongoing coronavirus pandemic. Combined with the €8.3 million increase in trade payables, the €3.2 million decrease in trade receivables and the €4.6 million increase in liabilities from advance payments received, this resulted in an increase in net working capital to €239.1 million (December 31, 2020: €210.5 million). At 24.4%, the net working capital ratio in relation to sales over the past 12 months was higher than the figure at the end of the previous year (December 31, 2020: 20.5%) and was thus above the range of 20% to 22% targeted by management.

In the first quarter of 2021, net cash flow from investing activities amounted to €11.2 million after €2.4 million in the previous year. At €20.5 million, it was significantly influenced by the disposal of securities held for trading. The outflows of funds for investments in fixed assets and intangible assets amounted to €9.4 million in the reporting period (Q1 2020: €7.2 million). At €4.8 million (Q1 2020: €2.4 million), capitalized development costs accounted for a large part of these investments.

As of March 31, 2021, cash and cash equivalents totaling €147.6 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 €226.7 million (December 31, 2020: €226.0 million).

## Investment analysis

In the first quarter of 2021, investments in fixed assets and intangible assets that affected the statement of cash flows amounted to €9.4 million and were thus above the previous year's figure of €7.2 million. This equates to an investment ratio in relation to sales of 3.9% compared with 2.5% in the first quarter of 2020. Investments amounted to €10.4 million (Q1 2020: €15.2 million), including additions of rights of use under leases.

€3.4 million was invested in fixed assets (Q1 2020: €4.6 million), primarily for machinery and equipment. The investment ratio for fixed assets was 1.4% in the first quarter of the fiscal year (Q1 2020: 1.6%). Depreciation of fixed assets, including depreciation of rights of use under leases, amounted to €7.7 million (Q1 2020: €8.1 million).

Investments in intangible assets amounted to €6.0 million (Q1 2020: €2.6 million). These largely related to capitalized development costs. Amortization of intangible assets amounted to €2.9 million and was thus slightly above the previous year's figure of €2.1 million.

## Net assets

### Balance-sheet structure remains stable

Total assets went up by 2.4% to €1,076.9 million as of March 31, 2021 (December 31, 2020: €1,051.2 million). At €331.8 million, non-current assets were slightly above the level observed at the end of 2020 (December 31, 2020: €328.5 million).

Compared to the end of 2020, net working capital increased to €239.1 million (December 31, 2020: €210.5 million). This put the net working capital ratio in relation to sales over the past 12 months at 24.4%. Trade receivables moderately decreased by 2.6% compared to December 31, 2020, to €118.7 million as of the end of the first quarter of 2021 (December 31, 2020: €121.9 million). Days sales outstanding came to 44.9 days and were thus lower than at the end of the previous year (December 31, 2020: 47.6 days). At €300.1 million, inventories were higher than at the end of the previous year (December 31, 2020: €255.5 million). This stockpiling serves to ensure SMA's delivery capacity during the coronavirus pandemic. Trade payables rose by €8.3 million to €152.5 million (December 31, 2020: €144.2 million). At 14.2%, the share of trade credit in total assets was at about the same level as at the end of the previous year (December 31, 2020: 13.7%).

The group's equity capital base remained stable at €449.5 million (December 31, 2020: €439.1 million). With an equity ratio of 41.7%, SMA continues to have a solid equity capital base.

# 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

### IMF raises growth forecast

The coronavirus pandemic had a tight grip over the global economy in 2020. Experts at the International Monetary Fund (IMF) estimate that global economic output contracted by 3.3%. If strong political countermeasures had not been taken quickly, the slump could have been three times as big according to the experts. In the World Economic Outlook from April, they emphasize that there is still a lot to be done to overcome the pandemic and contain the divergence of income per capita between different national economies and the persistent inequality within countries. They say that close international collaboration is crucial here.

Nonetheless, the IMF has raised its growth outlook for the global economy in the current year by 0.5 percentage points, as compared to January, to 6.0%. This is due to the additional fiscal policy support measures taken in some major national economies in recent months and the anticipated recovery in the second half of the year as a result of increased vaccination rates. At the same time, the economists stress that there is still a high degree of uncertainty with regard to future developments.

For industrialized countries, the IMF now anticipates growth of 5.1% for 2021 (2020: -4.7%) as a result of effective financial policy measures and in anticipation of a rapid resumption of contact-intensive economic activities as well, after vulnerable groups within the population have been vaccinated. The recovery will vary in strength from country to country. For developing and newly industrialized countries, the IMF forecasts growth of 6.7% (2020: -2.2%). This will be driven in particular by newly industrialized countries in Asia.

The experts estimate that U.S. economic output will increase by 6.4% in 2021 (2020: -3.5%). For the eurozone, they expect the sharp decline of 6.6% last year to be followed by a rise of 4.4% in 2021. According to the IMF, the Chinese economy grew by 2.3% in 2020, and the expected growth for 2021 is 8.4%.

In 2022, at 4.4% the IMF expects global economic growth to be lower than in 2021.

## Future general economic conditions in the photovoltaics sector

### Photovoltaics to become "new king of the world's electricity markets" <sup>1</sup>

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 and by appointing top-class teams of experts to tackle climate change, like the new U.S. government is doing. These attitudes will drive forward expansion of renewable energies over the coming years and decades at an ever-greater pace. 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.

<sup>1</sup> Source: IEA World Energy Outlook 2020

Other factors driving the projected rapid growth of solar and wind energy include a disproportionately increasing demand for electricity in connection with the electrification of additional sectors and the growing demand for green hydrogen as well as further decreases in the cost of solar and wind energy, which are already considered some of the most cost-effective energy sources in most countries of the world. 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. 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.

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 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 the consumer 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 field of photovoltaics, storage technologies and digital energy services.

## 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 21% to more than 32 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 slightly grow to approximately €1.8 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 18% to more than 32 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. For the APAC region, excluding China, the SMA Managing Board expects newly installed PV power to decrease slightly by approximately 2% to around 35 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 €1.8 billion in inverter technology for the region as a whole (2020: €2.0 billion).

## Growth markets: energy management, 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 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 anticipates 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). Significant impulses are anticipated from the ongoing positive market performance expected in Europe and America and from the continued growth of the storage market. SMA is in a good position to benefit from this market growth and consolidate its market position. 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. On this basis, the Managing Board expects an EBIT of €30 million to €50 million. The SMA Managing Board currently sees no threat to the forecast due to the continued dominance of the coronavirus pandemic. However, fundamental uncertainties do not permit a conclusive assessment at this time. In addition, the Managing Board is monitoring the further development of the current tight supply of electronic components very closely.

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 pages 62 et seq. in the SMA Annual Report 2020.

#### 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        | 17 to 18       | 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             | >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 comprehensive portfolio of products and solutions for all segments (Home Solutions, Business Solutions and Large Scale & Project Solutions) 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              | Constant | 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 goals set out in SMA's Strategy 2025 include achieving closer proximity to customers, stability through profitability, integrated sustainability, leveraging of innovation capacity to position the company for the future in existing and new business areas and development and expansion of a strong partner network. All the goals 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 coneva 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, coneva 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.

## SMA will take advantage of the opportunities posed by digitalization

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, May 3, 2021

SMA Solar Technology AG  
The Managing Board



# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## Income Statement SMA group

| in €'000  | Jan – Mar (Q1) 2021 | Jan – Mar (Q1) 2020 |
|---|---------------------|---------------------|
| <b>Sales</b>                                    | <b>240,357</b>      | <b>287,922</b>      |
| Cost of sales                                   | 187,085             | 239,849             |
| <b>Gross profit</b>                             | <b>53,272</b>       | <b>48,073</b>       |
| Selling expenses                                | 20,974              | 21,406              |
| Research and development expenses               | 13,740              | 13,250              |
| General administrative expenses                 | 12,931              | 11,672              |
| Other operating income                          | 11,217              | 8,448               |
| Other operating expenses                        | 7,387               | 8,571               |
| <b>Operating profit (EBIT)</b>                  | <b>9,457</b>        | <b>1,622</b>        |
| Financial income                                | 1,326               | 145                 |
| Financial expenses                              | 836                 | 687                 |
| <b>Financial result</b>                         | <b>490</b>          | <b>-542</b>         |
| <b>Profit before income taxes</b>               | <b>9,947</b>        | <b>1,080</b>        |
| Income taxes                                    | 1,984               | 1,393               |
| <b>Net income</b>                               | <b>7,963</b>        | <b>-313</b>         |
| of which attributable to shareholders of SMA AG | 7,963               | -313                |
| Earnings per share, basic (in €)                | 0.23                | -0.01               |
| Earnings per share, diluted (in €)              | 0.23                | -0.01               |
| Number of ordinary shares (in thousands)        | 34,700              | 34,700              |

## Statement of Comprehensive Income SMA group

| in €'000  | Jan – Mar (Q1) 2021 | Jan – Mar (Q1) 2020 |
|---|---------------------|---------------------|
| <b>Net income</b>   | <b>7,963</b>        | <b>-313</b>         |
| Unrealized gains (+)/losses (-) from currency translation of foreign subsidiaries               | 2,398               | -1,229              |
| <b>Changes recognized outside profit or loss (currency translation differences)<sup>1</sup></b> | <b>2,398</b>        | <b>-1,229</b>       |
| <b>Overall result</b>   | <b>10,361</b>       | <b>-1,542</b>       |
| of which attributable to shareholders of SMA AG   | 10,361              | -1,542              |

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

## Balance Sheet SMA group

| in €'000  | 2021/03/31       | 2020/12/31       |
|---|------------------|------------------|
| <b>ASSETS</b>   |                  |                  |
| Intangible assets and goodwill  | 48,175           | 44,263           |
| Property, plant and equipment   | 203,393          | 207,180          |
| Investment property   | 17,575           | 17,988           |
| Other financial assets, non-current   | 19,433           | 19,428           |
| Deferred tax assets   | 43,206           | 39,674           |
| <b>Non-current assets</b>   | <b>331,782</b>   | <b>328,533</b>   |
| Inventories   | 300,104          | 255,469          |
| Trade receivables   | 118,735          | 121,872          |
| Other financial assets, current (total)   | 126,872          | 156,145          |
| Cash equivalents with a duration of more than 3 months and asset management   | 52,022           | 72,113           |
| Rent deposits and cash on hand pledged as collaterals   | 37,525           | 41,556           |
| Remaining other financial assets, current   | 37,325           | 42,476           |
| Income tax assets   | 14,779           | 28,032           |
| Value added tax receivables   | 23,057           | 28,808           |
| Other non-financial assets, current   | 13,965           | 8,629            |
| Cash and cash equivalents   | 147,582          | 123,707          |
| <b>Current assets</b>   | <b>745,094</b>   | <b>722,662</b>   |
| <b>Total assets</b>   | <b>1,076,876</b> | <b>1,051,195</b> |
| <b>LIABILITIES</b>  |                  |                  |
| Share capital   | 34,700           | 34,700           |
| Capital reserves  | 119,200          | 119,200          |
| Retained earnings   | 295,607          | 285,246          |
| <b>SMA Solar Technology AG shareholders' equity</b>   | <b>449,507</b>   | <b>439,146</b>   |
| Provisions, non-current   | 85,863           | 84,524           |
| Financial liabilities, non-current  | 29,017           | 29,658           |
| Contract liabilities, non-current   | 156,398          | 152,249          |
| Other non-financial liabilities, non-current  | 4,020            | 3,769            |
| Deferred tax liabilities  | 272              | 278              |
| <b>Non-current liabilities</b>  | <b>275,570</b>   | <b>270,478</b>   |
| Provisions, current   | 78,154           | 83,053           |
| Financial liabilities, current  | 12,553           | 11,475           |
| Trade payables  | 152,460          | 144,210          |
| Income tax liabilities  | 10,405           | 6,648            |
| Contract liabilities (advances)   | 27,167           | 22,560           |
| Other contract liabilities, current   | 38,592           | 44,617           |
| Other financial liabilities, current  | 262              | 538              |
| Other non-financial liabilities, current  | 32,206           | 28,470           |
| <b>Current liabilities</b>  | <b>351,799</b>   | <b>341,571</b>   |
| <b>Total equity and liabilities</b>   | <b>1,076,876</b> | <b>1,051,195</b> |
| 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 | 237              | 237              |
| Net cash (in € million)   |                  |                  |
| Total cash minus interest-bearing financial liabilities to banks  | 227              | 226              |

## Statement of Cash Flows SMA group

| in €'000  | Jan – Mar (Q1) 2021 | Jan – Mar (Q1) 2020 |
|---|---------------------|---------------------|
| Net income  | 7,963               | -313                |
| Income taxes  | 1,984               | 1,393               |
| Financial result  | -490                | 542                 |
| Depreciation and amortization of property, plant and equipment and intangible assets            | 10,596              | 10,747              |
| Change in provisions  | -3,560              | 3,619               |
| Result from the disposal of assets  | 81                  | 92                  |
| Change in non-cash expenses/revenue   | -822                | 1,368               |
| Interest received   | 947                 | 50                  |
| Interest paid   | -224                | -355                |
| Income tax paid   | 13,259              | -1,423              |
| <b>Gross cash flow</b>  | <b>29,734</b>       | <b>15,720</b>       |
| Change in inventories   | -45,181             | -349                |
| Change in trade receivables   | 3,104               | 25,710              |
| Change in trade payables  | 8,249               | -14,922             |
| Change in other net assets/other non-cash transaction   | 20,672              | -76,634             |
| <b>Net cash flow from operating activities</b>  | <b>16,578</b>       | <b>-50,475</b>      |
| Payments for investments in property, plant and equipment                                       | -3,441              | -4,587              |
| Proceeds from the disposal of property, plant and equipment                                     | 88                  | 10                  |
| Payments for investments in intangible assets   | -5,961              | -2,562              |
| Proceeds from the sale of shares in associates and available-for-sale assets less cash given up | 0                   | 500                 |
| Proceeds from the disposal of securities and other financial assets                             | 20,470              | 45,081              |
| Payments for the acquisition of securities and other financial assets                           | 0                   | -36,081             |
| <b>Net cash flow from investing activities</b>  | <b>11,156</b>       | <b>2,361</b>        |
| Payments for lease liabilities  | -1,729              | -958                |
| Redemption of financial liabilities   | -992                | -1,039              |
| <b>Net cash flow from financing activities</b>  | <b>-2,721</b>       | <b>-1,997</b>       |
| Net increase/decrease in cash and cash equivalents  | 25,013              | -50,111             |
| Changes due to exchange rate effects  | -1,138              | 48                  |
| Cash and cash equivalents as of January 1   | 123,707             | 214,793             |
| <b>Cash and cash equivalents as of March 31</b>   | <b>147,582</b>      | <b>164,730</b>      |

## Statement of Changes in Equity SMA group

| in €'000  | Share<br>capital | Capital<br>reserves | Difference<br>from currency<br>translation | Other retained<br>earnings | Consolidated<br>shareholders'<br>equity |
|---|------------------|---------------------|--|----------------------------|---|
| <b>Shareholders' equity as of January 1, 2020</b> | <b>34,700</b>    | <b>119,200</b>      | <b>5,315</b>                               | <b>257,678</b>             | <b>416,893</b>                          |
| Net income  |                  |                     |  | -313                       | -313                                    |
| Other comprehensive income after tax              |                  |                     | -1,229                                     |                            | -1,229                                  |
| Overall result                                    |                  |                     |  |                            | -1,542                                  |
| <b>Shareholders' equity as of March 31, 2020</b>  | <b>34,700</b>    | <b>119,200</b>      | <b>4,086</b>                               | <b>257,365</b>             | <b>415,351</b>                          |
| <b>Shareholders' equity as of January 1, 2021</b> | <b>34,700</b>    | <b>119,200</b>      | <b>-523</b>                                | <b>285,769</b>             | <b>439,146</b>                          |
| Net income  |                  |                     |  | 7,963                      | 7,963                                   |
| Other comprehensive income after tax              |                  |                     | 2,398                                      |                            | 2,398                                   |
| Overall result                                    |                  |                     |  |                            | 10,361                                  |
| <b>Shareholders' equity as of March 31, 2021</b>  | <b>34,700</b>    | <b>119,200</b>      | <b>1,875</b>                               | <b>293,732</b>             | <b>449,507</b>                          |

## Financial ratios by segments and regions

| in € million                    | External product sales |              | External services sales |             | Total sales  |              |
|---------------------------------|------------------------|--------------|-------------------------|-------------|--------------|--------------|
|                                 | Q1 2021                | Q1 2020      | Q1 2021                 | Q1 2020     | Q1 2021      | Q1 2020      |
| <b>Segments</b>                 |                        |              |                         |             |              |              |
| Home Solutions                  | 71.6                   | 69.0         | 4.0                     | 2.3         | 75.6         | 71.3         |
| Business Solutions              | 61.1                   | 78.2         | 0.5                     | 0.4         | 61.6         | 78.6         |
| Large Scale & Project Solutions | 90.3                   | 126.3        | 12.9                    | 11.7        | 103.2        | 138.0        |
| Total segments                  | 223.0                  | 273.5        | 17.4                    | 14.4        | 240.4        | 287.9        |
| Reconciliation                  | 0.0                    | 0.0          | 0.0                     | 0.0         | 0.0          | 0.0          |
| <b>Continuing operations</b>    | <b>223.0</b>           | <b>273.5</b> | <b>17.4</b>             | <b>14.4</b> | <b>240.4</b> | <b>287.9</b> |

| in € million                    | Depreciation and amortization |             | Operating profit (EBIT) |            |
|---------------------------------|-------------------------------|-------------|-------------------------|------------|
|                                 | Q1 2021                       | Q1 2020     | Q1 2021                 | Q1 2020    |
| <b>Segments</b>                 |                               |             |                         |            |
| Home Solutions                  | 0.9                           | 0.7         | 14.2                    | 5.2        |
| Business Solutions              | 1.0                           | 1.0         | -4.1                    | 0.8        |
| Large Scale & Project Solutions | 1.2                           | 1.3         | -3.6                    | -4.1       |
| Total segments                  | 3.1                           | 3.0         | 6.5                     | 1.9        |
| Reconciliation                  | 7.5                           | 7.7         | 3.0                     | -0.3       |
| <b>Continuing operations</b>    | <b>10.6</b>                   | <b>10.7</b> | <b>9.5</b>              | <b>1.6</b> |

### Sales by regions (target market of the product)

| in € million          | Q1 2021      | Q1 2020      |
|-----------------------|--------------|--------------|
| EMEA                  | 126.7        | 125.1        |
| Americas              | 88.2         | 126.4        |
| APAC                  | 30.7         | 44.2         |
| Sales deductions      | -5.2         | -7.8         |
| <b>External sales</b> | <b>240.4</b> | <b>287.9</b> |
| thereof Germany       | 67.7         | 59.7         |

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

| in € million                        | Q1 2021    | Q1 2020    |
|-------------------------------------|------------|------------|
| Total segment earnings (EBIT)       | 6.5        | 1.9        |
| Elimination                         | 3.0        | -0.3       |
| Consolidated EBIT                   | 9.5        | 1.6        |
| Financial result                    | 0.5        | -0.5       |
| <b>Earnings before income taxes</b> | <b>9.9</b> | <b>1.1</b> |

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.

With regard to the economic and market impacts associated with the coronavirus, SMA examined whether there could currently be an impact on assets that should be taken into account. In particular, trade receivables, intangible assets and property, plant and equipment were considered. As of the reporting date, we do not see any current or future negative developments in the business and market environment of SMA that would result in the devaluation of assets. This review is ongoing due to the rapidly changing situation and could lead to adjustments if the risk assessment changes.

## FINANCIAL CALENDAR

|            |   |
|------------|---|
| 2021/6/1   | Annual General Meeting 2021   |
| 2021/8/12  | Publication of Half-Yearly Financial Report: January to June 2021<br>Analyst Conference Call: 13:30 p.m. (CEST) |
| 2021/11/10 | Publication of Quarterly Statement: January to September 2021<br>Analyst Conference Call: 13:30 p.m. (CET)      |

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## REGISTERED TRADEMARKS

The SMA company logo, as well as the names coneva, emerge, Energy that changes, ennexOS, ShadeFix, SMA, SMA Magnetics, SMA Smart Connected, SMA Solar Technology, SMA Sunbelt, Sonnenallee, Sunny, Sunny Boy, Sunny Central, Sunny Highpower, Sunny Island, Sunny Tripower, Sunny Tripower Core are registered trademarks of SMA Solar Technology AG in many countries.

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The Quarterly Financial Statement, 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 Quarterly Financial Statement.



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