Annual Report 2024

SMA Solar Technology AG

SMA Solar Technology AG at a glance

SMA Group		2024	2023	2022	2021	2020
Sales	€ million	1,530.0	1,904.1	1,065.9	983.4	1,026.6
Export ratio	%	78.8	63.4	74.9	74.9	79.6
Inverter output sold	MW	19,524	20,454	12,225	13,584	14,416
Capital expenditure[1]	€ million	119.8	95.1	65.8	56.4	57.1
Depreciation	€ million	77.1	41.5	38.1	41.7	43.6
EBITDA	€ million	–16.0	311.0	70.0	8.5	71.5
EBITDA margin	%	–1.0	16.3	6.6	0.9	7.0
Net income	€ million	–117.7	225.7	55.8	–23.2	28.1
Earnings per share[2]	€	–3.39	6.50	1.61	–0.67	0.81
Employees[3]		4,282	4,377	3,635	3,510	3,264
in Germany		3,174	3,039	2,610	2,506	2,293
abroad		1,108	1,338	1,025	1,004	971

SMA Group		2024/12/31	2023/12/31	2022/12/31	2021/12/31	2020/12/31
Total assets	€ million	1,541.2	1,621.9	1,110.0	1,053.7	1,051.2
Equity	€ million	553.3	686.2	463.5	408.0	439.1
Equity ratio	%	35.9	42.3	41.8	38.7	41.8
Net working capital[4]	€ million	473.0	392.1	238.5	257.5	210.6
Net working capital ratio[5]	%	30.9	20.6	22.4	26.2	20.5
Net cash[6]	€ million	84.2	283.3	220.1	221.7	226.0

1 Investments including additions of rights of use in accordance with IFRS 16.
2 Converted to 34,700,000 shares.
3 Reporting date; including trainees and learners; excluding contingent labor.
4 Inventories and trade receivables minus trade payables and liabilities from advanced payments received for orders.
5 Relating to the last twelve months (LTM).
6 Total cash minus interest-bearing financial liabilities to banks.

ENERGY THAT CHANGES

As a leading global specialist in intelligent photovoltaic and storage solutions, the SMA Group is setting the standards today for the decentralized and renewable energy supply of tomorrow.

More than 4,000 SMA employees in 20 countries have devoted themselves to this task.

Our innovative solutions for the sustainable generation, storage and use of energy enable people and companies around the world to meet their energy needs with greater independence.

In collaboration with our partners and customers, we are helping the world transition to a digital, decentralized and renewable energy supply. Our energy inspires the world's most important customer. Our future.

DR.-ING. JÜRGEN REINERT
Chief Executive Officer
SMA Solar Technology AG

FOREWORD BY THE MANAGING BOARD

Dear Shareholders,

The previous year was one of the most challenging in the more than 40-year history of SMA. The slump in demand in the solar industry as a result of falling electricity prices, high interest rates, and a strained economic situation overall has hit our company hard, just as it has the entire industry. Even though SMA has proven itself to be resilient with a wide range of solutions spanning three segments, a look back at 2024 shows quite a bleak situation.

In addition to these particular economic challenges which we are working all out to address, we at SMA have, of course, also been impacted by numerous geopolitical events. The ongoing wars in Ukraine and the Middle East, the downfall of the regime in Syria, and the disintegration of the governing coalition in Germany have shown us that stabilization of the global political climate is still a way off. 2024 was also a difficult year for global climate protection–last year was the hottest on record, reaching 1.5 degree Celsius above the preindustrial average for the first time. This had noticeable impacts–with the distressing scenes of disastrous flooding in Spain in October demonstrating the consequences to be expected if humanity is not able to swiftly and effectively limit the rise in global temperatures. However, the Climate Change Conference in Baku, Azerbaijan, in November unfortunately did little to drive progress forward.

In December 2023, the ifo Institute stated that Germany's economy was at a crossroads and predicted that its price-adjusted gross domestic product was expected to decrease by 0.1% in 2024 compared to the previous year. The German economy has therefore now been stalled for five years–something which is having a noticeable effect on the solar industry. Nevertheless, Germany continues to be on track when it comes to achieving expansion targets for photovoltaics. The total power of all PV systems installed in Germany climbed to over 99,200 megawatts by the end of 2024 according to current data from the Federal Network Agency, and could come even closer to the 100,000 megawatt mark due to late registrations that are expected. However, since this expansion over the last year was largely driven by ground-based PV systems, the German solar industry was scarcely able to benefit from this, as a wave of prominent corporate bankruptcies and job cuts set the tone for 2024.

SMA is also contending with a difficult market environment

The expected market growth in PV systems slowed significantly as far back as March 2024, in particular in the home and commercial sector. Even though SMA was able to compensate for the lack of orders in the Home Solutions and Commercial & Industrial Solutions segments for a time due to the excellent order situation in the Large Scale & Project Solutions segment, we had to make significant corrections to our sales and profit forecast over the year due to the ever-worsening market environment. Combined sales for the Home Solutions and Commercial & Industrial Solutions segments in 2024 plummeted by around 68% from €1.1 billion to €354 million compared to the previous year. In contrast to this, the Large Scale & Project Solutions segment continued to experience very positive growth, and we were able to record sales of around €1.2 billion–which represents a growth of 42% over 2023. In the past fiscal year, we sold inverters with a total power of 19.5 GW (2023: 20.5 GW).

We identified the deteriorating market situation and the possible effects on our company at an early stage and took decisive countermeasures from the middle of the year. As a first step, we developed and implemented consistent measures to reduce costs and boost sales. When it became clear that the entire industry is faced with longer-term and far-reaching challenges, we stepped up these measures and added an extensive restructuring and transformation program.

Nevertheless, our result is far below the previous year. Due to low sales volume and the resulting lower fixed cost degression in the Home Solutions and Commercial & Industrial Solutions segments, cost increases as well as impairments on inventories and provisions in connection with the restructuring and transformation program, we closed 2024 with EBITDA of €–16 million.

We now have to take decisive countermeasures to continue on our growth trajectory

As part of this program, we have been working on significantly streamlining our costs and simplifying our corporate structure and management since September 2024. Among other things, we intend to merge the two segments Home Solutions and Commercial & Industrial Solutions into a new "Home & Business Solutions" division in the first half of 2025, which was decided on by the Managing Board and Supervisory Board in December. This segment is intended to complement the existing "Large Scale & Project Solutions" unit. Thanks to this consolidation, we will be able to leverage synergies within the two customer groups–including by critically examining our range of products and solutions and adapting them to changes in the market, if necessary. In the future, there will be two divisions with strong vertical integration and complete responsibility for profit and loss. Furthermore, we will also streamline Corporate Functions to make the strategy and performance of the company as efficient as possible, to ensure the required governance and also to give the two divisions as much operational freedom as possible. We will therefore also be able to continue to implement the core concept of our "SPIRIT" program: being closer to the customer and

ensuring a process-oriented way of working. Furthermore, we will reduce management complexity for the national companies. SMA will continue to be active in the core countries and consolidate its presence in regions with high growth potential, but will also withdraw from individual countries showing low potential.

As part of the restructuring and transformation, we were also forced to make hard decisions. Together with the Supervisory Board and employee representatives, we decided to cut around 1,100 full-time positions around the world. Combined with planned growth in the Large Scale & Project Solutions division and the ALTENSO subsidiary company, this resulted in required job cuts of around 660 full-time positions. These cuts have already been initiated in some countries in line with regional regulations and agreements. In Germany, negotiations with the works council on a so-called voluntary program (conditions of voluntary redundancy) were concluded at the beginning of February and a corresponding works agreement was signed. We subsequently began with the implementation.

SMA has sights set firmly on the future

Despite all the challenges SMA is facing, we are looking to the future full of confidence, as, despite temporary setbacks, the energy transition is unstoppable and SMA's products and solutions represent integral parts of this development. One example is our new system solution for large-scale solar power plants, the Sunny Central FLEX, which we introduced in 2024. Thanks to this innovative solution, we are taking the topics of flexibility and management–aspects which are indispensable to integrating renewable energies into the utility grid–to another level. Our subsidiary company ALTENSO also experienced extraordinarily good growth over the last year and demonstrates that complex issues in the energy transition are our core strength. We also launched solutions onto the market in the home and commercial sector in 2024. Over the medium term, these solutions will take us back to where we belong–at the top of the international photovoltaic industry.

Our thanks in 2024 therefore go first and foremost and, in particular, to SMA's employees, who work passionately every day in 20 countries to put SMA back on the growth trajectory we have embarked on. With their help and commitment, we are confident that we will be able to continue our success story.

Dear Shareholders, we sincerely to thank you for your trust, particularly, in these challenging times and would be pleased if you continued to accompany the SMA Group on its future journey.

Dr.-Ing. Jürgen Reinert
Chief Executive Officer
SMA Solar Technology AG

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THE MANAGING BOARD TEAM

Dr.-Ing. Jürgen Reinert

Chief Executive Officer

After studying electrical engineering in South Africa, Dr.-Ing. Jürgen Reinert (b. 1968) received his doctorate at the Institute for Power Electronics and Electrical Drives (ISEA) at RWTH Aachen, Germany, and began his career as senior engineer there. From 1999 to 2011, he worked for Emotron AB in Sweden, where, in his last position as General Manager, he was responsible for Technology and Operations. From 2011 to 2014, as Executive Vice President, he was responsible for the division Power Plant Solutions at SMA. Under his leadership, SMA successfully expanded its worldwide project business and developed turnkey system solutions for large-scale PV power plants. Since April 2014, Dr. Reinert has been a member of the Managing Board. He was appointed as Chief Executive Officer in October 2018. With the extension of his contract in July 2023, the Supervisory Board appointed him as Chairman of the Managing Board. Dr. Reinert is currently responsible for Strategy, Research & Development, the divisions Home Solutions, Commercial & Industrial (C&I) Solutions and Large Scale & Project Solutions as well as Sales & Service, Communication & Sustainability and serves as Labor Director of SMA.

Barbara Gregor

Board Member for Finance and Legal

Barbara Gregor (b. 1970) started her career at the thyssenkrupp Group after graduating in business management. She held a number of positions in Germany and abroad as well as at the group headquarters (central corporate function of controlling). Between 2002 and 2013, she worked in the group's stainless steel segment, where she supported the establishment of the Shanghai Krupp Stainless joint venture in Shanghai. Her last role was head of controlling and authorized officer for the thyssenkrupp Stainless International Group. From 2013 to 2015, she was CFO of the apt Hiller Group where she spearheaded international growth and M&A projects. Before joining SMA, Barbara Gregor was CFO of the international operating unit thyssenkrupp Materials Trading and Managing Director (CFO) of thyssenkrupp Materials Trading GmbH, where she was responsible for managing and further developing the areas of Finance, Controlling, Accounting, Risk Management, Human Resources and IT. Barbara Gregor is currently responsible for Accounting & Tax, Finance & Real Estate Management (CREM), Investor Relations, Legal, Governance, Compliance, Risk Management and Internal Audit.

Olaf Heyden

Board Member for Transformation and Operations

Olaf Heyden (b. 1963) holds a degree in business administration and business informatics. His career began in 1986 at Dornier GmbH/DASA (now Airbus SE). After holding positions at T-Mobile and Electronic Data Systems (EDS), Olaf Heyden was Senior Vice President Billing & Collection at Deutsche Telekom AG from 2000 to 2004, where he was responsible for group-wide billing and collection processes in the Shared Service Center. Until 2011, he was Chief ICTO Officer and member of the Board of Management of T-Systems, where he was responsible for the outsourcing business of data centers, workplace systems, telecommunications networks and business processes. After holding positions as CEO of Freudenberg IT GmbH &Co. KG and member of the Board of Management of Wincor Nixdorf AG, he joined Diebold Nixdorf Inc. in 2016 as Senior Vice President Service. There, he consolidated and led the global service business following the acquisition of Wincor Nixdorf by Diebold Inc. Until 2023, Olaf Heyden was responsible for the operational functions of operations, supply chain, service, software delivery, R&D, procurement and IT as COO and Executive Vice President. Since 2024, he has been supporting the group-wide transformation and restructuring program as an external consultant at SMA, for which he has been responsible as a member of the Board since February 14, 2025. Olaf Heyden's role on the Managing Board also includes being responsible for the Operations, Human Resources and Digitalization/IT departments.

SUPERVISORY BOARD REPORT

Dear Shareholders,

The unexpectedly dramatic slump in the Home Solutions and Commercial & Industrial Solutions segments posed significant challenges for SMA over the last year. This is all the more true when considered against the backdrop of the positive development in the Large Scale segment, which it had to secure despite intensive cost-cutting efforts.

In this economically difficult reporting year, collaboration within the Supervisory Board and between the Supervisory Board and Managing Board was also characterized by openness, intensity and constructiveness. The Supervisory Board assisted the Managing Board in an advisory capacity and continuously monitored the Managing Board with regard to the management of the company in accordance with the law, Articles of Incorporation and Rules of Procedure. For its part, the Managing Board involved the Supervisory Board and its committees early on in all decisions of fundamental importance to the SMA Group. Furthermore, the Supervisory Board was kept informed, both in writing and verbally, of all strategic issues relevant to the company, the market and competitive situation and business developments. The Managing Board also regularly updated the Supervisory Board on the SMA Group's sales, earnings and general situation. In addition, the Managing Board presented detailed information on proposed business policies and other important questions concerning corporate planning, in particular financial, investment, production and personnel planning, as well as significant business transactions to the Supervisory Board. Deviations in how events actually transpired in comparison to planned projects or objectives were provided, including reasons for the variances. Plus, the Supervisory Board was informed about the SMA Group's profitability, above all the return on equity, risk and opportunity management, risk status and compliance.

The Supervisory Board closely scrutinized and discussed business transactions requiring the approval of the Supervisory Board as well as instances where business performance deviated from corporate planning. Even beyond the regular Supervisory Board and Audit Committee meetings, the Chairman of the Supervisory Board and his deputy as well as the Audit Committee Chairwoman were in frequent contact with the Managing Board and discussed subjects concerning strategy, planning, business development, position of risk, risk management and compliance, as well as significant business transactions and upcoming decisions. The Supervisory Board members took general and specialized training necessary for their tasks of their own accord, and in doing so, they received appropriate support from the company, when needed. No Supervisory Board or Managing Board members reported any conflicts of interest to the Supervisory Board.

Focus of Supervisory Board consultations

The Supervisory Board examined all material events and discussed them with the Managing Board at six meetings and adopted necessary resolutions in accordance with the law, Articles of Incorporation and Rules of Procedure. Roland Bent participated in three meetings up to his retirement on August 31, 2024. After her appointment to the Supervisory Board on September 1, 2024, Constanze Hufenbecher participated in two meetings. Kim Fausing participated in four meetings, Oliver Dietzel attended five meetings. The other Supervisory Board members participated in all six meetings.

In preparation for the meetings, the Supervisory Board received timely written reports from the Managing Board on a regular basis. At each regular meeting, the subject matter of the deliberations were current business developments, the evolution of markets of particular

importance to the SMA Group and corporate planning. Members of the Managing Board always participated in the meetings of the Supervisory Board and the Audit Committee. The Supervisory Board and the Audit Committee provided advice during discussions of items on the agenda, in particular matters relating to the Supervisory Board or Managing Board itself, including when the Managing Board was not present.

At its meeting on February 8, 2024, the Supervisory Board dealt with the Corporate Governance Report included in the 2023 Annual Report, the Remuneration Report and the Supervisory Board Report for 2023. In addition, the Supervisory Board discussed the contents of the Consolidated Sustainability Statement presented by the Managing Board and possible proposals to the Annual General Meeting on profit appropriation. The competence profile of the Supervisory Board was also the subject of deliberations and discussions. Finally, the Supervisory Board evaluated the achievement of objectives by the Managing Board members in 2023.

At its meeting convened to adopt the accounts on March 20, 2024, the Supervisory Board acknowledged the 2023 Annual Financial Statements, approved the 2023 Consolidated Financial Statements after in-depth consultation and also passed the proposal to the Annual General Meeting on profit appropriation for 2023, the Corporate Governance Report, the Supervisory Board Report, the Consolidated Sustainability Statement and the Remuneration Report. Additionally, the Supervisory Board passed the proposal for selection of the auditors of the Financial Statements and the Consolidated Financial Statements for 2024 and approved the Managing Board's proposal for a virtual Annual General Meeting. Changes to the remuneration systems for the Managing Board and Supervisory Board were also the subject of deliberations and discussions. In addition, the Supervisory Board adopted the Managing Board's objectives for 2024.

At its meeting on May 27, 2024, the Supervisory Board discussed the results of Strategy 2025 implementation as well as plans to develop strategic topics up to 2030 and the company's strategies and efforts to improve sustainability.

The meeting on September 25, 2024, focused on the Managing Board's plans for the necessary restructuring and transformation of the company. The Managing Board and Supervisory Board also advised on the company's liquidity development and strategy to secure liquidity. In addition, the Supervisory Board was informed about product innovations and the company's product and solution roadmap as well as the status of the review of project handling and about the financial developments of SMA Solar Technology AG's subsidiaries.

The discussion at the Supervisory Board's extraordinary meeting on November 12, 2024, and the meeting on December 5, 2024, focused on progress in designing the company's restructuring and transformation measures.

Furthermore, at its meeting on December 5, 2024, the Supervisory Board dealt in depth with the budget for the 2025 fiscal year submitted by the Managing Board. The Supervisory Board also used a list of questions to examine and discuss the efficiency of its work and any measures to improve this. In addition, the Managing Board and the Supervisory Board adopted a new Declaration of Compliance pursuant to Section 161 (1) sentence 1 of the German Stock Corporation Act (AktG) in order to comply with the recommendations of the German Corporate Governance Code.

Focus of committee meetings

To improve the efficiency of the work carried out by the Supervisory Board, the Supervisory Board maintains four permanent committees: the Presidial Committee, Audit Committee, Nomination Committee and Mediation Committee. You will find the names of the persons appointed to these committees on our corporate website as well as in the Corporate Governance Statement 2024.

The committees prepare the topics and resolutions for review by the entire Supervisory Board, and, within their assigned competencies, they independently resolve those matters delegated to them. The content of the committee meetings is reported on by the committee chairperson at the subsequent plenary session of the Supervisory Board. All members of the Supervisory Board receive the content and resolutions of the committees in writing.

The **Presidial Committee** met three times in 2024. The committee's work focused in particular on dealing with matters relating to the Managing Board and setting the financial and non-financial objectives for the Managing Board, as well as preparing the efficiency check on the Supervisory Board. Kim Fausing participated in two meetings. The other members participated in all meetings of the committee.

The **Audit Committee** met eight times in 2024 – four of them in person. The meetings focused on the company's business and liquidity development and cost efficiency, as well as the quarterly statements and the half-year financial report. In addition, the committee was informed about the auditor's priorities and findings on the 2023 Annual Financial Statements and confirmed the auditor's independence. In addition, the Audit Committee dealt with tax issues. Another focus of the committee's work was reviewing the internal monitoring system (Internal Control System, Internal Risk Management System, Internal Audit and Compliance), the methods and effectiveness of which the committee members informed themselves in detail. In addition, the committee dealt with Internal Audit's half-yearly report and the compliance report, neither of which revealed any material irregularities in business processes, as well as the contents of the company's Consolidated Sustainability Statement pursuant to Section 289c of the German Commercial Code (HGB) and the extended auditors' report. The Audit Committee also dealt with the recommendation to the full Supervisory Board on the appropriation of profit and the election of the auditor for 2024 as well as on the assignment of the audit mandate for financial and non-financial reporting. Finally, the implementation of new legal requirements in the area of the company's non-financial issues as well as risk management, accounting and auditing was the subject of the deliberations and resolutions. Oliver Dietzel attended seven meetings, while the remaining members of the committee attended all meetings.

The **Nomination Committee** held one meeting in 2024. The subject was the nomination of a replacement shareholder representative for the Supervisory Board.

The **Mediation Committee** was not convened in 2024.

Corporate Governance

In the reporting year, the Supervisory Board dealt with the contents of the German Corporate Governance Code that had been adopted in June 2022. For the reporting year, the Supervisory Board and the Managing Board issued a Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) in compliance with the recommendations of the German Corporate Governance Code. The joint report issued by the Supervisory Board and the Managing Board on compliance with the rules of the German Corporate Governance Code pursuant to clause 23 of the German Corporate Governance Code (Corporate Governance Report) has been made permanently available on our corporate website. Moreover, the Corporate Governance Report is presented in the "Corporate Governance" section in the Combined Management Report. This is also where you will find statements on conflicts of interest and how they are handled.

Annual Financial Statements and Consolidated Financial Statements

The Annual Financial Statements prepared by the Managing Board as of December 31, 2024, the Combined Management Report of SMA AG for the 2024 fiscal year, the Consolidated Financial Statements as of December 31, 2024 and the Combined Management Report of the SMA Group for the 2024 fiscal year were audited by the accounting firm BDO AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany. The Supervisory

Board granted the audit assignment in accordance with the resolution adopted by the General Meeting on May 28, 2024. The Supervisory Board also monitored the independence of the auditor.

The Consolidated Financial Statements of the Company were prepared in line with Section 315a of the German Commercial Code (HGB) on the basis of the International Financial Reporting Standards (IFRS) as applicable in the EU. The auditor granted an unqualified audit opinion for the Annual Financial Statements and the Combined Management Report of SMA AG as well as for the Consolidated Financial Statements and the Combined Management Report of the SMA Group.

The reporting documents, including the Consolidated Sustainability Statement of the company, and the Managing Board's proposal on the appropriation of profits as well as the audit reports were made available to the Supervisory Board in good time. These were first discussed by the Audit Committee at its meetings on February 5 and March 19, 2025, together with the auditors and then by the Supervisory Board at its meeting on March 20, 2025, on each occasion in the presence of the auditor's representatives. The auditor's representatives reported on the audit findings and provided detailed explanations of the net assets, financial position and results of operations of the company and the group. The questions posed by the Supervisory Board were answered and the reporting documents were reviewed in detail with the auditor's representatives and discussed and examined by the Supervisory Board. The Supervisory Board raised no objections after concluding its examination. Thereafter, the findings of the audit were approved. Accordingly, the Supervisory Board approved the financial statements prepared by the Managing Board and the related Combined Management Report for the 2025 fiscal year at its meeting convened to adopt the accounts on March 20, 2025. Hence, the company's Annual Financial Statements have been approved as set out in Section 172 of the German Stock Corporation Act (AktG).

Finally, at its meeting held on March 20, 2025, the Supervisory Board approved the Managing Board's proposal on the appropriation of the balance sheet profit. In this respect, the Supervisory Board discussed the company's liquidity position, the financing of planned investments and estimated business development. In doing so, the Supervisory Board came to the conclusion that the proposal was in the interests of the company and the shareholders.

Changes to the Managing Board and Supervisory Board

Roland Bent retired from the Managing Board as of August 31, 2024. Subsequently, Constanze Hufenbecher was appointed as a member of the Supervisory Board by the court for the period up to the Annual General Meeting on June 3, 2025. There were no other personnel changes on the Managing Board or Supervisory Board in the reporting period.

The Supervisory Board would like to thank the Managing Board and all employees for their dedicated work and their strong commitment in leading the SMA Group and the cause of renewable energies to a successful future.

Niestetal, March 20, 2025

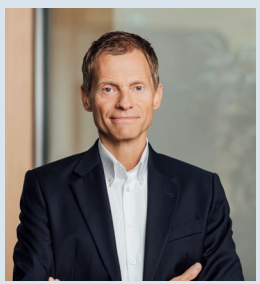
The Supervisory Board

Uwe Kleinkauf
Chairman

Supervisory Board of SMA Solar Technology AG

Martin Breul
Employee Representative

Oliver Dietzel
Employee Representative



Kim Fausing
Shareholder Representative
(Deputy Chairman)

Johannes Häde
Employee Representative

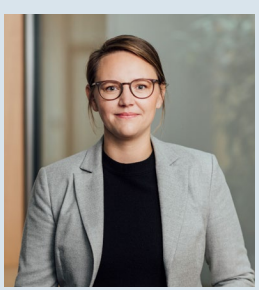
Constanze Hufenbecher
Shareholder Representative

Uwe Kleinkauf
Shareholder Representative
(Chairman)

Ilonka Nussbaumer
Shareholder Representative

Alexa Siebert
Shareholder Representative

Yvonne Siebert
Employee Representative



Romy Siegert
Employee Representative

Jan-Henrik Supady
Shareholder Representative

Dr. Matthias Victor
Employee Representative

Basic information about the group

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COMBINED MANAGEMENT REPORT

BASIC INFORMATION ABOUT THE GROUP

Business activity and organization

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

Organizational structure

Legal structure of the group

As the parent company of the SMA Group, SMA Solar Technology AG, headquartered in Niestetal near Kassel, Germany, takes over all of the functions required for its operating 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 Combined Management Report includes information regarding the parent company and all 32 group companies (2023: 28), including 9 domestic companies and 23 companies based abroad. Batteriespeicher 002 GmbH & Co. KG and Batteriespeicher 003 GmbH & Co. KG are not consolidated due to their subordinate importance for the net assets, financial position and results of operations of the SMA Group. Furthermore, the Australian company AE Development Holding 2023 Trust is treated as a joint venture. The SMA Group has held a 50% stake in the joint venture in the field of solar energy and battery storage projects through SMA Altenso GmbH since April 2024. SMA Solar Technology AG sold its 42% interest in elexon GmbH to VARO Energy Management AG in January 2024.

Organizational and reporting structure

Until the end of fiscal year 2024, the SMA Group was organized under a functional matrix organization. In this organization, the Home Solutions, Commercial & Industrial (C&I) Solutions and Large Scale & Project Solutions segments manage development, operational service and sales as well as production and procurement/logistics.

The Managing Board intends to merge the two segments Home Solutions and Commercial & Industrial Solutions into a new Home & Business Solutions division in the first half of 2025. The new division (formerly segment) complements the existing Large Scale & Project Solutions segment. The former segmentation will be adjusted in favor of this new grouping with the start of the new organizational structure. The aim of the merger is to leverage synergies within the two customer groups and reduce complexity within the group.

Reporting structure

[1] Within the first half of 2025, merger into Home & Business Solutions division and renaming to Large Scale & Project Solutions division

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 February 14, 2025, the Managing Board of SMA Solar Technology AG has comprised the following members: Dr.-Ing. Jürgen Reinert (Chairman of the Managing Board and Board Member for Strategy, Research & Development, Sales & Service, Communications & Sustainability and for the Home Solutions, Commercial & Industrial Solutions and Large Scale & Project Solutions segments), Barbara Gregor (Board Member for Accounting & Tax, Finance & Real Estate Management (CREM), Investor Relations, Legal, Governance, Compliance, Risk Management and Internal Audit) and Olaf Heyden (Chief Transformation Officer and Board Member for Operations, Human Resources and Digitalization).

Composition of the Supervisory Board

The Supervisory Board of SMA Solar Technology AG, which represents shareholders and employees in equal measure, consists of Kim Fausing (Deputy Chairman), Constanze Hufenbecher, Uwe Kleinkauf (Chairman), Ilonka Nußbaumer, Alexa Siebert 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.

Business model

[ESRS2 SBM-1 40a iii] With 4,282 employees in the EMEA (3,799 employees), Americas (317 employees) and APAC (166 employees) regions as of December 31, 2024, the SMA Group develops, produces and globally sells systems and solutions consisting of hardware, software and services that allow energy to be efficiently generated and intelligently monitored, managed and used.

[ESRS2 SBM-1 40a i, ESRS2 SBM-1 42b] The portfolio of the SMA Group contains a wide range of PV inverters, holistic system solutions for PV systems of all power classes, battery storage solutions, intelligent energy management systems, charging solutions for private and commercial electric vehicles, digital energy services for private and business customers and complete solutions for PV diesel hybrid applications. The SMA Group also operates successfully as a system integrator for complex power plant solutions in the areas of large

battery storage systems, hydrogen production and hybrid systems and offers extensive services up to and including operation and maintenance services for photovoltaic power plants and large battery storage systems as well as electricity supplies for hydrogen production.

[ESRS2 SBM-1 40a ii] In the reporting period, the most important markets for the SMA Group were the DACH region and Southern and Western Europe in the EMEA region, the U.S. in the Americas region, and Australia and South-East Asia in the APAC region.

[ESRS2 SBM-1 40a i, ESRS2 SBM-1 42b] The **Home Solutions segment** provides the global markets for residential PV systems with integrated solar energy solutions. The SMA Home Energy Solution comprises systems for the efficient generation and storage as well as management and optimized use of solar energy in households. In addition to conventional electricity supply, this includes use for heating or charging purposes. The PV inverters from the Sunny Boy and Sunny Tripower product families provide solar power for domestic use and feed the remaining unused solar power into the utility grid. When combined with the modular SMA Home Storage battery as well as compatible batteries from other manufacturers, the battery inverters from the Sunny Island product family enable flexible solar power use at any time. The production of the Sunny Boy Storage battery inverter was discontinued in the fourth quarter of 2024. The Sunny Boy Smart Energy and Sunny Tripower Smart Energy hybrid inverters also combine the functions of solar and battery inverters in one device. The SMA eCharger, newly launched onto the market in the reporting year, is the successor to the SMA EV Charger. The Sunny Home Manager 2.0 ensures efficient and cost-saving energy use through intelligent energy management. The underlying ennexOS energy management platform interconnects the various energy sectors and provides the basis for linking the sectors for more efficiency and functionality. Accessories, warranties, spare parts and modernization services (repowering) to increase system performance and service life as well as digital energy services complete the extensive offering in the Home Solutions segment.

[ESRS2 SBM-1 40a ii] Products and solutions from the Home Solutions segment are sold to end customers as part of a three-step sales model. Direct customers of the SMA Group are wholesalers and installers.

[ESRS2 SBM-1 40a i, ESRS2 SBM-1 42b] In the **Commercial & Industrial Solutions** segment, the focus is on global markets for commercial PV systems with and without energy management, battery storage and electric vehicle charging solutions. The SMA Commercial Energy Solution, featuring ideally matched hardware, software, tools and services, gives energy-intensive industries, commercial enterprises and the real estate industry the option of producing, storing and selling solar power themselves, organizing their companies' energy flows in a transparent and cost-efficient way, as well as charging and managing electric vehicle fleets efficiently and sustainably. The solar power generation product range comprises the three-phase PV inverters from the Sunny Tripower product family with powers from 12 kW to 110 kW. The SMA Commercial Storage Solution with the Sunny Tripower Storage X battery inverter and the SMA Commercial Storage system enables commercial enterprises to improve their energy efficiency and to make themselves less dependent on conventional energy sources. Island applications with the Sunny Island battery inverters enable reliable supply, even without connecting to the utility grid. With the SMA EV Charger Business, a commercial charging infrastructure for single point charging stations or parks with several charging points can be quickly and easily implemented. Solutions for charging management and billing of electric vehicle fleets on the basis of the ennexOS platform were implemented by the Commercial & Industrial Solution segment together with the subsidiary company coneva GmbH. As a SaaS provider for intelligent energy management, coneva GmbH connects all energy-related sectors, optimizing energy flows and making them transparent. As part of its intelligent energy management solutions, coneva GmbH also offers dynamic tariffs which support companies to optimize their energy consumption costs by using electricity when it is being generated particularly cost-efficiently and sustainably. By integrating renewable energies and adapting consumption to fluctuating energy prices, the dynamic tariff plays a role in supporting sustainable energy use and reducing CO_2. The product offering in the Commercial & Industrial Solutions segment is rounded off by integrated energy management solutions for commercial integrated energy

on the basis of the SMA Data Manager M, as well as integrated services and digital services along the product life cycle, starting with the planning of a custom energy solution, and including the commissioning of the systems and operational system management, right through to system repowering and expansion.

[ESRS2 SBM-1 40a ii] The SMA Group directly sells the products and solution of the Commercial & Industrial Solutions segment to companies in energy-intensive industries. Sales to commercial enterprises and the real estate industry are made both through direct sales and as part of three-step sales via wholesalers and installers.

[ESRS2 SBM-1 40a i, ESRS2 SBM-1 42b] The **Large Scale & Project Solutions** segment offers products, systems and solutions worldwide for solar, storage and hydrogen projects on a power plant scale as well as for the conversion of utility grids to a higher share of renewable energy. Grid stability and grid reliability are becoming increasingly important as the energy mix transitions from conventional to renewable energies. The Large Scale & Project Solutions segment is addressing these challenges with grid-forming solutions in combination with large-scale storage systems. These systems enable numerous additional services, such as energy arbitrage, black starts, frequency control, virtual inertia and other applications in the field of grid stability. The complete solutions, including turnkey medium-voltage stations, provide grid service and monitoring functions. In the field of PV power plants, they are based on the central inverters from the Sunny Central product family and the Sunny Highpower PEAK 3 string inverter. The battery inverters from the Sunny Central Storage product family are used in the field of storage projects, and the SMA Electrolyzer Converter is used in the field of hydrogen projects. The offer is completed by consulting services in the field of grid simulations, system design and repowering as well as market-based optimization of hybrid power plants and comprehensive after-sales service offers in the operating phase. The subsidiary company SMA Altenso GmbH carries out activities in the field of hydrogen applications and the system integration of large battery storage systems to stabilize the grid frequency and to compensate for fluctuating power feed-in from renewable energy sources.

[ESRS2 SBM-1 40a ii] The Large Scale & Project Solutions segment serves a diverse customer base through direct sales, including electric utility companies, independent power producers, project developers and institutional investors, EPCs, system integrators and grid operators as well as energy-intensive industries, particularly for hydrogen applications.

Strategy

[ESRS2 SBM-1 40g] Climate change is one of the most important social, political and economic challenges of our time. The negative consequences of the climate crisis are more and more being felt around the world. The crisis will only be prevented by consistently expanding renewable energy. We are dedicated to achieving this goal and have enshrined this in our purpose: “Our energy inspires the world’s most important customer. Our future.” With our business operations, we have a positive impact on climate change, as our renewable energy products and solutions play a direct role in preventing climate change. Our purpose also shows that the SMA Group represents all aspects of sustainability: We think long-term and protect the environment, thereby considering future generations. Since its founding, the SMA Group has been driven by a commitment to foster a climate-friendly, fair and diverse society, while being dedicated to creating a livable and sustainable future for generations to come. The same is true of our vision, which sets out the SMA Group’s vision for the future and the standard we are setting ourselves: “We pioneer access to clean energy.” With our experience, our innovative strength and our knowledge of system technology, we make renewable energies accessible to people all over the world in an easy, straightforward and sustainable way. Our mission statement describes how we intend to achieve this objective and meet the ambitions and needs of our customers and other stakeholders: “We leverage 40 years of expertise and passion in renewables to drive the world’s energy transition with our partners.” We have designed and continuously developed our current corporate strategy based on this. The most important sources of information for the business model and environment of the SMA Group are analyses of the market, the competition, trends and the regulatory environment.

[ESRS2 SBM-1 40g] We describe in detail how we deal with the negative, sustainability-related effects resulting from our strategy and business model, which we address as part of our sustainability management in the Consolidated Sustainability Statement. We examine how sustainability-related requirements will be taken into consideration in our strategy and our business model in future as part of the upcoming strategy development in 2025.

[ESRS2 IRO-1 E1 20c; ESRS2 SBM-3 48f] In general, the SMA Group's business model, and therefore also its strategy, is subject to external influences. A certain dependence on local support mechanisms, which have an effect on the direct demand for products and solutions, should be particularly highlighted here, for example, feed-in tariffs or factors that affect local added value and pricing, such as support from the "Inflation Reduction Act" in the U.S. However, there are also macroeconomic factors which affect the success of the business model. Changes in inflation, energy costs overall and interest rates should be mentioned here. The combination of these macroeconomic factors, which may be amplified further by the geopolitical environment, may be beneficial or detrimental to our business model. High energy costs combined with low interest rates make investing in products and solutions from SMA relatively more attractive. This affects purchasing decisions and therefore the success of the business. However, since investing in products and solutions from SMA is more of a decision for the long term and offers many other benefits, e.g., energy self-sufficiency and a lower carbon footprint, we come to the conclusion that our business model and our strategy are resilient as a whole, and we have active options when designing our sales strategy, among other things, to counteract external effects.

[ESRS2 SBM-3 48b] Due to the importance of external factors as explained above, we established a central team for market and competitor analysis within the SMA Group ten years ago and developed the SMA market model. The model is based on systematic market research. For this, the team monitors global markets, analyzes comprehensive data, regularly communicates with internal and external stakeholders and derives market forecasts from this. These are made available centrally, thus ensuring that all decision-making processes and corporate planning within the SMA Group have a standardized data basis. As part of the holistic market environment analysis, we also assess at the competitive landscape and analyze developments among market participants, potential effects and identify strategic courses of action for our company. The findings from the market and competitor analysis are a key parameter for strategic development and implementation.

[ESRS2 SBM-3 48b] As part of trend management, we systematically and consistently identify, analyze, assess, monitor and document trends relevant to the company and integrate them into strategic areas of action. The particular goal is to enable clear priorities to be defined, to make innovation gaps apparent and to make the SMA Group future-proof. The energy solution market is currently experiencing a high level of growth and presents lots of opportunities. It is therefore key to the SMA Group that it creates a guiding principle for its strategic alignment in order to identify the right opportunities and to differentiate itself in the market. Systematic trend management creates processes and instruments envision the future, integrate knowledge within SMA, structure its applications, identify innovation gaps and allocate resources in a focused manner. We use the SMA trend radar to investigate trends – as part of this we identify various macro trends and investigate them with the broad involvement of internal stakeholders. The results are summarized in the trend report.

[ESRS2 SBM-3 48b] Based on these inputs, we regularly examine and update our corporate strategy as part of quarterly reviews. The annual strategy conference in fall each year serves as the starting point for initiating changes and defining annual goals for the upcoming year. Based on the analyses carried out, we have identified the additional strategic areas of action of battery storage solutions, e-mobility, power-to-gas and energy market integration. These areas go beyond our core business of photovoltaic inverters and further drive forward our successful positioning as an innovative and sustainable "energy transition company." The megatrends of digitalization, decentralization and decarbonization, are what tie all these topics together. This ensures that the SMA Group is prepared for future growth markets. The strategic areas of action serve as guiding principles for our segments, enabling them to develop detailed segment strategies and review them annually.

[ESRS2 SBM-1 40g] Long-term focus on growth markets

Expanding photovoltaics is extremely important to combat the climate crisis. PV systems generate electricity from sunlight and therefore play a significant role in reducing CO_2 emissions in power generation. PV systems are installed on buildings and in open spaces. This enables decentralized energy supply and reduces the dependence on centralized conventional power plants as well as energy losses due to long transport routes. The expansion of photovoltaics also creates jobs in installation, maintenance and research, while costs for components and systems have already fallen such that photovoltaics is the most cost-effective way of generating power in large parts of the world.

The positive qualities and cost advantage of photovoltaics are accompanied by international and national climate protection goals and legislation, incentive programs and industry standards for decarbonizing existing energy systems. This includes the Paris 1.5-degree target, the target of tripling global renewable energy generation capacities by 2030 agreed upon at the COP28 Climate Change Conference, the European Green Deal and the U.S. Inflation Reduction Act.

The PV market is demonstrating high growth rates and plenty of promise for the future. The global PV market is expected to grow from a cumulative generation capacity of 1.97 terawatts in 2024 to 16.4 terawatts in 2050. (Source: SMA market model, DNV Energy Transition Outlook 2024). The combination with battery storage systems will play an ever greater role here. Strong growth is expected, particularly in regions such as Asia-Pacific, North America and Europe, while Germany is likely to continue to dominate the market in Europe. Progress in PV technology, such as more efficient PV cells and innovative installation methods (e.g., floating PV), also plays a role in market growth. Governments around the world are promoting the expansion of PV by means of incentive programs, feed-in tariffs and other stimuli. This is crucial in order to achieve climate goals and support renewable energies.

Battery storage solutions are therefore extremely important in the renewable energy market, as they make integrating and using renewable energy significantly more efficient. Renewable energy production fluctuates depending on weather conditions and the time of day. Battery storage technologies enable the storage of excess energy for later use, ensuring availability when demand is high and energy generation is low. This also enhances utility grid stability, making the expansion of storage capacities a crucial component of energy transition in Germany and around the world. Experts anticipate a significant increase in the battery storage capacity installed worldwide to 24.5 terawatt hours by 2050 (source: DNV Energy Transition Outlook 2024). Additional battery storage technologies, such as pumped storage power plants and hydrogen accumulators, are used and developed to further boost energy system flexibility. The further development of and investment in battery storage technologies are important for achieving energy transition goals and securing a sustainable energy supply for the future.

E-mobility plays a key role in the energy transition, as it establishes a direct link between the mobility and electricity sectors. Electric vehicles make a significant contribution to reducing CO_2 emissions, particularly if they are operated with electricity from renewable energy sources. These vehicles not only act as a means of transport but also as mobile energy storage systems, storing excess electricity from PV systems for later use or releasing it again as needed. This boosts the efficiency and flexibility of the entire energy system. The number of electric vehicles registered is growing significantly and it is expected that there will be more than one billion electric cars on roads around the world by 2050 (source: DNV Energy Transition Outlook 2024). A key aspect of e-mobility is the charging infrastructure, in particular EV chargers. Intelligent charging systems enable electric vehicles to be charged cost-effectively and in an environmentally friendly manner. These systems are able to optimize the charging process by using electricity from PV systems and charging at times when more electricity is available than required. These types of charging systems also play a role in improving the integration of renewable energies into the utility grid by storing excess solar power and releasing it again as required.

Power-to-gas is a key technology in the energy transition because it offers an efficient option to convert excess electricity from renewable energies into storable gases such as hydrogen or methane. These gases can be stored and transported in existing gas infrastructures and, if required, converted back into electricity. This enables flexible use of renewable energies and plays a role in stabilizing the utility grid by achieving a better balance between supply and demand. Power-to-gas is particularly relevant to the energy transition due to its ability to compensate for seasonal fluctuations and enable long-term storage of energy. Thanks to the conversion of excess electricity into gases, this energy can be stored efficiently and, if required, used again. This significantly improves the integration of renewable energies into the energy system. As the importance of renewable energies and growing requirements in terms of reducing CO_2 emissions tak effect, demand for technologies enabling the storage and flexible use of energy will continue to rise. In a decarbonized future, industries will rely heavily on large quantities of green hydrogen being a key energy source. Experts estimate that the global installed capacity of electrolyzers will increase from around 5 GW today to around 95 GW by 2030 (source: BNEF Hydrogen Supply Outlook 2024: A Reality Check).

The integration of renewable energies into utility grids and the broader energy market is accelerating as the energy transition progresses. With the expansion of photovoltaics and other variable energy sources, generation from these renewables is rising, while the share of conventional power plants with synchronous machines is declining. Maintaining the stability of the future electricity system therefore will require grid management services provided by grid-forming storage power plants and grid-serving generation systems. The SMA Group has been offering grid-forming inverters for 20 years. These have been adapted for utility grids to provide stability services and generate off-grid systems.

The SMA Group has strategically positioned itself to capitalize on these growth markets and support the global energy transition as part of its Strategy 2025. In order to provide and systematically further develop suitable solutions for all key areas of future energy supply, the SMA Group offers a comprehensive and diversified portfolio of products and solutions for all segments. We are leveraging our systems expertise to develop complete, future-proof solutions of significant customer benefit in close collaboration with our strong partners and to tap into new business areas. The products, solutions and services from the SMA Group are described in detail in the “Business model” section.

The Strategy 2025 is based on defined ambition levels from which the respective annual objectives are derived. A continuous management process that includes reviews at quarterly level and an annual strategy conference ensures regular monitoring of strategy implementation and ongoing updates. The extent to which the objectives have been achieved and the progress made within the objectives and areas of action are thus made transparent to all key stakeholders.

In 2024, a comprehensive analysis of external and internal factors (e.g., new business models) also laid the foundation for the ongoing development of the current Strategy 2025 beyond its validity period.

Strategic corporate objectives

The strategic corporate objectives form the basis for the future viability and long-term corporate success of the SMA Group. They define the ongoing development of the company and key success factors across all segments. For each objective, priorities are set on an annual basis and their achievement is ensured through clearly defined and measurable interim targets and regular reviews.

Objective 1: Closer to the customer

We convince our customers with a high level of user-friendliness and solution-oriented cooperation.

The future corporate success of the SMA Group will depend largely on us aligning our actions even more consistently with the requirements of our customers. Customer focus is therefore intentionally placed at the forefront of our strategy.

After completing the company-wide SPIRIT program, which was launched in 2022, to align our business processes with various customer segments, we further optimized numerous processes in 2024 to enable us to better meet the specific needs of our customers. As part of our "Multi-Channel Sales Strategy," we also developed and implemented a process for managing new sales channels so that we can tailor our global sales strategy to meet regional market requirements. We can thus structure the sale of products or services to maximize efficiency, market coverage, customer satisfaction and overall company performance.

To consistently enhance the customer experience, we will continue in 2025 to systemize the collection and evaluation of customer feedback to ensure that feedback is systematically gathered, shared and used in the relevant areas of responsibility, improving customer satisfaction.

Objective 2: Profitable growth

We are sustainably increasing our profitability through the further development of our core business and the targeted development of new business areas.

After SMA's market environment experienced very positive development in 2023, the 2024 reporting year was characterized by an unexpectedly sharp decline in the distribution business. As a result, the two segments Home Solutions and Commercial & Industrial Solutions fell far short of our original expectations for the fiscal year. This development led us to launch the company-wide restructuring and transformation program SHIFT in September 2024. The goal was to stabilize the company's liquidity in the short term, to significantly reduce material and personnel costs, and to position SMA to be sustainable, future-ready and successful in a changing environment with new challenges.

As a result, all activities under Objective 2 of the corporate strategy were focused on successfully developing and implementing the measures of the SHIFT program. By the end of 2024, we developed and approved measures to achieve savings of more than €170 million in material costs. Additionally, we defined a new target organization that will enable annual personnel cost savings of approximately €50 million per year. The target savings in total of more than €170 million is to be achieved in full in the 2027 fiscal year. We also defined measures for consistent optimization of outstanding receivables and inventories, which will significantly improve the liquidity situation.

In 2025, we will concentrate on further implementation of the measures and adopt the new, streamlined organizational structure once the codetermination processes have been completed. To achieve further profitable growth, we will also implement measures to boost competitiveness and enhance differentiation in the Home and Business sectors, which will be consolidated into a single division.

Objective 3: Holistic sustainability

We live sustainability in all areas of the company and take over a leading role in shaping a better future.

Holistic sustainability in all areas of the company is one of the key objectives at the heart of our strategy. The Managing Board is thereby not only underlining the considerable importance of the topic of sustainability within the SMA Group, but also taking account of the ever-increasing interest and expectations of major stakeholder groups. Detailed information on the sustainability strategy, our objectives and on development and progress within our areas of action of sustainability in the reporting year can be found in the "Consolidated sustainability statement" section.

Objective 4: Shaping the future with innovations

We use our expertise, experience and innovative strength to position SMA for the future in existing and new business fields.

Our business environment is characterized by ever-faster innovation cycles, high complexity and accelerated technological change. Our commitment to innovation remains the key factpr that fundamentally sets us apart from the competition. To expand our competitiveness further, we are systematically addressing future topics, continuing to promote digitalization and increasing our ability to deal with complexity.

In 2024, our primary focus was to further expand the digitalization of our production and production-related processes via the "Digital Factory" program in order to operate our current and future production facilities based on the latest state of the art. This will enable us to start production of the new "Sunny Central FLEX" generation of central inverters in 2025 at the purpose-built factory in Kassel/Niestetal, Germany.

We also laid important foundations in 2024 with new processes for holistic environmental analysis and strategic foresight. These initiatives will help us identify trends earlier in an increasingly volatile and complex environment and leverage them for SMA through our innovation management. For example, we developed initial showcases in the field of artificial intelligence and further refined their application within SMA's business model.

In 2025, we plan to systematically combine holistic environmental analysis with trend and innovation management as well as strategy development, and to ensure that all relevant environmental information is processed and addressed. This should further bolster our innovative strength in SMA's relevant business fields.

Objective 5: Powerful partnerships

We develop a powerful partner network and take advantage of the opportunities it creates.

Our systems and solutions business thrives on powerful partnerships. They are the key to comprehensive solutions with high customer value and a broad range of applications. To be successful in this area, our management processes are geared to targeted integration of partners with whom we are shaping the energy supply of the future. This integration will continue to gain importance in a changing market environment, especially for residential and commercial PV systems, and will be a key success factor for SMA's future competitiveness.

In 2024, we conducted a systematic analysis of our own skills and capabilities (capability map) within the company and identified key areas for future partnerships. This is intended to ensure a targeted selection of partnerships with high potential for SMA.

In 2025, we will expand our partner network on an ongoing basis, and we have also set ourselves the task of further detailing and operationalizing our partner management processes at a global level. In addition, we will continue to systematically measure the success of our partnerships to identify and implement potential areas for improvement.

Strategic areas of action

The strategic areas of action of the SMA Strategy define the company's focus and have therefore been formulated across all segments. Derived from the overarching megatrends in our market environment and the growth potential in SMA's core markets described above, the strategic areas of action create the basis for clarity and prioritization in an increasingly complex market environment.

This includes focusing on the core photovoltaic business as well as the further development of the SMA Group in the relevant growth fields of **battery storage systems, e-mobility, energy management solutions** and **energy market integration** as well as **grid stability** and **cybersecurity**. We have also invested in the expansion of the high-potential **power-to-gas business** at an early stage and are systematically expanding our investment.

The segments are responsible for defining and implementing the relevant business initiatives within the areas of action. In the context of clearly defined financial targets, they therefore have the necessary scope to successfully shape their business.

With its portfolio of products, systems and solutions for all PV segments and applications, its level of system expertise and its global presence, the SMA Group thus makes a significant contribution to the rapid and sustainable transformation of the world's energy supply structures and exploits the opportunities arising from the megatrends of decentralization, decarbonization and digitalization.

Enterprise management

Overview

The SMA Group's corporate management is based on the leading indicators and financial management parameters outlined below. Corporate management also incorporates non-financial performance indicators. More information on this can be found in the "Forecast of the most significant non-financial performance indicators" section.

Leading indicators

To be able to respond to market changes in a timely manner, it is exceedingly important for the SMA Group to recognize opportunities and risks early on. To achieve this, we will have ongoing discussions about what are commonly referred to as operating leading indicators at both the Managing Board and segment level and the general managers of the SMA subsidiaries. Indicators relevant to the SMA Group include changes in politics, such as in PV system incentive programs and their effect on regional market potential, growth and competitiveness of the SMA Group in regional markets, customer acceptance of new products as well as market-related information stemming from discussions with customers, suppliers and associations. The myriad of influencing factors and the complex way they interact pose a challenge for producing a detailed long-term forecast.

As part of annual and medium-term planning, the Managing Board specifically discusses opportunities and risks with regard to markets and sales volumes with the sales and segment heads, and records the final assumptions for planning. In the reporting period, the Managing Board and segment heads were informed on a monthly basis of the financial development of the entire SMA Group and the individual segments. They were continuously compared with planning assumptions. In the event of deviations or unforeseen events, short-term countermeasures could therefore be taken on the basis of intra-year forecasts.

Financial management parameters

In 2024, the SMA Group used the following key financial management parameters for its operating business as explained below. Compared with the previous year, there were no changes in the calculation of key figures or in the management system.

Sales

Sales include all the sales generated over the reporting period. Because the market for inverters was shaped partly by plummeting prices, we measure inverter output sold along with sales. We calculate sales at both the group and segment level. In addition, sales and the contribution margin are calculated at the product group level on a monthly basis.

Operating profit (EBIT)/EBIT margin

In addition to sales and the cost of sales, operating profit includes functional costs and other operating expenses and income. We use this key figure to measure the profitability of the individual segments and the group. To determine the operating earnings margin, we calculate operating profit in relation to total sales. We measure operating profit and operating earnings margin at both the group and segment level.

Earnings before interest, income taxes, depreciation and amortization (EBITDA)/EBITDA margin

We calculate operating earnings before interest, income taxes, depreciation and amortization (EBITDA) based on operating profit (EBIT), plus depreciation and amortization of fixed and intangible assets. To determine the EBITDA margin, we calculate the operating earnings before interest, income taxes, depreciation and amortization in relation to total sales. We use these key figures to measure profitability at group level, excluding imputed depreciation of investments made.

Net working capital/Net working capital ratio

In addition to inventories, net working capital comprises trade receivables, trade payables, prepayments received from customers and prepayments made to suppliers. We regularly measure our customers' and suppliers' accounts receivables as well as product manufacturing inventories in relation to sales over the last 12 months. We measure and manage net working capital at the corporate group level.

Capital expenditure

Capital expenditure is another key driver of liquidity planning. To manage capital expenditure, we formulate budgets as part of our annual planning, which the Managing Board approves over the course of the fiscal year. This applies particularly to large-scale capital expenditure projects, which are additionally evaluated with a profitability calculation. We manage capital expenditure at the corporate group level.

Net cash

With net cash, we review our own financing possibilities for the ongoing business like net working capital and capital expenditure. It includes liquid funds and securities contained within working capital and cash on hand pledged as collateral less interest-bearing financial liabilities to banks. We manage net cash at the corporate group level.

Intragroup reporting and management

Intragroup reporting

The monthly reporting includes, among other information, detailed status reports on orders placed and order volumes, the amount of inverter output sold, sales figures, results of operation, cash flow statements, research and development activities, investments and net working capital. The aim is to compare changes in decisive items on the income statement and balance sheet both with the budget and figures of the previous month and to take any corrective measures necessary. Reporting is mapped using SAP Analytics Cloud (SAC), and SAP Business Warehouse, an electronic management information system, serves as the repository for the information.

Intragroup management system

In the reporting period, the basic elements of the intragroup management system included regular Managing Board and Supervisory Board meetings, as well as monthly discussions on results with the segment heads. Strategy implementation was also discussed during quarterly business reviews with the segments, as was an assessment on the progress of objectives. In addition, the intragroup management system encompasses the regular Risks and Opportunities Report and the report prepared by the Internal Audit department.

Research and development

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

Forward-looking development approach

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

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

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

SMA Solar Technology AG had 1,640 protected patents and utility models worldwide at the end of the reporting period. Additionally, 523 other patent applications were still pending as of December 31, 2024. Furthermore, SMA Solar Technology AG holds the rights to 1,561 registered trademarks.

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

Research and development expenses of the SMA Group

in € million	2024	2023	2022	2021	2020
Research and development expenses	141.0	119.8	86.8	77.7	71.2
of which capitalized development projects	44.3	41.2	35.2	27.4	15.2
Depreciation on capitalized development projects (scheduled)	15.9	9.7	6.9	8.8	9.1
Research and development ratio in % in relation to sales	9.2	6.3	8.1	7.9	6.9

Holistic solutions for the energy supply of the future[2]

Residential applications: focus on energy management and new dynamic tariff

In the **Home Solutions** segment, we continued to systematically develop the SMA Home Energy Solution in the reporting period to enable homeowners to make comprehensive and flexible use of their self-generated solar energy and actively reduce their electricity costs. The SMA Home Energy Solution combines high-quality equipment, intelligent software and

[1] This paragraph is not a mandatory component of the Combined Management Report as defined in Sections 289, 315 HGB in conjunction with GAS 20, and therefore not a subject of the financial audit.
[2] The following section is not a mandatory component of the Combined Management Report as defined in Sections 289, 315 HGB in conjunction with GAS 20, and therefore not a subject of the financial audit.

comprehensive service in one overall solution. It enables customers to efficiently use their solar power and integrate applications such as dynamic electricity tariffs, heat pumps and e-mobility.

An important step in the reporting period was the announcement of a partnership with ison and LichtBlick at Intersolar 2024 to develop a dynamic electricity tariff. This allows SMA customers to not only obtain 100% green electricity from the utility grid at attractive prices, but also to efficiently market their own surplus solar power. The dynamic tariff is seamlessly integrated into the SMA Home Energy Solution and enables optimized interaction between self-generated solar power and forecasts household consumption and electricity market prices that are updated every fifteen minutes. Our aim is to offer our customers the lowest energy costs per kWh with this energy mix. The core feature of the solution is energy management by the Sunny Home Manager, which intelligently monitors and manages all energy flows in the household. Using artificial intelligence, it automatically adapts to individual consumption patterns for optimal efficiency. It makes it possible to shift flexible loads, such as heat pumps, or charging electric vehicles with the SMA eCharger to periods with favorable electricity prices. SMA customers thus benefit twice by reducing their electricity bill and making optimum use of their self-produced solar energy. Customers can easily subscribe to the tariff via the SMA Energy App and track their savings and price developments transparently and conveniently at any time.

Efficient energy management is essential for the optimal use of sustainable energy sources and stabilizing utility grids. The Sunny Home Manager offers comprehensive integrated energy and adaptive algorithms that learn individual habits, thus enabling it to manage energy flows efficiently, reduce power consumption from the utility grid and cut our customers' energy costs. SMA continuously invests in energy management solutions to adapt to changing customer requirements and new market regulations, ensuring their implementation customer-friendly and efficient. At the same time, SMA relies on powerful partnerships with companies such as Vaillant, Stiebel Eltron and Shelly, and most recently Samsung and LichtBlick, to drive innovation in energy management and to strengthen its own market position. Sunny Home Manager's compatibility with a wide range of different heat pump models and other accessories such as smart home radio-controlled sockets and home appliances is also crucial, thus enabling straightforward integration of controllable loads.

A significant SMA Home Energy Solution innovation in the reporting period is the market launch of the single-phase hybrid inverter Sunny Boy Smart Energy in Europe as well as a version adapted to country-specific requirements in the U.S. This innovative 2-in-1 inverter combines both PV and battery functionalities in one product, enabling seamless integration of solar power generation and battery storage systems. As a central component of the SMA Home Energy Solution, the Sunny Boy Smart Energy inverter was developed using state-of-the-art technology with a focus on unbeatable system performance. Thanks to innovative silicon carbide semiconductors, the system offers particularly fast charging and discharging performance, which is also advantageous in combination with dynamic electricity tariffs. Additionally, it allows for PV system oversizing to maximize power output, while its three MPP trackers with low starting voltage provide outstanding planning flexibility, while also making it possible to use balconies or facades alongside standard rooftop installations – thus unlocking new possibilities. These features are particularly important for demanding applications and complex roof structures.

The SMA Home Storage battery is the ideal addition to the SMA Home Energy Solution and was specifically developed to be used with the hybrid inverters of the Sunny Boy Smart Energy and Sunny Tripower Smart Energy families. It was launched in Europe in the 2024 reporting period. The SMA Home Storage (US) battery is currently being developed for the U.S. market with a new backup solution that enables an extended electricity supply in the event of power outages. Together with the Sunny Boy Smart Energy (US) inverter, homeowners in the U.S. now also have a modular, powerful and reliable solution that allows them to make optimal use of their solar power.

A further component of the SMA Home Energy Solution is the introduction of an optional backup solution for systems with the Sunny Boy Smart Energy inverter, which has been designed for both single-phase and three-phase markets. This solution enables households

to continue to receive a reliable supply of solar power from the roof or battery in the event of a power outage. In addition, the range was expanded in the reporting period to include the Energy Meter CT, a cost-effective and efficient option for precise energy measurement.

The SMA eCharger, the next wallbox generation, was launched in most European countries in the third quarter of 2024. In addition to its deep integration into the SMA Home Energy Solution and the functions for PV-optimized charging, the SMA eCharger is already prepared for bidirectional charging and as such represents a future-proof solution for homeowners.

The numerous innovations in the areas of dynamic electricity tariffs, inverters, backup solutions, electricity storage systems, cost-effective energy meters and the new wallbox are clearly aligned towards integration, flexibility and customer benefits. With the SMA Home Energy Solution, SMA offers an efficient, sustainable and cost-effective energy solution from a single source.

Commercial & Industrial: Holistic solutions for commercial applications

In the **Commercial & Industrial Solutions** segment, SMA presented the new modular Commercial Solar Solution, which consists of the three-phase PV inverter Sunny Tripower 125 and the SMA Data Manager M, for the first time in the reporting period. The solution was developed for larger commercial PV systems up to 7.5 MW. With a high power output of 125 kW, the Sunny Tripower 125 accommodates a wide range of PV modules, including high-current and bifacial types, by supporting a direct current of up to 30 A per MPP tracker. The Sunny Tripower 125 was launched in France in the fourth quarter of 2024, other markets are planned.

The new SMA Data Manager M complies with current grid regulations and is designed to meet future regulatory requirements. Thanks to its versatile connectivity, no additional external hardware is required. With internal memory for storing setpoint specifications and over-the-air updates, the system also meets changed requirements. The SMA Data Manager M was launched in the fourth quarter of 2024. Both the Sunny Tripower 125 and the new SMA Data Manager M meet the highest cybersecurity standards for secure operation.

The Sunny Island X was presented at Intersolar 2024. The new battery inverter is the new central element of the SMA Commercial Off-Grid Solution. The Sunny Island X ensures that self-generated solar energy can be used around the clock – both in grid-connected and stand-alone power supply systems. SMA has over 20 years of experience in rural electrification and offers a robust and scalable off-grid solution with the Sunny Island X and the associated system components.

The Alternative Fuels Infrastructure Regulation (AFIR) came into force on April 13, 2024, and defines Europe-wide industry standards for secure and transparent payment transactions at public charging stations. The AFIR sets out binding requirements to improve the accessibility and user-friendliness of charging stations for electric vehicles. Since the introduction of these industry standards, the SMA EV Charger Business has been fully AFIR-compliant. It allows payments by credit card or Apple/Google Pay and offers maximum flexibility and security during the charging process.

The Commercial & Industrial Solutions segment implemented a number of additional fee-based services in the 2023 fiscal year, which have become established in the current fiscal year and have thus expanded the range of services in the segment. The SMA Planning Service creates customized energy concepts consisting of PV, commercial storage systems and charging infrastructure for commercial projects. The result is extensive customer documentation that covers all energy-related and economic key figures as well as a full list of components. This service is aimed at both PV experts and end users. The planning service is now offered in German, English and French, irrespective of the country.

With the modular SMA Certification Service, SMA offers a comprehensive solution for the certification process of type A and B system certificates in Germany – from application right through to telecontrol. The new services enable 360-degree support for PV experts and end customers.

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

Project business: Optimized grid integration and hydrogen production

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

The SMA Medium Voltage Power Stations are turnkey container systems that combine PV or battery inverters with coordinated medium-voltage systems with a nominal system power of up to 4.6 MW. During the reporting period, a new version of the latest power conversion generation was developed so that grid formation, inertia and DC-DC converters up to 1 MW can now be integrated.

The new generation of power conversion systems has been launched in all main markets, including the U.S. and Germany. Sunny Central FLEX is a modular power conversion solution that seamlessly integrates AC-DC and DC-DC Converter, an MV transformer and a switchgear into a 40-foot container. Additionally, it provides plant control and services ranging from project engineering support to plant operation. Sunny Central FLEX offers the flexibility to address all current and future use cases, including solar, solar+storage, storage, power-to-gas and grid services. It also allows for energy storage retrofit and upgrades.

The integration of renewable energies into the utility grids poses a significant challenge for future growth. SMA is a leader in developing grid-forming solutions. This makes a crucial contribution to the expansion of renewable energy sources. SMA Grid Forming Solutions enable ever larger quantities of renewable energy to be integrated into the utility grids while maintaining grid stability as conventional energy carriers are gradually phased out. Customers also require rapid approvals for grid connections from the transmission grid operators. To support them in these complex tasks, SMA continues to invest in key grid modeling resources and advanced engineering services.

Other priorities in the Large Scale & Project Solutions segment consist of focusing on sustainability and enhancing sustainable products and solutions. In 2024, a comprehensive life cycle assessment was also published for the Sunny Central UP. Life cycle assessments enable SMA to determine the factors that influence the environmental performance of our products throughout their entire life cycles.

SMA Altenso GmbH

SMA Altenso GmbH (Altenso) celebrated its tenth anniversary in 2024. Since its foundation in 2014, the subsidiary of SMA Solar Technology AG has established significant milestones as an international solution provider for complex PV hybrid, off-grid, grid-connected battery energy storage systems (BESS) and hydrogen (P2G) applications. Overall, BESS projects with an output of around 1.5 gigawatts and P2G projects with an output of around 1 gigawatt have been implemented so far. The company places a strong emphasis on project engineering and significantly benefits from its close relationship with the SMA Group. Sales in 2024 were in the low three-digit million euro range.

In 2015, Altenso executed the first volume orders of Sunny Island and Sunny Tripower inverters for a micro-grid in Indonesia. Furthermore, Lighthouse projects, such as an off-grid plant for a tourist resort in the Serengeti National Park, were also executed. Due to its reliability, the SMA off-grid system was very often the first choice for electrification projects in remote locations which increasingly also included small batteries. Since 2016, the company has successfully worked on a very special lighthouse project that has grown in three project stages until recently – a solar and battery-based energy system for the Caribbean Island St. Eustatius. Today, the island runs 100% renewables during the daytime and stores the remaining energy in a large battery system with a capacity of over 12 MWh. Moreover, SMA solar and battery inverters with innovative features like grid-forming and black-start functionalities could be implemented.

Thereafter, Altenso successfully transferred their project-related knowledge and capabilities into large-scale battery and hydrogen projects, gradually extending their value proposition.

Large scale battery storage projects

In 2017 the company successfully realized the first large grid-connected battery storage (BESS) project of 50MWh in the UK. While expanding the BESS product and service portfolio, the company executed numerous other large-scale BESS projects for customers in various countries. To date, Altenso has worked on BESS projects with a total capacity of more than 1.5 GW for a broad customer range spanning from strategic investors like utilities or IPPs (Independent Power Producer) to finance & infrastructure investors.

Power conversion for hydrogen applications

Power rectification and grid integration pose significant challenges in planning and implementing electrolysis plants, commonly known as power-to-gas applications (P2G). After an excellent cross-functional collaboration between SMA R&D, innovation center and the business segments, the company executed the go-to-market strategy for SMA's global hydrogen business and entered this promising market at a very early stage in 2020. Based on its experience of large-scale BESS projects, it has since then secured a substantial market share by realizing over 80 projects with a total capacity of approximately 1GW to date.

The company's first hydrogen project was a 2.2 MW plant in New Zealand, which is a showcase for hydrogen export commissioned in 2021. Another hydrogen flagship project executed by the company is a fertilizer plant with 20 MW of electrolyzer capacity in Puertollano, Spain. Commissioned in 2022, the plant, produces up to 3000 t of hydrogen per year.

Expansion along the value chain

Based on many successfully executed projects in BESS and P2G, Altenso extended their business model in the upstream and downstream value chain. In late 2022, the company started to prepare itself for BESS project (co-) development as well as for the turnkey delivery of BESS assets as general contractor (EPC). Leveraging their own experience from project execution around the globe and the local expertise from development and construction partners, Altenso has been able to build up a solid pipeline of more than 2 GW in major BESS markets in Europe and APAC. Additionally, the company has successfully concluded first projects as general EPC. In September 2024, a 26MW/26MWh BESS project in Germany was handed over to the customer after having served as general contractor/EPC and longstanding technology partner of the project developer.

The company's roadmap

One particular project in the current pipeline involves PV-based hydrogen production with additional battery storage on the coast of Namibia. This unique project will be commissioned in spring next year. It is exceptional for Altenso as the company provides not only system integration for BESS, but also acts as a solution provider for the rectifier system powering the hydrogen production by developing a completely new Energy Management System (EMS) logic. Comparably complex projects will be at the forefront of Altenso' s future business activities.

It can be expected that Altenso will significantly leverage its new project development and execution capabilities in the near future. One important milestone has already been achieved: Altenso sold its first BESS project, developed from its own greenfield project activities, to a strategic investor in September 2024.

Prior to this, Altenso acquired land, secured a grid interconnection point and obtained all necessary building permits from local authorities. The 92.5 MW/231 MWh battery storage facility will be constructed by Altenso in a full EPC setup, including an O&M contract. It will be one of the largest BESS plants in Germany to date. Commissioning is scheduled for Q3 2025.

Further project development activities will be expanded and internationalized also via strategic partnerships. Altenso has contributed to innovation and growth of SMA as well as SMA's transition from a component manufacturer to a solution provider. The company sees itself as a pioneer in combining BESS and P2G in complex large-scale projects.

FISCAL YEAR 2024

General economic conditions and economic conditions in the sector

General economic conditions

In 2024, the global economy showed a moderate slowdown in growth. According to the International Monetary Fund (IMF), global economic growth amounted to 3.2% after 3.3% in 2023 (IMF Outlook from January 17, 2025).

In 2024, economic output growth in industrialized countries was at 1.7%, on a par with the previous year (2023: 1.7%). The eurozone recorded a slight growth of 0.8% (2023: 0.4%). Germany was again in a recession and thus continued to be among the poorest performers in the eurozone in 2024. Gross domestic product fell by 0.2% (2023: −0.3%). Reasons for this included, among other things, the persistently high inflation and the associated lower purchasing power of consumers, a weak construction industry and declining exports. In the U.S., gross domestic product growth amounted to 2.8% after 2.9% in the previous year. The relatively robust economic development is supported by falling interest rates, stable consumption and high investments. As stated by IMF, the economic output of developing and newly industrialized countries decreased by 4.2% in the reporting period (2023: 4.4%).

Economic conditions in the sector[3]

Photovoltaics is now one of the most cost-effective energy sources in most regions. For example, large-scale solar projects in the Middle East are already generating solar power at less than $0.02 per kWh. This points the way to an environment in which the industry continues to grow, even from a purely commercial point of view. In the wake of the transformation of global energy supply structures, current and future objectives include offering holistic solutions, intelligently interlinking different technologies, providing intermediate storage and management solutions for generated energy, and integrating users into the energy market. This is the basis for ensuring a reliable and cost-effective electricity supply from renewable energies.

Global PV market continues to grow

Based on newly installed PV power of around 508 GW to 553 GW (2023: 406 GW), according to SMA's estimates, the global photovoltaic market was again clearly above the previous year's level in 2024. (The installation figures do not include retrofitting of existing PV systems with new inverters or battery inverter technology.) SMA estimates that global PV inverter technology sales, including inverter retrofitting and battery inverter technology, increased to approximately €18.2 billion to €19.9 billion in 2024 (2023: €17.9 billion).

[3] The estimated values (February 17, 2025) in the following section are not a mandatory component of the Combined Management Report as defined in Sections 289, 315 HGB in conjunction with GAS 20, and therefore not a subject of the financial audit.

In the photovoltaic markets in Europe, Middle East and Africa (EMEA), SMA estimates that inverter technology sales were slightly lower than in the previous year at around €5.5 billion to €5.9 billion (2023: €5.9 billion). The share of the EMEA region in global sales slightly fell to 31% (2023: 33%). SMA estimates that system technology for storage applications and the retrofitting of existing PV systems accounted for a significant portion of sales in the EMEA region at approximately 13%. According to SMA estimates, investments in North and South America (Americas) also grew to about €4.5 billion to €4.9 billion (2023: €4.5 billion). The region thus accounted for around 26% of global inverter technology sales (2023: 25%). SMA estimates that, with an investment volume of approximately €6.0 billion to €6.4 billion, the Chinese market accounted for around 32% of global sales in the reporting period (2023: €5.7 billion; 32%). According to SMA estimates, the Asia-Pacific photovoltaic markets (excluding China) were slightly up year on year with sales of around €1.8 billion to €2.2 billion, accounting for around 11% of the global market (2023: €1.8 billion; 10%).

EMEA: Germany is the most important market again

In the EMEA (Europe, Middle East and Africa) region, SMA estimates that newly installed PV power was clearly above the previous year's level with approximately 81 GW to 86 GW in 2024 (2023: 75 GW). As in the previous year, Germany was again the most important market in Europe with more than 16 GW of newly registered PV power in 2024 (2023: 15 GW). Despite weakening of the growth dynamics, new PV installations were at the same level or slightly above the level in the previous year in many European markets, while there was a significant reduction in new PV installations in a few markets such as the Netherlands. Markets outside Europe (Africa, Middle East) experienced positive market development overall, with Pakistan in particular experiencing a very significant increase in new PV installations in 2024.

Americas: Market in the U.S. to grow thanks to ground-based PV systems

According to SMA estimates, newly installed PV power in the North and South American (Americas) region came to a total of approximately 70 GW to 75 GW in the reporting period (2023: 60 GW). While the market for residential and commercial systems fell by 6% in this region, installations of ground-based PV systems saw significant growth of more then 30% compared to the previous year. The U.S. market, which accounts for roughly 70% of the Americas region, installed between 47 GW and 52 GW in the reporting period (2023: 40 GW).

APAC: India experiencing strong growth

According to SMA estimates, new PV installations in the Asia-Pacific region (APAC), excluding China, were clearly above the previous year's level with approximately 47 GW to 52 GW (2023: 33 GW). Among the PV markets in the APAC region (excluding China), Australia posted installations at the previous year's level, while India recorded a significant increase in new PV installations with approximately 25 GW (2023: approximately 10 GW). The China region was once again able to significantly exceed the high level from the previous year with between 310 GW and 340 GW of new installations. (2023: 239 GW).

Results of operations

Sales and earnings

Sales forecast fell short compared to previous year—in line with expectations adjusted during the year

The SMA Group's sales declined by 19.7% to €1,530.0 million (2023: €1,904.1 million). The year-on-year decrease in sales reflects the decline in business development in the Home Solutions and Commercial & Industrial Solutions segments. The Large Scale & Project Solutions segment continues to deliver at a particularly good level and was able to significantly improve sales year on year. In the reporting period, the SMA Group sold PV inverters with a cumulative capacity of 19,524 MW. The inverter output sold was 4.5% below the previous year's level (2023: 20,454 MW).

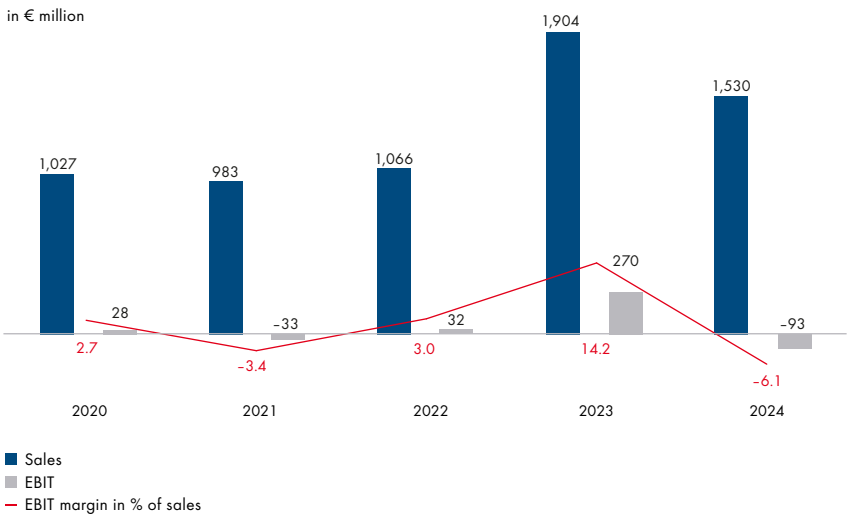
The SMA Group is set up internationally and generates sales in all relevant regions. In the reporting period, the company generated 48.5% of external sales in European countries, the Middle East and Africa (EMEA), 39.6% in the North and South American (Americas) region and 11.9% in the Asia-Pacific (APAC) region calculated before sales and deductions (2023: 68.6% EMEA, 24.6% Americas, 6.8% APAC). The main markets for the SMA Group in the reporting period were Germany, the U.S., Italy and Great Britain.

The Large Scale & Project Solutions segment definitely made the largest contribution to sales in 2024, accounting for 76.9% (2023: 44.4%). The Home Solutions segment generated 11.1% of the SMA Group's sales, while the Commercial & Industrial Solutions segment generated 12.0% (2023: 30.5% Home Solutions, 25.1% C&I Solutions).

The SMA Group had a reduced order backlog of €1,355.6 million on December 31, 2024 (December 31, 2023: €1,705.0 million), the backlog mainly refers to the Large Scale Solutions segment. As anticipated, incoming orders declined in the current fiscal year compared to 2023. €1,033.3 million of the total volume was attributable to product business (December 31, 2023: €1,329.8 million), while the order backlog attributable to the service business amounted to €322.3 million (December 31, 2023: €376.7 million). The order backlog in the service business particularly arises from extended warranties, which are paid for over a period of five to ten years.

In the 2024 fiscal year, earnings before interest, taxes, depreciation and amortization (EBITDA) fell to −€16.0 million, including due to low sales and the resulting lower fixed cost degression in the Home Solutions and Commercial & Industrial Solutions segments, increased costs and impairment loss on inventories amounting to €113.4 million and recognized provisions in relation to the restructuring program of €33.4 million (EBITDA margin: −1.0%; 2023: €311.0 million; 16.3%). Due to the reduced sales level and the revised market growth expectations in the Home Solutions and Commercial & Industrial Solutions segments, impairments on capitalized development projects amounting to €22.4 million, as well as provisions for purchase commitments amounting to €15.6 million and provisions for litigation in connection with the settlement of an O&M contract in North America of a low double-digit million amount, were also recorded. In addition, the earnings include the profit from the sale of shares in elexon GmbH amounting to €19.1 million and the sale of 100% of limited partner shares in Altenso Batteriespeicher 001 GmbH & Co. KG. The contribution to earnings from the sale recognized in other operating income amounted to a figure in the low double-digit million euro range. EBIT decreased to −€93.1 million (2023: €269.5 million). This equates to an EBIT margin of −6.1% (2023: 3.0%). Net income amounted to −€117.7 million (2023: €225.7 million). Earnings per share thus amounted to −€3.39 (2023: €6.50).

Sales and EBIT



Sales and earnings per segment

Sales and earnings in the Home Solutions segment heavily impacted by the weak demand situation

The **Home Solutions** segment provides the global markets for residential PV systems with integrated solar energy solutions. The SMA Home Energy Solution comprises systems for the efficient generation and storage as well as management and optimized use of solar energy in households. In addition to conventional electricity supply, this includes use for heating or charging purposes. The PV inverters from the Sunny Boy and Sunny Tripower product families provide solar power for domestic use and feed the remaining unused solar power into the utility grid. When combined with the modular SMA Home Storage battery as well as compatible batteries from other manufacturers, the battery inverters from the Sunny Island product family enable flexible solar power use at any time. The production of the Sunny Boy Storage battery inverter was discontinued in the fourth quarter of 2024. The Sunny Boy Smart Energy and Sunny Tripower Smart Energy hybrid inverters also combine the functions of solar and battery inverters in one device. The SMA eCharger, newly launched onto the market in the reporting year, is the successor to the SMA EV Charger and can be used to charge electric vehicles quickly, intelligently and flexibly. The Sunny Home Manager 2.0 ensures efficient and cost-saving energy use through intelligent energy management. The underlying ennexOS energy management platform interconnects the various energy sectors and provides the basis for linking the sectors, thus enabling maximum efficiency and functionality. Accessories, warranties, spare parts and modernization services (repowering) to increase system performance and service life, as well as digital energy services, complete the extensive offering in the Home Solutions segment. Products and solutions from the Home Solutions segment are sold to end customers as part of a three-step sales model. Direct customers of the SMA Group are wholesalers and installers.

External sales in the Home Solutions segment were down by 70.6% year on year at €170.3 million in 2024 (2023: €580.2 million). This is due to the lower demand situation combined with high inventories at distributors. Its share of the SMA Group's total sales was 11.1% (2023: 30.5%). At 92.9% (2023: 96.9%), the EMEA region accounted for the largest share of gross sales in the Home Solutions segment. 5.3% were attributable to the Americas region (2023: 2.0%) and 1.8% to the APAC region (2023: 1.1%).

EBIT in the Home Solutions segment deteriorated to –€150.7 million (2023: €148.0 million) due to the price and volume-related sales decline, as well as increased costs and impairments on inventories of €44.6 million, due to no longer given recoverability, compared to the previous year. Furthermore, the segment's earnings are negatively impacted by provisions for purchase commitments totaling €10.2 million, the impairment of a production line amounting to €4.2 million, and the impairment of capitalized development projects in the amount of €14.5 million. In relation to external sales, the EBIT margin was –88.5% (2023: 25.5%).

Commercial & Industrial Solutions segment also negatively impacted by weak demand situation

In the **Commercial & Industrial Solutions** segment, the focus is on global markets for commercial PV systems with and without energy management, battery storage and electric vehicle charging solutions. The SMA Commercial Energy Solution, featuring matched hardware, software, tools and services, enables energy-intensive industries, commercial enterprises and the real estate industry to independently produce, store and sell solar power. This solution allows for transparent and cost-efficient management of energy flows, as well as efficient and sustainable charging and management of electric vehicle fleets. The solar power generation product range comprises the three-phase PV inverters from the Sunny Tripower product family with capacities ranging from 12 kW to 110 kW. The SMA Commercial Storage Solution with the Sunny Tripower Storage X battery inverter and the SMA Commercial Storage system enables commercial enterprises to improve their energy efficiency and to make themselves less dependent on conventional energy sources. Island applications with the Sunny Island battery inverters enable reliable supply, even without connecting to the utility grid. With the SMA EV Charger Business, a commercial charging infrastructure for single point charging stations or parks with several charging points can be quickly and easily implemented. Solutions for charging management and billing of electric vehicle fleets on the basis of the ennexOS platform were implemented by the Commercial & Industrial Solution segment together with the subsidiary company coneva. As an SaaS provider for intelligent energy management, coneva connects all energy-related sectors, optimizing energy flows and making them transparent. As part of its intelligent energy management solutions, coneva also offers dynamic tariffs that help companies optimize their energy consumption costs by using electricity when it is generated particularly cost-efficiently and sustainably. By integrating renewable energies and adapting consumption to fluctuating energy prices, the dynamic tariff plays a role in supporting sustainable energy use and reducing CO_2. The product offering in the Commercial & Industrial Solutions segment is rounded off by integrated energy management solutions for commercial integrated energy on the basis of the SMA Data Manager M, as well as integrated services and digital services along the product life cycle, starting with the planning of a custom energy solution, and including the

commissioning of the systems and operational system management, right through to system repowering and expansion. The SMA Group directly sells the products and solutions of the Commercial & Industrial Solutions segment to companies in energy-intensive industries. Sales to commercial enterprises and the real estate industry are made both through direct sales and as part of three-step sales via wholesalers and installers.

External sales in the Commercial & Industrial Solutions segment fell by 61.6% to €183.8 million compared to the strong previous year (2023: €478.9 million) due to the weak demand situation combined with high inventories at distributors. Its share of the SMA Group's total sales was 12.0% in the reporting period (2023: 25.1%). 74.0% of gross sales were attributable to the EMEA region, 17.0% to the Americas region and 9.0% to the APAC region (2023: 80.8% EMEA, 11.7% Americas, 7.5% APAC).

In the reporting period, EBIT deteriorated to −€164.3 million (2023: €22.7 million) due to reduced demand and the resulting low sales as well as increased costs and impairments on inventories of €49.5 million due to no longer given recoverability. In addition, provisions for purchase commitments amounting to €5.4 million, as well as the impairment of capitalized development projects totaling €7.9 million, negatively impact the segment earnings. In relation to external sales, the EBIT margin was −89.4% (2023: 4.7%).

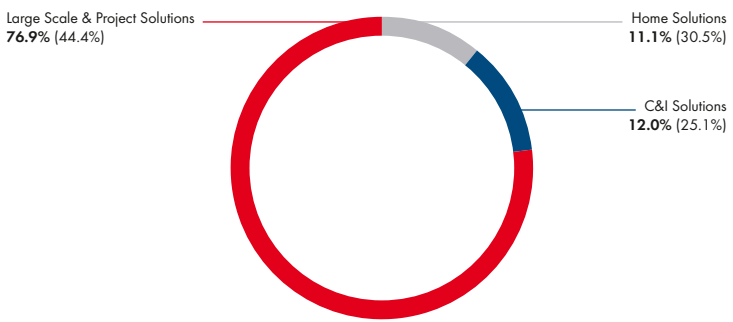
Sales and earnings in the Large Scale & Project Solutions segment significantly increased

The **Large Scale & Project Solutions** segment offers products, systems and solutions worldwide for solar, storage and hydrogen projects on a power plant scale, as well as for the conversion of utility grids to a higher share of renewable energy. Grid stability and grid reliability are becoming increasingly important as the energy mix transitions from conventional to renewable energies. The Large Scale & Project Solutions segment is addressing these challenges with grid-forming solutions in combination with large-scale storage systems. These systems enable numerous additional services, such as energy arbitrage, black starts, frequency control, virtual inertia and other applications in the field of grid stability. The complete solutions, including turnkey medium-voltage stations, provide grid service and monitoring functions. In the field of PV power plants, they are based on the central inverters from the Sunny Central product family and the Sunny Highpower PEAK 3 string inverter. The battery inverters from the Sunny Central Storage product family are used in the field of storage projects, and the SMA Electrolyzer Converter is used in the field of hydrogen projects. The offer is completed by consulting services in the field of grid simulations, system design and repowering, as well as market-based optimization of hybrid power plants and comprehensive after-sales service offers in the operating phase. The subsidiary company SMA Altenso GmbH carries out activities in the field of hydrogen applications and the system integration of large battery storage systems to stabilize the grid frequency and to compensate for fluctuating power feed-in from renewable energy sources. Customers in direct selling of the Large Scale & Project Solutions segment include electric utility companies, independent power producers, project developers and institutional investors; EPCs; system integrators and grid operators as well as energy-intensive industries, particularly for hydrogen applications.

External sales in the Large Scale & Project Solutions segment were up by 39.1% year on year at €1,175.8 million in the reporting period (2023: €845.0 million). Its share of the SMA Group's total sales was 76.9% (2023: 44.4%). The Large Scale & Project Solutions segment thus again accounted for the largest share of the SMA Group's total sales. The Americas region accounted for 48.5% (2023: 48.6%) of the segment's gross sales, the APAC region for 13.9% (2023: 10.5%) and the EMEA region for 37.6% (2023: 40.9%).

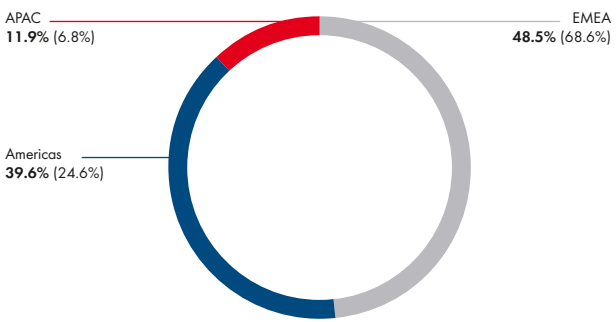
EBIT in the Large Scale & Project Solutions segment improved to €227.0 million (2023: €103.8 million) due to the high level of sales and fixed cost degression. Increases in sales, the profitable product mix and the very good earnings of Altenso GmbH due to the sale of the first battery storage system business contributed to this. Conversely, the impairments on inventories of €19.3 million had a negative impact on EBIT due to no longer given recoverability. In relation to external sales, the EBIT margin was 19.3% (2023: 12.3%).

Sales by segments[1]



[1] Gross sales before sales deductions (previous year's figures in parentheses)

Sales by regions[1]



[1] Gross sales before sales deductions (previous year's figures in parentheses)

Development of significant income statement items

Sales and profitability negatively impacted by decline in demand in Home Solutions and Commercial & Industrial Solutions

The cost of sales fell under the previous year's level to €1,277.2 million in the reporting period (2023: €1,344.7 million) due to the decline in sales. In the reporting period, the gross margin of 16.5% (2023: 29.4%) was significantly below the previous year's level. It deteriorated in particular as a result of the changed product mix as well as the increased costs and the lower capacity utilization in the Home Solutions and Commercial & Industrial Solutions segments.

Personnel expenses included in cost of sales corresponds to the previous year and amounted to €171.2 million (2023: €171.0 million).

Depreciation and amortization included in the cost of sales amounted to €66.1 million in 2024 (2023: €34.7 million). This includes scheduled depreciation on capitalized development costs of €15.9 million (2023: €9.7 million), as well as impairments on capitalized development costs of €22.4 million (2023: €0.0 million). Other costs increased by 10.9% year on year to €86.3 million (2023: €77.9 million). This was mainly due to the increase in provisions for purchase commitments.

Selling expenses rose to €138.5 million (2023: €127,3 million), primarily due to the increase in fees and higher other expenses. The cost of sales ratio was 9.0% in the reporting period (2023: 6.7%).

Research and development expenses after deducting capitalized development costs amounted to €96.6 million in the fiscal year (2023: €78.6 million). A large part of the rise in costs can be attributed to external service providers. Total research and development expenses, including capitalized development projects, amounted to €141.0 million (2023: €119.8 million). Development costs amounting to €44.3 million were capitalized in the reporting period (2023: €41.2 million). The increase in capitalizations is mainly attributable to the new platform-based product generations in the Large Scale & Project Solutions segment that are at an advanced stage of development. The research and development cost ratio, including capitalized development projects, came to 9.2% in the 2024 fiscal year (2023: 6.3%) also due to the lower level of sales.

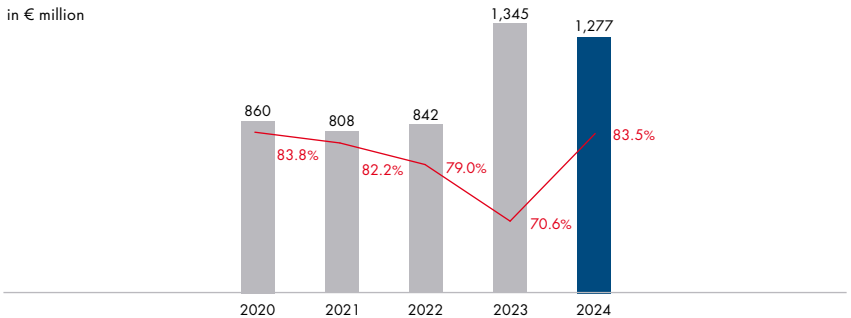
General administrative expenses rose to a total of €97.0 million in 2024 (2023: €81.7 million) due to higher personnel costs. The costs for operating services arising from the restructuring program have also risen. The ratio of administrative expenses amounted to 6.3% in the reporting period (2023: 4.3%).

The balance of other operating income and expenses resulted in a negative effect on earnings of –€13.8 million in the reporting period (2023: –€2.3 million). Other operating expenses increased year on year, primarily due to personnel provisions added of €33.4 million as part of the restructuring and transformation process that has been initiated. This was counteracted by the income from the completed sale of the shares in elexon GmbH in January 2024, amounting to €19.1 million. 100% of the limited partner shares in Altenso Batteriespeicher 001 GmbH & Co. KG were also sold. A contribution to net income in the low double-digit million range resulted from the sale. This balance also includes expenses and income from the rental of own buildings, for financial assets measured at fair value through profit or loss, as well as expenses from the recognition and income from the reversal of specific valuation allowances on receivables.

In addition, income of €26.3 million (2023: €24.0 million) and expenses of €21.3 million (2023: €29.9 million) from exchange rate differences, as well as foreign currency valuation and hedging are included.

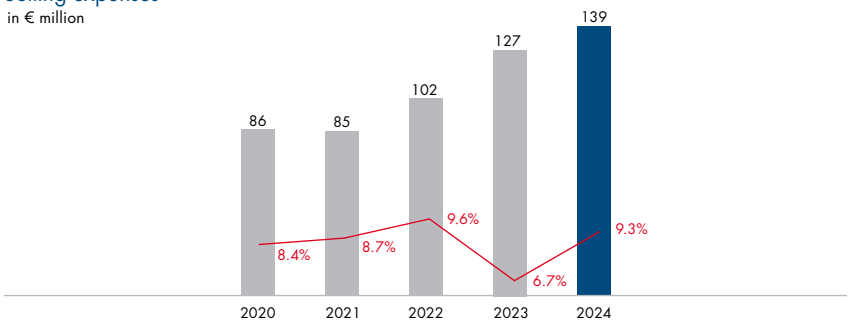
Cost of sales

in € million



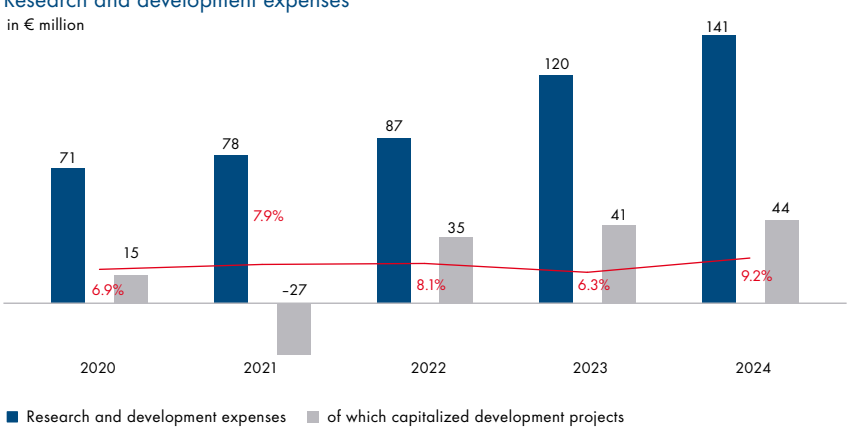
Selling expenses

in € million



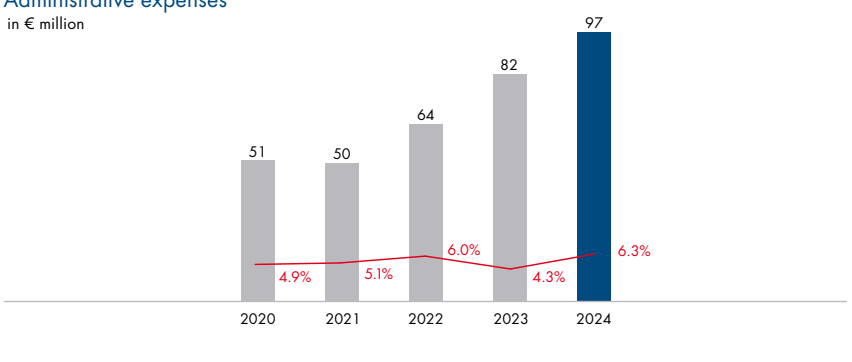
Research and development expenses

in € million



Administrative expenses

in € million



Financial result and taxes

The financial result amounted to –€9.0 million in 2024 (2023: €1.0 million). Increased interest expenses from the use of the available credit line and negative interest effects from the reevaluation of provisions are recorded in the current reporting period. Furthermore, the devaluation of financial instruments measured at fair value increased compared to the same period of the previous year.

The change in income taxes is mainly due to the reduction in temporary differences, with deferred tax assets increased by €0.1 million year on year.

Multi-period overview of results of operations

in %	2024	2023	2022	2021	2020
EBIT margin	–6.1	14.2	3.0	–3.4	2.7
EBITDA margin	–1.0	16.3	6.6	0.9	7.0
EBT margin (return on sales)	–6.7	14.2	3.3	–3.4	2.6
Return on equity after taxes	–19.0	39.3	12.8	–5.5	6.6
Return on assets (after taxes)	–7.4	16.5	5.2	–2.2	2.6

Financial position

Principles and objectives of financial management

The group's holdings of cash and cash equivalents are centrally managed and invested by Global Treasury. The decision is based not only on returns but also on the credit rating of the bank partner. In the case of supplier credits granted, counterparty risk is monitored continuously. The decision is primarily based on the customer's payment practices and financial circumstances. To cover potential payment defaults, the SMA Group has also taken out commercial credit insurance.

We systematically recognize market risks–above all currency risks–that might jeopardize the operating results and preclude such risks through hedging operations, provided this is economically expedient.

Financing analysis

The SMA Group agreed upon a long-term credit line (revolving credit facility, RCF) of a total of €380 million with domestic banks. At the end of 2024, 58.8% of the credit line had been utilized. 20.6% of this referred to guaranty credits and 38.2% was cash utilization. The remaining RCF credit line amounted to €80.0 million for further cash utilization and €81.8 million for guaranty credits. There were also further credit lines of around €70.3 million, 63.4% of which were utilized in the form of guaranty credits. In total, the SMA Group has credit lines of around €450.3 million, with a utilization rate of 59.1%.

Financial liabilities increased by €8.2 million from €31.9 million as of the end of 2023 to €196.2 million as of the end of 2024. The change is mainly due to the utilization of credit lines in the form of cash amounting to €145.0 million. IFRS 16 lease liabilities rose by €18.9 million.

Liquidity analysis

Gross cash flow significantly affected by earnings trend

Gross cash flow reflects operating income prior to commitment of funds. In the 2024 fiscal year, it reduced to €110.8 million (December 31, 2023: €332.6 million).

In the reporting year, net cash flow from operating activities was –€112.8 million (2023: €140.8 million). Significant cash outflows occurred due to the repayments to accounts payable as well as the capital tie-up in inventory. Conversely, the balance of trade receivables was significantly reduced compared to the previous year due to improved receivables management processes. It also includes an effect from the forfaiting of receivables from our Australian subsidiary in the mid-double-digit million range.

Inventories increased only slightly compared to the previous year, due to the impairment losses, to €563.6 million at the end of the 2024 fiscal year (December 31, 2023: €559.1 million). This figure includes non-cash additions but profit and loss effected to impairment losses totaling €113.4 million. The balance of trade payables reduced significantly by €156.7 million, impacted by the restrictive purchasing policy implemented during the first half of the year. Together with the decrease in trade receivables of €60.5 million due to the lower sales, as well as improved receivables management and the forfaiting of receivables from our Australian subsidiary, this led to a rise in net working capital by €80.9 million to €473.0 million (December 31, 2023: €392.1 million). The working capital ratio in relation to sales over the past 12 months climbed to 30.9% (December 31, 2023: 20.6%) and was therefore significantly above the range of 19% to 23% targeted by the Managing Board.

Net cash flow from investing activities amounted to –€28.9 million in the reporting period after –€86.0 million in the previous year. It included inflows of €43.1 million from the sale of non-current securities as well as the sale of shares in elexon GmbH amounting to €18.2 million. The outflow of funds for investments in fixed assets and intangible assets amounted to €90.0 million in the reporting period (December 31, 2023: €84.4 million). With €44.3 million (December 31, 2023: €41.2 million), a large part of the investments was attributable to capitalized development projects. The balance of cash inflows and outflows from financial investments was €42.5 million (December 31, 2023: –€1.8 million).

The cash flow from financing activities amounted to €117.2 million (2023: –€2.6 million), which was mainly due to the partial utilization of the credit line available in cash described in the section on financing analysis. Payments for liabilities under leases amounting to €10.9 million (2023: –€9.0 million) had a counteracting effect.

As of December 31, 2024, cash and cash equivalents totaling €195.8 million (December 31, 2023: €219.4 million) included cash on hand, bank balances and short-term deposits with a remaining term 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 to banks, this resulted in net cash of €84.2 million (December 31, 2023: €283.3 million). Total cash came to €229.4 million (December 31, 2023: €283.3 million).

Multi-period overview of SMA Group's financial position

in € million	2024	2023	2022	2021	2020
Equity	553.3	686.2	463.5	408.0	439.1
Equity ratio in %	35.9	42.3	41.8	38.7	41.8
Non-current liabilities	288.5	283.4	264.3	293.5	270.5
Current liabilities	699.4	652.4	382.2	352.2	341.6
Share of non-current provisions in total assets in %	6.7	6.5	8.4	9.9	8.0
Financial liabilities	196.2	31.9	23.7	46.7	41.1
Net cash	84.2	283.3	220.1	221.7	226.0
Net working capital	473.0	392.1	238.5	257.5	210.6
Net cash flow from operating activities	–112.8	140.8	28.7	94.3	–31.4
Net cash flow from investing activities	–28.9	–86.0	42.5	–81.6	–36.5
Net cash flow from financing activities	117.2	–2.6	–19.3	–20.8	–12.4

Investment analysis

In the 2024 fiscal year, investments in fixed assets and intangible assets amounted to €90.0 million and were thus above the previous year's figure of €84.4 million. This equates to an investment ratio in relation to sales of 5.9% compared with 4.4% in the previous year. Including additions of rights of use under leases, investments amounted to €119.8 million (2023: €95.1 million).

In total, €46.8 million was invested in fixed assets (2023: €44.4 million), primarily for technical equipment and machinery. The investment ratio for fixed assets was 3.1% in relation to sales in the fiscal year (2023: 2.3%). Depreciation of fixed assets, including depreciation of rights of use under leases, increased to €37.4 million year on year (2023: €29.0 million). Investment obligations of €7.7 million exist for fixed assets and €5.9 million for intangible assets.

Investments in intangible assets amounted to €43.1 million (2023: €40.0 million). These are largely related to development projects. Depreciation and amortization of intangible assets, including impairments of capitalized development projects, totaled €39.7 million due to reduced earnings prospects and was thus significantly above the previous year's figure of €12.4 million.

Investments compared to depreciation and net cash flow from operating activities

in € million	2024	2023	2022	2021	2020
Net cash flow from operating activities	–112.8	140.8	28.7	94.3	–31.4
Capital expenditure[1]	90.0	84.4	61.8	47.5	38.8
Depreciation and amortization	77.1	41.5	38.1	41.7	43.6

[1] See Notes, sections 9 and 10

Net assets

SMA Group equity capital impacted by restructuring

Total assets decreased to €1,541.2 million compared to December 31, 2024 (December 31, 2023: €1,621.9 million). At €478.8 million, non-current assets were above the previous year's level (December 31, 2023: €428.2 million). The increase results from additions of capitalized and in-process development projects totaling €42.9 million, additions of buildings of €14.1 million as well as additions of technical equipment and machinery of €18.1 million. Impairment losses on development projects had a counteracting effect amounting to €22.4 million.

Net working capital amounted to €473.0 million (December 31, 2023: €392.1 million), thus corresponding to 30.9% of sales over the past 12 months (December 31, 2023: 20.6%). As of the end of the fiscal year, trade receivables fell by –21.8% compared to December 31, 2023, to €216.9 million (December 31, 2023: €277.4 million). In the 2024 fiscal year, the SMA Group sold trade receivables from a customer in the low double-digit million euro range, transferring all risks and rewards to a financial institution, and intends to also sell the receivables still attributable to this customer as of December 31, 2024, in the high single-digit million euro range. Days sales outstanding aligned with the shift in business from Home Solutions to Large Scale Solutions and the corresponding payment terms came to 59.0 days and were higher at the end of the previous year (December 31, 2023: 41.3 days). Inventories decreased by 0.8% year on year to €563.6 million (December 31, 2023: €559.1 million). The additions to value adjustments totaling €113.4 million had a contrary effect on inventories. Trade payables decreased by 51.6% to €147.1 million (December 31, 2023: €303.8 million). The share of trade credits in total assets was therefore 9.5% below the value from the previous year (December 31, 2023: 18.7%). Days payable outstanding was also lower than in the previous year at 34.7 days (December 31, 2023: 58.2 days).

Most of the provisions set aside by the SMA Group are for warranty obligations from various product families. The provisions for personnel expenses amounted to €37.2 million in the 2024 fiscal year. Of this amount, €33.4 million was attributable to the recognition of provisions in connection with the restructuring process for personnel adjustments in the SMA Group. The creation of the provision as part of the restructuring process, which provides for personnel adjustments in the SMA Group, played a significant part in this. The provisions for the expected expenses from the termination of a long-term contract for operation and maintenance services in North America amounted to a total of €36.5 million at the end of the 2024 fiscal year (December 31, 2023: €23.7 million). In the course of the arbitration proceedings initiated by the opposing party in the last quarter of the 2024 fiscal year, they increased due to expected process costs and following a re-evaluation of the underlying parameters. The current provisions, including for obligations to suppliers, increased by €32.0 million compared to the previous year.

Due to the negative annual result 2024, the SMA Group's equity capital base decreased to €553.3 million (December 31, 2023: €686.2 million). With an equity ratio of 35.9% (December 31, 2023: 42.3%), however, the SMA Group continues to have a solid equity capital base.

Importance of off-balance sheet financing instruments

The SMA Group is not involved in off-balance sheet transactions that might have a significant impact on the group's financial position, net assets or results of operations.

Multi-period overview of net assets

in € million	2024	2023	2022	2021	2020
Goodwill, intangible assets and property, plant & equipment	385.9	343.4	280.8	256.9	251.4
Financial assets and long-term securities (incl. deposits with a total term to maturity of more than three months)	0.0	41.4	38.3	105.9	72.1
Cash and cash equivalents (incl. deposits with a total term to maturity of less than three months)	195.8	219.4	165.4	114.0	123.7

SMA Solar Technology AG (notes based on the German Commercial Code HGB)

In addition to reporting on the SMA Group, business development of SMA Solar Technology AG (SMA AG) is outlined below.

SMA AG is the parent company of the SMA Group and has its headquarters in Niestetal near Kassel, Germany. Its primary business operations include the development, production and sale of systems and solutions for the efficient and sustainable generation, storage and use of energy. These include PV and battery inverters, monitoring systems for PV systems, charging solutions for electric vehicles, as well as intelligent energy management systems and digital services for the future energy supply. Extensive services, along with medium-voltage technology and power supplies for hydrogen production, round off the product range. In addition to its own operative business, SMA AG functions as a holding company for the SMA Group. All key management mechanisms of SMA AG are oriented toward the SMA Group.

The SMA AG Annual Financial Statement is prepared according to the German Commercial Code (HGB). The Consolidated Financial Statements follow International Financial Reporting Standards (IFRS). This leads to differences between accounting and valuation methods, primarily in the area of intangible assets, inventory measurement, provisions, financial instruments, leases, deferred taxes and equity.

Results of operations

SMA Solar Technology AG income statements in accordance with HGB for the financial year from January 1st to December 31st, 2024

in €'000	2024	2023
Sales	**1,405,631**	**1,802,392**
Increase or decrease in finished goods and work in progress	–35,366	31,174
	1,370,265	**1,833,566**
Other own work capitalized	2,285	1,302
Other operating income	101,000	84,490
Material expenses	968,079	1,151,647
Personnel expenses	278,772	222,852
Depreciation and amortization of intangible and fixed assets	25,647	19,401
Other operating expenses	309,819	291,807
Financial result	4,196	990
Taxes on income (income –/expenses +)	948	29,861
Income after taxes	**–105,519**	**204,780**
Other taxes	387	238
Annual net income	**–105,906**	**204,542**
Accumulated income/losses brought forward	377,885	171,025
Profit available for distribution	**271,979**	**375,567**

SMA AG generated **sales** of €1,405.6 million in the financial year 2024 (2023: €1,802.4 million), which represents a decrease in sales of 22.0% compared to the previous year. In the same period, the sold PV inverter output declined by 5.2% to 19.5 GW (2023: 20.5 GW), whereof 13.2 GW (2023: 10.8 GW) was attributable to affiliated companies.

Changes in the stock of finished and work-in-progress goods are made up of various factors. This includes the reduction of finished products in the Large Scale and Commercial & Industrial Solutions segments.

Other operating income amounted to €101.0 million (2023: €84.5 million). This included income from other periods in connection with provisions amounting to €42.8 million (2023: €38.9 million), income from foreign currency valuation of €23.7 million (2023: €18.0 million), income from the valuation of the book value of investment of SMA Solar Technology Canada Inc. of €0.5 million (2023: €8.7 million), income from valuation of a money market fund in the amount of €0.9 million (2023: €1.2 million) and prior-period income of €3.3 million (2023: €0.7 million).

Material expenses dropped by €183.5 million compared to 2023 and were reported at €968.1 million (2023: €1,151.6 million), which correlates with the sales reduction. Changes in assumptions regarding expected sales volumes led to non-cash allocations to impairments of raw materials and supplies of €82.2 million (2023: €5.1 million) and of merchandise of €8.0 million (2023: €0.3 million).

Personnel expenses increased by 25.1% to €278.8 million (2023: €222.9 million). The increase is due to the rise in the number of employees at SMA AG to 2.974 (a surplus of 346) compared to fiscal year 2023 as part of the strategic alignment (excluding temporary employees, trainees and apprentices) as well as to salary increases and provisions for restructuring measures.

Depreciation and amortization of intangible and fixed assets increased by €6.2 million to €25.6 million (2023: €19.4 million). Of this amount, €4.2 million (2023: €1.3 million) relates to impairment losses.

Other operating expenses increased by 6.2% to €309.8 million (2023: €291.8 million). This was attributable particularly to higher operating and administrative expenses of €141.8 million compared with the previous year (2023: €127.8 million). It also took into account €72.1 million in sales expenses (2023: €65.5 million), the recognition of provisions of €56.5 million (2023: €50.2 million) and expenses relating to foreign currency valuation of €14.7 million (2023: €23.0 million). This item also includes the individual value adjustments of trade receivables amounting to €2.0 million (2023: €2.3 million) and prior-period expenses of €0.5 million (2023: €0.3 million).

The **financial result** rose by €3.2 million to €4.2 million (2023: €1.0 million), mainly due to increased income from capital participations amounting to €6.7 million (2023: €2.0 million).

Taxes on income declined by €28.9 million to €1 million (2023: €29.9 million), resulting from the reduced earnings in the fiscal year compared to the previous year.

After taxes, the company reported a net loss of €105.9 million in 2024 (2023: annual net income of €204.5 million).

Net assets and financial position

SMA Solar Technology AG balance sheet in accordance with HGB as of December 31st, 2024

in €'000	2024	2023
Assets		
A. Non-current assets		
I. Intangible assets	2,210	3,349
II. Property, plant and equipment	190,865	156,436
III. Financial assets	137,466	113,114
	330,541	**272,899**
B. Current assets		
I. Inventories	396,529	428,353
II. Receivables and other assets	325,262	335,684
III. Securities	0	39,429
IV. Cash and cash equivalents	132,287	142,856
	854,078	**946,322**
C. Prepaid expenses and deferred charges	**8,642**	**10,010**
	1,193,261	**1,229,231**

in €'000	2024	2023
Liabilities		
A. Equity		
I. Share capital	34,700	34,700
II. Capital reserves	124,200	124,200
III. Retained earnings		
1. Statutory reserve	400	400
2. Retained earnings	3,136	3,136
IV. Profit available for distribution	271,979	375,567
	434,415	**538,003**
B. Special account with reserve characteristics	**445**	**0**
C. Provisions	**257,716**	**239,745**
D. Trade payables	**385,031**	**328,226**
E. Accrued liabilities	**115,654**	**123,257**
	1,193,261	**1,229,231**

As of December 31, 2024, **total assets** of SMA AG declined by €35.9 million to €1,193.3 million (December 31, 2023: €1,229.2 million).

Non-current assets increased by €57.6 million to €330.5 million (December 31, 2023: €272.9 million). The increase is attributable on the one hand to the increase in property, plant and equipment, which is due to the fusion with SMA Immo GmbH & Co. KG. On the other hand, the increase in fixed assets is mainly due to capital increases at affiliated companies, which lead to an increase in financial assets.

As of December 31, 2024, **total inventories** of €396.5 million were below the previous year's level (December 31, 2023: €428.4 million). The 7.4% decrease year on year was particularly the increase in impairments on inventories from €25.7 million to €120.2 million whereas advance payments for inventories decreased by €12.1 million.

Trade receivables fell by €58.3 million due to the decreased sales and totaled €60.4 million on the reporting date (December 31, 2023: €118.7 million).

Other assets decreased by €5.1 million to €55.8 million (December 31, 2023: €60.9 million), mainly due to lower sales tax receivables.

Cash and cash equivalents and securities decreased by €50 million to €132.3 million mainly through the sale of fund units (December 31, 2023: €182.3 million).

As a result of earnings, **equity** declined by €103.6 million to €434.4 million compared to December 31, 2023. The equity ratio fell to 36.4% (December 31, 2023: 43.8%).

Provisions of SMA AG are largely comprise provisions for warranty obligations for various product families and personnel provisions. The increase in provisions by €18.0 million to €257.7 million (December 31, 2023: €239.7 million) is mainly due to the creation of a restructuring provision of €33.4 million (December 31, 2023: €0.0 million).

Trade payables decreased by €146.8 million year on year to €92.7 million (December 31, 2023: €239.5 million). This development was affected by the restrictive purchasing policy that had already begun in the first half of the year.

Liabilities to credit institutions increased to €145.2 million (December 31, 2023: €0.0 million).

Liabilities to affiliated companies increased to €66.9 million (December 31, 2023: €29.3 million). This increase is mainly due to a loan of €38.0 million from SMA Altenso GmbH.

Deferred income of €115.7 million (December 31, 2023: €123.3 million) were recognized for deferred sales for extended warranties sold and for long-term service and maintenance contracts.

SMA AG's **financial position** essentially corresponds to that of the SMA Group.

Risks and opportunities

The business performance of SMA AG is largely exposed to the same risks and opportunities as the SMA Group. SMA AG also partakes in the risks affecting its investments and subsidiaries proportionate to its respective holding. The risks are presented in the Risks and Opportunities Report. The relationships with our holdings might also result in negative effects from statutory or contractual provisions for liabilities (particularly financing).

Outlook

As a result of SMA AG's interdependence with its group companies and its importance within the group, please refer to our sections in the Forecast Report for the SMA Group, which also outlines the expectations for the parent company.

Managing Board statement on the business trends in 2024

Due to the market slowdown in the home and commercial sector, the 2024 fiscal year was overall very challenging. This is also reflected in the SMA Group's operating performance. The group's sales decreased by 19.7% to €1,530.0 million in the 2024 fiscal year (2023: €1,904.1 million) and was thus slightly above the adjusted sales guidance from November 13, 2024 (€1,450 million to €1,500 million) and below the adjusted sales guidance from June 18, 2024 (€1,550 million and €1,700 million) and the sales guidance published for the first time on February 29, 2024 (€1,950 million to €2,220 million). The year-on-year decrease in sales is the result of the weaker market environment due to the lower demand situation combined with high inventories at distributors in the Home Solutions and Commercial & Industrial Solutions segments. The Large Scale & Project Solutions segment was not affected by this development and posted an increase in sales as expected.

With 19,524 MW (2023: 20,454 MW) of inverter output sold, the SMA Group's sales volume in 2024 was down by 4.5% compared to the previous year.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to −€16.0 million (EBITDA margin: −1.0%), due to low sales and the resulting lower fixed cost degression in the Home Solutions and Commercial & Industrial Solutions segments, increased costs and devaluations of inventories, as well as additions to restructuring provisions, and was thus within the adjusted earnings guidance from November 13, 2024 (−€20 million to €20 million). Compared to the earnings guidance adjusted on June 18, 2024, (€80 million to €130 million) and the original guidance from February 29, 2024, (€220 million to €290 million), the EBITDA was significantly below this level.

Due to the reduced sales level and the revised market growth expectations in the Home Solutions and Commercial & Industrial Solutions segments, impairments on capitalized development projects amounting to €22.4 million and provisions for purchase obligations amounting to €15.6 million were also recorded. In addition, the earnings include income from the sale of shares in elexon GmbH amounting to €19.1 million and the sale of a project company by SMA Altenso GmbH. The contribution to earnings from the sale recognized in other operating income amounted to a figure in the low double-digit million euro range.

EBIT thus decreased to −€93.1 million (2023: €269.5 million). This equates to an EBIT margin of −6.1% (2023: 3.0%). Net income amounted to −€117.7 million (2023: €225.7 million). Earnings per share thus amounted to −€3.39 (2023: €6.50).

The three segments of the SMA Group performed very differently in the 2024 reporting year, both in terms of sales and EBIT. Sales in the Home Solutions segment significantly decreased by −70.6% to €170.3 million in 2024. The Commercial & Industrial Solutions segment also performed below the previous year, with a f sales decline of -61.6% to €183.8 million. The Large Scale & Project Solutions segment, however, could significantly increase its sales to €1,175.8 million (39.1%).

At €1,355.6 million, the order backlog as of December 31, 2024, was below the level of the order backlog at the end of the previous year (December 31, 2023: €1,705.0 million) due to the challenging situation in the Home Solutions and Commercial & Industrial Solutions segments.

At €84.2 million, net cash of the SMA Group was clearly below the level as at the end of the previous year (December 31, 2023: €283.3 million). The equity ratio fell to 35.9% (December 31, 2023: 42.3%). In addition, SMA has a long-term credit line from domestic banks of €380 million and further guarantee credit lines of €70.8 million. At the end of 2024, 59.5% of the entire available credit lines of about €450.3 million were utilized.

The SMA Group's net working capital came to 30.9% of sales as of December 31, 2024, and was thus significantly above the range of 19% to 23% of sales that was forecasted in the reporting year. For additional information, please refer to the "Financial position" section.

Strategic position as "energy transition company" focusing on systems and solutions[4]

The SMA Group has aligned itself with a clear focus on its growth markets, as well as the global change in energy supply, and has set a course for sustainable growth, long-term business success and successful positioning as part of its Strategy 2025.

In the reporting year, the SMA Group advanced its successful positioning as an innovative and sustainable "energy transition company." In addition to the core business with photovoltaic inverters, the strategic areas of action also include storage solutions, e-mobility, power-to-gas and energy market integration. The subsidiary company Altenso also started developing and implementing projects in the reporting year and sold a BESS project resulting from its own project development activities to a strategic investor in September 2024. These activities are to be significantly expanded in the future.

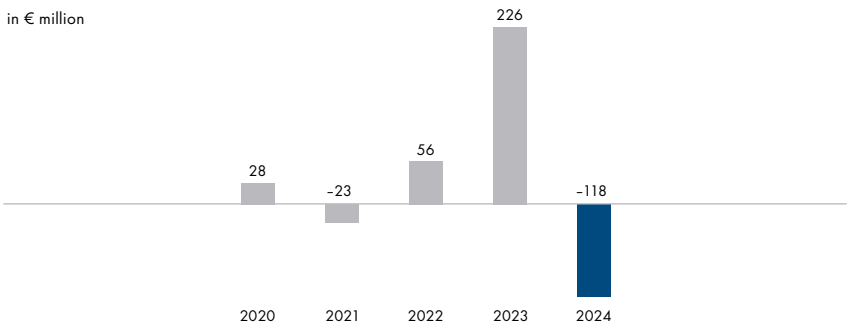
In September 2024, the Managing Board initiated a group-wide restructuring and transformation program to react to the persistently challenging market in the Home Solutions und Commercial & Industrial Solutions segments and further advance our strategic direction as a leading global systems and solutions provider. For additional information, please refer to the "Strategy" section.

Guidance/actual comparison for 2024

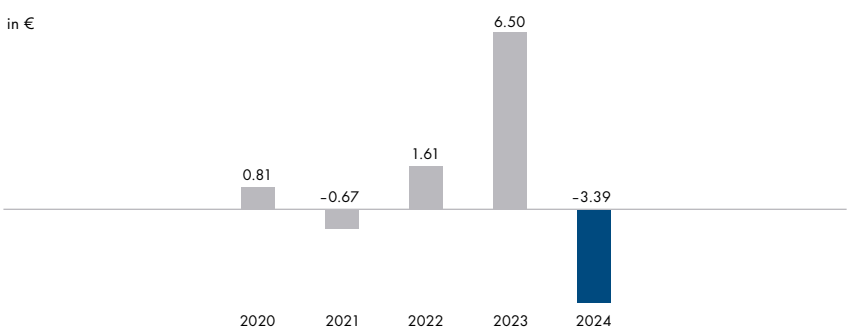
Date of guidance	2024/02/29	2024/06/18	2024/11/13	2024 results
Sales in € million	1,950 to 2,220	1,550 to 1,700	1,450 to 1,500	1,530.0
Inverter output sold in GW	20 to 22	17 to 19	17 to 19	19.5
EBITDA in € million	220 to 290	80 to 130	−20 to 20	−16.0
EBITDA margin in % of sales	11.3 to 13.1	13.5 to 14.6	−1.4 to 1.3	−1.0
Capital expenditure in € million	approx. 200	approx. 200	approx. 100	119.8
Net working capital in % of sales	19 to 23	27 to 30	34 to 38	30.9
Net cash in € million	approx. 300	approx. 100	approx. 50	84.2
EBIT in € million	175 to 245	20 to 85	−100 to −50	−93.1
EBIT margin in % of sales	9.0 to 11.0	11.2 to 12.4	−6.9 to −3.3	−6.1

[4] The following section is not a mandatory component of the Combined Management Report as defined in Sections 289, 315 HGB in conjunction with GAS 20 and therefore not a subject of the financial audit.

Net income



Earnings per share



RISKS AND OPPORTUNITIES

Principles of the internal control system[5]

According to Section 91 (3) of the German Stock Corporation Act (AktG), the Managing Board must establish an internal control and risk management system that is appropriate and effective in view of the scope of the business activities and the risk situation of the company. Clause 4 of the German Corporate Governance Code, as amended on April 28, 2022, stipulates that an appropriate and effective internal control system and risk management system is essential for the responsible handling of business risks. Internal monitoring is regarded as a crucial prerequisite for the appropriateness and effectiveness of the internal control and risk management system.

The Managing Board is responsible for the introduction, adequacy and effectiveness of the internal control system. The Audit Committee of the Supervisory Board monitors the accounting process, the effectiveness of the internal control system, the risk management system and the internal auditing system on the basis of Section 107 (3) of the German Stock Corporation Act.

The SMA Group uses the Three Lines of Defense model as a regulatory framework for an effective and comprehensive management for operational risks and the internal control system. This model comprises three lines of defense to which different functions are assigned. Depending on the line, these functions assume different roles and tasks in the overall system.

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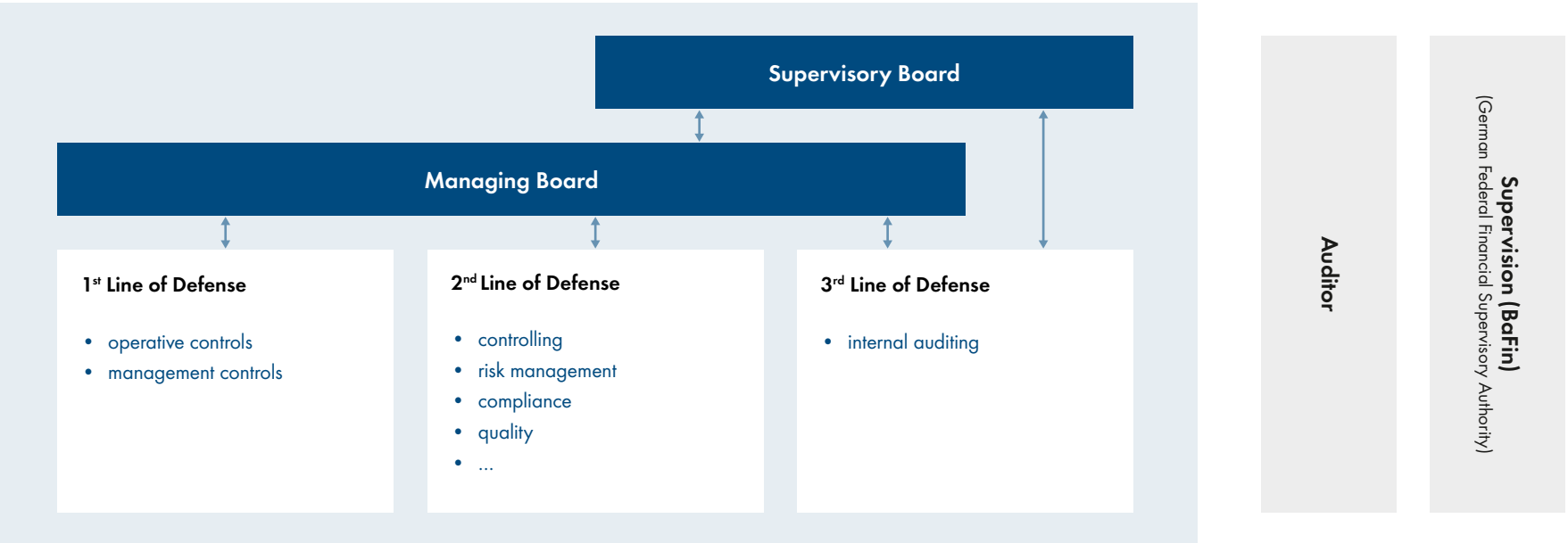
Three Lines of Defense model



The first line of defense is largely responsible for carrying out the operational processes in day-to-day business. This line's task is to identify and assess risks as early as possible. It is also responsible for implementing and carrying out effective and efficient internal controls. Those with functional responsibility control and monitor the processes and carry out higher-level controls.

The second line of defense comprises the governance functions, such as controlling, compliance and risk management. This line supports and monitors the first line of defense. It also defines framework conditions through guidelines and directives, methods and procedures and is responsible for reporting to the company management.

The third line of defense is performed by the Internal Audit department as a functionally independent, risk-oriented auditing and advisory function. The Internal Audit department acts with the highest degree of independence in the company. It supports the company management, operational management and monitoring bodies in effective and efficient process and risk management. On the basis of a risk-oriented audit plan, the Internal Audit department regularly examines the effectiveness of the internal control system by means of sampling and thus also checks material parts of the internal control system as it pertains to the (group's) accounting process.

Description of the internal control system[6]

The SMA Group's internal control system (ICS) includes all the principles, procedures and measures introduced by the group management designed to ensure business activities maintain the proper course. With regard to sustainability reporting, the internal control system comprises the process of creating the report and the processes used to determine certain key figures. The process for determining double materiality is also covered by the internal control system. This is carried out by recording process risks and relevant controls in risk control matrices.

The SMA Group bases the structure of its internal control system on the globally recognized standard of the model that the Committee of Sponsoring Organizations of the Treadway Commission (COSO) uses for its own internal control system. The framework defines the necessary components of a control system and provides a standard for assessing the appropriateness and effectiveness of the ICS.

The internal control system of the SMA Group pursues operational, reporting-related and compliance-related objectives. To achieve these objectives, the five basic elements of control environment, risk evaluation, control activities, information and communication and monitoring were established in the key business-critical, operational, sustainability-related and accounting-related processes. This also applies to all relevant or business-critical group companies and functions.

The control environment is particularly characterized by the Employee Code of Conduct with binding ethical principles and the Compliance Handbook. Clear responsibilities for the management processes and various reporting options for potential misconduct have been defined. The risk evaluation includes short-term operating budget targets, medium- and long-term strategic targets and the regular identification of risks at process and financial level. The control activities include suitable risk mitigation measures, regular internal reporting on the target achievement status of the operating budget and sustainability-related key performance indicators. Information and communication regarding data for financial reporting and operational processes are primarily based on appropriate software from SAP SE in order to provide timely and relevant information to internal and external stakeholders. Monitoring includes a periodic self-assessment of the internal control system by the Managing Board of SMA Solar Technology AG, regular internal reporting and the auditing activities of the Internal Audit department.

The SMA Group's internal control system consists of systematically designed organizational and technical measures and controls within the company aimed at guaranteeing compliance with applicable laws and regulations. It also includes binding guidelines and work instructions to prevent damage caused by our own employees or third parties.

Key control elements include regulations and measures such as automated controls in the IT systems, regulations on powers of attorney, staged value and release limits, process documentation and work instructions, specifications on the principle of dual control,

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electronic workflows, separation of functions and authorization plans. These regulations and measures relate to operational processes as well as sustainability-related processes and accounting-related processes. The control activities are designed to prevent errors or adverse events preventively and reactively. They therefore focus on both past events and future developments.

Reporting on the internal control system to the Supervisory Board's Audit Committee takes places once a year and includes reporting on all areas, including sustainability. The Board member responsible for the internal control system is instructed on the ICS once per year by the Head of Group Compliance.

The internal control system is continuously developed and adapted to changes in the process landscape. It should be noted that, regardless of the specific nature and scope of the control measures, the internal control system does not provide absolute certainty that all errors, inefficiencies and weaknesses in business processes and reporting will be prevented or detected in full or in a timely manner.

Compliance management system

For a description of the compliance management system, refer to the explanations in the "Corporate Governance" section in the Consolidated Sustainability Statement.

Key features of the internal control system in relation to the (group) accounting process

The internal control system pertaining to the accounting process is an integral part of the SMA Group's overall internal control system, which is supported by the risk and opportunity management system. Process-integrated and process-independent monitoring steps are elements of the internal monitoring system. The key components of the process-integrated measures include automated process controls and organizational monitoring methods, such as the two-person rule, the separation of administrative, execution, settlement and approval functions, and written work instructions. Furthermore, the IT systems deployed are protected wherever possible against unauthorized access by appropriate authorization systems and access restrictions.

Important risks in the (group) accounting process include the possibility that the financial information of the consolidated group companies included in the Consolidated Financial Statements fails to properly reflect the true net assets, financial position and results of operations due to unintentional or deliberate wrongdoing, or that publication of the Quarterly Statements or of the Annual Financial Statements or Consolidated Financial Statements is late. These risks could harm the SMA Group and cause damage to its reputation. The SMA Group's internal control system as it pertains to (group) accounting is concerned with minimizing the risk of misstatements in the group's bookkeeping as well as in external financial reporting.

The measures for monitoring and controlling accounting-related matters are aimed at securing proper and reliable (group) accounting. They are intended to ensure that business transactions are fully, correctly and promptly recorded in accordance with legal provisions and the articles of association. Furthermore, they aim to ensure that the process of stock taking is properly implemented and that assets and liabilities are appropriately recognized, measured and reported in the Annual Financial Statements and Consolidated Financial Statements. The regulations also aim to ensure that accounting records provide

reliable and comprehensible information. The main tasks of the departments involved in the (group) accounting process are clearly separated and their areas of responsibility are clearly assigned.

The SMA Group constantly evaluates laws, financial reporting standards and other agreements, and considers their relevance and impact on the (group) accounting process. Applicable requirements are promptly communicated to all group companies. The uniform IT platform, group account plan and standardized processes ensure proper and timely recording of all important business transactions. There are binding rules for the recording of manual business transactions. An accounting manual specifies the groupwide implementation of accounting provisions in accordance with the International Financial Reporting Standards (IFRS). In addition to general accounting principles and methods, the regulations, above all, include requirements concerning the balance sheet, income statement, statement of comprehensive income, management report, statement of cash flows, statement of changes in equity and notes, including segment reporting as well as a Combined Management Report in compliance with EU legislation. By defining clear requirements, the risk of inconsistent practices when recognizing, measuring and reporting assets and liabilities should be reduced. In addition, a check is carried out centrally on the financial statements submitted by the companies included in the scope of consolidation while referring to the audit reports drafted by the local auditors. Each month upon submission of the reporting packages, those responsible at the subsidiaries also confirm the propriety and completeness of each financial statement by way of an internal declaration of completeness.

Business transactions of SMA Solar Technology AG and all the larger subsidiaries are primarily recorded using Enterprise Resource Planning (ERP) systems from SAP SE. The authorizations granted are reviewed and amended regularly, if necessary. The centralized control and monitoring of nearly all IT systems, centralized change management as well as regular system and data backups minimize not only the risk of data loss, but also the risk of IT system failures related to (group) accounting. Smaller companies either operate local ERP systems or engage external service providers with their own IT systems.

Use of a uniform, group-wide consolidation program ensures that all data is recorded properly, promptly and completely, and that internal business transactions within the group are eliminated. This is from where the various components of the Consolidated Financial Statements and important data for the Notes to the Consolidated Financial Statements are derived.

The internal control and risk management system serves to control risks that might otherwise prevent the Annual Financial Statements and Consolidated Financial Statements from being properly drawn up and is therefore continuously being improved. However, company-wide application of the established regulatory and control measures cannot guarantee absolute reliability with regard to the accurate, complete and timely recording of all facts in (group) accounting and in the detection of irregularities.

Principles of the risk and opportunity management

As part of our ongoing efforts to make our group resilient and to generate value, weighing up risks and opportunities forms an integral and indispensable part of our business activities. The SMA Group operates in an international, complex and volatile business environment, which means that active management of risks and opportunities is of key importance. These risks can impair the successful implementation of the corporate strategy and the achievement of targets in the business units. The SMA Group maintains a group-wide monitoring system to ensure the systematic early identification of risks that could jeopardize its existence in accordance with Section 91 (2) of the German Stock Corporation Act. The risk and opportunity management system identifies existence-threatening risks and other important risks early on and actively manages and monitors them by means of suitable measures. A risk is defined by the SMA Group as an event that ensues from a decision made by management (strategic), an action (operative) or external circumstances and – if the risk occurs

– results in a negative deviation from the planned EBIT. To make use of potential opportunities, opportunities are systematically identified and evaluated at an early stage through opportunity management. For the SMA Group, an opportunity is the sufficiently probable possibility of an event occurring that leads to a positive deviation from the planned EBIT. The risk and opportunity management system is based on the conceptual framework of the Enterprise Risk Management – Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which is an important internationally accepted standard for establishing and systematically developing a company-wide risk management system. The SMA Group uses a uniform software solution to systematically record, evaluate and report risks, and opportunities and meet documentation requirements.

Description of the main features of the early risk detection system

Objectives and strategy

The SMA Group's risk and opportunity management is primarily intended to secure the group's continued existence and boost its value in the long term. The key goal of the SMA Group's risk and opportunity management is thus to identify risks above a defined threshold as early as possible, present them transparently and comparably, and assess and manage them. The SMA Group must responsibly accept risks to a controllable and viable extent in the course of business operations in order to be able to exploit business opportunities. The Managing Board of SMA Solar Technology AG bindingly laid out the objectives, strategies and organization of risk and opportunity management as well as the principles of risk and opportunity analysis and communication in the SMA Group's risk manual. It contains all methodical and organizational regulations for dealing with risks and opportunities, requirements and value limits as well as uniform regular and occasion-related internal reporting processes.

Organization of risk and opportunity management

The Managing Board of SMA Solar Technology AG bears the overall responsibility for effective risk and opportunity management and must therefore ensure that all risks and opportunities identified are considered comprehensively and uniformly. The Supervisory Board's Audit Committee is responsible for monitoring the effectiveness of the risk and opportunity management system. Process and system responsibility for the uniform group-wide risk and opportunity management system lies with the Corporate Governance department. This department reports directly to SMA Solar Technology AG's Chief Financial Officer and is responsible for the implementation of group-wide risk and opportunity management standards and methods and for the coordination and ongoing development of the risk and opportunity management process. The risk and opportunity management system is adapted to the structure of the SMA Group. As a result, selected skilled employees and executives from the first two management levels below the Managing Board of SMA Solar Technology AG and selected central group functions ("risk owners") are integrated into the risk and opportunity management system. All fully consolidated subsidiaries and business areas of the SMA Group are included in the scope of the risk and opportunity management system. The Risk Control Circle is an additional body for examining risk correlations. As such, it has the task of identifying and assessing possible dependencies (correlations) between individual risks and evaluating the suitability and effectiveness of risk control measures. The entire Managing Board and other representatives of top management are represented on the Risk & Opportunity Committee, which is responsible for monitoring the risk and opportunity management system. The committee also regularly addresses the key risks and opportunities for the SMA Group to ensure that they are appropriately evaluated, managed and taken into consideration when making business decisions.

Process of the risk and opportunity management system

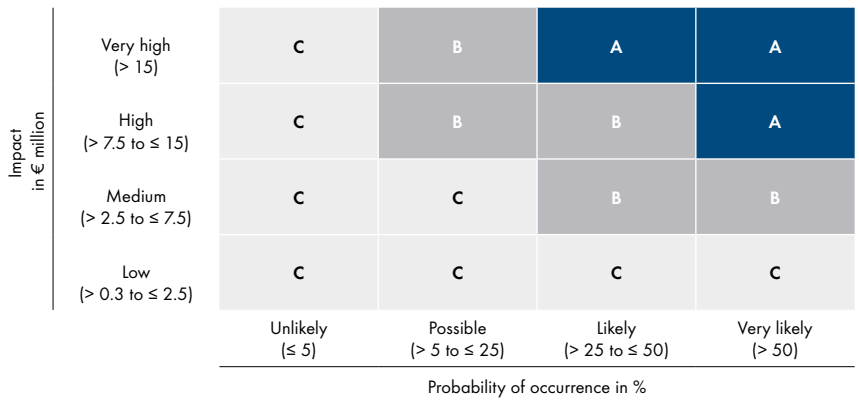
The risk owners assess the risk and opportunity situation of the SMA Group at regular intervals in a standardized IT-supported process.

The main steps of the risk and opportunity management process are explained hereafter:

Risk and opportunity analysis

Risk and opportunity analysis entails both the comprehensive identification and assessment of major risks and opportunities. Risk owners are obliged to check on a regular basis whether the risks and opportunities within their areas of responsibility are complete and up to date, and to identify and assess new risks and opportunities. SMA assesses all risks and opportunities within the SMA Group based on a uniform set of assessment criteria. For each risk and opportunity, the relevant risk owner assesses its probability of occurrence and its impact (potential amount of damage caused or potential benefit generated in euro). The classification of risks is based on the following diagram:

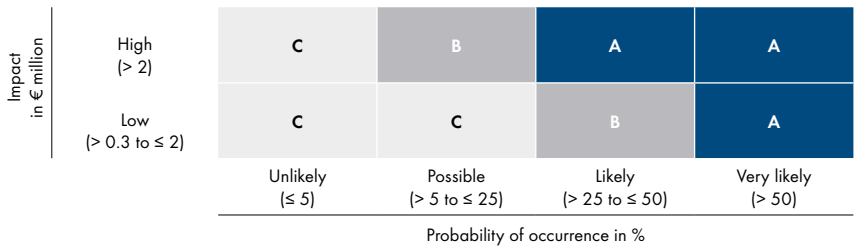
Assessment system for risks



The amount of damage is measured based on the potential impact on the planned EBIT. Risks need to be mentioned in the risk assessment reports only if the potential amount of damage resulting from the risk exceeds the threshold of €300,000.

Opportunities were classified as follows:

Assessment system for opportunities



Opportunities must be mentioned in the opportunity assessment reports as soon as the potential benefit resulting from the opportunity exceeds the threshold of €300,000.

Both a gross and net assessment must be made for every risk. The gross assessment represents the negative impact on the EBIT anticipated before the management measures for reducing risk are implemented. The net assessment then considers the measures already implemented. In the case of opportunities, a uniform assessment is carried out without quantification of any measures determined for improved exploitation of opportunities.

The observation horizon for risks and opportunities is divided into short, medium and long-term perspectives. While the short-term perspective is one year, the medium-term perspective comprises a period of two to three years and the long-term perspective covers a period of four to five years.

To assess materiality, the risks and opportunities are classified as category A, B or C risks and opportunities based on a combination of the assessment of probability of occurrence and the impact on which also further internal reporting depends. The individual risks and opportunities for the SMA Group are described in the "Individual and overall analysis of risks and opportunities" section (short-term prospect).

Overall risk assessment

The overall risk is assessed using an IT-assisted simulation process (Monte-Carlo-Simulation) in which all risks and opportunities are evaluated on an aggregated basis. To determine the overall risk, the key figure "net value at risk" is calculated with a 95% confidence interval[7]. Provisions and impairment losses recognized in the balance sheet for individual risks are offset as risk-reducing measures and taken into account in the determination of the overall risk. The SMA Group's risk and opportunity management also includes a concept for determining risk-bearing capacity. The Managing Board of SMA Solar Technology AG has defined threshold values for risk tolerance and risk-bearing capacity in order to periodically assess the risk situation of the SMA Group in the short term and to recognize developments that could jeopardize the continued existence of the company at an early stage. The net value at risk is considered in relation to the SMA Group's equity and net cash. If the defined thresholds are exceeded, additional measures are initiated to manage and reduce the risk. This presentation is part of the regular reporting to the Risk & Opportunity Committee.

[7] The confidence interval (also called the confidence range) is the range within which the determined value is expected to fall with a certain probability.

Risk control

While taking into account the corporate strategy, the objective of risk management is to actively influence identified and assessed risks. The SMA Group's risk situation must be positively affected in a targeted way using suitable measures. In order to reduce the overall risk, the risk owners have the task of developing and implementing effective measures. Suitable measures include, for example, forming security reserves or transferring risks to third parties (e.g., through insurance companies). With regard to risk management, these measures and their implementation are subject to regular review and adjustment by the risk owners. In addition, the Risk Control Circle reviews the plausibility of measures relating to the major risks on a regular basis.

Risk and opportunity reporting

The development of all risks and opportunities is regularly monitored and reported. Our risk and opportunity management system is designed to ensure that the risk owners can identify risks and changes early on as well as report them to the decision-makers in the company. These reports are made directly to Corporate Governance using the standard software application. To maintain high reporting quality, the business areas are closely integrated into the regular process and ensure that all significant risks and opportunities for their respective business fields are fully documented and correctly evaluated in the risk and opportunity management system. Significant risks, opportunities and measures, along with adjustments to the risk and opportunity management system, are regularly presented to the Risk & Opportunity Committee. The same applies to the Audit Committee of the Supervisory Board. In addition, risk owners are required to immediately report if new risks are identified or if existing risks develop into A risks. These types of risk reports are immediately brought to the attention of the member of the Managing Board responsible for risk management, including outside of the reporting process. To ensure integration with the (group) accounting process, the risk and opportunity management process follows the coordinated schedule and thus provides the SMA functions involved in (group) accounting and financial reporting with the relevant information in full.

Description of the climate-related risk and opportunity management

Sustainability-related risks and opportunities, in other words those from the fields of the environment, social matters and governance (ESG risks and opportunities), are also identified, evaluated and managed in the SMA Group according to the principles, methods and processes described in the previous sections. The SMA Group does not treat ESG risks and opportunities as their own category in this context. Rather, these types of risks and opportunities affect a number of the established risk categories and are identified there. These also include climate-related risks and opportunities. Climate-related risk and opportunity management, which was previously carried out separately and was purely qualitative, was discontinued in the 2024 fiscal year in favor of the method outlined above. Since then, climate-related risks and opportunities have been identified, evaluated and managed according to the same principles, methods and processes as other risks and opportunities. Risks and opportunities with ESG relevance are indicated separately in the software solution in order to allow separate evaluation and management and to be able to meet all regulatory requirements of sustainability reporting.

For further information on risk management and risks with regard to sustainability reporting, we refer to the explanations in the Consolidated Sustainability Statement under "Financial materiality."

Description of the other risk and opportunity management

In a target-oriented management system, risks and opportunities represent potential negative or positive deviations from the target figures. For this reason, in addition to the early risk detection system (risk and opportunity management), further function-specific or task-specific methods are used to identify, assess and manage operational risks and opportunities, depending on the criticality and importance of the business or sub-process. The implementation of these tasks has been transferred to the relevant responsible specialist departments and is therefore subject to decentralized management. For example, in the processing of customer-specific orders in the project business, risks are systematically identified, assessed and minimized using suitable measures. In product development, the risks to the achievement of project objectives are regularly assessed and documented in line with the progress of individual projects and risk management measures are identified. Further examples include monitoring and managing of overall liquidity risks in the finance sector, operational management of IT and information security risks and risk management to comply with due diligence obligations according to the German Supply Chain Due Diligence Act. If risks are identified in these processes and in this system, which exceed the thresholds for being recorded in the early risk detection system (risk and opportunity management), these risks and opportunities are also recorded in the risk and opportunity management.

Overall statement on the internal control and risk management system[8]

With the Three Lines of Defense model, which includes governance, risk management and compliance processes, the SMA Solar Technology AG Managing Board has established a regulatory framework aimed at ensuring an appropriate and effective internal control and risk management system. The monitoring methods of the internal control system and the control processes particularly include independent audits by the Internal Audit department and their reporting to the Managing Board and the Audit Committee of the Supervisory Board. The Managing Board also periodically carries out a structured evaluation of the internal control system. The individual risk management elements are monitored in part by the Internal Audit department and in part by the Managing Board.

Based on the internal control system and the risk management system as well as the oral and written reports of the Internal Audit department, the SMA Solar Technology AG Managing Board is not aware of any facts or indications that suggest a lack of or insufficient appropriateness and effectiveness of the systems and processes concerned.

[8] The following section is not a mandatory component of the Combined Management Report as defined in Sections 289, 315 HGB in conjunction with GAS 20, and therefore not a subject of the financial audit.

Risks and opportunities report

Individual and overall analysis of risks and opportunities

In this section, the risks classified as significant, which have disadvantageous impact on business and the associated net assets, financial position and results of operations of the group and the company's reputation, as well as opportunities with a beneficial impact that are assessed as significant, are described. The summarized overview of significant risk and opportunity areas shows the risks described below according to the SMA Group's assessment after implementing appropriate measures (short-term net risks). This assessment relates to all segments. For each risk and opportunity area, the net value at risk is calculated and presented with a 95% confidence interval using an IT-assisted simulation method. The order in which the risk and opportunity areas are presented within the seven risk and opportunity categories should not be taken as an order of priority:

Overview of potential financial impact of significant risk and opportunity areas

	Potential financial impact in 20251		Change
	Negative	Positive	compared to previous year[2]
Strategic risks			
Political and regulatory risks	- - - -		↑
Competition risks	-		↓
Market risks	- - - -		↑
Operating risks			
Procurement and inventory risks	- - - -		↑
Product risks	- -		↔
Operational risks	- - -		↓
Sales risks	- -		↔
Service risks	-		↔
Environmental risks	-		↔
Financial risks			
Liquidity risks	- -		↑
Interest rate and currency risks	-		↔
Default risks	-		↓

1 In relation to a 95% confidence interval for each risk and opportunity area (short-term). Addition of individual values is not permitted.
2 ↑ higher than previous year;
↔ no changes;
↓ lower than previous year
3 This risk area is new in 2024.

	Potential financial impact in 20251		Change
	Negative	Positive	compared to previous year[2]
Compliance risks			
Risks from violations of the law and regulations	---		↓
Risks from breaching contracts and obligations	--		↔
IT risks			
IT security risks	---		↓
Product cybersecurity risks	-		↔
Personnel-related risks			
Personnel recruitment risks	--		↔
Personnel retention risks	-		↔
Personnel adjustment risks	---		n/a[3]
Opportunities			
Opportunities from business activity		+	↔
Opportunities from cost savings		+	↔
Opportunities from improved processes		+	↔
Overall risk position			
Overall portfolio (risks and opportunities)	----		↔

1 In relation to a 95% confidence interval for each risk and opportunity area (short-term). Addition of individual values is not permitted.
2 ↑ higher than previous year;
↔ no changes;
↓ lower than previous year
3 This risk area is new in 2024.

Impact categories of the risk and opportunity areas

Risks:	Net value at risk$_{95\%}$
-	> -€3 million
--	> -€10 million to ≤ -€3 million
---	> -€25 million to ≤ -€10 million
----	> -€199 million to ≤ -€25 million
Opportunities:	**Net value at risk$_{95\%}$**
+	< €5 million
+ +	≥ €5 million to ≤ €49 million

The simulation of the overall risk as of December 31, 2024, and the associated calculation of the net value at risk with a 95% confidence interval showed that the threshold defined for early risk detection for risk-bearing capacity in relation to equity of the SMA Group was not exceeded. However, the threshold also defined for early risk detection for risk-bearing capacity in relation to the net cash was exceeded. The SMA Group introduced extensive measures for risk management and reduction at an early stage. As part of a group-wide project, a wide range of measures to achieve short-term cost reductions and to improve the liquidity situation have been defined and implemented since summer 2024. The SMA Group also enacted a group-wide restructuring and transformation program in September 2024, which aims to increase profitability and boost the financial stability of the SMA Group over the long term. There is also a revolving credit line of over €380 million which is not taken into consideration in this indicator. At the end of 2024, 58.8% of the credit line had been utilized.

There were no indications of a significant change in the risk situation in the medium and long term.

Strategic risks

Political and regulatory risks

The proportion of the total sales of the SMA Group that are generated in the U.S. is continuously increasing as a result of strong growth in the Large Scale & Project Solutions segment in this region. Against this backdrop, the political and regulatory framework conditions in the U.S. have a significant impact on the group's overall risk situation. The US Inflation Reduction Act (IRA) includes an extensive subsidy program that promotes decarbonization, low-emissions technologies and the local industry. If the SMA Group is unable to implement the requirements of the IRA in a timely or complete manner, this could lead to a competitive disadvantage that would have a significant negative impact on the SMA Group's profitability. To minimize this risk, the SMA Group is currently planning to establish contract manufacturing in the U.S. The newly elected administration of President Trump has announced that it will review subsidies under the IRA. The extent to which these reductions will actually take place is only expected to become clear over the course of 2025. Since the Republican Party has also won the majority in the House of Representatives and the Senate, changes are to be expected in various areas of the IRA. A significant portion of the sales planned in the large-scale PV power plant market in the U.S. in the 2025 fiscal year have already been covered by binding orders. Nevertheless, there are risks due to the potential introduction of new U.S. import tariffs. For example, the introduction of tariffs on PV system components from China, such as PV modules or battery technology, could result in increased costs. As a result of this, investors may delay planned projects or simply cancel them. In addition, U.S. tariffs on individual raw materials in large-scale products from the EU could have a negative impact on planned business growth. There are also risks for the home and commercial market in the U.S. from possible import tariffs.

The legislation for the implementation of national climate and energy targets and the associated consequences at multilateral level are subject to regular change. This change, however, is influenced by the climate protection policy of the international community, such as the European Green Deal for climate neutrality by 2050, agreed by 27 EU member states. At the same time, the need for digitalization and the establishment of a resilient value chain play a decisive role. As a result of these developments, various legislative processes are currently being initiated or are in the process of being implemented. Due to the current geopolitical situation and the resulting impact on energy prices, solar energy will become even more important in the future. The regional forms of legislation and their effects on the SMA Group's profitability are not yet completely foreseeable.

If newly introduced normative regulations and industry standards are not implemented in the product and service portfolio properly or in a timely manner, this would have a detrimental impact on the SMA Group's profitability trend. To be able to respond promptly to emerging changes in subsidies and standards in target and existing markets, the SMA Group uses a network of specialist, industry and research associations to anticipate these changes at an early stage. The information gained is included in the company's regular market research. Short-term fluctuations in demand are considered in the rolling forecast process and suitable measures determined on this basis. In addition, the SMA Group works to directly contact the certification authorities and electric utility companies to be able to make any necessary modifications to its product and service portfolio in due time. The SMA Group is also actively involved in direct and indirect representation of its interests, and promotes dialogue between industry associations, politicians and scientists on the state of knowledge about renewable energies. Our employees actively contribute to new technical guidelines through standards associations and other organizations. The SMA Group regularly reviews the assumptions and associated risks with regard to strategic projects. This procedure allows to react quickly to regulatory and market-driven changes in what is required of our products and solutions.

For more information on development in individual markets, please see the remarks in the "Future general economic conditions in the photovoltaics sector" section.

Competition risks

Despite the high level of volatility, the market for PV systems remains attractive. The oversupply of inverters and systems, in particular from Chinese manufacturers, plays a significant role in continued intensive competition. In certain regions and markets, competitors could gain more market share than the SMA Group, which could have a negative impact on the expected earnings performance of the SMA Group.

In addition, there is the risk that competitors will further improve the quality, functionality or performance of their products and solutions and adapt better than the SMA Group to the prevailing market requirements in certain markets using new business models. With expenditure for research and development (including capitalization) of €141.0 Mio. Euromillion in the 2024 fiscal year corresponding to a ratio of 9.2 Prozent% of sales, the SMA Group is well positioned to set important trends with new products, systems and solutions. Thanks to the restructuring and transformation program introduced in 2024, SMA is also reducing its cost base and is planning to gain a stronger position in the future as a system and solution provider in the home and commercial market. In the last years, the service portfolio has become a significantly important distinguishing feature for customers. There is a risk that the service quality of the SMA Group could deteriorate and thus no longer be perceived as a differentiating feature in comparison to its competitors on the market. To maintain and further increase our customers' satisfaction, the SMA Group counters this risk with user-friendly IT systems and improved service offers geared continuously to our customers' needs.

Market risks

Market risks primarily arise if the general market prices and therefore the price level achievable for SMA or the volume of key individual markets are weaker than predicted in the SMA Group's plans. Price and volume risks are present particularly in the Home Solutions and Commercial & Industrial Solutions segments due to continued high levels of inventory for distributors in key markets.

In general, market developments in geographical markets are particularly important for the SMA Group. This applies in particular to the Large Scale & Project Solutions segment in the American and Australian markets and to the remaining segments in the EU market. By making a strategic decision to focus on markets with high growth potential, the SMA Group plans to be well positioned for various markets in the future. The Managing Board of SMA Solar Technology AG sees long-term growth prospects in these markets for the group, as the Forecast Report shows. The dependency of individual geographical markets on one another is also reduced by SMA offering solutions and systems both for the private and commercial sector as well as in the sector of large-scale PV power plants, therefore serving an extremely wide range of customer groups.

The formation of customer syndicates and the high share of company sales taken up by large-scale PV power plants could increase the dependency of the SMA Group on a few customers. This dependency harbors a risk because of these large customers gaining more negotiating power coupled with increased price pressure. To counteract this, the SMA Group is pursuing sales strategies adapted to the respective requirements and is evaluating alternative distribution channels. The share of total sales of the ten largest customers worldwide decreased to approximately 30% in the 2024 fiscal year (2023: 38%).

For more information on development in individual markets, please see the remarks in the "Future general economic conditions in the photovoltaics sector" section.

Operating risks

Procurement and inventory risks

In light of the significant fall in demand in the Home Solutions and Commercial & Industrial Solutions segments over the course of the 2024 fiscal year, the SMA Group successfully negotiated a reduction of contractual purchase commitments for quantities ordered in excess of requirements with many suppliers. Some of the results achieved in negotiations

include commitments to payments from the SMA Group to suppliers in the 2025 fiscal year. In some cases, the negotiations are still ongoing. The SMA Group has made provisions for all matters eligible for provisions together with the specialist departments involved. Nevertheless, there is a risk in the 2025 fiscal year that the SMA Group may have to purchase quantities in excess of requirements or make compensation payments.

The normalization of global supply chains has further improved the availability of most electronic components and raw materials. Possible future effects of the current increase in armed conflicts worldwide cannot be estimated at present. For the SMA Group, there is still an increased risk that certain raw and production materials may not be available on time or in sufficient quantities due to a shortage of certain primary materials, dependence on certain suppliers or loss of individual strategic suppliers and that this will lead to delays, particularly in the production and delivery of the products. The SMA Group works to minimize these risks through market analyses, evaluation of suppliers, flexible supplier agreements, clearly defined quality standards and reducing dependence on individual key suppliers. In its new product developments, the SMA Group therefore reduces the number of products through a platform strategy, makes greater use of standard components and qualifies alternative suppliers to increase flexibility.

Regular inventory analyses are carried out in connection with increasingly shorter innovation cycles and resulting potential inventory write-down requirements. In addition to these regular analyses, a separate evaluation is carried out if required ("triggering event") in order to be able to reflect developments adequately at all times. Against this backdrop of the comprehensive reorganization and transformation program, the SMA Group conducted such a separate evaluation at the end of 2024 and made write-downs. Nevertheless, especially in light of continued high market volatility, the risk of further write-downs cannot be ruled out.

By monitoring changes in important raw material prices, trends should be identified in a timely manner and compensatory mechanisms developed with suppliers before they affect purchase prices and negatively influence the earnings of the SMA Group. The ongoing use of purchasing tools for information retrieval as well as structured and regular negotiations with suppliers result in a positive effect on purchase prices and logistics costs. If any inventory risks due to surplus inventories, price erosion or obsolescence are identified, these are taken into account in corresponding impairment losses.

As part of the transformation and restructuring program, the SMA Group is also planning to further reduce material costs by means of various measures. There is a risk that these savings may not be realized fully, for example, because volume effects are lower than assumed.

Product risks

The SMA Group continuously strives to meet customer requirements with innovations, such as newly developed or optimized products, systems and solutions. One component of this endeavor is the use of new materials and technologies in development. This can result in SMA Group products being defective. Large delivery lots bear the risk of errors or defects affecting a product series or several product batches. Production shortcomings may derive from SMA development errors or production faults or from defects in primary products provided by suppliers. In addition, there are risks which may result due to the integration of "inbound products" for which SMA does not have design sovereignty in the SMA product, system and solution ranges. For example, undeclared changes by the manufacturers may have consequential risks in the SMA Group's system and solution network. Unidentified incompatibilities can also emerge after products are launched, which require improvement to the customer system on-site after installation. A lapse of reliability of our products could bring about a loss of trust and reputation. In addition, any necessary repairs or replacements would have a negative impact on earnings of the SMA Group.

If responsibility for the error lies with the SMA Group, then product liability insurance covers third-party losses incurred. Newly developed products may be subject to more failures than established products. The SMA Group is able to minimize these risks through comprehensive testing within the development phases, accompanying quality inspections

during production and field testing prior to scheduled serial production. As soon as device failures occur that stand to cause considerable losses, an analysis is performed without delay. Measures are immediately taken to rectify them, and the findings used to prevent future faults.

To maintain the quality of our products in addition to general process improvements covering the entire value chain, new developments are backed by specific stress and qualification tests, and tests are carried out on the entire series. However, applications and circumstances on-site vary widely, in particular in the large-scale PV power plant area, which increases the risk of malfunctions in the start-up phase. In the event of technical faults with the products in the field, all required SMA departments jointly assess the nature and scope of the fault and the need for repair or replacement of the devices. If the sources of the fault are identified, the necessary corrective actions are introduced immediately and are taken into account via corresponding provisions in the balance sheet. The SMA Group also makes provisions for disputes related to product risks when necessary.

Operational risks

Numerous facilities, equipment and systems are required to operate the production and administrative infrastructure, which are exposed to various risks, including natural disasters, accidents, incorrect use, wear and force majeure. The SMA Group is well aware of this and employs a preventive maintenance and servicing management strategy to counter the risk of infrastructure downtime or other system impairment. In addition, appropriate property and business interruption insurance has been taken out against any potential damage. Appropriate insurance policies are also in place to cover the risk of loss or damage to movable goods and products.

The fulfillment of the various operating performance tasks in the individual function areas is still exposed to a cost and performance risk. Function operations can be impaired by staff shortages or capacity restraints, unexpected cost increases or technical malfunctions in a way that function targets may not be met on time, to the fullest extent or only at an increased cost. Extensive cost and performance indicators are regularly assessed and monitored to minimize these risks.

When introducing new operational processes and IT systems or changing existing ones, delays, outdated systems, inadequate master data quality or design flaws may impair efficient business organization and processing. The SMA Group counters this by means of systematic project management and a suitable structure and process organization. As part of our digitalization strategy, we are continuously developing our digital processes and IT applications, making them fit for the future. This includes standardizing the system landscape, redesigning core processes and automating process steps.

Sales risks

The SMA Group uses a worldwide distribution network to sell its products, systems and solutions and is largely dependent on their high reputation and positive brand image. Quality problems or performance or design weaknesses perceived in the market can have a detrimental effect on the image and thus on sales success. Likewise, misinformation in the media and social networks may damage the reputation of the SMA Group. If the SMA Group experiences delivery difficulties or the market readiness of new product generations is delayed, there is also the possibility that sales volumes or profit margins may be impaired. Risks for business, in particular with private and commercial customers, could also arise if insurance companies place new requirements on the construction of PV systems in the future, insofar as they could not be sufficiently met by the SMA Group.

The SMA Group is addressing these challenges by making increased use of digital instruments for interacting with customers in order to become aware of quality issues in the field and new requirements at an early stage, for example, alongside consistent quality

management. Further examples include measures aimed at further enhancing the brand image, the integration of digital services for participating in energy services and the energy market in the solutions offered as well as loyalty programs to increase customer retention.

Customer perception of our service offerings also has a significant effect on the success of our sales. The SMA Group analyzes its service offerings on an ongoing basis and improves it as required.

Service risks

Although the products of the SMA Group are distinguished by their considerable longevity and reliability, it may be necessary to repair, recondition or replace SMA devices. The Service organization of the SMA Group and its partner companies are responsible for the global alignment and execution of operational service business.

Due to strategic decisions taken by the SMA Group, its scope of business activities in the field of operations and maintenance services for PV power plants (O&M business) has decreased significantly compared to previous years. This also reduces the risks resulting from this business segment to a corresponding extent.

In the area of repair services for inverters within and outside of warranty obligations, there are risks relating to the availability of spare parts. If sufficient quantities of spare parts are not available in the relevant regions at the required time, delayed or incomplete services could harm the reputation of the SMA Group or result in claims for compensation from customers.

Environmental risks

In manufacturing its products, the SMA Group employs a small number of hazardous substances that might pose a risk to the environment. The comprehensive measures we take in production and in quality management principally ensure that SMA products are manufactured in a way that is environmentally friendly and guarantees compliance with all environmental regulations. Furthermore, the SMA Group has safeguarded itself against certain environmental risks in the event of any damage, including by means of insurance solutions.

In addition, there are requirements regarding proof of origin or the treatment of certain substances and materials, including the requirements from the manufacturer responsibility. If the SMA Group is unable to meet these requirements in full or at all, there are risks in the form of fines or reputational damage. To minimize these risks, regular internal audits are carried out, and a professional waste and recycling management system is established.

Financial risks

Liquidity risks

Due to the sales development in the Home Solutions and Commercial & Industrial Solutions segments as well as high inventories, net working capital of the SMA Group decreased in the course of the 2024 fiscal year. The SMA Group addressed the risks this poses for the further development of the group by taking extensive measures. In particular, these include the restructuring and transformation program that has been initiated. Thanks to the financial planning system which was further optimized in the fiscal year and adapted in line with the new challenges, the liquidity situation will be continuously monitored and actively managed both in the short term as well as over the medium and long term. The SMA Group also successfully held discussions aimed at securing its revolving credit line at an early stage.

Nevertheless, the SMA Group's liquidity risks have increased compared to the previous year due to the reduction in net cash and the partial use of the credit line. If there is an unexpected decline in the SMA Group's cash holdings in the short term, for example, due to a fall in sales caused by unforeseeable negative market developments or the implementation of the restructuring and transformation program not going according to plan, there is a risk that external market participants, such as commercial credit insurance companies or banks, might downgrade the SMA Group's credit rating, which might impair its financing options. Furthermore, there is the risk that suppliers could adjust payment terms to the detriment of the SMA Group, which would burden cash and cash equivalents. Minimum requirements for certain financial ratios have been agreed upon for the revolving credit line. If the SMA Group does not meet these requirements, this could lead to an increase in financing costs and, in the worst case, the termination of the credit line. The SMA Group addresses this risk primarily through continuous monitoring of the relevant ratios as well as regular financial planning and forecasting.

For further information, please refer to the "Financial position" section.

Interest rate and currency risks

For the SMA Group, currency risks arise in particular from the purchase and sale of products in foreign currencies (transaction risk) and from the measurement and settlement of items denominated in foreign currencies that are recognized in the balance sheet on the balance sheet date (translation risk). The main sources of transaction risks are business transactions in USD in the U.S. and the sales activities of other subsidiaries based outside the eurozone.

The SMA Group's Global Treasury function manages currency risks and group financing on a centralized basis. The permissible hedging instruments were laid out by the Managing Board of SMA Solar Technology AG in group-wide guidelines that also regulate the entire process-oriented organization, including hedging strategies, responsibilities and control mechanisms. As an example, currency hedges were concluded to the required extent.

For additional details, please refer to the information under Financial Position in the "Principles and objectives of financial management" section.

Default risks

The volatile and sometimes difficult conditions of the PV and financial markets are conducive to potential payment difficulties of our customers. If customers can no longer keep up with their payment obligations, there is a higher default risk for receivables with negative effects on the SMA Group's results of operations, financial position and net assets.

As part of its accounts receivable management, the SMA Group minimizes the risk of non-payment in accordance with the company's credit guidelines by obtaining references and credit reports beforehand for the purposes of a credit check of customers, allocating appropriate credit limits and continuously monitoring general payment practices. If it is expected that a credit limit is not sufficient for our future business relationship, then it is examined whether we should ask the customer to furnish collateral or whether the increased risk can be accepted. To cover potential payment defaults, the SMA Group has also taken out commercial credit insurance. If non-payment risks materialize, these will be taken into account by means of corresponding impairment losses.

Commercial project management is an effective measure for avoiding or minimizing risks in the important project business. All project and service contracts are systematically subjected to a legal and commercial risk assessment. If necessary, additional financial collateral is introduced or contractual adjustments are made to ensure appropriate hedging.

Remaining major project risks are assessed and approved separately by the heads of the segments and, as the case may be, the Managing Board of SMA Solar Technology AG, provided these risks are proportionate to earnings.

Compliance risks

Risks from violations of the law and regulations

The SMA Group employs several thousands of employees around the world. There is a risk that the SMA Group could be involved in unlawful business conduct by individual employees violating laws and regulations or SMA's Employee Code of Conduct. These particularly include antitrust risks as well as the risk of corruption and fraud.

The SMA Group combats this using a compliance management system implemented globally. In the context of their work for the SMA Group, all employees are obligated to act ethically and in accordance with the laws and regulations of the relevant applicable legal system. Regular training courses that are mandatory for employees worldwide are used to boost employees' awareness of important compliance guidelines.

With its own patents and through continuous monitoring of relevant technologies and competitors, the SMA Group works to protect its technologies and innovations. However, as other market participants also file a large number of patent applications, it is not possible to rule out that, in spite of regular, extensive and international research, there is the possibility that the SMA Group may infringe on third-party patent rights or other industrial property rights or, conversely, that its rights may be violated by third parties. If the former occurs, the SMA Group may incur considerable costs related to claims for compensation, in its defense against such claims or in relation to royalty payments to third parties. The SMA Group therefore attaches great importance to ensuring that each product is carefully checked for possible legal infringements in a timely manner before product release and market launch. Corresponding milestones are included in the guidelines and process descriptions on product development and market launch. The Corporate IP Management department actively protects proprietary technologies and monitors patent applications. The SMA Group makes provisions for disputes related to intellectual property when necessary.

Due to its global business operations, the SMA Group is subject to various tax laws and regulations. Tax changes in Germany and abroad could negatively affect the tax positions of the SMA Group. In addition to legal changes, incorrect assessment and interpretation of complex tax regulations, such as those regarding transfer prices, may also affect our net assets, financial position and results of operations. The SMA Group therefore collaborates closely with tax consultants in individual countries.

As a result of internationalization and the high international share of sales, there are risks for the SMA Group from handling the import and export of materials and services as well as finished products. Therefore, the SMA Group purposefully monitors its obligations under commercial and customs law using an IT system, which significantly reduces the risk of potential noncompliance.

The EU's General Data Protection Regulation, in particular, gives rise to considerable organizational and technical requirements for data protection. The potential substantial fines for breaches of the data protection law represent a latent risk for the SMA Group. The SMA Group counters data protection risks through systematic data protection management. In addition to standardized processes, this includes regular training for those employees who process personal data and monitoring of all processes where PV system operator's personal data is processed. Despite meticulously implementing requirements for processes and systems, violations of data protection law cannot be ruled out completely. The SMA Group's digitalization strategy, in particular, extends the scope of use of personal data. There are also additional risks in the increasingly widespread storage and processing of personal data through cloud services and the use of new digital sales channels.

Risks from breaching contracts and obligations

The SMA Group is exposed to risks from legal disputes that may arise from its business activities. Legal disputes with suppliers, customers, employees and distributors can materialize, which can lead to contractual and legal claims for compensation or other such obligations. If necessary, a sufficient level of provisions is set aside for potential financial damages resulting from legal disputes. The SMA Group has also implemented preventive measures, such as taking out a professional indemnity insurance policy to cover liability claims from third parties. However, this does not rule out a situation in which the level of insurance cover is not sufficient for compensation claims that may arise in the future.

Risks can also arise from contractual performance commitments. In the event of an agreement on compensation payments, the SMA Group may, for example, be obliged to pay corresponding amounts in the event of non-performance or poor performance or a delay in delivery, but also in the event of non-acceptance of bindingly ordered intermediate products from suppliers.

Such risks from contractual performance commitments arise particularly in the business of operations and maintenance services for PV power plants (O&M business). Despite the extensive exit from this business field, there remains a risk from ongoing legal disputes with customers or service partners due to partially very extensive and complex contract contents.

IT risks

IT security risks

As a technology company and publicly traded stock corporation, SMA Solar Technology AG and the SMA Group are in the public eye. Cybercrime, e-mail fraud and economic espionage present high risks for the SMA Group. Threat scenarios have become even more intense, especially as a result of the more focused and evolved methods of attack and the current geopolitical crises. In addition, growing connectivity is placing ever-greater demands on the IT systems used within the group, which need to be high-performance, highly available and stable to support global business processes. The SMA Group reduces the risks of IT breakdowns by continually reviewing and improving IT security and employing advanced hardware and software solutions. Protective measures at all levels of the company are used to avert this. Measures to reduce the risk of data losses include, for example, intensive employee awareness campaigns, mirrored databases, the use of cloud solutions and the ongoing optimization of emergency management. All major IT systems are also continuously monitored by a security operations center and regularly patched. Networks are protected, in particular, through the use of up-to-date, highly effective firewalls and e-mail systems through cutting-edge filters to avoid potential loss or manipulation of data besides securing network and server availability.

The energy solutions of the SMA Group are part of the critical infrastructure. High cybersecurity standards are therefore extremely important for the SMA Group. The certification in accordance with ISO/IEC 27001 for information security obtained in 2024 attests to its compliance. The scope of the certification includes the Sunny Portal area and all of the areas and processes required for its operation.

Product cybersecurity risks

In an extremely networked world in which the SMA Group's products, solutions and services are also being connected, the cybersecurity of our products and the digital services we supply is a top priority. To ensure a high level of cybersecurity for SMA products and services, there are specific guidelines for the product development process, and extensive tests are carried out before and after market launch. Despite these state-of-the-art security measures, a situation cannot be ruled out in which products and services of the SMA Group are compromised by a massive, targeted hacker attack. The impact of an incident like this on the SMA Group's reputation and sales situation could be significant.

Personnel-related risks

Personnel recruitment risks

Qualified and motivated employees are key to the global evolution of our enterprise and the business success of the SMA Group. Due to natural staff turnover and the reorganization measures, there is a frequent need to recruit new skilled employees and managers and to fill positions with suitable candidates. Flexible personnel deployment models and temporary employees are used to cover peaks in demand. Despite there being a structured personnel recruitment strategy in place, there is a risk that positions cannot be filled quickly enough or at all by suitable permanent or temporary employees. This can lead to delays in the processing of key projects or a reduced capacity to manufacture and deliver products and provide services.

The SMA Group is continuously working on its image as an attractive employer, which enables it to bring on board highly qualified employees. It particularly achieves this by setting relevant strategic objectives, implementing contemporary leadership approaches and enhancing its employer branding.

Personnel retention risks

To ensure the viability of the SMA Group, it is important to retain qualified employees at the company for the long term.

However, there is a risk that talented employees in key positions could leave the company and that such positions may not be able to be filled on short notice, either at all or by someone with the necessary qualifications, in particular in light of the planned restructuring and job cuts. To minimize this risk, the SMA Group is continuously optimizing its offerings, including performance-based remuneration systems and participation in the company's success, flexible working hours as well as options for continuing education and training and for balancing family and career. In addition, the Managing Board of SMA Solar Technology AG continuously monitors personnel structures and, if necessary, adapts them to the sales level expected in the future.

Personnel adjustment risks

As part of the ongoing restructuring and transformation program, the SMA Group is planning operational savings as well as job cuts of up to 1,100 full-time positions around the world, with around two thirds being in Germany. The SMA Group is also fundamentally changing its organizational structure and altering its management model to match the changing market conditions.

The program's implementation is being closely monitored by external experts. However, there is still a risk that it will not be possible to achieve the envisioned amount of the planned savings in full, for example, because negotiations with the employee representatives take longer or the severance payments to be made are higher than forecast. There are also risks involved in the planned shift of tasks to countries with lower wage costs and the reduction of external employees.

The SMA Group is relying on job cuts which are as socially acceptable as possible and to a large part are to be achieved by concluding termination agreements. In Germany, an agreement was reached with the Works Council regarding the conditions of a voluntary program before the end of the fiscal year. The required personnel measures are complemented by professional and ongoing communication to employees.

Opportunities

Opportunities from business activity

Solar energy is now the most cost-effective type of energy production in many regions. A further aspect is the trend toward climate-friendly legislation and association initiatives in the national and international context, for example, the European Union's Net-Zero Industry Act. The SMA Group expects that these developments will continue to provide positive impetus for its business activities.

Nevertheless, the business environment remains volatile and challenging. In the past, the SMA Group has demonstrated that it can remain competitive in a very dynamic market environment. The extensive transformation and restructuring program offers an important basis for the future. Far-reaching changes will make the SMA Group even more flexible and adaptable. By having two divisions which will have a high degree of operational independence in the future, the SMA Group will be able to adapt to the requirements of its various customer groups even more quickly and effectively than previously.

Opportunities also arise across segments due to the corporate group's extensive capacity for innovation. Its competitive, integrated system range in particular offers additional business opportunities in the home and commercial market. The SMA Group is continuously developing digital business models and system solutions, will successively launch them and will cooperate with selected strategic partners.

In the future fields of power-to-gas, integrated energy and energy market integration, the SMA Group sees further pioneering opportunities for sustainable sales and earnings growth. This potential can be used by the SMA Group alone or in collaboration with strategic partners.

For more information on the SMA Group's opportunities, please see the remarks in the Forecast Report.

Opportunities from cost savings

The SMA Group is laying the groundwork for profitable growth in the future through its restructuring and transformation program. The aim of the program is to reduce costs by €150 million to €200 million, improve the liquidity situation and develop SMA's structure to be sustainable, future-proof and successful in a changing environment to meet new challenges. By implementing the program, the SMA Group plans to sustainably improve its profitability and financial stability.

Opportunities from improved processes

The progressive digitalization of internal business processes and workflows creates the opportunity to achieve productivity increases in many areas of the group, for example, in service and administration. In particular, the SMA Group is taking a structured approach to dealing with the potential and applications presented by artificial intelligence (AI).

Overall statement on the group's risk and opportunity situation

Using our risk and opportunity management system, the Managing Board of SMA Solar Technology AG rates the overall situation regarding risks to the SMA Group's future development as manageable and controllable. Based on the current assessment, however, individual risks can be identified that could significantly impair business development, particularly if they all occurred at once.

Implementation of the transformation and restructuring program as planned is key to achieving the aims set by the SMA Group. If the implementation does not go according to plan this could bring significant risks, including delays, increased costs and potential disturbances to operations. All measures and steps in the program are therefore being carefully planned and monitored together with external experts.

The solar energy solutions business for private PV systems and for traders continues to present substantial challenges. In particular, the high levels of inventory at distributors and overcapacities, especially among Chinese providers, are resulting in both price and volume risks in key markets. In light of this, it is also very important to the SMA Group that it is perceived as a high-quality provider with a good service offer.

Growth in the U.S. market is of particular importance for the large-project business. At present, it is not possible to reliably assess how decisions made by the new U.S. government will affect business growth in the short and medium term. The same applies to the effect of the armed conflicts in Ukraine and other regions.

Thanks to the ongoing optimization of our risk and opportunity management system, the SMA Group remains in a position to identify and control potential risks at an early stage as well as to make optimum use of the potential opportunities that arise.

On the whole, the overall risk for the SMA Group has increased in comparison to the previous year (short-term prospect). According to the current assessment of the SMA Solar Technology AG Managing Board, though, there is no indication that the reported risks, individually or in their entirety, could endanger the continued existence of the group.

FORECAST REPORT

Preamble

The forecasts of the Managing Board of SMA Solar Technology AG 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 from the balance sheet date.

The general economic situation

Regional growth and inflation disparities continue to widen

The economic strength of individual countries further increased in 2024. Although the global growth outlook has remained largely unchanged when compared to the forecast of the International Monetary Fund (IMF) from October 2024, the differences between countries are growing. In its latest forecast, the IMF assumes that global growth will remain stable at 3.3% in 2025 and 2026 (World Economic Outlook, January 17, 2025).

Among the advanced economies, the United States is experiencing stronger development than previously forecast due to continued strong domestic demand. The IMF has increased its forecast for 2025 by 0.5 percentage points to 2.7% and sees a decline to 2.1% for 2026 (2024: 2.8%).

The eurozone will develop at a slower pace than previously anticipated. Here, moderate growth of 1.0% in this year and 1.4% in the next year (2024: 0.8%) is expected. This is due to weak momentum, particularly in the manufacturing sector, as well as low consumer confidence.

Germany continues to bring up the rear. After two years of recession in 2023 and 2024, the German economy is likely to increase only by 0.3%. The estimation from October 2024 was thus revised downwards by 0.5 points. In 2026, the German economy is expected to grow by 1.1%. Strong growth is expected for Spain in the current year (2025: 2.3%), while France (2025: 0.8%) and Italy (2025: 0.7%) are also expected to outperform Germany.

In the newly industrialized nations, growth forecasts are largely unchanged at 4.2% this year and 4.3% next year. The IMF expects growth of 4.6% in the current year and 4.5% in 2026 for China (2024: 4.8%).

According to the IMF, the overall economic development of all countries is being impeded by the high levels of uncertainty resulting from current financial and trade policies, coupled with political tensions.

Inflation, on the other hand, has witnessed positive development and has fallen worldwide. Global inflation is expected to reach 4.2% this year and 3.5% in 2026, although even here the differences are extreme. While inflation in industrialized nations is likely to be close to 2%, newly industrialized and developing countries continue to struggle with higher rates, which could further exacerbate poverty.

Future general economic conditions in the photovoltaics sector

Solar energy to become largest source of energy supply[9]

Greater efforts to expand renewable energies are widely regarded as the central pillar in the response to climate change. Politicians are addressing this with action plans, such as the "European Green Deal" to achieve climate neutrality within the EU by 2050, and by appointing top-class teams of experts to tackle climate change, similar to what the U.S. government is doing. These attitudes will expedite expansion of renewable energies over the coming years and decades. The analysis company Wood Mackenzie describes the solar industry as "highly investable" because it is increasingly able to meet both economic and political targets.[10]

The International Energy Agency (IEA) emphasizes the major role of solar energy in combating the climate crisis: In their "Net Zero by 2050 – A Roadmap for the Global Energy Sector" study, it is described that by 2050 the global energy supply will need to be based largely on renewables, with solar energy as the single largest source of supply. The Potsdam Institute for Climate Impact Research (PIK) forecasts that green electricity could cover three-quarters of global energy use in the long term, given a consistent climate policy.[11]

In this context, the electrification of other sectors, such as mobility and heat and the production of green hydrogen will additionally drive electricity demand as further important elements in achieving climate protection targets. This electricity-based integrated energy will lead to a doubling of current power consumption levels by 2050, as forecasted by the experts from the international consulting firm DNV in their "Energy Transition Outlook 2024." According to this, solar energy will account for over 40% of global power generation in 2050. Connectivity and fast demand response through flexible storage will become crucial success factors for a decarbonized power system with a high share of fluctuating renewable energies.

According to Bloomberg New Energy Finance's New Energy Outlook 2024, global CO_2 emissions will need to drop significantly in all sectors from 2024 to realize the goal of global climate neutrality by 2050. In the electricity sector, CO_2 emissions must be reduced by 93%, which goes hand in hand with a tripling of renewable generation capacities by 2035 and a further doubling by 2040. Global investment in climate-friendly technologies for power generation and storage as well as in complementary technologies, such as electric vehicles and utility grids, must increase from around $1.7 trillion today to well over $5 trillion per year.

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

In addition to the gradually decreasing levelized cost of electricity from PV systems, their decentralized and local generation can be combined very well with battery storage systems. The combination of photovoltaics and storage systems is therefore particularly

[9] Source: IEA "Net Zero by 2050 – A Roadmap for the Global Energy Sector".
[10] Source: Wood Mackenzie "Total eclipse: How falling costs will secure solar's dominance in power 2021".
[11] Source: Potsdam Institute for Climate Impact Research "Accelerated renewables-based electrification paves the way for a post-fossil future: study".

attractive for private, commercial and industrial consumers. DNV's experts see photovoltaics combined with battery storage systems as a separate power plant category that can supply electricity reliably and on demand, just like conventional power plants. According to their projections, combined PV and storage power plants will have a storage capacity of more than 20 TWh by 2050, accounting for around two-thirds of the world's electricity storage capacity.

In the energy system of the future, cutting-edge communication technologies and services for cross-sector energy management will represent key building blocks for the modernization and expansion of the power grid infrastructure. In its World Energy Outlook 2022, the IEA states that, in conjunction with the increasing electrification of the transportation and heating sectors through renewable energies, modern utility grids and smart energy management, there is great potential to sustainably reduce both the high electricity costs and CO_2 emissions.

Global new PV installations increase to more than 530 GW

The Managing Board of SMA Solar Technology AG anticipates growth in newly installed PV power worldwide to between approximately 530 GW and 585 GW in 2025. The growth is expected to be driven by almost all regions. The Managing Board estimates that global investments in system technology for traditional photovoltaic applications will increase by around 1%. Investments in system technology for storage applications (excluding investments in batteries) will rise by approximately €100 million to €400 million compared to the previous year. Overall, the Managing Board therefore expects investments in PV system technology (including system technology for battery storage systems) of around €18.6 billion to €20.2 billion in 2025 (2024: €18.2 billion to €19.9 billion). The expected market development is subject to an undisturbed delivery situation.

PV power plants support demand in the EMEA region

The Managing Board of SMA Solar Technology AG anticipates a slight increase in newly installed PV power to around 85 GW to 90 GW in the Europe, Middle East and Africa (EMEA) region in 2025 (2024: 81 GW to 86 GW). In addition to growth in the countries in the Middle East and Africa, this is also due to the basically solid development in European markets, such as Germany, France and Italy as well as in North and East European markets. Ground-based PV systems will drive the expected market growth in all markets. Moderate growth in new PV installations is expected for the commercial system segment, while the new PV installations in the field of small residential systems is expected to be below the high figures from the previous year. According to SMA estimates, investments in PV and storage system technology will remain stable at approximately €5.6 billion to €6.0 billion (2024: €5.6 billion to €6.0 billion). In Europe, new programs for targeted support for climate change mitigation technologies (e.g., REPowerEU) are creating new investment incentives. The photovoltaic market is expected to benefit from this in the medium term.

In many European countries, particularly Germany, Italy and the UK, battery storage systems are becoming increasingly important because, together with renewable energies, they further improve independence from traditional energy sources. 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 subsidies will be phased out over the next few years. Self-consumption of solar power is a particularly attractive option for the operators of these systems.

Americas region remains stable at previous year's level

For the Americas region, the Managing Board of SMA Solar Technology AG anticipates a constant level of newly installed PV power of approximately 70 GW to 75 GW (2024: 70 GW to 75 GW). Roughly between 47 GW and 52 GW of this amount is attributable to the North American markets. The Inflation Reduction Act (IRA) passed by the U.S. Congress in August 2022 includes a long-term extension of the Investment Tax Credit (ITC) for PV systems and, with the Production Tax Credit (PTC), will additionally create significant overall investment incentives for climate change mitigation technologies. The photovoltaic market is still expected to also benefit significantly from these positive factors in the medium term. To what extent the new Trump administration makes changes to the IRA support and how these changes may affect the market development will become clear over the course of 2025. Inverter technology investments are expected to be stable at around €4.9 billion to €5.3 billion in the Americas region (2024: €4.9 billion to €5.3 billion).

Investments in Asia-Pacific region (excluding China) to slightly increase

The most important markets in the Asia-Pacific (APAC) region are 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. In China, the Managing Board expects PV installations to stabilize at a high level of 320 GW to 360 GW in 2025 (2024: 310 GW to 340 GW). Investments in inverter technology are expected to be at approximately €6.1 billion to €6.5 billion (2024: €6.0 billion to €6.4 billion). For the APAC region, excluding China, the Managing Board expects newly installed PV power to slightly grow to around 55 GW to 60 GW in 2025 (2024: 47 GW to 52 GW). This growth is in particular attributable to the positive development in India. The Managing Board expects a slight increase in investments of approximately €2.0 billion to €2.4 billion in inverter technology for the region as a whole (2024: €1.8 billion to €2.2 billion).

Growth markets: energy management and digital energy services

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

In this context, the Managing Board of SMA Solar Technology AG believes that innovative system technologies are capable of temporarily storing solar power and providing energy management to private households and commercial enterprises offer worthwhile business opportunities. Rising prices for conventional domestic and commercial power and many private households and companies wanting to drive forward the energy transition by making their contribution to a sustainable and decentralized energy supply are the basis for new business models. Demand for solutions that increase self-consumption of solar power is likely to continue to rise, particularly in the European markets, the U.S., Australia and Japan. In these markets, renewable energies are already taking on a greater share in the electricity supply. Additionally, electric utility companies are increasingly using battery storage systems to avoid expensive grid expansions, stabilize grid frequency and balance fluctuations in the power feed-in from renewable energy sources. The Managing Board expects the still fairly new storage market to grow to approximately €2.8 billion to €3.2 billion in 2025 (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. The Managing Board expects this area to represent an addressable market of approximately €3.5 billion in 2025. The market will record strong growth in the medium and long term.

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

Slight sales growth in the two divisions – EBITDA margin positively impacted by restructuring and transformation program

On March 5, 2025, the Managing Board of SMA Solar Technology AG published its sales and earnings guidance for the 2025 fiscal year. It predicts sales of between €1,500 million and €1,650 million for the SMA Group (Actual 2024: €1,530.0 million). The planning is based on the Managing Board's assessment that sales in the Large Scale & Project Solutions division is slightly above the high level of the previous year as a result of the existing high order backlog and sustained demand. Sales for the merged Home and Business Solutions division are expected to be slightly higher than the previous year. Order intake for this division is expected to pick up from the second half of 2025. For further information on the new organizational structure and segmentation, please refer to "Organizational and reporting structure" section under "Basic information about the group."

The earnings before interest, income taxes, depreciation and amortization (EBITDA) and earnings before interest and income taxes (EBIT) will see a significant positive impact due to reductions in costs and increases in efficiency as part of the restructuring and transformation program in the 2025 fiscal year. Against this backdrop, the Managing Board expects the SMA Group's EBITDA to be between €70 million and €110 million in the 2025 fiscal year (Actual 2024: –€16.0 million).

The Managing Board is once again expecting negative earnings in the Home & Business Solutions division, however, with a significant improvement over the previous year. In the current fiscal year, earnings in the Large Scale & Project Solutions division are below the previous year as a result of higher costs and changes in product mix and regional distribution. In terms of sales, this will lead to a single-digit EBITDA margin for the group.

Depreciation and amortization are expected to come to approximately €65 million in 2025. In 2025, capital expenditure (including capitalized development costs and lease investments) will be approximately €115 million and thus sligthly below the level of 2024 (Actual 2024: €119.8 million). The focus of capital expenditure will be on new products and highly integrated and digitalized solutions, technical equipment and machines for the new GIGAWATT FACTORY, as well as the capitalization of research and development expenses.

In addition, the SMA Group is working at pace on the implementation of its company-wide restructuring and transformation program, which was launched in 2024. For further information on the strategy and restructuring and transformation program, please refer to the "Basic information about the group" section. For details regarding risks, please refer to the "Risks and opportunities report."

SMA Group Guidance for 2025 at a glance

Key figure	Guidance 2025	Actual 2024
Sales in € million	1,500 bis 1,650	1,530.0
Inverter output sold in GW	20 to 22	19.5
EBITDA in € million	70 to 110	–16.0
EBITDA margin in % of sales	4.7 to 6.7	–1.0
Capital expenditure in € million	approx. 115	119.8
Net working capital in % of sales	23 to 27	30.9
Net cash in € million	approx. 100	84.2
EBIT in € million	0 to 50	–93.1
EBIT margin in % of sales	0.0 to 3.0	–6.1

The SMA Group's sales and earnings depend on global market growth, market share, demand and price dynamics, as well as the supply of electronic components. Our global presence and our comprehensive portfolio of products and solutions for both divisions (Home & 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 and storage markets, including the market for green hydrogen.

Its broad product and solution portfolio in all market segments is a major distinguishing feature for the SMA Group. The Managing Board of SMA Solar Technology AG forecasts the performance for individual SMA divisions in the current 2025 fiscal year as follows:

Segment Guidance for 2025 at a glance

Division	Sales	EBIT
Home & Business Solutions	Slightly up	Up significantly
Large Scale & Project Solutions	Slightly up	Down significantly

Forecast for most significant non-financial performance indicators

The high importance of sustainability for the SMA Group and corporate management is also reflected in the remuneration system for the Managing Board. The Supervisory Board has incorporated the non-financial performance indicators of "proportion of women in the total workforce with a target value of 26% in 2025" and "recording the sustainability performance of A and B suppliers with a target value of 100% in 2025" into the target setting for the 2022 to 2025 long-term bonus. As of December 31, 2024, women accounted for 27.6% of the total workforce, once again exceeding the target for 2025. In light of the SHIFT restructuring and transformation process, gender distribution among the employees is not expected to change significantly during the current fiscal year. A figure of 28.0% is therefore forecast for the end of 2025. With regard to assessing the sustainability performance of A and B suppliers, coverage[12] again significantly increased to 90% at the end of the reporting year. As part of their day-to-day business, the Commodity Managers from the Global Procurement department are continuously working with the support of Global Procurement Excellence to increase the number of A and B suppliers covered by an assessment and to improve their sustainability performance. Based on this, 98% of suppliers are expected to have an assessment by the end of 2025.

[12] The threshold for the "assessed" classification is the criterion that the assessment for a supplier has been completed in at least one of ten categories used for assessment in the assessment system used.

The Managing Board's long-term bonus for 2023 to 2026 includes the non-financial performance indicators of "introduction and application of the net promoter score (customer referral rate) by 2026" and "proportion of women in the top two management levels below the Managing Board (within SMA Solar Technology AG) with an overall target of 20% in 2026." In the reporting year, measurements were carried out on four relevant touchpoints and evaluated as part of the net promoter score (NPS) goal (transactional NPS; tNPS). A ticket system was also prepared with the aim of ensuring that qualitative feedback from the NPS measurements is fed back to the responsible parties in a systematic, targeted way. With regards to NPS at a relationship level (relational NPS; rNPS), a structural analysis of contactable customers was carried out, suitable measurement designs defined and a standardized survey structure was developed. The addition of further touchpoints for tNPS measurements, preparatory measurement of the rNPS, and the official introduction of the ticket system for addressing feedback are planned for 2025. The proportion of women in the top two management levels below the Managing Board at SMA Solar Technology AG increased to 16.0% as of December 31, 2024. Since the goal is passed on within the organization from the Managing Board to the executives and additional actions are planned as part of the DE&I concept, the proportion of women in the two management levels below the Managing Board is expected to increase to 18.0% by the end of 2025.

The non-financial performance indicators "reuse and further use of components" and "recording of sustainability-related product information" are part of the Managing Board's long-term bonus for 2024 to 2027. To achieve the goal of "reuse and further use of components," the Second Cycle project has been set up to develop and implement the processes and framework conditions required. The project is currently in the planning phase, with the execution phase planned for 2025. Among other things, this phase will include developing an assessment matrix for the materials to potentially be reused, examining and altering the processes if necessary, and defining and introducing process KPIs. With regard to recording product information, no progress could be made in the reporting year due to the budget restrictions. For 2025, the plan is to adapt the existing processes such that all required sustainability-related product data is stored centrally with the respective purchased parts. The aim is to do this using a software tool that is to be fully implemented in the same year.

The Sustainability Committee, chaired by the Chairman of the Managing Board, monitors the degree to which the sustainability objectives have been achieved on a quarterly basis.

Consistent expansion of systems and solutions expertise

The Managing Board of SMA Solar Technology AG also sees attractive growth prospects for the future in the SMA Group's addressable markets. In addition to the continued positive development of the global PV market, key drivers include growth in important future fields such as storage, e-mobility, digital energy services and green hydrogen. With its Strategy 2025, its global presence in 20 countries on six continents and its innovative products and solutions, the SMA Group intends to benefit from this market growth and consolidate and/or expand its market position.

It is also striving to position itself as one of the leading global systems and solutions providers with the restructuring and transformation program initiated in September 2024. To ensure future profitable growth, the group is reducing costs and increasing efficiency over the long term.

For further information on the strategy, please refer to the "Basic information about the group" section.

The SMA Group continues to benefit from the megatrends of decarbonization, decentralization and digitalization

The expansion of renewable energies and battery storage systems and the electrification of other sectors, such as mobility, heating and air-conditioning will be continued. Photovoltaics will benefit from this expansion, also due to the already low levelized cost of electricity compared to other types of generation. The megatrends of decarbonization, decentralization and digitalization will have a positive effect on the expansion of PV and make the innovation of new business models, for example, in the area of smart energy management and grid stabilization solutions possible.

With its products and solutions, the SMA Group actively contributes to combating the global climate crisis. In addition, we have an international sales and service organization and decades of experience and technological expertise in all PV and storage applications, as well as in key future fields of energy supply. Our total installed inverter output of more than 165 GW globally (PV and hybrid inverters) forms the basis for data-based business models, as valuable energy data can be compiled via inverters. Our extensive knowledge of managing complex battery storage systems and linking solar power systems to other energy sectors, such as heating, ventilation and cooling technology as well as e-mobility, is an excellent basis for developing future growth potential for digital energy solutions. The SMA Group also has extensive expertise in grid stability and has been bundling its services in this area centrally at its competence center in Bangalore (India) since October 2023. In addition, the SMA Group has positioned itself in the business field of green hydrogen production, which is expected to see strong growth in the future. With the Electrolyzer Converter for the grid-friendly processing of electricity for electrolysis, we successfully launched our own range of solutions for optimized hydrogen production on the growing market that we will continue to expand.

For further information on products and services, please refer to the “Basic information about the group” section.

The SMA Group will drive the digitalization of the energy industry[13]

Thanks to its extensive knowledge and experience in PV system technology, the alignment of the subsidiaries toward future business areas and its numerous strategic partnerships, the SMA Group is well prepared for the digitalization of the energy industry and intends to take advantage of the resulting opportunities. As a specialist in holistic solutions in the energy sector, we will help shape the energy supply of the future, launch several innovations and establish further strategic partnerships as part of our centralized and focused partner management. In this process, we will continuously advance our positioning as a systems and solutions provider to keep pushing ahead the conversion to a cost-effective, reliable and sustainable energy supply that is based on decentralized renewable energy. We are aided in this endeavor by SMA’s corporate culture and our motivated employees who make a decisive contribution to the company’s long-term success and are therefore also given a share in the SMA Group’s financial success.

[13] The following section is not a mandatory component of the Combined Management Report as defined in Sections 289, 315 HGB in conjunction with GAS 20, and therefore not a subject of the financial audit.

CORPORATE GOVERNANCE

Corporate Governance Report[14]

In this declaration, SMA Solar Technology AG reports on its corporate governance principles in accordance with Section 289f (1), (2) and 315d of the German Commercial Code (HGB) and on corporate governance in the company in accordance with Section 161 of the German Stock Corporation Act (AktG) and Clause 23 of the German Corporate Governance Code (DCGK). The declaration includes the Declaration of Compliance, information on corporate governance practices, which comprises information on where they can be accessed by the public, as well as information on the composition and description of the function of the Managing Board, Supervisory Board and respective committees and material corporate governance structures.

Complying with the principles of good corporate governance is extremely important to SMA Solar Technology AG. The company is guided by the recommendations and suggestions in the German Corporate Governance Code. The Managing Board and Supervisory Board dealt with meeting these requirements. The company declared emergent deviations from the German Corporate Governance Code in the Declaration of Compliance of December 5, 2024. This declaration is reproduced below and published on our corporate website.

Declaration of compliance with German Corporate Governance Code

In accordance with Section 161 of the German Stock Corporation Act, the Managing Board and Supervisory Board of SMA Solar Technology AG declare:

SMA Solar Technology AG has complied with all recommendations of the German Corporate Governance Code dated April 28, 2022 („Code 2022“), published by the Federal Ministry of Justice in the official section of the Federal Gazette on June 27, 2022, and will also comply with it in future with the following exceptions:

The remuneration system for the Managing Board passed by the Supervisory Board and approved by the Annual General Meeting on May 24, 2023, that is to be the basis for all remuneration agreements with members of the Managing Board of SMA Solar Technology AG who are newly appointed or whose contract is extended after May 24, 2023 („Remuneration System 2023“), provides, deviating from recommendation G.8 of Code 2022, for the option to deviate from target values or comparative parameters that have already been adopted in exceptional situations if this is temporarily in the interest of the company. The Supervisory Board considers that such flexibility is necessary to be able to respond appropriately to unforeseen situations, including in accordance with recommendation G.11, sentence 1 of the 2022 Code.

[14] The following section is not a mandatory component of the Combined Management Report as defined in Sections 289, 315 HGB in conjunction with GAS 20, and therefore not a subject of the financial audit.

The 2023 remuneration system also envisages an obligation on the part of the Managing Board to invest some of the remuneration component obtained as a result of long-term and short-term variable targets being surpassed in shares in the company, which diverges from recommendation G.10, sentence 1 of the 2022 Code. The Supervisory Board holds that the remuneration arrangements and obligation to invest adequately commit the Managing Board to the long-term and sustainable development of the company and that there is no need for any further obligation in accordance with recommendation G.10, sentence 1 of the 2022 Code.

Contrary to recommendation G.11, sentence 2 of the 2022 Code, the 2023 remuneration system does not stipulate any regulations beyond what is required by law that would give the company the option to retain or reclaim any variable remuneration owed to the Managing Board. The Supervisory Board takes the view that the Managing Board would already have a sufficient stake in any negative developments due to the arrangements for objectives, particularly with regard to variable remuneration, and that any legally reproachable conduct can be adequately sanctioned by means of the possible responses allowed for by law.

The Managing Board The Supervisory Board

Corporate governance practices

With the principle "Our energy inspires the world's most important customer. Our future," the SMA Strategy 2025 comprises a forward-looking vision and mission, the values that all employees of the SMA Group align themselves with and clear strategic objectives for the next years. It has been presented to all employees worldwide and forms the strategic framework for action of the SMA Group. Further details can be found in the "Strategy" section under "Basic information about the group."

Furthermore, as long ago as in 2011, the Managing Board of SMA Solar Technology AG made a declaration to the General Secretary of the United Nations to establish the ten principles of the UN Global Compact as compulsory guidelines for its corporate governance. The principles of the UN Global Compact provide standards for upholding human rights, the protection of workers' rights, environmental protection and avoidance of corruption. They can be viewed on the website at www.unglobalcompact.org. In addition, the SMA Group is committed to the "Business Principles for Countering Bribery" of Transparency International. The Managing Board is also committed to the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the United Nations International Bill of Human Rights and the core labor standards of the International Labour Organization (ILO). The SMA Group pledges to uphold these principles and standards, including freedom of association in accordance with ILO standards 87 and 98, at all locations worldwide, as long as this does not conflict with specific federal state legislation to which the respective group company is subject.

In 2022, the Managing Board of SMA Solar Technology AG further revised the SMA business principles, which came into effect in 2012, aligning them with the sustainability objectives set out in the Strategy 2025. The SMA business principles are the core of the compliance management system and shape SMA's values into clear behavioral standards. The SMA business principles are obligatory for all SMA employees worldwide. They underscore the company's desire to fully implement and comply with all legal and regulatory requirements. The SMA Group also undertakes to act ethically, sustainably and with integrity at all times to assume its corporate responsibility and treat others with respect. The SMA business principles set out in the Employee Code of Conduct are publicly available on the corporate website.

The SMA Business Partner Code of Conduct complements its mission statement and corporate culture, in which fairness, integrity, sustainability and corporate responsibility are deeply rooted. In 2023, the Code was revised with involvement of stakeholders and newly implemented. The guidelines are based on, among other things, the UN Global Compact, the conventions of the International Labor Organization (ILO) and the United Nations' Universal Declaration of Human Rights. The SMA Business Partner Code of Conduct prescribes standards for sustainable activity and gives expression to what the SMA Group expects of suppliers and business partners with regard to social, ecological and ethical issues. The key points of the guidelines are a ban on child labor, forced labor, abuse and discrimination of employees, fighting against corruption, fair working conditions, occupational health and safety, environmental protection and quality and product safety. The SMA Group's objective is to enshrine general principles with regard to fairness, integrity and corporate responsibility in business relationships and the supply chain. This also includes the SMA Group's obligation to fair dealings with suppliers.

The SMA Solar Technology AG Managing Board and the Supervisory Board play a key role when implementing sustainable corporate governance practices. More information on this can be found in the section "The company's corporate bodies and their functions."

In compliance with the provisions of Section 76 (4) sentence 2 of the German Stock Corporation Act, the Managing Board set the target of 20% for female employees at each of the two upper management levels for the period from July 1, 2022 to June 30, 2027. At the end of the reporting period, the proportion of female employees working in the first management level was 7.14% and in the second management level 17.09%.

Transparency

Transparency is a key element of good corporate governance. Our aim is to provide all shareholders, financial analysts, media and interested members of the public at large with timely information about our business situation and significant corporate changes. All important information is also made available on our corporate website. Reporting on the business situation and the operating results takes place in the Annual Report, the annual press conference on financial statements, and in the Quarterly Statements and Half-Yearly Financial Reports. Furthermore, the public is informed through press releases, via social networks, and, if stipulated by law, by means of ad hoc statements. In addition, SMA is in regular contact with investors, analysts and the press to inform about the market and competition, strategic direction, SMA's unique selling propositions and financial developments.

Transparency is particularly important whenever deliberations and company decisions might lead to conflicts of interest for members of the Supervisory Board or Managing Board. Any conflicts of interest that may have arisen are therefore disclosed by those members of the corporate bodies affected when discussion of the subject commences. The member concerned does not participate in the adoption of any necessary resolutions by the Managing Board or the Supervisory Board.

Remuneration Report

The Remuneration Report is printed in the chapter of the same name in the Annual Report and can also be viewed on our corporate website along with the auditor's report in accordance with Section 162 of the German Stock Corporation Act, as well as the applicable remuneration systems for the Managing Board and Supervisory Board in accordance with Section 87a (1) and (2) sentence 1 of the German Stock Corporation Act, and the most recent remuneration resolution in accordance with Section 113 (3) of the German Stock Corporation Act.

The company's corporate bodies and their functions[15]

SMA Solar Technology AG is a stock corporation governed by German law. Accordingly, it possesses a dualistic management structure in which one corporate body is devoted to managing the company (the Managing Board) and is supervised by another corporate body (the Supervisory Board). Both bodies are endowed with different powers and work closely with one another in an atmosphere of trust when managing and supervising the company. At the Annual General Meeting, the auditor and the shareholder representatives to the Supervisory Board are elected, the appropriation of profits is determined, and decisions affecting shareholder rights are taken.

Managing Board

[ESRS2 GOV-1 G1 5a] The Managing Board is responsible for independently and jointly managing the company. It is obliged to sustainably ensure and increase the company value and is responsible for managing the business. In agreement with the Supervisory Board, it decides on fundamental issues of business policy and corporate strategy as well as on short and medium-term financial planning. The Managing Board is in charge of preparing the Quarterly Statements, Half-Yearly Financial Reports and Annual Financial Statements and Consolidated Financial Statements for SMA Solar Technology AG and the SMA Group, as well as for adherence to all legal and official provisions and internal policies.

[15] The paragraphs marked with ESRS references in the following section have been reviewed with limited assurance as part of the review of the Consolidated Sustainability Statement.

[ESRS2 GOV-1 22a, b, c, d, ESRS2 GOV-2 26a, ESRS2 SBM-2 45d] The Managing Board performs its duties and obligations with regard to oversight of the processes for analyzing and assessing sustainability-related impacts, risks and opportunities, as well as the results obtained as part of the Sustainability Committee, which is chaired by the Chief Executive Officer. The responsible experts and heads of the specialist departments inform the Sustainability Committee about important sustainability topics during its meetings. The Head of Group Compliance provides information about sustainability-related risks and opportunities. The Sustainability Committee is also informed of the views and interests of the stakeholders concerned, where these have been identified. The Sustainability Committee also defines sustainability targets, which the Supervisory Board is also informed of. Progress towards achieving the targets is monitored on a quarterly basis.

[ESRS2 GOV-2 26c] Implementation of the reporting requirements according to the CSRD and the results of the materiality assessment and the stakeholder analysis were also presented to the Committee in the reporting year. In the context of the material sustainability-related impacts, risks and opportunities for the company, the Sustainability Committee then primarily dealt with the company's diversity, equity & inclusion policy, actions to reduce the gender pay gap and to increase the proportion of female employees in the top two levels of management below the Managing Board, the development of a sustainable battery strategy without technologies containing cobalt as well as a circular economy strategy, the company's climate protection policy and the implementation of human rights and environmental due diligence requirements according to the German Supply Chain Due Diligence Act.

As a collective body, the Managing Board, in principle, strives to adopt resolutions jointly. However, the Rules of Procedure for the Managing Board adopted by the Supervisory Board stipulate that individual members of the Managing Board are in charge of specific areas of responsibility. The Managing Board, with the consent of the Supervisory Board, lays out how responsibilities are assigned. The members of the Managing Board notify each other on an ongoing basis about all material events in their area of responsibility and about any matters covering multiple areas of responsibility. The Managing Board has not instituted any committees.

[ESRS2 GOV-2 26b] Under legal provisions or the Rules of Procedure concluded by the Supervisory Board for the Managing Board, in certain transactions, a unanimous resolution of the Managing Board is mandatory. In addition, the Managing Board must obtain prior approval from the Supervisory Board for certain decisions. Such decisions include approval of the annual budget, comprising the investment plan and incorporation, acquisition or sale of companies and stakes in companies, whenever stipulated threshold values are exceeded. The Supervisory Board must also consent to the allocations of responsibility on the Managing Board. When deciding on the approval of such transactions or projects, an additional sustainability assessment will be carried out from 2025 onwards to ensure that the sustainability-related impacts, risks and opportunities are taken into account in the context of important transactions and beyond. The Managing Board for its part made matters, particularly those having far-reaching consequences for the company, dependent on its approval. In this process, it was guided by the requirements placed on it by the Supervisory Board. When deciding on approval here, it also established a query concerning any impacts on sustainability aspects.

[ESRS2 GOV-1 21d] The company's diversity concept for the Managing Board to be described in accordance with Section 315d in conjunction with Section 289f of the German Commercial Code (HGB) comprises, in part, consideration of the various personal and professional competencies required to fulfill the respective tasks on the Managing Board. Other elements include decisions on the minority gender quota of 25% on the Managing Board and the age limit for the Managing Board described in Section 1 (4c) of the Supervisory Board's Rules of Procedure. The aim of the concept is to best meet the requirements for the work carried out by a managing board through a broad and varied range of knowledge and experience. The current makeup of the Managing Board upholds the prescribed age limit of 65 years and reflects different professions, professional backgrounds, as well as personal and professional competencies. The Managing Board now has 50% male and 50% female members. The representation requirement for the minority gender under Section 76 (3a) of the German Stock Corporation Act (AktG) is therefore met.

Long-term succession planning for the Managing Board takes place partly through regular monitoring by the Supervisory Board to adjust the quantitative and qualitative makeup of the Managing Board as well as the prevailing conditions brought about by the members of the Managing Board, such as a member reaching the age limit. The Managing Board is working to identify potential candidates within the company who would be suitable for taking on a role on the Managing Board given various time frames and, if necessary, after developing appropriate management skills.

[ESRS2 GOV-1 21a, c, ESRS2 GOV-1 23a, b, ESRS2 GOV-1 G1 5b] As of December 31, 2024, the Managing Board consisted of two members. Dr.-Ing. Jürgen Reinert, as Chief Executive Officer of SMA Solar Technology AG, is responsible for Strategy, Research and Development, the segments Home Solutions, Commercial & Industrial Solutions and Large Scale & Project Solutions as well as Operations, Sales and Service and Human Resources. After studying electrical engineering in South Africa, Dr.-Ing. Jürgen Reinert received his doctorate at the Institute for Power Electronics and Electrical Drives (ISEA) at RWTH Aachen, Germany, and began his career as senior engineer there. From 1999 to 2011, he worked at Emotron AB in Sweden, a manufacturer of electrical controls and drives, most recently as General Manager. At the SMA Group, he was then initially responsible for the Power Plant Solutions division; after which he was appointed to the Managing Board of SMA Solar Technology AG in 2014 and appointed as Chief Executive Officer in 2018 and Chairman of the Managing Board in 2023. In addition, he serves as labor director at SMA Solar Technology AG. Due to his many years of experience in managing international companies in the electrical industry, Dr.-Ing. Jürgen Reinert has comprehensive expertise in the fields of management, corporate governance and personnel management, as well as profound expert knowledge in the fields of electrical engineering and renewable energies. He is also familiar with all aspects of sustainability relevant to the company in the fields of environment, social affairs and governance.

[ESRS2 GOV-1 21c, ESRS2 GOV-1 23a, b, ESRS2 GOV-1 G1 5b] Barbara Gregor, as member of the Managing Board, is in charge of Accounting & Tax, Finance & Real Estate Management (CREM), Investor Relations, Legal, Governance, Compliance, Risk Management, Internal Audit and Digitalization/IT. In the last 20 years, she has held a wide range of management positions focusing on Finance and Controlling in international companies and group companies. After graduating in business management, Barbara Gregor worked at the thyssenkrupp group both in Germany and abroad, as well as at the company's headquarters. From 2013 to 2015, she was CFO of the apt Hiller Group where she spearheaded international growth and M&A projects. Before she was appointed to the Managing Board at SMA Solar Technology AG in December 2022, Barbara Gregor, as the CFO of the international corporate group (Operating Unit) thyssenkrupp Materials Trading and Managing Director (CFO) of thyssenkrupp Materials Trading GmbH, was responsible for managing and further developing the fields of Finance, Controlling, Accounting, Risk Management, Human Resources and IT. Barbara Gregor has many years of experience in all areas relating to her CFO responsibilities, in particular in managing and further developing the areas of Finance, Controlling, Accounting, Risk Management, Human Resources and IT, and is familiar with all sustainability aspects relevant to the company in the fields of environment, social affairs and governance.

Supervisory Board

[ESRS2 GOV-1 G1 5a] The Supervisory Board advises the Managing Board in all matters and monitors its activity. The Managing Board involves and consults with the Supervisory Board on the strategic planning process as well as on all matters of fundamental significance and whenever particularly important business decisions need to be made.

[ESRS2 GOV-1 22a, b, c, d, ESRS2 GOV-2 26a, c, ESRS2 SBM-2 45d] The Supervisory Board has delegated the monitoring and advising of the Managing Board on sustainability matters relevant to the company to the Audit Committee. Within the framework of its mandate, the Committee performs the tasks and duties of the Supervisory Board with regard to monitoring the processes for analyzing and assessing sustainability-related impacts, risks and opportunities, as well as the results achieved, and is also informed of the views and interests of the stakeholders concerned, where these have been identified. The Audit Committee is reported once a year on progress towards the company's sustainability targets. The decision on the sustainability-related targets in Managing Board remuneration is prepared by the Presidial Committee of the Supervisory Board for resolution in the full Supervisory Board. The Supervisory Board is informed about important sustainability topics by the Head of Sustainability of the SMA Group. In the reporting period, she presented, among other things, the results of the materiality assessment for the SMA Group, the climate change mitigation targets and general climate change mitigation activities, as well as the implementation of the reporting requirements in accordance with the CSRD and reported on the implementation of human rights and environmental due diligence obligations in accordance with the German Supply Chain Due Diligence Act. Information on material risks and opportunities and on the ICS is provided by the Head of Group Compliance.

[ESRS2 GOV-1 21a, b] The Supervisory Board is made up of 12 members and its composition complies with the provisions of the German Stock Corporation Act and the Co-Determination Act. Under these provisions, the employees of German group companies and their shareholders (Annual General Meeting) each elect six representatives to the Supervisory Board. The current members of the Supervisory Board are: Martin Breul, Oliver Dietzel, Johannes Häde, Yvonne Siebert, Romy Siegert and Dr. Matthias Victor as employee representatives, and Kim Fausing (Deputy Chairman), Uwe Kleinkauf (Chairman), Constanze Hufenbecher, Ilonka Nußbaumer, Alexa Siebert and Jan-Henrik Supady as shareholder representatives.

Alexa Siebert, Chair of the Audit Committee, has the expertise in the fields of accounting or financial auditing, thanks to her expertise as a tax consultant and management consultant entrusted with providing financial support for companies for many years, as does Jan-Henrik Supady, Deputy Chairman of the Audit Committee, thanks to his expertise as managing partner of a company active in the strategic investments segment and Constanze Hufenbecher due to her many years of experience in the field of strategic investments and as CFO in internationally active companies on the expertise required by Section 100 (5) of the German Stock Corporation Act and the German Corporate Governance Code in the areas of accounting and auditing. The length of time spent as a member of the Supervisory Board can be found in the members' résumés, accessible on the company's corporate website.

The Committees of the Supervisory Board are made up as follows:

Presidial Committee	Uwe Kleinkauf (Chairman), Yvonne Siebert (Deputy Chairwoman), Kim Fausing, Dr. Matthias Victor
Audit Committee	Alexa Siebert (Chairwoman), Jan-Henrik Supady (Deputy Chairman), Oliver Dietzel, Johannes Häde
Nomination Committee	Uwe Kleinkauf (Chairman), Ilonka Nußbaumer (Deputy Chairwoman), Kim Fausing, Jan-Henrik Supady
Mediation Committee	Romy Siegert (Chairwoman), Kim Fausing (Deputy Chairman), Uwe Kleinkauf, Martin Breul

The committees prepare the topics and resolutions that have to be dealt with by the entire Supervisory Board and are also authorized to decide on matters instead of the Supervisory Board if the Supervisory Board has transferred the relevant authority to them within the scope of the legal possibilities and the Rules of Procedure of the Supervisory Board. They regularly meet with stakeholders such as the Managing Board, the auditor or the heads of Internal Audit, Sustainability or Compliance for this purpose. The committee chairperson reports on the content of the committee meetings at the next plenary session of the Supervisory Board. Any member of the Supervisory Board may attend committee meetings, provided the relevant committee chairperson does not decide otherwise. The meeting minutes and resolutions adopted by committees are made available to all the members of the Supervisory Board.

The Supervisory Board and the committees regularly conduct self-assessments to review the extent to which the committees are effectively handling the tasks allocated to them. The Supervisory Board and the committees assign themselves this efficiency check regularly as separate agenda items, according to which the members examine how tasks have been completed in the past and whether they can identify any improvements for future processes. The analysis focuses partly on the effectiveness of work carried out in the various committees in terms of how preparations are made for decision-making and how information is conveyed within each committee. The Supervisory Board also communicates with the Managing Board for the purpose of improving the efficiency of collaboration between the two bodies. In the reporting year, the Audit Committee conducted one of these self-assessments for its work.

The Supervisory Board reports annually on the focus of its activities and deliberations in the Supervisory Board Report. You may refer to the Supervisory Board Rules of Procedure on our corporate website.

[ESRS2 GOV-1 23a, b] The Supervisory Board members take general and specialized training necessary for their tasks of their own accord, and in doing so, they receive appropriate support from the company. With regard to the material sustainability aspects for the company, the Managing Board and Supervisory Board also have constant access to the company's internal expertise and are additionally able to consult external experts.

In the past, the Supervisory Board already has regularly considered the personal and professional requirements of its members and, with regard to the provisions of recommendation C.1 of the German Corporate Governance Code, has decided on appropriate objectives for its composition and established a competence profile, which it adapted in view of the increasing importance of sustainability. The competence profile addresses the requirements for members of the Supervisory Board, which are provided in particular by law, the German Corporate Governance Code, and the objectives of the Supervisory Board for its composition. The implementation status of the skills profile from the perspective of the Supervisory Board is shown in the following skills matrix:

[ESRS2 GOV-1 21c, ESRS2 GOV-1 23a, b, ESRS2 GOV-1 G1 5b] Skills matrix of the Supervisory Board

	Martin Breul	Oliver Dietzel	Kim Fausing[1]	Johannes Häde	Constanze Hufenbecher[1]	Uwe Kleinkauf[1]	Ilonka Nußbaumer[1]	Alexa Siebert[1]	Yvonne Siebert	Romy Siegert	Jan-Henrik Supady[1]	Dr. Matthias Victor
Gender	m	m	m	m	f	m	f	f	f	f	m	m
Born	1982	1971	1964	1959	1970	1969	1973	1970	1979	1986	1979	1970
Nationality	GER	GER	DK	GER	GER	GER	AT	GER	GER	GER	GER	GER
Independence of the shareholder representatives					●		●	●			●	
Professional expertise[2]												
International corporate experience			●		●	●	●	●		●	●	
Familiarity with the corporate sector Technical expertise, particularly in the field of renewable energies, preferably in the field of photovoltaics	●	●	●	●		●			●			●
Knowledge of the internal structures and functions of the company	●	●		●		●	●	●	●			●
Knowledge in the field of digitalization		●	●		●		●	●	●		●	●
Expertise in the field of accounting		●			●	●		●			●	
Expertise in the field of auditing					●			●			●	
Knowledge in sustainability reporting					●	●		●		●	●	
Knowledge in environmental sustainability aspects	●				●	●		●		●	●	●
Knowledge in social sustainability aspects	●	●			●	●	●	●	●	●	●	●
Knowledge in corporate governance & compliance and corporate law			●		●	●	●	●			●	
Management experience in globally operating companies			●		●	●	●	●			●	●
Experience on the supervisory boards of companies listed on the stock exchange (without SMA)		●	●					●				
Knowledge in internal control and risk management systems			●		●	●		●			●	

[1] Shareholder representatives

[2] ● = applicable

These requirements and the competence profile continue to form the diversity concept of the Supervisory Board within the meaning of Section 289f (2), No. 6 of the German Commercial Code, the objective of which is to ensure that the Supervisory Board has the broadest possible range and variation of knowledge and experience. The Supervisory Board considers that increasing the diversity of the Supervisory Board is already an objective of various provisions of the law and of the German Corporate Governance Code. It incorporated this objective when selecting new members and took it into consideration when creating its competence profile and the objectives for its composition, and will continue to do so in the future while implementing the diversity concept.

The objectives of the Supervisory Board for its composition are as follows:

1. The minimum proportion of women on the Supervisory Board is determined by legal provisions (Section 96 (2) of the German Stock Corporation Act).
2. Composition of the Supervisory Board, including members of international experience.
3. Consideration of particular knowledge and experience in the application of accounting standards und internal control processes, as well as in the field of financial auditing.
4. Consideration of technical expertise, especially also in the field of renewable energies, preferably in the field of photovoltaics.
5. Special consideration given to candidates with knowledge in the field of digitalization and about the internal structures and functions of the company.
6. At least half of the shareholder representatives are to be independent. At the same time, at least one member is to possess expertise in the field of accounting or auditing.
7. Consideration of the age limit of 75 years at the end of the term of office.
8. Expertise in the sustainability issues that are significant for the company.

Currently, these objectives are implemented as follows:

On 1: [ESRS2 GOV-1 21d] The Supervisory Board now has five female members: Constanze Hufenbecher, Ilonka Nußbaumer, Alexa Siebert, Yvonne Siebert and Romy Siegert. Accordingly, the Supervisory Board consists of 42 percent female and 58 percent male members. Thus, the requirements of Section 96 (2) of the German Stock Corporation Act are met.

On 2: Kim Fausing, Constanze Hufenbecher, Uwe Kleinkauf, Ilonka Nußbaumer, Alexa Siebert, Romy Siegert, Jan-Henrik Supady and Dr. Matthias Victor have an international background of experience.

On 3: Oliver Dietzel, Constanze Hufenbecher, Uwe Kleinkauf, Alexa Siebert and Jan-Henrik Supady have expertise in the fields of accounting. Constanze Hufenbecher, Alexa Siebert and Jan-Henrik Supady have expertise in the field of audit. Kim Fausing, Constanze Hufenbecher, Uwe Kleinkauf, Alexa Siebert und Jan-Henrik Supady also have knowledge of the internal control and risk management system.

On 4: [ESRS2 GOV-1 21c] Martin Breul, Oliver Dietzel, Kim Fausing, Johannes Häde, Yvonne Siebert and Dr. Matthias Victor have technical expertise. Martin Breul, Kim Fausing, Johannes Häde, Yvonne Siebert and Dr. Matthias Victor also have technical expertise in the field of renewable energies due to their many years of work in the technical areas of companies in the renewable energy sector.

On 5: Martin Breul, Oliver Dietzel, Johannes Häde, Uwe Kleinkauf, Ilonka Nußbaumer, Alexa Siebert, Yvonne Siebert and Dr. Matthias Victor have knowledge of the internal structures and functions of the company. Oliver Dietzel, Kim Fausing, Constanze Hufenbecher, Ilonka Nußbaumer, Uwe Kleinkauf, Alexa Siebert, Yvonne Siebert und Dr. Matthias Victor have knowledge of digitalization.

On 6: [ESRS2 GOV-1 21e] The company currently considers four shareholder representatives – Constanze Hufenbecher, Ilonka Nußbaumer, Alexa Siebert and Jan-Henrik Supady – independent in accordance with the rules of the current German Corporate Governance Code. Thus, 67% of shareholder representatives and 33% of all members of the Supervisory Board are to be considered independent. Of these, Constanze Hufenbecher, Alexa Siebert and Jan-Henrik Supady as three independent members, possess expertise in accounting and financial auditing.

On 7: None of the members of the Supervisory Board will reach the age of 75 by the end of their term of office.

On 8: The members of the Supervisory Board with expertise on sustainability issues that are important for the company can be found in the competence profile presented in the table above.

Cooperation between the Managing Board and the Supervisory Board

The Managing Board and the Supervisory Board work closely with one another in an atmosphere of trust for the good of the company, thus meeting both the requirements of effective enterprise control and the need to be able to make decisions quickly. Their common goal is to secure the continued existence of the company and steadily increase its value. The Managing Board keeps the Supervisory Board promptly and comprehensively informed, both in writing and speech, and during regular meetings about the company's position, current business developments and all relevant questions pertaining to strategic planning, risk management, risk status and important compliance matters. The Quarterly Financial Statements and the Half-Yearly Financial Report are discussed with the Managing Board on a regular basis during Audit Committee meetings prior to their publication.

Outside meetings, the Chairman of the Supervisory Board and his deputy are also in contact with the Managing Board to discuss significant business transactions and upcoming decisions and are immediately informed about key developments.

Shareholders and Annual General Meeting

SMA Solar Technology AG shareholders discuss their codetermination and control rights at the Annual General Meeting, which takes place at least once a year. The Annual General Meeting adopts resolutions with binding effect, and each share grants one vote. Every shareholder who registers on time is entitled to participate in the Annual General Meeting. In addition, shareholders may have their voting rights exercised by a credit institution, a shareholder association, the proxies deployed by SMA Solar Technology AG and bound by the shareholder's instructions or by another authorized representative. The invitation to the Annual General Meeting and all reports and information necessary for adopting resolutions, including the Annual Report, are published in accordance with the provisions of the German Stock Corporation Act and are available in the run-up to the Annual General Meeting on our corporate website.

Information concerning takeovers required by HGB sections 289a and 315a

Number 1: The share capital of SMA Solar Technology AG amounts to €34.7 million. The share capital is divided up into 34,700,000 no-par value bearer shares. The rights and obligations associated with the shareholdings fall under the regulations in the German Stock Corporation Act.

Number 2: Each share grants one vote at the company's Annual General Meeting. The Managing Board is not aware of any restrictions affecting voting rights or the transferability of shares.

Number 3: Danfoss A/S, Denmark, holds 20.00% of the company's share capital.

Numbers 4 and 5: The shareholders and employees participating in the capital do not have any special rights granting them any particular powers of control.

Number 6: Appointment and dismissal of the Managing Board takes place pursuant to Sections 84 and 85 of the German Stock Corporation Act (AktG) together with Section 31 of the German Co-Determination Act (MitBestG). Under Article 5 of the Articles of Incorporation of SMA Solar Technology AG, the Managing Board consists of at least two members and the exact number is laid down by the Supervisory Board. Under Section 179 of the AktG, the Articles of Incorporation may be amended by a resolution adopted by the Annual General Meeting with a majority of three-quarters of the share capital represented at the vote.

Number 7: The Articles of Incorporation include the provisions on the powers of the Managing Board regarding Authorized Capital II. After obtaining the consent of the Supervisory Board, the Managing Board is entitled to increase the share capital on one or several occasions by up to a total of €3.4 million by issuing new bearer shares in return for cash contributions and/or contributions in kind in the period ending May 23, 2028. The Managing Board, with the consent of the Supervisory Board, is entitled to cancel the statutory subscription rights of shareholders in the following cases: (a) in the case of capital increases in return for contributions in kind for the acquisition of or investment in companies, parts of companies or investments in companies, (b) for the purpose of issuing shares to employees of the company and companies affiliated with the company, (c) to exclude fractions, and (d) in the case of capital increases in return for cash contributions if the issue amount of the new shares does not fall significantly below the stock exchange price of shares of the same class and terms that are already listed at the time the Managing Board sets the final issue amount, and the total pro rata amount of the issued capital attributable to the new shares in respect of which the subscription right is excluded does not exceed 10% of the issued capital available at the time the new shares are issued.

Furthermore, following a resolution adopted by the Annual General Meeting on June 1, 2021, the Managing Board, in the period up to May 30, 2026, is entitled on behalf of the company to acquire its own shares up to a value of 10% of the existing capital stock at the time the resolution was adopted by the Annual General Meeting and to dispose of shares acquired in this way with the consent of the Supervisory Board by means other than through the stock exchange or an offer made to all the shareholders, provided the shares are sold in return for cash at a price that does not fall significantly below the stock exchange price of shares in the company issued under the same terms or the shares are sold in return for in-kind contributions, or they are offered in return for shares held by persons that either had or have an employment relationship with the company, or with one of its affiliated companies, or members of bodies in companies that depend on the company. Furthermore, if the Managing Board sells the company's own shares by offering them to all the shareholders with the consent of the Supervisory Board, the Managing Board is entitled to exclude the shareholders' right of subscription for fractions. In addition, the Managing Board is entitled to cancel any own shares acquired after obtaining the consent of the Supervisory Board.

Number 8: Credit lines agreed with banks with a volume of €380 million contain a change of control clause that includes the special termination right of the relevant bank.

Number 9: There are no agreements granting compensation to members of the Managing Board or employees in the event of a takeover bid.

CONSOLIDATED SUSTAINABILITY STATEMENT

General basis for preparation of the Consolidated Sustainability Statement

In this Consolidated Sustainability Statement, the SMA Group reports on developments and progress in the areas of action of sustainability according to the legal specifications as per Section 315b-c of the German Commercial Code in conjunction with Section 289b-e of the German Commercial Code and Art. 8 of the Regulation (EU) 2020/852 (EU Taxonomy Regulation) and the delegated legal acts adopted under this as well as with full implementation of the requirements of the Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive, CSRD) and the European Sustainability Reporting Standards (ESRS) specified by the Delegated Regulation (EU) 2023/2772. Some of the wording and requirements used in CSRD and the delegated acts adopted in this regard currently remain open to interpretation. An interpretation thereof by SMA Solar Technology AG's legal representatives is given in this Consolidated Sustainability Statement. Sustainability reporting was reorganized in the reporting year. As part of the reporting switchover in anticipation of the implementation of CSRD in German law, we have discontinued reporting with reference to the Global Reporting Initiative (GRI) standards. We deliberately did not make use of the option of reporting on the German Act on Corporate Due Diligence Obligations in Supply Chains via the CSRD report. This Consolidated Sustainability Statement comprises the topics of environmental matters ("Environmental" chapter), employee matters ("Social" chapter), respect for human rights ("Workers in the value chain" section in the "Social" chapter) and data on fighting corruption ("Governance" chapter). As part of the materiality assessment, no material topics, which can be assigned to social issues, were identified. No material impacts, risks or opportunities have been identified in relation to local communities or the immediate neighborhood of the headquarters in Niestetal/Kassel (Germany), nor in regard to consumers and end-users. No use was made of the exemption as per Article 19a, Para 3 and Article 29a Para 3 of the Directive 2013/34/EU, which allows for the exemption from disclosure of impending developments or matters in the course of negotiation.

The presented information relates to the reporting period from January 1, 2024, to December 31, 2024. It is reported annually. The Consolidated Sustainability Statement requires the approval of the Managing Board and Supervisory Board of SMA Solar Technology AG.

Reporting boundaries

All disclosures in this Consolidated Sustainability Statement relate to the entire SMA Group, including the parent company SMA Solar Technology AG. The companies included therefore correspond to the fully consolidated group companies. Further information can be found in the chapter "Notes SMA Group." The Consolidated Sustainability Statement also includes the evaluation and management of material impacts, risks and opportunities in the upstream and downstream value chain.

Determining material information

Material information for this report was determined based on the results of the materiality assessment. Material impacts, risks and opportunities were identified at the ESRS sub-topic or sub-sub-topic level. The ESRS standards to be applied were determined based on this.

The second step considered which data points within the standards to be applied are relevant for reporting. The decisive factor here was whether a data point to be reported plays a role in ensuring better understanding of the identified impact or an action to be reported contributes to reducing a negative effect. For this purpose, the value chain stage in which the impact was identified was taken into account.

In addition, it was also examined whether data points require a specification in order to provide useful information on the management of the material impact. For example, the ESRS S1 requires disclosure of work accidents. As part of our materiality assessment, we identified a material impact in the area of potential electrical accidents. For this reason, we report further qualitative and quantitative information such as the number of electrical accidents in addition to the number of work accidents.

In order to reduce the workload for reporting in the first year of applying CSRD, we have largely omitted information that can be provided voluntarily. We have also largely omitted information subject to a phase-in regulation.

In order to ensure thorough understanding of the material disclosure requirements included in this Consolidated Sustainability Statement, we have added a corresponding overview at the end of the Consolidated Sustainability Statement. A table regarding all data points resulting from other EU legislation can also be found there.

Quality assurance

There are always data quality risks when collecting and processing qualitative and quantitative information. In the case of qualitative information, there is the risk that the presentation of information is incorrect, while in the case of quantitative information, data may be incorrect, incomplete or calculated inaccurately. In order to ensure reporting quality, processes and controls have been implemented with the aim of ensuring that the information in this report is accurate, complete and reliable. As part of the non-financial Internal Control System (ICS), reporting risks were identified and documented in a risk control matrix. Controls which are specified in the process are used to ensure that these risks are minimized. The preparation of this report was coordinated by the Sustainability function. Specialist departments and managers from the SMA group companies provided information for this purpose. Topic managers who provided both information and the final technical release for individual sections or chapters were designated for qualitative data. The technical release for the entire report was provided by the Head of Sustainability. Software was used to calculate, collect and check the quantitative information. The dual control rule used ensures that only internally validated key figures are published. The entire report requires final release from the CEO. Checks for ensuring quality when identifying material impacts, risks and opportunities are described in the “Double materiality assessment” section.

Specific circumstances

Time horizons

In preparing this Consolidated Sustainability Statement, the specifications as per CSRD and the delegated acts adopted for this purpose were complied with, unless specified otherwise in this section. The Enterprise Risk and Opportunity Management (ERM) of the SMA Group is subject to different time horizons which were used to determine and evaluate the material risks and opportunities. While CSRD makes provisions for the short term of up to one year, for the medium term of one to five years and for the long term of more than five years, SMA Group’s ERM is subject to a time horizon of one to three years for the medium-term perspective and up to five years for the long-term perspective. The reason for this is that ERM has been oriented on the time horizons stipulated for the financial planning when determining the time horizon. There are currently no plans to change this approach.

Estimation and outcome uncertainty

There may be measurement uncertainty in the case of quantitative metrics which are not measured but rather estimated and/or projected. In this section, we disclose information on the metrics calculation models which produce measurement uncertainties. All metrics have been reviewed as part of the sustainability statement review at a minimum. Where additional validation has been carried out by an external body, this is usually identified in the respective metric.

To calculate the emissions of 64 million tons of CO_2e[16] avoided by the use of our PV inverters in the reporting year, which is specified in the "Climate change" section, we chose to use the World Resource Institute's methodology "Estimating and Reporting the Comparative Emissions Impacts of Products" as listed in the GHG Protocol. For the amount of electricity generated, we have assumed an average life of 20 years for our PV inverters, as our devices are designed for this service life. We have also assumed an average value in terms of the amount of electricity generated. In accordance with this methodology, we then compared the CO_2e emissions per kWh of photovoltaic electricity with the CO_2e emissions per kWh of the respective fuel mix in the countries where our PV inverters are installed. To calculate the environmental costs avoided of €19 billion, we multiplied the avoided CO_2e emissions by the environmental costs incurred per ton of CO_2e published by the German Federal Environment Agency.

To present the expected Scope 1 and Scope 2 emissions by 2030, also in the section "Climate change", the emission quantities for each decarbonization lever were calculated. In some cases, assumptions were made with regard to the extent to and the time at which actions would be implemented. Actions already taken in 2024 and planned until 2027 to convert the heat supply at the SMA Solar Technology AG sites in Germany were taken into account for decarbonization of the heat requirements. Deviations may come about through the years, for example, due to changes in budget, resources or priority. The same applies to the reduction in refrigerant emissions to be expected. This is based on SMA Solar Technology AG's refrigerant register with the relevant maintenance and modernization actions. These are primarily determined by the respective service life and emission risk of the refrigerating systems. When reducing emissions by means of sustainable mobility, the savings to be expected for Germany could be calculated based on the ICE vehicles currently still remaining in the fleet and the relevant time left on the lease for these vehicles. There is currently no data available to perform calculations for the international fleet. Conservative estimates have therefore been made for the timeline for switching to e-mobility starting 2027.

To calculate the Scope 3 GHG gross emissions of 722.0 thousand tons in 2024, which are also reported in the "Climate change" section, collected activity data for each of the categories we included, checked this data for plausibility, and offset them with emission factors from databases. Thus, the calculations are based on secondary data. Due to the newly introduced methodology for determining Scope 3 emissions, it was not possible to take supplier-specific information into account. Wherever we were still unable to acquire any activity data, we used scientifically sound assumptions and conducted projections to generate a complete set of data for calculation purposes. To calculate the emissions in our most relevant category of purchased goods and services, we used both the spend-based and mass-based approach. To calculate emissions in our most relevant category "Purchased goods and services", we used the mass-based approach for the majority and the spend-based approach for a small share. Overall, we take a conservative approach to the calculation. For heavy and emission-intensive goods that are installed in various specifications, the expected weight was used as the maximum weight for the emissions calculations. The estimated values may therefore be higher than the actual emissions. It is not possible to quantify the degree of accuracy due to the complexity of the data. In order to be able to specify a degree of accuracy in future, we aim to include primary data in the calculation of emissions going forward. To this end, we plan to request this data from our value chain.

[16] CO_2e = CO_2 equivalents

We determined the weight of purchased products and technical materials of 64.9 thousand tons stated in the "Circular economy" section based on the total volume of goods and services purchased in 2024. In this process, we have excluded those goods which do not flow directly into our products as well as all services in general. Only technical and no biological materials are therefore included. It must also be noted that not all the purchased goods included may have been used during the reporting period. At the same time, goods were used to produce products in 2024 which were purchased in 2023. We assume that this inaccuracy will be evened out in the balance sheet, as it occurs at the change of each year. The entire weight specified may also be subject to a certain amount of uncertainty, as not all weights are fully stored in our SAP systems.

We have also made projections for the data on the use of secondary materials listed in the "Circular economy" section, based on data we collected as part of the supplier survey for the most mass-relevant components of the inverters and EV Chargers produced in-house and the relevant products produced by OEM suppliers. On this basis, we have come to 15.9 thousand tons of secondary materials for the reporting year. This corresponds to a share of 24%. In addition to the current rate of secondary materials in components, the supplier survey also addresses further potential for increasing the proportion of secondary materials by the suppliers. To calculate the rate of secondary materials, we closed any data gaps with data from the previous year. If suppliers gave ranges for a rate, we used the minimum rate for the calculation. In cases where suppliers did not provide any clear details, we assumed a rate of zero percent. We then determined the average value, weighted by the quantity of aluminum, steel, copper and plastics used in the fiscal year.

Changes in presentation of sustainability information

When calculating the gross GHG emissions, there are deviations from previous reporting due to a change in calculation software and changes to the emission factors and the scope of the recorded data. Figures from the previous years have been changed accordingly in the "Climate change mitigation" section. When recording the energy metrics, the scope was expanded to all SMA Group sites, regardless of their size. The previous year's figures have been changed accordingly. In the "Circular economy" section, the previous year's figure for the success rate of repairs carried out at the Global Repair Center was slightly restated. The previous year's target achievement figure for the waste reduction target in the operational areas of the headquarters in Niestetal/Kassel (Germany) to 1.63 tons of waste per million € of sales by 2025 was slightly restated also in the "Circular economy" section due to a calculation error corrected in the reporting year. Further waste metrics for 2023 were changed in the same section, as the scope of the recorded data has been expanded and the calculation method for office waste changed. The employee fluctuation figures were stated in the previous reporting based on resignations. Since ESRS requires figures to include all employees who have left the company in the reporting year, regardless of the reason for their departure, we have calculated the figures for this report in line with ESRS requirements. Consequently, the figures for the previous year were restated accordingly in the "Own workforce" section. In contrast to the previous year, the annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees of the SMA Group (excluding the highest-paid individual) included not only the basic salary and cash benefits, but also the non-cash benefits of the company car allowance and health check for higher job levels. The previous year's figure was restated accordingly. Key figures for the previous year that were not disclosed in the previous reporting (marked with *) were not externally audited, nor were key figures for the previous year that deviate from the previous reporting due to a change in the calculation method or scope (marked with **).

Incorporation by reference

To improve readability and to avoid report content from being stated twice as far as possible, we make use of the option to record information by reference. The following overview shows which information is not to be found in the Consolidated Sustainability Statement, but has been recorded in other sections of the management report by reference:

Datapoint	Page
ESRS2 GOV-1 21	90, 91, 92, 94, 95, 96
ESRS2 GOV-1 22	90, 92
ESRS2 GOV-1 23	91, 93, 94
ESRS2 GOV-2 26	90, 92
ESRS2 SBM-2 45d	90, 92
ESRS2 GOV-1 G1	89, 91, 92, 94
ESRS2 SBM-1 40a	17–19
ESRS2 SBM-1 40g	19–20, 21–22
ESRS2 SBM-1 42b	17–19
ESRS2 SBM-3 48b	20
ESRS2 SBM-3 48f	20
ESRS2 IRO-1 E1 20c	20

External audit

BDO AG Wirtschaftsprüfungsgesellschaft performed an audit of the Consolidated Sustainability Statement in accordance with ISAE 3000 (Revised) with limited assurance. The “Independent auditor’s limited assurance report” can be found on page 253 et seq.

Materiality assessment

We have determined the material impacts, risks and opportunities (IROs) within the three aspects of environmental, social and governance as per the principle of “double materiality.” In accordance with this principle, we take into account the actual and potential material positive and negative impacts of the company on people and the environment along the value chain (impact materiality), as well as those opportunities and risks which impact or may impact the results of operations of the company (financial materiality). We have restructured the materiality assessment to meet the requirements according to ESRS1 and associated guidelines for implementation. Numerous stakeholders were involved in producing the materiality assessment and a large amount of data processed. The process is continuously being developed and optimized.

Process for the double materiality assessment

Creation of the topic list

The starting point for preparing the double materiality assessment (DMA) was to create a topic list. This reflects the level of ESRS sub-sub-topics. As part of the materiality process, all topics stipulated in ESRS were evaluated in order to identify those with the highest

relevance with regard to impacts and financial aspects for reporting. As part of creating the topic list, the topics at the level of sub-topics or sub-sub-topics have been further split where necessary and merged where appropriate.

Overview of the value chain

In addition to the IROs of our own business activities, the DMA also comprises the upstream and downstream value chain. Producing the value creation profile of the SMA Group had the goal of ensuring that all value creation levels were appropriately taken into consideration when identifying the IROs. The SMA Group's value creation profile comprises raw material extraction and processing, the production and procurement of intermediate products and product components, in-house production and administration, sales, delivery logistics, the use phase, the service business and the end of the product life. The value creation levels have been summarized into the three categories of upstream, own business area and downstream.

Mining for metals takes up the largest proportion of raw material extraction and processing. It forms the basis for the manufacture and procurement of intermediate products and product components at strategic suppliers for direct material, in particular in the areas of electronics, including power electronics, medium-voltage technology, enclosures for string inverters and switch cabinets for central inverters. The SMA Group also works together with original equipment manufacturers (OEMs) who produce individual inverter models under a contract production agreement. The supplier base maintained by the Strategic Procurement department comprises 424 strategic suppliers for direct material from 24 countries in the EMEA, Asia-Pacific and North and South America regions. The SMA subsidiary company SMA Magnetics Sp. z o. o. also produces intermediate products in the field of coils (electromagnetic components) in Modlniczka, near Kraków (Poland). Further information regarding the management of relationships with our suppliers can be found in the "Workers in the value chain" section.

At its headquarters in Niestetal/Kassel (Germany), the SMA Group has a company-owned production site with an overall annual capacity of 21 GW, Global Repair Center as well as a global Logistics Center. Beyond the headquarters, sales and services for the products and solutions are provided globally by subsidiaries in 19 countries. Additional information can be found in the "Basic information about the group" chapter, section "Business model."

The SMA Group implements the delivery logistics with global logistics partners. We also work with local partners for product servicing and in the area of operation and maintenance services (O&M business) during the use phase. The disposal of electronic waste at the end of the product life cycle is carried out by specialist disposal companies.

Area of application

The impacts along the value chain may refer to both the activities of the SMA Group and activities in the upstream and downstream value chain. An assessment was also made as to whether the identified impacts relate to individual segments or group companies within the SMA Group. Impacts in relation to product development, production and administration, sales of all SMA group companies and the service business fall under our own business area. When recording the impacts, we determined impacts in relation to indirect suppliers within the raw material extraction and processing value creation level, while impacts with regard to the production and procurement of intermediate products and product components may include direct and indirect suppliers. In the downstream value chain, impacts were identified in the areas of delivery logistics, the use phase (impacts in connection with external partners in the service and O&M business) and at the end of product life.

Impact materiality

In order to ensure a comprehensive consideration of the impacts, risks and opportunities along the value chain, a variety of internal stakeholders were involved within the SMA Group. Data was examined using Internet research and consultations. By assigning each sustainability topic to a responsible person, we ensure regular updates.

Any negative impact determined has been evaluated with regard to the criteria of scale, scope, remediability and likelihood of occurrence. In this manner, we have classified negative impacts as low, moderate, high or critical. For positive impacts, the criteria of scale and scope were used to assess the severity, and the likelihood of occurrence was also determined. Thus, the positive impacts were classified as low, moderate, high or significant. The time horizon (short, medium or long term) was also considered for each impact. We consider those negative impacts which were classified as critical and those positive impacts which were classified as significant as material. We also carried out an additional human rights evaluation for potential human rights impacts in order to fulfil the requirement of severity taking precedence over likelihood of occurrence. We also carried out an additional severity analysis according to ESRS1 AR11 for negative impacts in which a criteria for determining the degree of severity has the highest value. In this manner, we have determined additional material impacts which would not have been material with an evaluation only according to the severity criteria described above.

Financial materiality

With the Enterprise Risk Management (ERM), the SMA Group has an integrated risk and opportunities management. With the increased importance of sustainability-related risks and opportunities as part of CSRD, we have worked on integrating sustainability-related requirements into the ERM in the reporting year and further harmonized the processes for determining material impacts, risks and opportunities. The assessments of the impact materiality and the financial materiality are linked to one another, as there may be interactions between the dimensions. When preparing the DMA, the identified topics were examined accordingly, both with regard to their positive and negative impacts and with regard to their relevance to financial materiality. The financial materiality was evaluated by specialists and through risk management. Sustainability-related opportunities and risks already reflected in risk management were also taken into consideration. The SMA Group defines financial risk as an event that follows a management decision (strategic), an action (operational) or an external circumstance and that can lead to a negative deviation from the planned EBIT. To make use of potential opportunities, opportunities are systematically identified and evaluated at an early stage through the ERM. For the SMA Group, a financial opportunity is a sufficiently probable event that, if realized, leads to a positive deviation from planned EBIT. The aspects evaluated here are the scale and likelihood of occurrence of the financial risk or financial opportunity. Financial materiality is based on the parameters and evaluation criteria of risk management, which is why the time horizons used in risk management were also used as a basis. These time horizons differ from the time horizons according to ESRS which were used as the basis for impact materiality. This is intended to enable complete integration of the recording of sustainability-related risks and opportunities in the ERM and also harmonization with the reporting in the “Risks and opportunities” section in the management report. When considering the financial materiality, “short term” refers to a time horizon of up to one year; “medium term” to over one year to three years and “long term” to over three to five years. We evaluate as financially material any sustainability-related risks which we classify as A risks according to our evaluation system used in risk management. The same applies to opportunities classified as A opportunities if their financial impact pursuant to the evaluation system is classified as high.

Software is used to record, evaluate and track the sustainability-related risks and opportunities. To ensure that sustainability-related risks and opportunities are reflected appropriately, we introduced ESG tagging in the reporting year. This allows us to identify sustainability-related risks and opportunities as ESG-relevant in order to be able to filter and evaluate them. We have also added information as to which ESRS sub-topic or sub-sub-topic the relevant

ESG topic must be assigned to. The ESG relevance was evaluated in close coordination between risk management and sustainability management. Additional information can be found in the management report in the "Risks and opportunities" chapter.

Review and approval

The assessment of the materiality of the impacts is updated annually. The update focuses on impacts which are evaluated at least as high. Sustainability-related risks and opportunities are reported and updated quarterly via the risk owners. Final release for material impacts, risks and opportunities is provided by the Sustainability Committee. Material topics in the reporting year were also presented to the Supervisory Board. Material negative impacts are managed as part of the SMA Group's sustainability management and this process is part of the sustainability strategy. Sustainability-related financial risks and opportunities are managed using actions which are documented and tracked in the ERM. Regular reporting to the Sustainability Committee is carried out for material risks and opportunities.

Inputs for the assessment of impacts

In order to ensure the materiality assessment is of a high quality, numerous analyses as described in the text below were used and their results integrated into the assessment of the materiality of impacts, risks and opportunities as inputs. Additional requirements of the materiality assessment contained in the specific ESRS topic standards were therefore also reflected. The focus was placed on impact materiality here, as financial risks are covered by risk management.

Consultation of affected stakeholders

We took the consultation of affected stakeholders into account using our stakeholder assessment. For this purpose, we examined prioritized topics with regard to their sustainability relevance within the stakeholder assessment and added them in the materiality assessment. The stakeholder assessment also comprises an assessment of the impacts on local communities and on the immediate neighborhood of the headquarters in Niestetal/Kassel (Germany).

In order to take the interests of workers in our upstream value chain into consideration, the results of our human rights risk assessment, which we update at least once a year pursuant to the German Act on Corporate Due Diligence Obligations in Supply Chains, were taken into consideration as part of the materiality assessment. Impacts in relation to the procured product groups and country-specific impacts are evaluated for our direct suppliers as part of the human rights risk assessment. We used comprehensive product and raw material-specific research to map out impacts in relation to raw material extraction. We also consulted a non-governmental organization to better understand and validate the impacts in relation to other work-related rights (in particular child labor and forced labor). Consultations with affected communities regarding shared biological resources and ecosystems, pollution, water and marine resources and the circular economy have not been held and are also not planned in the future.

Climate-related impacts

Climate-related impacts, risks and opportunities have been assessed with regard to various aspects in the reporting year. In addition to the evaluation as part of the materiality assessment described above, the assessments comprise assessment of physical climate risks and the assessment of climate-related transition risks. Information from our life cycle assessments was evaluated as part of the materiality assessment to evaluate the climate-related impacts.

Climate-related transition risks

Climate-related transition risks are risks which result from the transition to a low-carbon economy. These may be technology risks, market risks, regulatory risks or reputational risks, for example. To determine and evaluate climate-related transition risks and opportunities, we do not use climate scenarios, but rather evaluate political framework conditions and market signals at a country and segment level as part of the market model. We derive realistic market potential for the upcoming three years from this. Depending on the political will in the respective countries, this may be in harmony with the 1.5 degree target. These framework conditions and market signals are taken into consideration when the SMA Group makes strategic decisions. Since the SMA Group as an energy transition company is strongly influenced by the political framework conditions, each identified opportunity and each identified risk has a direct or indirect link to the climate. Further information on the market model can be found in the "Basic information about the group" chapter, "Strategy" section on page 20 of the combined management report.

The recording and evaluation of climate-related physical risks and climate-related transition risks and opportunities are also carried out as part of risk and opportunities management by the responsible manager, taking into consideration the political framework conditions and market signals. The risks and opportunities can be reported both for our own business area and for the upstream and downstream value chain, and reflect a period of up to five years. Further information on the evaluation and the time horizons applied is available in the "Financial materiality" section.

Physical climate risks

Using optimistic and conservative climate scenarios from the Intergovernmental Panel on Climate Change, we evaluate climate-related physical risks up to 2050 in order to reflect a long time horizon and, if necessary, to implement adaptive solutions at an early stage. When determining and evaluating climate-related physical risks, we are guided by the specifications of the EU Taxonomy to perform climate risk and vulnerability analyses. With the IPCC scenarios RCP 2.6, RCP 4.5, RCP 6.0 and RCP 8.5, we have taken representative climate scenarios from the Intergovernmental Panel on Climate Change into consideration with different levels of emissions across a period of 30 years. The IPCC scenario RCP 2.6 is the most optimistic scenario. It shows how global warming can be limited through ambitious climate change mitigation actions. RCP 8.5 is the IPCC's most pessimistic scenario. It describes a possible course for greenhouse gas concentrations if no additional climate change mitigation actions are taken. The RCP 4.5 and RCP 6.0 IPCC scenarios are between these two extremes. By using the IPCC scenarios, we reflect the entire range of scenarios and therefore reduce uncertainty in relation to the results. The climate threats of temperature, wind, water and solids (for example soil erosion) relevant to the SMA Group were taken into consideration when evaluating the climate-related physical risks. The analysis for this took place in 2022 in collaboration with an external service provider using provided calculation models. The analysis extended to our production sites in our own business area in order to analyze the risk to our production buildings from severe climate-related events, as this can result in limitations to our primary value-creating activity "manufacture of renewable energy technologies." When determining and evaluating the climate-related physical risks in our own business area, the exact coordinates of the sites in Germany and Poland were used. The results show that the relevant business activities of the SMA Group up to 2050 are not significantly affected by climate-related physical risks and therefore have a low level of vulnerability to chronic and acute climate-related dangers. Risk-minimizing actions are therefore not required.

Downstream, the analysis extended to the main sales regions for our products in order to evaluate risks in relation to the use phase of our products. A detailed, site-specific evaluation of climate-related physical risks for the downstream value chain is not possible due to the sales regions around the world. We therefore adopted a risk-based approach for the analysis. Focusing on the key regions where PV and storage power plants are installed and either commissioned, maintained or repaired by the SMA Group, this approach aims to determine relevant climate risks and assess the resilience to climate change of the SMA products and activities provided. The risk-based approach covers the most important regions for the SMA Group, in which more than 50% of SMA's inverter output has been installed over the past 20 years (retrospective consideration based on 2022). These include Germany, Australia and various regions within the U.S. In five of the regions assessed, several physical risks (e.g., flooding, heavy precipitation, heat and water stress) were identified that could have a potentially negative impact on SMA products and economic activities. Due to the design of SMA inverters for operation under extreme environmental conditions, the transparent provision of information on fault-free operation and the possibility of temporary postponements of service activities, the SMA Group is not vulnerable to the identified risks. The results of the analysis were also validated by SMA experts. An analysis of climate-related, physical risks has not yet been performed for the upstream supply chain. General information on our strategy's resilience and our business model can be found in the "Basic information about the group" chapter under the "Strategy" section in the management report.

Corporate carbon footprint and life cycle assessments

We determine the climate-related impacts of our business activities and products along the value chain using our corporate carbon footprint (CCF) and life cycle assessments (LCAs). The CCF enables us to develop an understanding of which areas of the value chain produce the most GHG emissions and therefore provides us with information on emission-reduction potential. Within the various environmental impact categories evaluated as part of the life cycle assessments, the product carbon footprint (PCF) is particularly significant for evaluating the climate-related impacts, as it provides information about which phases in the product life cycle and which materials are particularly CO_2e-intensive. Accordingly, the results of the CCF and the LCAs provide valuable information to be able to evaluate the climate-related impacts within the materiality assessment and to be able to derive relevant actions for greenhouse gas minimization. Further information on greenhouse gas emissions of the SMA Group can be found in the "Metrics related to climate change mitigation" section.

Impacts related to pollution

In order to ensure maximum transparency over the use of substances of very high concern (SVHC) in our products and to be able to better evaluate the associated impacts, risks and opportunities, we work together with an established Material Compliance software provider. In this process, the focus is on ensuring compliance with regulatory requirements such as the REACH Regulation on the registration, evaluation, authorization and restriction of chemicals; the RoHS Directive on limiting hazardous substances in electrical and electronic devices; and compliance with SCIP requirements to ensure transparency. As part of Material Compliance, we ensure safe use of our products by complying with the statutory provisions and we identify legal changes at an early stage. For this purpose, we provide our active bills of materials and other supplier-related data from SMA Solar Technology AG to the software provider and they take over responsibility for obtaining and validating the required certificates of compliance from the suppliers. Based on supplier feedback, we are able to draw conclusions on which SVHC are used most frequently in our components. Although the SMA Group does not place SVHC on the market, the use of SVHC in components is relevant to all business areas of the SMA Group.

Impacts related to water resources

In order to evaluate the water-related impacts in our own business area, we performed a water stress analysis using the Aqueduct Water Risk Filter from the World Resources Institute and took the results into consideration in the materiality assessment. The analysis shows that our sales and service locations in Belgium, Spain and Australia are located in areas with high or very high water stress. In contrast, our production sites in Germany and Poland as well as our other international sites are not located in areas with high or very high water stress. We use water at all SMA Group sites for sanitation. Water from the public water supply is used in our Global Repair Center at the headquarters in Niestetal/Kassel (Germany) for cleaning defective devices before repair. Water is used to clean hall floors at our Polish production site. In some office buildings at our headquarters in Niestetal/Kassel (Germany), well water is also used for environmentally friendly building cooling and reintroduced close to the surface. Due to the low level of water use in the SMA Group, we categorize the topic of water and marine resources as not material for our own business area. We have therefore not adopted a strategy, actions or targets in relation to water and marine resources in our own business area.

In order to identify material impacts related to water and marine resources in the upstream supply chain, we have used external data sources and software tools to evaluate the impacts of various industrial activities on global water resources. The results were taken into consideration in the materiality assessment. In order to ensure better understanding of the high impacts related to water consumption identified in the upstream supply chain, we started to have discussions with our battery and semiconductor suppliers in 2024.

Impacts related to biodiversity and ecosystems

In order to evaluate the actual and potential impacts, risks, dependencies as well as opportunities related to biodiversity and ecosystems in the value chain, we have taken various internal and external data into consideration. We used the WWF Biodiversity Risk Filter in order to analyze industry-specific dependencies of ecosystem services and to analyze the impacts of our own business activities on biodiversity. The results show that our business activities at the production sites do not depend significantly on ecosystem services, and the occurrence of physical risks in the form of natural hazards is not high. The negative influence of our own business activities on biodiversity should also not be classified as high. SMA Solar Technology AG has sites in the vicinity of Natura 2000-protected areas to conserve threatened or typical habitats and species. We have the necessary approvals for this. Construction projects carried out by SMA Solar Technology AG do not fall under the scope of the obligation to perform environmental impact assessments such as those according to the Directives 2009/147/EC und 92/43/EEC. Consequently, we have not performed remedial actions as a result of such assessments. Since we only view critical impacts as material, we therefore do not view the topic as material for our own business area.

In order to evaluate the actual and potential impacts, risks, dependencies and opportunities related to biodiversity and ecosystems in the upstream and downstream value chain, we used a software tool which helps organizations assess their threat due to nature-related risks and understand their dependencies and impacts on nature. The analysis took into account the most important materials for the SMA Group, such as aluminum, copper, steel and electronic components, including their production processes.

We have not considered transition risks, additional physical risks, and systemic risks or opportunities related to biodiversity and ecosystems in our own business area and for the value chain, as the previous evaluations have already shown that they are not materially relevant. We have therefore also foregone performing a resilience analysis for this reason.

Impacts related to resource use and circular economy

To assess the materiality related to resource use and circular economy, we have particularly considered findings from product and raw material-specific Internet research and used our waste balances.

Material impacts, risks and opportunities

As part of the materiality assessment, we identified material impacts, which we will explain further in this section. While the negative impacts tend to occur in the upstream value chain, the positive impacts of our business activity take effect in the use phase in particular. We have identified one material opportunity and no material risks as part of the materiality assessment. In this process, we made use of the option of not disclosing the material opportunity, as it contains material classified information with commercial value.

We explain the management of material negative impacts within our sustainability strategy in detail within the individual environmental, social and governance sections. We report on the material positive impact of our business model in the “Strategy” section of the “Basic information about the group” chapter and under “Sustainability strategy” and “Climate change mitigation” in the Consolidated Sustainability Statement.

Overview of material impacts: Environmental

Type	Time horizon	Impact	Description
Climate change – Climate change mitigation			
Actual positive impact (own business area)	short-term (up to one year)	Positive impact on climate change mitigation due to enabling greenhouse gas emissions to be reduced	Solar energy plays a crucial role in climate change mitigation. Photovoltaic systems generate electricity without releasing CO_2 or other harmful emissions. This helps to reduce the amount of greenhouse gases in the atmosphere by reducing the need for coal, oil and gas to generate electricity. The SMA Group has aligned its business activities with climate change mitigation. We report on our business strategy in the "Strategy" section of the "Basic information about the group" chapter.
Actual negative impact (value chain)	short-term (up to one year)	Negative impact on climate change due to greenhouse gas emissions in the upstream value chain	Within the SMA Group's corporate carbon footprint, greenhouse gas emissions from raw materials such as aluminum and steel, as well as from the production of electronic components due to their energy intensity, make up the largest proportion. We respond to this impact with our climate target confirmed by the Science Based Targets initiative, which is part of our climate change mitigation strategy, and we report on this in the "Climate change mitigation" section.
Actual negative impact (own business area)	short-term (up to one year)	Negative impact on climate change due to the use of fossil fuels in our own business operations	Energy consumption in daily operation results in greenhouse gas emissions when using fossil energy carriers. We respond to this impact with our climate target confirmed by the Science Based Targets initiative, which is part of our climate change mitigation strategy. Further information can be found in the "Climate change mitigation" section.
Pollution – Substances of very high concern			
Actual negative impact (value chain)	short-term (up to one year)	Negative impact on the environment due to the use of substances of very high concern when producing components	Product components which are required for inverter production include substances of very high concern (SVHC), the use of which is strictly regulated under law due to their harmful properties. The use of lead plays the most important role in the SMA Group. We have set out actions to reduce the negative impact. We report on this in the "Substances of very high concern" section.
Circular economy – Resource inflows, including resource use			
Actual negative impact (value chain)	short-term (up to one year)	Negative impact on resource inflows due to the resource intensity of the electronics and battery industry	The electronics and battery industry is resource-intensive. This can be traced back, in particular, to the demand for materials such as aluminum, copper and steel, as well as the use of rarer resources such as gallium, indium and tantalum. Extracting these necessary resources significantly depletes natural reserves. In the "Circular economy" section, we report on numerous actions we are implementing to reduce the negative impact.
Circular economy – Waste			
Actual negative impact (own business area and value chain)	short-term (up to one year)	Negative impact on the environment due to electronic waste as a result of improper recycling and disposal	Electronic and electrical devices are a rapidly growing source of waste. The hazardous substances contained in electrical and electronic devices represent a significant problem if proper waste disposal is not ensured. High-quality recycling also preserves valuable resources. We report on managing this impact in the "Circular economy" section.

Overview of material impacts: Social

Type	Time horizon	Impact	Description
Own workforce – Working conditions			
Potential negative impact (own business area)	short-term (up to one year)	Potential health and safety hazards related to performing work on electrical installations	The commissioning, servicing and maintenance of systems and operation of electrical test stations harbor particular dangers in relation to electric current which may have severe to fatal consequences. We counter these risks as part of our occupational health and safety management system. Additional information can be found in the "Health and safety" section.
Own workforce – Gender equality			
Actual negative impact (own business area)	short-term (up to one year)	Negative impact on gender equality at top management of the SMA Group	Despite numerous efforts by industry and politics, the proportion of women in management positions in Germany is relatively low. Women are less likely to be in management positions than men. As a company in the electronics industry, the SMA Group has a high proportion of men among its employees, especially in top management. As part of our DE&I policy described in the "Equal treatment and opportunities for all" section, we are tackling this issue.
Actual negative impact (own business area)	short-term (up to one year)	Negative impact on equal pay for equal work in the SMA Group	It has been established that there is a pay gap between men and women within the SMA Group. Results of an analysis for determining structural pay gaps between men and women showed structural discrimination against female employees. The existence of an adjusted gender pay gap at several pay grades cannot be excluded either and is investigated in further detail as part of our DE&I policy described in the "Equal treatment and opportunities for all" section.
Workers in the value chain – Working conditions			
Potential negative impact (value chain)	short-term (up to one year)	Potential health and safety hazards related to performing work on electrical installations	The commissioning, servicing and maintenance of systems and operation of electrical test stations harbor particular dangers in relation to electric current which may have severe to fatal consequences. We counter these risks as part of our occupational health and safety management system. Additional information can be found in the "Health and safety" section.
Potential negative impact (value chain)	short-term (up to one year)	Potential negative impact on the working conditions of workers in the upstream value chain	The supply chain for components used in technologies for renewable energies is complex and spans the entire world. Many of the raw materials required, such as aluminum and rare earth metals, come from countries with low social standards. In countries such as China, which play an important role in producing components, there are reports of long working hours, low wages and insufficient safety precautions. These impacts show that the entire supply chain for renewable energy technologies has to be monitored carefully to improve working conditions. We report on our human rights strategy, as well as the targets we have set and actions undertaken, in the "Workers in the value chain" section.
Workers in the value chain – Other work-related rights			
Potential negative impact (value chain)	short-term (up to one year)	Potential negative impact due to the use of child labor in cobalt mining	The cobalt supply chain, in particular raw material mines in the Democratic Republic of the Congo, is notorious for the use of child labor in small-scale mining. Cobalt is used in NMC batteries within the SMA Group's product range. We report on the future approach to NMC batteries in the "Workers in the value chain" section.

Overview of material impacts: Governance

Type	Time horizon	Impact	Description
Business conduct – Corruption and bribery			
Potential negative impact (value chain)	short-term (up to one year)	Potential negative impact due to corruption and bribery during raw material extraction	Renewable energy technologies rely heavily on minerals which are often found in fragile and corrupt states. At the same time, the demand for these minerals is increasing, which increases the risk of corruption. Corruption can lead to environmental damage and social conflicts, and undermine trust in the industry. To ensure a sustainable and just energy transition, actions must be taken to minimize corruption risks. We report on this in the "Business conduct" section. Additionally, we describe the policies and actions implemented in the supply chain in the section "Workers in the value chain".

Sustainability strategy

In addition to our core business of photovoltaic systems technology, the SMA Group's business field include the strategic areas of action of storage solutions, e-mobility, power-to-gas and energy market integration. With the products and services developed, produced and sold as part of these business areas, we are driving the energy transition forward and have a material positive impact on climate change mitigation during the use phase of our products. The management of this material positive impact is therefore the subject of the entire annual report. No additional policies, actions and targets have been designed for the positive impact as per ESRS. Detailed information on the business model and our corporate strategy can be found in the "Basic information about the group" chapter under "Business model" and "Strategy." However, we are firmly convinced that a holistic understanding of sustainability is not simply about developing innovative products and solutions for an environmentally friendly energy generation and use. It is also important for these to be developed in compliance with high environmental, social and governance standards. Within this Consolidated Sustainability Statement, we describe the management of the negative impacts that arise from our business activities.

Material topics of sustainability

We define the areas of focus of sustainability management within the SMA Group using a materiality assessment. According to the principle of double materiality, we have conducted a new evaluation, examined our focal topics and reorganized them as a result. Our material environmental impacts can be assigned to the topics of climate change mitigation, pollution and circular economy. These topics were already material before the re-evaluation, but the focus within these topics has been refined.

Under the social dimension, we have identified the material topics of health and safety as well as equal treatment and opportunities for all with regard to the own workforce. These topics were already material in the previous reporting year. We no longer view the topics of ergonomics and benefits as material. They are therefore no longer part of this report. With regard to workers in the value chain, the topic areas of working conditions and other work-related rights are material. Working conditions in the value chain were already material previously, but were reported under the topic of sustainable supply chains. In addition, the topic of health and safety is material within the working conditions in the value chain.

We therefore outline the management of this impact for the own workforce and the workers in the value chain in one section. The significant negative impact of child labor was previously not material and has been newly included.

Within the governance dimension, the topic of corruption and bribery remains material.

Sustainability-related targets and non-financial performance indicators

By realigning the materiality assessment according to the principle of double materiality, we have reviewed the relevance of our sustainability targets set in the original areas of action as part of the Strategy 2025 in the reporting year. Based on the results, we have consolidated the targets and now focus our reporting only on targets which contribute directly or indirectly to a material topic as per the re-evaluation. The strategic targets of the company are also outlined under "Strategy" in the "Basic information about the group" chapter.

The high importance of sustainability for the SMA Group and corporate management is also reflected in the Managing Board remuneration. The Supervisory Board as a whole is responsible for deciding the form that the remuneration system for the Managing Board takes. The components of the 2021 and 2023 remuneration systems applicable to acting members of the Managing Board are essentially fixed remuneration, additional benefits, one-year variable remuneration and multi-year variable remuneration. One-year variable remuneration is intended to motivate members of the Managing Board to achieve ambitious and challenging financial, operational and strategic targets during a fiscal year. The targets are based on the corporate strategy. 30% of one-year variable remuneration is made up of two personal targets which have to be made up of 50% financial and 50% non-financial performance criteria. Based on the 2021 remuneration system, the Supervisory Board determined the minimum, target and maximum values for the one-year variable remuneration granted and owed in the reporting year for 2023 for the focus areas "Assessment for suitable alternatives for components" and "Sales" selected as part of the personal targets for the variable remuneration. In order to achieve 100% of the non-financial target of "Assessment for suitable alternatives for components," 75% of components containing substances of very high concern (SVHC according to the REACH regulation) underwent an assessment for suitable alternatives. To achieve 150% of the target (cap), a substitution test needs to be performed for 100% of the relevant components. The determined target achievement on December 31, 2023, was 150%.

Multi-year variable remuneration is indicative of the company's strategic approach of encouraging members of the Managing Board to secure and improve profitability and the value of the company on a long-term basis. The multi-year variable remuneration under the 2021 remuneration system is paid according to the achievement of a financial performance target (e.g., EBIT, sales). In addition, two non-financial performance targets (ESG targets) are included in determining the target achievement value via a discretionary factor of between 0.8 and 1.2. Instead of just financial performance targets as the basis for multi-year remuneration, the 2023 remuneration system provides for at least equal weighting of a financial and a non-financial performance target. In the case of a non-equally weighted determination, the share of the non-financial performance target must predominate. In addition, the discretionary factor of the 2021 remuneration system no longer applies. The requirement for the Supervisory Board to define non-financial targets with the Managing Board that are at least equivalent to financial targets takes greater account of the importance of sustainability in the company and the market compared to the 2021 remuneration system. Payment of the multi-year remuneration is made after the adoption of the first Consolidated Financial Statements following the end of the assessment period, even if the employment contract ends before the end of the performance period.

Development of targets for the non-financial performance indicators in Managing Board remuneration follows a defined process. The basis for the development of targets is formed by our material sustainability topics. Furthermore, the non-financial performance indicators should always include an active target with regard to climate change mitigation in order to take into account the high relevance of the topic for the SMA Group. In addition to the new targets to be developed, existing sustainability targets with particularly high relevance

to the company and its stakeholders can be included in Managing Board remuneration as non-financial performance indicators. All non-financial performance indicators are cascaded down through the organization by the Managing Board. The degree of target achievement of all long-term targets mentioned below in the reporting year and the forecast values for 2025 are also presented in the "Forecast report" chapter.

Targets in relation to climate change mitigation

In the climate change mitigation sub-topic, we maintain the target of supplying all SMA group companies with electricity from 100% renewable energy sources by 2025. In 2023, we additionally set two company-wide emission reduction targets, which were validated by the Science Based Targets initiative (SBTi) during the reporting year. These targets align with the scientific consensus to achieve the 1.5-degree target to mitigate the climate crisis. Our ambitious targets are intended to reduce Scope 1 and Scope 2 emissions of the SMA Group by 60% by 2030, compared to the base year 2022 and, as part of the Supplier Engagement Target, to oblige those suppliers who are responsible for 82% of our Scope 3 emissions in the categories "Purchased goods and services", "Capital goods" and "Upstream transport and distribution" to also set science-based CO_2e reduction targets and have them validated by 2028. With the validation of the new targets by SBTi, we have abandoned the previous target of "100% climate neutrality," as there are still no clear definitions of this and we want to prevent misunderstandings surrounding the target definition. The actions pursued as part of this target still hold true in the new target.

For the first time, climate-related considerations were also taken into account when determining the remuneration-relevant targets of the Managing Board for 2024. As a result, the short-term, non-financial target of establishing climate-friendly procurement as a part of the personal targets of all members of the Managing Board was adopted by the Supervisory Board for 2024. The target of climate-friendly procurement is to transparently reflect and reduce CO_2e emissions in the supply chain. This target forms the qualitative basis for the Supplier Engagement Target validated by the SBTi, which is described above. The degree of target achievement and the recognized remuneration will be reflected in the 2025 remuneration report.

Targets in relation to the circular economy

In the topic of the circular economy, we set the target to reduce the waste generated by the operating areas at the headquarters in Niestetal/Kassel (Germany) by 25% to 1.63 tons of waste per € million of SMA Group sales by 2025 compared with the 2018 base year in the sub-topic of waste. In the sub-topic of resource inflows, including resource use, we are pursuing the target of reducing the field failure rate to 1.0% by 2025 after release of the products. The target comprises all SMA inverters which were supplied over the previous two years.

Within the Managing Board remuneration, the non-financial targets for the long-term bonus 2024 to 2027 for all members of the Managing Board also comprise two targets from the topic of circular economy. The target of reuse and continued use of components is intended to ensure an increase in the proportion of components that are reused. With the target of recording sustainability-related product information, we want to drive forward automatic data recording and processing in order to be able to meet the increasing transparency requirements of our customers and legislation in terms of the product-related sustainability performance.

Targets in relation to the own workforce

In the topic of the own workforce, the target of 100% coverage of SMA group companies under a risk and monitoring system for labor standards addresses all negative impacts in relation to the own workforce. As part of internal audits, we monitor compliance with high labor standards to which the SMA Group has committed, including in the fields of general working conditions, health and safety, and gender equality.

Within the sub-sub-topic of health and safety, our target is to achieve a global lost time incident rate (LTIR) of a maximum of 0.8 across all SMA group companies with locations covering at least 400 m^2 by 2025. The target definition is set out under "Targets and metrics relating to health and safety." We only continue to pursue the additional target in this sub-sub-topic of increasing the proportion of age-stable workplaces in operatiing areas at the headquarters in Niestetal/Kassel (Germany) to 70% internally. External reporting is omitted, as age-stable workplace design is no longer material according to our thresholds.

Our sustainability targets further described under "Equal treatment and opportunities for all" to increase the proportion of female workers are valid globally and contribute to eliminating the corresponding material negative impact in the sub-sub-topic of gender equality. The sustainability target of "Proportion of women in the entire workforce (not including trainees and learners) with a target value of 26% in 2025" is also part of the non-financial targets in the Managing Board remuneration for the multi-year variable remuneration 2022 to 2025. In addition, the Managing Board target relevant for the multi-year variable remuneration 2023 to 2026 of "Proportion of women in the first two management levels below the Managing Board (within SMA Solar Technology AG) with an overall target of 20% in 2026" also contributes to gender equality.

Targets in relation to the workers in the value chain

The sustainability target of recording the sustainability performance of A and B suppliers of SMA Solar Technology AG with a target value of 100% by 2025, is relevant to the potential material impact on labor conditions and other work-related rights in the topic of workers in the value chain. It is also relevant to the potential material impact on prevention and detection of corruption and bribery in the value chain in the topic of business conduct. The sustainability target is also part of the multi-year variable remuneration targets 2022 to 2025 of the Managing Board.

Additional targets

Our customers are among our company's most important stakeholders. In order to be able to systematically record, better understand, and meet their requirements, the non-financial performance indicator of introduction and application of the net promoter score metric (NPS) by 2026 also contributes to the multi-year variable remuneration of the Managing Board for 2023 and 2026. The NPS reflects the customer recommendation rate and provides information about customer satisfaction.

Actions and resources in relation to material sustainability matters

In order to prevent and mitigate actual and potential impacts, achieve sustainability targets and implement the specified policies, actions are defined and implemented as part of the sustainability strategy. If the implementation of actions requires considerable operating expenditure (OPEX) and/or capital expenditure (CAPEX), we shall disclose further information on this as per ESRS. Significant OPEX and CAPEX are determined for all sustainability topics according to a standardized, specified process to ensure consistent interpretation and create transparency for stakeholders. The relevance with regard to CAPEX is determined as part of a two-stage process. If CAPEX can be assigned to an action for the reporting year and this exceeds an absolute threshold, a second step examines whether this amount represents a percentage threshold of the asset class which the assets go into. The reference point is the additions per asset class in the overviews on the development of intangible and tangible non-current assets in chapters "9. Intangible assets" and "10. Property, plant and equipment" of the notes to the Consolidated Financial Statements. No threshold has yet been defined for the relevance of OPEX in the reporting year. The reason for this is that the data situation (data availability and data granularity) does not allow OPEX to be assigned to specific actions with reasonable effort or the amounts are so low that no general threshold can be derived from this. These facts and the associated assumptions are examined and further developed on an ongoing basis.

Resilience of the sustainability strategy

To measure the resilience of our sustainability strategy, we have investigated its effectiveness with regard to overcoming the identified material negative impacts. In order to evaluate the resilience, we have used the criteria of influence, feasibility and availability of required resources for each negative impact and classified the resilience as low, medium or high with regard to a certain time horizon. The criterion of influence describes our ability to exert influence on the material impact by means of actions. For example, the influence may be higher if the negative impact is in our direct sphere of influence and our own business area. The feasibility describes to what extent certain actions can be implemented. For example, this may relate to technological possibilities. Both the availability of the required personnel and the budget approvals granted can be used to evaluate whether the required resources are available to manage the impact. The time horizon describes the way a material topic is overcome. If the actions are planned and implemented iteratively, the time horizon is rather short. Incremental strategies and actions are the basis for a rather longer time horizon.

The review of resilience with regard to the identified positive impact on climate change is described under "Strategy" in the "Basic information about the group" chapter. Information on resilience with regard to overcoming the identified material negative impacts can be found in the following table:

Negative impact	Time horizon	Resilience
Climate change – Climate change mitigation		
Negative impact on climate change due to greenhouse gas emissions in the upstream value chain	medium-term (1 to 5 years)	medium
Negative impact on climate change due to the use of fossil fuels in our own business operations	long-term (more than 5 years)	high
Pollution – Substance of very high concern		
Negative impact on the environment due to the use of substances of very high concern when producing components	short-term (up to 1 year)	medium
Circular economy – Resource inflows, including resource use		
Negative impact on resource inflows due to the resource intensity of the electronics and battery industry	short-term (up to 1 year)	medium
Circular economy – Waste		
Negative impact on the environment due to electronic waste as a result of improper recycling and disposal (own business area)	long-term (more than 5 years)	high
Negative impact on the environment due to electronic waste as a result of improper recycling and disposal (downstream)	long-term (more than 5 years)	medium
Own workforce – Working conditions		
Potential health and safety hazards related to performing work on electrical installations	short-term (up to 1 year)	medium
Own workforce – Gender equality		
Negative impact on gender equality at top management of the SMA Group	long-term (more than 5 years)	medium
Negative impact on equal pay for equal work in the SMA Group	short-term (up to 1 year)	medium
Workers in the value chain – Working conditions		
Potential health and safety hazards related to performing work on electrical installations	long-term (more than 5 years)	medium
Potential negative impact on the working conditions of workers in the upstream value chain	medium-term (1 to 5 years)	medium
Workers in the value chain – Other work-related rights		
Potential negative impact due to the use of child labor in cobalt mining	medium-term (1 to 5 years)	high
Business conduct – Corruption and bribery		
Potential negative impact due to corruption and bribery during raw material extraction	long-term (more than 5 years)	high

Management of the sustainability strategy

Management of our sustainability targets and initiatives is carried out as part of the Sustainability Committee. As the Chair of the Sustainability Committee, the CEO of SMA Solar Technology AG has overall responsibility for the SMA Group's sustainability strategy. Other members of the Sustainability Committee are the Chief Financial Officer, the Heads of the business segments and representatives from the Sustainability, Compliance and Finance functions. The Sustainability Committee reviews the results of the double materiality assessment, sets out sustainability targets and monitors their achievement. In addition, resolutions related to sustainability are brought to a decision. The meetings are held once per quarter or if events make them necessary.

Statement on due diligence

In order to meet the requirement of due diligence with regard to management of the impacts on people and the environment, various processes and methods are implemented, which are described in this Consolidated Sustainability Statement. The table below provides an overview:

Core elements of due diligence	Page
Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	90, 92
Integration of sustainability-related performance in incentive schemes	113–115
Material impacts, risks and opportunities and their interaction with strategy and business model	19–22
Engaging with affected stakeholders	105, 148–149, 157, 160–162, 165–166
Identifying and assessing adverse impacts on people and the environment	102–112, 148–149, 153–155, 160–162
Taking actions to address adverse impacts on people and the environment	133–134, 139, 141–144, 145–146, 149, 153–155, 157–159, 160–162, 166
Tracking the effectiveness of these actions	118, 133–134, 139, 141–144, 145–146, 149, 153–155, 157–159, 160–162, 166

Interests and views of stakeholders

The dialogue we share with stakeholders is a top priority for us. Only by knowing and understanding the interests and views of our stakeholders can we give them adequate consideration in our strategy and business model. We consider stakeholders to be people or organizations that either influence our company or can be influenced by our company. To evaluate the interests of our stakeholders, we carry out an internal stakeholder analysis every year, which provides insights into the SMA Group's stakeholders and their interests. We analyze the data and prioritize the stakeholders and their expectations. The most important stakeholders of the company are the workforce, customers, investors and analysts, politicians and legislators, suppliers, service partners and service providers, as well as media and non-governmental organizations (NGOs).

Workforce

Open and trustful interaction with each other as well as a high level of transparency and involvement of the entire workforce in corporate decisions are highly important to us. That is why we not only provide our workforce with regular and comprehensive information about developments and changes in the company but also develop important topics and content in a participatory way. We hold a global management meeting once a month to ensure the SMA Group's upper management team is up to date on important developments in the company and to give them the opportunity to ask questions. The executives then pass this information on within their departments. Furthermore, the workforce is informed about the company's current situation and outlook, as well as other important topics and developments, via video messages and intranet articles. In the reporting year, two works meetings were held with presentations by the Works Council, Managing Board and Industrial Union of Metalworkers for the headquarters in Niestetal/Kassel (Germany). The workforce was able to put questions to the Managing Board and Works Council both in advance and directly at the events.

We normally use our annual employee appraisals for SMA Group employees worldwide to coordinate their tasks and the associated qualification requirements, to measure performance and provide feedback on collaboration in an exchange between executives and employees. This does not apply to trainees and learners. Global employee surveys help us identify important topics for employees. The last survey was held in 2020. One integral part of the survey is the topic area of "Engagement." The evaluation results in a transparent engagement KPI across all areas of the SMA Group and thus allows for targeted improvements. Measures are derived by the business divisions in collaboration with the HR department. In addition to the global survey, executives and responsible project managers can conduct short "pulse check" surveys in collaboration with the HR department, which can be used to measure the mood in change processes, for example.

We are restructuring our company with the goal of making it a process-centered organization, and employees have an important role to play in this change. Based on wide-ranging training concepts, participants received training to suit their role within the process organization. Process leadership meetings are held on a regular basis to report on new developments relating to the process organization.

Customers

Customers have a special role to play in the development of our corporate strategy and business model, as also reflected by the objective "Closer to the customer" set out in the SMA Strategy 2025. "Customer focus" is the first objective of our strategy for a reason. It means aligning everything we do with the needs of our customers. With this in mind, we have oriented the SMA Group's entire organizational structure toward customer-oriented processes over the past years to enhance customer satisfaction and loyalty. Further information on the SMA Strategy 2025 can be found in the "Basic information about the group" chapter under "Strategy."

The dialogue and close collaboration with our customers take place in addition to the personal support in daily collaboration by the SMA Sales and SMA Service departments, in particular at customer events, as part of the SMA Partner Program, at SMA Solar Academy seminars, at international trade fairs and during on-site customer visits. We hold reviews with key customers in our segments at regular intervals. Representatives from the segments and Sales take part in this process, which focuses on topics that are relevant to reviewing the business relationship and related goals, as well as identifying measures aimed at improving the relationship. Feedback from customer conversations is compiled and evaluated with the help of the SMA group companies to determine its relevance. As part of the "Meet-Listen-Act" format, Sales of the SMA group companies also schedule meetings with particularly relevant customers to discuss specific problems with them and to work on solutions within a defined period of time.

We are currently setting up a customer experience management (CXM) process within the SMA Group with the goal of taking systematic steps to record and analyze customer satisfaction and to incorporate this aspect into our processes based on targeted improvement measures. The CXM applies a structured approach to continually measure customer satisfaction at relevant touchpoints, such as service contacts, training sessions, events and customer visits to the SMA Group, and uses quantitative measurements as the basis for determining metrics on customer satisfaction. In addition to recording this information, we are working to introduce a net promoter score metric, as described in the "Sustainability-related targets and non-financial performance indicators" section.

Investors and analysts

We also aim to ensure transparency, up-to-date information and credibility in our capital market communication. Complying with all regulatory requirements, including those in the Market Abuse Directive, the German Securities Trading Act and the German Stock Corporation Act, is our top priority. As in the previous year, SMA's Annual General Meeting 2024 was held virtually. In addition, the Chief Financial Officer met investors and analysts at the Intersolar trade fair and took part in roadshows, conferences and virtual formats. The Chief Financial Officer conducted conference calls for institutional investors and analysts to coincide with the quarterly publications of the financial reports. In response to interest in the company's sustainability performance on the part of investors and analysts, we take part in ESG ratings and rankings. We publish the ratings and rankings results on our corporate website. The Head of Sustainability is involved in discussions relating to specific ESG inquiries.

Politicians and legislators

Our strategic direction provides the basis for political dialogue and the representation of interests. Through our responsible, reliable and honest practices, we aim at reconciling commercial and social interests. As a globally operating company, the SMA Group is subject to a wide variety of political changes and decisions that affect its business success. To safeguard the future of the SMA Group, it is important to communicate the efforts required to deal with climate change and the energy industry's role in this as part of an open dialogue with governments, industry associations and organizations, while at the same time taking up suggestions from our discussion partners.

External incentives, such as from new legislation, technology funding and changes in the market, are continually monitored in the areas of public affairs, innovation and market intelligence and are evaluated together with the segments. We incorporate these results into the ongoing development of our product/solutions portfolio and our strategic areas of action, as well as into all other relevant strategic decisions made at the SMA Group. This also includes the decision made at the end of 2023 to review the potential offered by in-house production capacities in the U.S., based on the evaluation of the impacts of the Inflation Reduction Act (IRA), adopted by the U.S. government in 2022, with the aim of promoting the domestic production of renewable energy technologies. The SMA Group is planning to carry out contract manufacturing here from mid-2026 onwards. In doing

so, we are supporting the U.S. government's interest in increasing domestic production of renewable energy technologies, as well as strengthening the SMA Group's position in the rapidly growing U.S. market.

In addition to working directly in political bodies, we are active in business associations to safeguard our interests. The main national and international advocacy groups we are a member of include SolarPower Europe (SPE), the United States of America Solar Energy Industries Association (SEIA), Bundesverband Solarwirtschaft (BSW), Bundesverband Erneuerbare Energie (BEE), Zentralverband Elektroindustrie (ZVEI) and Verband der Elektrotechnik, Elektronik und Informationstechnik (VDE). As part of our memberships, we report our activities in the lobbying register for the representation of special interests vis-à-vis the German Bundestag and the Federal Government, as well as in the European Transparency Register for the representation of interests vis-à-vis the European Parliament and the European Commission.

The SMA Group is also a member of the Alliance for Transformation, which was launched by the German Federal Government in June 2022. The central dialogue between the Federal Government and decision-makers from business, trade unions and the associations aims to underpin the transformation of society toward climate neutrality, digitalization and sustainability with concrete solutions during the 20th legislative period.

Environmental

EU Taxonomy

The European Green Deal aims to achieve sustainable growth in harmony with the well-being and health of society and protection of the environment and biodiversity. Central to the growth strategy is the European Union's target to achieve climate neutrality by 2050. With the Sustainable Finance package, the European Commission has adopted extensive measures to guide finance flows toward sustainable activities and thus close financing gaps for climate change mitigation. The Taxonomy Regulation forms the basis for improving transparency regarding sustainable economic activities.

The EU Taxonomy has defined a set of requirements for determining which economic activities are environmentally sustainable and contribute to the targets of the Green Deal. Economic activities that are described in the Taxonomy Regulation and in the complementary delegated acts are classified as taxonomy-eligible. These activities are considered to be taxonomy-aligned if they also fulfill defined minimum social safeguards and other screening criteria. The screening criteria include that an economic activity must make a material contribution to one of the six environmental objectives of the Taxonomy Regulation and "Do No Significant Harm" (DNSH) to the other environmental objectives. The review of taxonomy-eligible economic activities, the material contribution to an environmental objective, the avoidance of significant harm on other environmental objectives (DNSH criteria) and compliance with the minimum safeguards was once again performed in the reporting year. The Sustainable Finance Council was established as early as 2022 to ensure the fulfillment of agreed actions and serve as a body for regular exchange. The Sustainable Finance Council reports on the implementation status of measures to the Sustainability Committee if required.

Determining taxonomy-eligible economic activities

No new taxonomy-eligible economic activities were identified during the review of the SMA Group's economic activities in the 2024 fiscal year. The taxonomy-eligible economic activities "Manufacture of renewable energy technologies" (economic activity 3.1), "Manufacture, installation and servicing of high-, medium- and low-voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation" (hereinafter: "Manufacture of technical equipment") (economic activity 3.20) and "Installation, maintenance and repair of renewable energy technologies" (economic activity 7.6) identified in the previous years under the environmental objective of climate change mitigation, and the economic activity "Sale of spare parts" (economic activity 5.2) under the environmental objective of transition to a circular economy remain valid. The SMA Group does not pursue any activities in relation to nuclear power or fossil gas, nor does it do business in the fields of fossil fuels (coal, oil and gas), chemical production, controversial weapons, or tobacco growing and production.

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	Yes/ No
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

Row	Fossil gas related activities	Yes/ No
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Significant contribution to the environmental objective of climate change mitigation

The SMA Group's taxonomy-eligible economic activities "Manufacture of renewable energy technologies," to which we assign the majority of our products, and "Installation, maintenance and repair of renewable energy technologies," to which we assign our services, make a significant contribution to climate change mitigation in the area of enabling economic activities as defined in Article 10 (1) (i) in conjunction with Article 16 of the Taxonomy Regulation. Enabling economic activities do not contribute significantly to climate change mitigation with their own performance, but rather play a key role in the decarbonization of the economy, as they make it possible to improve the climate footprint and environmental performance of other activities. In the current reporting year, we are required for the first time to report our Taxonomy-alignment with regard to economic activities 3.20 and 5.2, which were added in 2023. We allocate our charging solutions for e-mobility to economic activity 3.20 "Manufacture of technical equipment," thereby making a significant contribution to climate change mitigation. In the case of economic activity 5.2 "Sale of spare parts," we are unable to meet the technical screening criteria and therefore cannot demonstrate a significant contribution to the transition to a circular economy.

Avoiding significant harm to other environmental objectives

We only conduct a detailed further review of whether we are avoiding significant harm to the other environmental objectives used to establish Taxonomy-alignment for our key economic activities 3.1 "Manufacture of renewable energy technologies" and 7.6 "Installation, maintenance and repair of renewable energy technologies" as we are unable to classify our charging solutions for electric vehicles as taxonomy-aligned due to the stringent DNSH criteria for pollution prevention and control in the Delegated Act on Climate. As part of our assessments to establish Taxonomy-alignment, we also identified that our string inverters do not meet the extensive requirements of the environmental objective "Pollution prevention and control." As such, these activities cannot be classified as taxonomy-aligned and likewise are not currently compatible with the transition to a climate-neutral economy or would require significant effort to make them compatible with the transition to a climate-neutral economy. To determine Taxonomy-alignment, we conducted a review involving the relevant business areas to check whether business activities mentioned above did any significant harm to the other environmental objectives. The review covered the environmental objectives of climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems.

Climate change adaptation

To avoid significant harm to the environmental objective of "Climate change adaptation," the EU Taxonomy makes provisions for conducting climate risk and vulnerability assessments to identify material physical climate risks and implementing adaptation measures where a risk has been identified. There are no material risks for the economic activities "Manufacture of renewable energy technologies" and "Installation, maintenance and repair of renewable energy technologies." Accordingly, no climate change adaptation solutions need to be implemented. For further information on conducting climate risk and vulnerability assessments, see the "Materiality assessment" section.

Sustainable use and protection of water and marine resources

The DNSH criteria for the environmental objective of "Sustainable use and protection of water and marine resources" refer to legal and regulatory requirements, compliance with which is ensured by the SMA Group. At the production sites in Germany and Poland, fulfillment of the requirements is ensured through implementation of legal and permit registers. All binding obligations issued as part of planning permits for buildings and facilities at the main location in Germany are held in the permit register. Processes undergo regular internal and external audits within the scope of the DIN ISO 14001 certified environmental management systems at the productions sites.

Transition to a circular economy

The DNSH criteria for the environmental objective of "Transition to a circular economy" prescribe the implementation of actions that we were already working on before the Taxonomy Regulation came into force and which we have further intensified. Given the potential material impacts, we believe we have a particular duty as a manufacturer of electronic products to avoid significant harm to this environmental objective. We consider the DNSH criteria for the environmental objective of "Transition to a circular economy" to be fulfilled based on policies and actions such as design for high durability and adaptability of our products, reusing components, utilizing secondary raw materials and adhering to the waste hierarchy, including traceability of substances of concern at the end of life. Additional information can be found in the "Circular economy" section.

Pollution prevention and control

The general DNSH criteria for pollution prevention and control regarding the use and presence of chemicals listed in the Delegated Act on Climate state that an activity does not cause significant harm to the environment if it does not lead to the production, placing on the market or use of substances regulated in different European legal acts. This includes certain hazardous substances in electrical and electronic equipment under the RoHS Directive, certain substances that deplete the ozone layer, mercury and mercury compounds, certain persistent organic pollutants (POP) and substances covered by the Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH Regulation). The SMA Group uses hazardous substances that are regulated in the RoHS Directive and REACH Regulation in compliance with all relevant legal provisions. For substances of very high concern (SVHC) under the REACH Regulation that are not subject to authorization restrictions, exemptions are provided under the DNSH criteria. The manufacture, placing on the market, or use of these substances is permitted if no "suitable alternative" for their use is available. The use of the substances mentioned does not prevent Taxonomy-alignment only if no such alternative is available.

To manufacture our string inverters, we use "restricted substances" that are classified as such in the RoHS Directive in compliance with all legal provisions. According to the Climate Delegated Act, however, this is not sufficient to be classified as taxonomy-aligned. Proof of Taxonomy-alignment excludes the manufacture, placing on the market and use of the restricted substances regulated in the RoHS Directive without exception. We are therefore unable to demonstrate Taxonomy-alignment for our string inverters at this time. Central inverters, however, are large-scale fixed installations that are excluded from the scope of the RoHS Directive. To achieve Taxonomy-alignment in accordance with the Climate Delegated Act, Appendix C, letter f, it must also be demonstrated that there is no suitable alternative for the use of the SVHC in accordance with the REACH Regulation. In this respect, the European Commission has not clearly defined what is meant by the concept of "suitable alternative" within Appendix C. For this reason, uncertainties remain in regard to what form this should take. At present, we include the aspects of safety, availability, technological feasibility and economic viability when considering whether to substitute SVHC substances in the concept of "suitable alternative" and document our approach in a comprehensible manner. These criteria align with the Draft Commission Notice published by the European Commission on November 29, 2024, which contains a set of frequently asked questions to support the implementation of the Taxonomy Regulation. The requirements for using the substances under controlled conditions are not applicable to the SMA Group as we are not a distributor of SVHC. We therefore consider the criteria in Appendix C of the Climate Delegated Act to have been met for our central inverters. Additional information can be found in the "Substances of very high concern" section.

Protection and restoration of biodiversity and ecosystems

The DNSH criteria for the environmental objective of "Protection and restoration of biodiversity and ecosystems" make provisions for conducting environmental impact assessments (EIAs). An EIA is mandatory if certain activities are carried out that could have a potentially harmful impact on biodiversity and ecosystems. The SMA Group's activities are not covered by the scope of this. We also ensure that we fulfill all legal requirements at all times through implementation of legal and permit registers at the production sites in Germany and Poland. Consequently, the SMA Group's activities do no significant harm to this environmental objective.

Minimum safeguards

In accordance with Article 3(c) of the Taxonomy Regulation, proof of the environmental sustainability of economic activities also requires that they are performed in compliance with minimum social safeguards as defined in Article 18 of the Taxonomy Regulation. The minimum safeguards require a comprehensive due diligence approach to ensure compliance with the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the core labor standards of the International Labour Organization and the International Bill of Human Rights. In our Policy Statement on Human Rights and Environmental Due Diligence, we pledge to uphold these international standards. The due diligence required to ensure compliance with the minimum safeguards has been implemented as part of our human rights risk management system. Based on these and other established processes, the minimum safeguards are met in relation to human and labor rights, corruption and bribery, taxation, fair competition and science, technology and innovation. The following table provides an overview of the information relevant to compliance with the individual requirements in the minimum safeguards:

Minimum safeguard requirements	Information on compliance with the requirements
Human and labour rights	The "General policies related to own workforce" section maps the topic of human and labor rights for our own business area. Our review of compliance with human and labor rights in our own business area has shown that legal regulations in the United Arab Emirates sometimes contravene the requirements of minimum safeguards. This relates in particular to principles of non-discrimination and the right to freedom of association. As the SMA Group has no control over these legal requirements, the sales of the relevant region were deemed to be taxonomy-aligned and included. In addition, we have not identified any restrictions on the implementation of minimum safeguards. The implementation of the requirements for minimum safeguards in the supply chain are mapped in the "Workers in the value chain" section.
Corruption and bribery	The "Business conduct" section maps the fulfilment of the requirements around corruption and bribery for our own business area. The implementation of the requirements for minimum safeguards in the supply chain are mapped in the "Workers in the value chain" chapter.
Taxation	The objective of the Tax Compliance Management System (Tax CMS) of SMA Solar Technology AG is to ensure compliance with all relevant tax laws and regulations. This system helps us meet our tax obligations in full and on time. Compliance with tax laws and regulations on the part of the other group companies is ensured by monitoring key tax compliance aspects and carrying out key controls. The risk management system and the main responsibilities for this are defined in the group tax guidelines. There were no legally binding convictions against the company for tax offences in the reporting year.
Fair competition	The "Business conduct" chapter describes the manner in which we fulfill the requirements relating to fair competition.
Science	The SMA Group carries out cooperation projects in the field of research and development with a wide range of industry and academic partners in the solar and energy industry and associated sectors. In the context of these partnerships, we have established guidelines for cooperative agreements in the area of collaborative research. These guidelines outline rules for protecting intellectual property, publishing and disseminating knowledge, and dealing fairly with our cooperation partners. We carry out regular patent searches and patent monitoring in the area of IP management to ensure that competitors are not using the SMA Group's protected property and that the SMA Group is not violating the property rights of others.
Technology	We carry out our due diligence procedures for identifying, avoiding, mitigating or terminating any actual or potential involvement in the manufacture or sale of controversial weapons by referring to lists of sanctions and embargo countries and checking whether our components and products have dual-use properties. The aim of our sanction lists is to avoid doing business with companies, individuals or organizations that have had legal restrictions imposed on them. In particular, this process is aimed at individuals or organizations that could be involved in business transactions with controversial weapons or are affected by other embargo measures. In special cases, we may decide to include additional countries in the list and block the relevant business partners. Due to their technical characteristics, dual-use goods can be used in both the civil and military sectors. The review and documentation of the dual-use characteristics of components and products is system-based. Dual-use goods may only be exported with the appropriate approval. Any goods that are dual-use must be indicated as such within the EU, where there is free movement of goods. The required documents are obtained for the relevant products, and the procedure is registered with the authorities.
Innovation	Technical risks during future use are estimated and assessed during business model development and technology predevelopment, allowing us to account for potential technological risks in the area of innovation.
Information security	A wide range of security measures are implemented and continually enhanced for the area of information security. To this end, an ISO 27001 management system that identifies and addresses cybersecurity risks was implemented and certified in the reporting year. SMA products and services also undergo regular vulnerability testing, which serves as the basis for determining countermeasures and continually enhancing the security of our products and solutions.

Data collection and calculation process

As part of determining the information on the Taxonomy-eligibility and alignment of sales, the materials used by the SMA Group to generate sales are analyzed and then assigned to the identified taxonomy-eligible economic activities. In the reporting year, no new taxonomy-eligible economic activities were identified; accordingly, the classification logic of the previous year was consistently continued. Charging solutions for electric vehicles and their accessories are reported under the economic activity "3.20 Manufacture of technical equipment." Sales generated by PV and battery inverters and accessories continue to be assigned to the economic activity "3.1 Manufacture of renewable energy technologies"; sales generated by extended warranties, operation and maintenance services and other services continue to be assigned to the economic activity "7.6 Installation, maintenance and repair of renewable energy technologies". Sales from spare parts sold are allocated to the economic activity "5.2 Sale of spare parts" under the environmental objective of transition to a circular economy.

We looked at the capital expenditure (CapEx) of all group companies on a macro level. We deducted the capital expenditure in the activities that had previously been identified as non-taxonomy-eligible. This was then assigned to the company areas and finally split by company area between the economic activities. Where a direct assignment is not possible, a sales-based key is used for the allocation.

To calculate taxonomy-eligible operating expenditure (OpEx), we identified all the relevant consolidated items and assigned them to the company areas. We then also deducted the expenditure in the activities that had previously been identified as non-taxonomy-eligible. This was then assigned by company area and split between the economic activities. Where a direct assignment is not possible, a sales-based key is used for the allocation.

The EU Taxonomy metrics include all fully consolidated companies of the SMA Group. The company did not elect to include joint ventures.

Composition of the sales numerator

To calculate environmentally sustainable sales, net sales that make a contribution to climate change mitigation were divided by the net sales of the SMA Group. Detailed information on the SMA Group's sales can be found in the Combined Management Report in the "Results of operations" section.

in €'000	2024	2023
taxonomy-aligned sales in absolute terms	1,093,033	741,053

Composition of the capital expenditure numerator

Environmentally sustainable capital expenditure (CapEx) relates to assets that are connected with taxonomy-aligned economic activities. This includes additions under the following IFRS standards: additions to property, plant and equipment (IAS 16), additions to intangible assets (IAS 38), additions to rights of use (IFRS 16), and additions to investment property (IAS 40). Further notes on calculating the denominator can be found in the Consolidated Financial Statements in the "Notes to the balance sheet SMA Group" section.

in €'000	2024	2023
taxonomy-aligned additions property, plant and equipment	23,607	15,342
taxonomy-aligned additions to intangible assets	27,234	15,400
taxonomy-aligned additions to land, buildings and rights of use	24,058	4,047
taxonomy-aligned additions to investment property	0	0
taxonomy-aligned additions from business combinations	0	0
Total taxonomy-aligned	**74,899**	**34,789**

Composition of the operating expenditure numerator

Operating expenditure (OpEx) relates to direct, non-capitalized expenditure for research and development, building maintenance, servicing and repair costs, and current leases. The numerator takes into account the share of OpEx that relates to assets or processes that are connected with taxonomy-aligned economic activities.

in €'000	2024	2023
taxonomy-aligned research and development expenses	39,182	19,849
taxonomy-aligned short term leasing	11,216	4,674
taxonomy-aligned service, maintenance and repair	3,395	1,880
Total taxonomy-aligned	**53,793**	**26,403**

SMA disclosures on EU taxonomy

SMA Group in €'000	2024	2023
Sales	**1,529,999**	**1,904,060**
thereof taxonomy-aligned in absolute terms	1,093,033	741,053
thereof from activity 1[1]	1,012,538	661,938
thereof from activity 2[1]	80,495	79,116
Operating costs	**84,306**	**67,520**
thereof taxonomy-aligned in absolute terms	53,793	26,403
thereof from activity 1[1]	51,501	24,703
thereof from activity 2[1]	2,292	1,700
Investment expenditure	**119,681**	**95,129**
thereof taxonomy-aligned in absolute terms	74,899	34,789
thereof from activity 1[1]	69,477	31,061
thereof from activity 2[1]	5,422	3,728

[1] Activity 1: Manufacture of renewable energy technologies;
Activity 2: Installation, maintenance and repair of renewable energy technologies

SMA Group in %	2024	2023
Sales	**100.0%**	**100.0%**
thereof taxonomy-aligned in %	71.4%	38.9%
thereof from activity 1[1]	66.2%	34.8%
thereof from activity 2[1]	5.3%	4.2%
Operating costs	**100.0%**	**100.0%**
thereof taxonomy-aligned in %	63.8%	39.1%
thereof from activity 1[1]	61.1%	36.6%
thereof from activity 2[1]	2.7%	2.5%
Investment expenditure	**100.0%**	**100.0%**
thereof taxonomy-aligned in %	62.6%	36.6%
thereof from activity 1[1]	58.1%	32.7%
thereof from activity 2[1]	4.5%	3.9%

[1] Activity 1: Manufacture of renewable energy technologies;
Activity 2: Installation, maintenance and repair of renewable energy technologies

The information provided in table form in accordance with Annex II of the Delegated Act can be found at the end of the Consolidated Sustainability Statement.

In the 2024 fiscal year, the SMA Group generated sales of €1,530.0 million (2023: €1,904.1 million). Of these sales, €1,385.7 million are taxonomy-eligible (90.6%; 2023: €1,460.9 million; 76.7%). Sales that are non-taxonomy-eligible total €144.3 million (9.4%; 2023: €443.1 million; 23.3%). The variance of 13.9% is due mainly to the lower share of merchandise in total SMA Group sales compared with the previous year. These sales from merchandise are not covered by the area of application of the Taxonomy Regulation.

In the 2024 fiscal year, €1,093.0 million or 71.4% of sales can be classified as environmentally sustainable (taxonomy-aligned) as defined in the EU Taxonomy (2023: €741.1 million, 38.9%). Of these, sales of €1,012.5 million are attributable to activity "3.1 Manufacture of renewable energy technologies" (66.2%; 2023: €661.9 million; 34.8%). This is the share of sales that was generated by central inverters and their accessories; the increase in sales in the Large Scale & Project Solutions segment is reflected in this figure. More information on this can be found in the "Pollution prevention and control" section. €80.5 million of taxonomy-aligned sales are attributable to activity "7.6 Installation, maintenance and repair of renewable energy technologies" (5.3%; 2023: €79.1 million; 4.2%). In addition, sales of €220.2 million were attributable to activity "3.1 Manufacture of renewable energy technologies" that are taxonomy-eligible but for which Taxonomy-alignment has not been proven (14.4%; 2023: €596.9 million; 31.4%). The decline is also due to the change in the composition of the sales contributions by segments. €22.5 million of sales are attributable to activity "3.20 Manufacture of technical equipment" (1.5%; 2023: €88.4 million; 4.6%) and €50.0 million to activity "5.2 Sale of spare parts" (3.3%; 2023: €34.6 million; 1.8%). Taxonomy-alignment likewise could not be demonstrated for these two activities; further information can be found in the "Material contribution to climate change mitigation" and "Do no significant harm to any of the other environmental objectives" sections.

The taxonomy-related capital expenditure of the SMA Group amounting to €119.7 million is 62.6% environmentally sustainable (2023: €95.1 million; 36.6%). For the fiscal year, this equates to capital expenditure of €74.9 million (2023: €34.8 million). The main drivers behind this increase are higher investments in taxonomy-aligned development projects, on the one hand, and the sales keys used for allocation that are used for investments that cannot be attributed directly, on the other. The sales keys are adjusted annually. A share of €69.5 million (58.1%; 2023: €31.1 million; 32.7%) was attributable to the activity "3.1 Manufacture of renewable energy technologies" and €5.4 million (4.5%; 2023: €3.7 million; 3.9%;) to the activity "7.6 Installation, maintenance and repair of renewable energy technologies." Taxonomy-eligible but non-taxonomy-aligned activities accounted for €39.6 million (33.1%; 2023: €56.0 million; 58.9%). The share of capital expenditure that is non-taxonomy-eligible was €5.2 million (4.4%; 2023: €4.3 million; 4.5%).

In 2024, the SMA Group's operating expenditure that falls under the scope of the EU Taxonomy amounted to €84.3 million (2023: €67.5 million). Of this, 63.8% can be classified as taxonomy-aligned (€53.8 million; 2023: €26.4 million; 39.1%). A share of €51.5 million (61.1%; 2023: €24.7 million; 36.6%) was attributable to the economic activity "3.1 Manufacture of renewable energy technologies" and €2.3 million (2.7%; 2023: €1.7 million; 2.5%) to the economic activity "7.6 Installation, maintenance and repair of renewable energy technologies." €29.0 million (34.4%) of the taxonomy-related operating expenditure is taxonomy-eligible but does not meet all the criteria to be classified as taxonomy-aligned (2023: €39.9 million; 59.1%). €1.5 million of the operating expenditure is non-taxonomy-eligible (1.8%; 2023: €1.2 million; 1.8%).

Climate change mitigation

The transition of global energy supply structures toward decentralized renewable energy generation is an important factor in combatting the global climate crisis. Our systems and solutions facilitate decentralized and efficient energy generation and utilization based on renewable energies, contributing to the reduction of dependence on fossil fuels. Our business activities described within the management report, particularly in the "Basic information about the group" chapter, thus make a positive contribution to climate change mitigation. The positive impact of our PV inverters on climate change mitigation during their use phase can be measured based on avoided CO_2e emissions, as well as in monetary terms. With an underlying average lifetime of PV inverters of 20 years and an average value in relation to the amount of electricity generated, the total PV inverter output sold by the SMA Group since 2004 of around 144 GW helped avoid greenhouse gas emissions of more than 64 million tons of CO_2e in the reporting year. This corresponds to avoided environmental costs of approximately €19 billion.[17] The metrics have not been validated by an external body.

The manufacture of our systems and solutions requires components and materials that are produced using energy-intensive processes. This is particularly true of metals such as aluminum and steel as well as the production of electronics components, including integrated circuits and printed circuit boards. Fossil energy carriers often provide the energy required for their production, resulting in the emission of greenhouse gases that negatively impact the climate. Energy consumption in our own business area also results in greenhouse gas emissions to the extent that fossil fuels are used to cover these needs. The SMA Group has developed policies, targets and actions aimed at minimizing the material negative impacts on climate change in the upstream value chain and in our own business area.

Policies related to climate change mitigation

The Managing Board of SMA Solar Technology AG has aligned the business activities of the SMA Group to ensure climate change mitigation. Our purpose is "Our energy inspires the world's most important customer. Our future." It therefore goes without saying that we take the negative impacts on climate change caused by our business activities seriously and address them decisively. We have set out our climate change mitigation strategy based on our decarbonization levers and the actions required to decarbonize our supply chain, and have embedded these in our Sustainability Directive. Ultimate accountability for the topic of climate change mitigation rests with the Chief Executive Officer of SMA Solar Technology AG. The SMA Group is committed to ensuring a sustainable future by implementing the following strategic targets:

Energy supply decarbonization: We use renewable energies and innovative technologies to reduce our CO_2e emissions and ensure a climate-friendly energy supply along the entire value chain.

[17] To calculate avoided emissions, we elected to use the World Resource Institute's methodology "Estimating and Reporting the Comparative Emissions Impacts of Products" as listed in the GHG Protocol. In accordance with this methodology, we then compared the CO_2e emissions per kWh of photovoltaic electricity with the CO_2e emissions per kWh of the respective fuel mix in the countries where our PV inverters are installed. To calculate the avoided environmental costs, we multiplied the avoided CO_2e emissions by the environmental costs incurred by each ton of CO_2e, as published by Germany's Federal Environment Agency.

Responsible use of resources: We promote the use of environmentally friendly materials and use efficient processes to minimize our resource consumption and impact on the environment.

Sustainable mobility: We are working to decarbonize our fleet and promote low and zero-emission transport solutions in order to reduce our environmental footprint.

Our ISO 14001-certified environmental management systems at the production sites in Germany and Poland, along with our ISO 50001-certified energy management system at our headquarters in Niestetal/Kassel (Germany), help us minimize our greenhouse gas emissions and run our business in accordance with current environmental and energy legislation. The operational energy management of SMA Solar Technology AG centers on the concept of energy hierarchy in which our top priority is to avoid unnecessary energy consumption (energy saving). Our second priority is ensuring that energy is used efficiently (energy efficiency). This includes the efficiency of energy conversion as well as the efficiency of energy consumption. Our third principle of sustainable energy use consists of increasing the share of renewable energies in our consumption. The energy hierarchy helps us focus on making efficient and environmentally friendly use of energy, supporting the transition to a more sustainable energy system.

Climate change mitigation targets

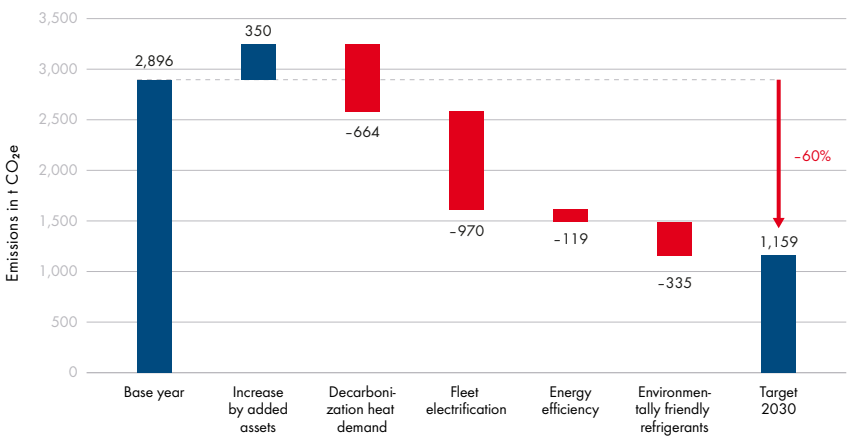
To achieve our strategic targets, we have set company-wide climate targets that cover our own business area as well as our supply chain. At this point, we do not have a comprehensive transition plan for climate change mitigation in place yet, nor have we fully assessed the need for such a plan. During the reporting year, our climate change mitigation activities focused on our science-based GHG emission reduction targets.

Decarbonization of own energy consumption

The SMA Group's GHG emission reduction target, which was validated during the reporting year by the Science Based Targets initiative (SBTi), is in line with the 1.5-degree target set out in the Paris Climate Agreement and is based on scientific findings. This target aims to reduce the SMA Group's Scope 1 and Scope 2 emissions by 60% by 2030 compared with the 2022 base year. This is equivalent to reducing the 2,896 tons of CO_2e emitted in the base year to 1,159 tons of CO_2e in the target year, measured according to market-based methods. The calculation is based on the Greenhouse Gas Protocol (GHG Protocol), and the target takes into consideration all relevant GHG emissions (CO_2, CH_4, N_2O, HFC, PFC, SF_6, NF_3), converted into CO_2e. The 2022 base year and the corresponding reference value were selected based on the fact that data were readily available from this year and have not been normalized according to external factors. By setting this target value, we have exceeded the SBTi's requirement of mapping an annual linear reduction rate of 4.2% when choosing a base year after 2020. The target value also takes into account future developments that will have a positive effect on our greenhouse gas emissions, such as switching from gas heating systems to heat pumps and the changeover of the company's fleet to battery powered electric vehicles. Our plan to reduce GHG emissions by 60% by 2030 exceeds the target value of 42% that was developed on the basis of emissions scenarios, which would have been sufficient to bring the SMA Group in line with the 1.5-degree target. The target was established by the Sustainability function in cooperation with Corporate Real Estate Management and external consultants, and adopted by the Sustainability Committee. The Sustainability Committee is also monitoring target achievement. During the reporting year, the SMA Group's Scope 1 and Scope 2 emissions amounted to 3,072 tons of CO_2e (2023: 3,017 tons of CO_2e**). This is a 6% increase in comparison to the base year and a 1.8% increase in comparison to the previous year. This is due to significantly higher fuel consumption at two international group companies, which overcompensated the decline in Scope 1 and Scope 2 emissions at most other SMA Group companies in the reporting year. We report on the measures implemented in the reporting year in the "Climate change mitigation actions" section.

To achieve our reduction target for Scope 1 and Scope 2 emissions, we identified four key decarbonization levers based on our greenhouse gas inventory and determined their respective quantitative contribution toward reducing greenhouse gas emissions in the SMA Group. Our decarbonization levers consist of the decarbonization of our heat demand (664 tons CO_2e savings), electrification of our company fleet (970 tons of CO_2e savings), implementing energy efficiency measures (119 tons of CO_2e savings) and using more environmentally friendly refrigerants (335 tons of CO_2e savings).

Levers for the reduction of global Scope 1 and Scope 2 emissions of the SMA Group



Supply chain decarbonization

We opted to adopt a scientifically based supplier engagement target for the decarbonization of the upstream supply chain. The supplier engagement target enables us to work toward decarbonization in partnership with the suppliers who are responsible for the largest share of the GHG emissions in our upstream value chain. It comprises the Scope 3 categories of "Purchased goods and services", "Capital goods" and "Upstream transport and distribution."

In the context of our supplier engagement target, our aim is that the supplier base which was responsible for 82% of our Scope 3 emissions in the categories of "Purchased goods and services", "Capital goods" and "Upstream transport and distribution" in the 2022 base year, will also set science-based CO_2e reduction targets for their businesses by 2028. This target contributes directly to reducing the negative impacts caused by the manufacture of aluminum, steel and electronic components, as the suppliers of these materials fall within the scope of the target. Overall, this 82% meets the 67% target of our total Scope 3 emissions that must be covered and thus fulfills the SBTi requirements. In the 2022 base year, the extent to which our suppliers covered the target with science-based GHG emission reduction targets amounted to 5.3% of the emissions in the selected categories. The target was jointly developed by the Sustainability and Global Strategic Procurement departments and adopted by the Sustainability Committee. The SBTi validated the target in the reporting year. In 2024, we increased the extent to which our suppliers covered the target with science-based GHG emission reduction targets to 19.5% of the emissions in the selected categories of "Purchased goods and services", "Capital goods" and "Upstream transport and distribution" (2023: 2.8%*). The sharp increase shows that the topic of climate change mitigation is also becoming increasingly important to our suppliers. In order to continue the positive trend, we began to introduce additional actions in the year under review. We report on this in the "Climate change mitigation actions" section.

Climate change mitigation actions

In the following sections, we report on our climate change mitigation actions in accordance with our climate change mitigation strategy and the strategic targets of decarbonization of energy supply, responsible use of resources and sustainable mobility.

Energy supply decarbonization

To ensure that we can achieve our reduction target for Scope 1 and Scope 2 emissions, we have set out globally valid requirements in the "Sustainability in real estate" guideline. This guideline specifies requirements for a renewable energy supply for all buildings that are newly rented, purchased or constructed by the SMA Group. Electricity from our own PV systems is given top priority with regard to renewable electricity supply. The next level is formed by direct power purchase agreements (PPAs) with operators of renewable energy plants in the surrounding area. In third place are supply contracts with utilities that purchase renewable electricity directly from the generators. At the bottom of the hierarchy are supply contracts, under which the utility buys renewable power on the exchange and additionally allocates it via certificates. The SMA Group's electricity supply has been covered entirely by renewable energies since 2023. We are continually improving the quality of the renewable electricity supply at our global sites on the basis of the described hierarchy.

The SMA Group has already been pushing ahead with projects aimed at gradually decarbonizing the heating needs of its properties for a number of years. The focus is primarily on the production sites. To this end, conventional heat sources that are fueled by natural gas at our headquarters in Germany are being replaced by heat pumps or district heating on an ongoing basis, and we are planning to continue pursuing this approach. In the reporting year, we put a heat pump cascade system into operation that supplies a production and administration building at our headquarters in Niestetal/Kassel (Germany) with climate-friendly heating and cooling. The energy-saving heat pumps use a natural refrigerant with low greenhouse gas potential. An optimized system for supplying hot water also went into operation in our inverter production facility at our headquarters in the reporting year, and also resulted in a reduction in gas consumption and the associated GHG emissions. Overall, the actions to convert the heat supply at the main site in Niestetal/Kassel (Germany) saved 15 tons of CO_2e emissions in the reporting year.

The new GIGAWATT FACTORY is set to be commissioned in January 2025 as part of the production facility expansion at our headquarters in Niestetal/Kassel (Germany). The building has been constructed in accordance with the efficiency standard KfW 40 EE and is expected to be certified according to the DGNB's platinum standard. It thus meets high standards for sustainability, and we are ensuring that the new production facility will not put our absolute climate targets at risk.

To achieve our supplier engagement target and thus reduce the negative impacts in the area of aluminum, steel and electronic components in particular, we took steps in the reporting year that will enable us to ensure that our suppliers' climate performance will be given greater weight in the supplier selection process from 2025. The first step consisted of developing a measuring system for climate-related information and requirements for new and existing suppliers. This stipulates the data that is to be provided to us by our suppliers for direct materials and by our logistics partners, which we then evaluate. Our focus here is on the direct material suppliers and logistics suppliers of SMA Solar Technology AG und SMA Magnetics that produce the highest emissions. The data disclosure requirement for our suppliers can be found in our Business Partner Code of Conduct. We take the results of the assessment into account when renewing and awarding contracts, and these are clearly reflected in the assessment of new and existing suppliers. The assessment also serves as the basis for identifying potential areas for improvement, which are addressed in supplier discussions and translated into specific actions. We have determined internal metrics for tracking effectiveness as a transparent means of monitoring our suppliers' ongoing development.

Responsible use of resources

In addition to continually refurbishing our technical building equipment and factoring in energy consumption when purchasing new machinery, we also implement projects aimed at increasing energy efficiency on an ongoing basis. During the reporting year, this included switching additional production and office areas over to efficient LED lighting. As part of the "Warming instead of heating" project in the logistics center at our headquarters, we are testing the extent to which heat consumption can be decreased in the facility by equipping workers there with thermal clothing and battery-powered smart textiles that maintain a constant body temperature depending on the ambient temperature and activity level. Measures for a broad rollout are derived from the ongoing testing of various aspects. While the actions to reduce consumption of renewable electricity in the SMA Group are not reflected in the emissions footprint, they support us implement the principles of the energy hierarchy and achieve cost savings.

To reduce Scope 1 emissions resulting from refrigerants to the technically feasible minimum, we are continually working to refurbish our cooling machines as part of servicing and maintenance and taking into account the service life and technical and legal requirements. We are thus utilizing a key decarbonization lever, as environmentally friendly refrigerants have a lower greenhouse gas potential than conventional refrigerants. We set up a refrigerant risk evaluation during the reporting year with the intention of using this as the basis for determining actions to reduce the risk of emissions caused by refrigerant leaks by 2030. Accordingly, a reduction in CO_2e emissions from refrigerants was not yet achieved in 2024.

Sustainable mobility

A Germany-wide fleet directive aimed at reducing emissions from fuels entered into force in 2023, on the basis of which all newly leased cars must be powered completely by electric batteries. Electrification of the company's fleet in Germany (with the exception of commercial vehicles) is thus set to be completed by 2028, taking into account ongoing contracts. This action resulted in a further reduction in the CO_2e emissions produced by SMA Solar Technology AG's fleet of cars to 39 g/km in the reporting year (2023: 60 g/km). We calculate this data taking into account the consumption values provided by the vehicle supplier, which are found in the "Worldwide harmonised light-duty Vehicles Test Procedure (WLTP)." In total, the actions to electrify company vehicles saved 81 tons of CO_2e emissions in the reporting year.

In 2024, we started the process of evaluating whether we could expand the fleet directive to our global fleet, considering the varying local and regional conditions. We expect to be able to switch a large share of our global fleet of company vehicles over to battery-powered drives by 2030. As the fleet directive only covers company and pool vehicles, the 2025 agenda includes looking at potential ways of gradually changing our service vehicles around the world over to battery-powered drives. We are simultaneously working step-by-step to continue expanding our charging infrastructure for electric vehicles at the SMA Group sites. In the reporting year, we operated a total of 112 charging points (2023: 108*). We are also taking ongoing action to encourage employees at our headquarters in Niestetal/Kassel (Germany) to use environmentally friendly means of transport that protect the environment, for example, by subsidizing tickets for public transportation, offering a bike leasing scheme and creating a bike-friendly infrastructure.

During the reporting year, an investment (CapEx) for the purpose of implementing our climate change mitigation actions was made available in the amount of €2,469,000 for the electrification of the company's vehicles. The investments for other actions were below the defined thresholds as described in the "Actions and resources in relation to material sustainability matters" section. The additional financial resources required to take future actions have yet to be determined.

Metrics related to climate change mitigation

In 2024, the SMA Group's total energy consumption amounted to 32.0 thousand MWh (2023: 34,1 thousand MWh**). Of this total, 22.3 thousand MWh was sourced from renewable sources and 9.7 thousand MWh from non-renewable sources (2023: 24.2 thousand MWh renewable**, 9.9 thousand MWh non-renewable**).

As a company that produces electronic devices, the SMA Group belongs to the high climate impact sectors. In the reporting year, our energy intensity based on net sales from activities in high climate impact sectors amounted to 20.9 MWh/€ million (2023: 17.9 MWh/€ million*). This metric expresses the total energy consumption due to activities in high climate impact sectors in relation to net sales from activities in high climate impact sectors. The increase in the reporting year is largely due to the lower sales in comparison to the previous year. We calculated this based on the SMA Group's net sales as indicated by the corresponding items in the financial statements.

Since 2023, the SMA Group has obtained 100% renewable electricity. In the reporting year, we directly consumed a total of around 1.0 thousand MWh of electricity from our own PV systems (2023: 2.5 thousand MWh**). A further 2.0 thousand MWh came from PPA, which is also based on photovoltaics (2023: 1.4 thousand MWh**). Within the framework of electricity supply contracts with various suppliers, a total of 16.5 thousand MWh of electricity was purchased in 2024, which qualifies as green electricity (2023: 17.0 thousand MWh*). Finally, 0.6 thousand MWh of the electricity purchased was subsequently turned into green electricity through the purchase of guarantees of origin (2023: 0.6 thousand MWh*). This electricity originally came from conventional sources but has been qualified as green through certificates. This equates to 3.3% of the SMA Group's electricity purchase (2023: 3.2%**).

In 2024, the SMA Group generated a total of 11.6 thousand MWh of renewable energy (2023: 11.3 thousand MWh*). This metric includes the electricity directly consumed and sold from the company's own PV systems as well as the electricity from the PPA.

Energy consumption and mix of the SMA Group

Energy consumption and mix	2023[1]	2024
1) Fuel consumption from coal and coal products (MWh)	0*	0
2) Fuel consumption from crude oil and petroleum products (MWh)	5,293*	5,463
3) Fuel consumption from natural gas (MWh)	3,063**	3,184
4) Fuel consumption from other fossil sources (MWh)	0*	0
5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	1,549*	1,085
6) Total fossil energy consumption (MWh; calculated as the sum of lines 1 to 5)	**9,905****	**9,731**
Share of fossil sources in total energy consumption (%)	**29***	**30**
7) Consumption from nuclear sources (MWh)	0*	0
Share of consumption from nuclear sources in total energy consumption (%)	**0***	**0**
8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.; MWh)	0*	0
9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	20,260*	19,341
10) Consumption of self-generated non-fuel renewable energy (MWh)	3,905*	2,972
11) Total renewable energy consumption (MWh; calculated as the sum of lines 8 to 10)	**24,165****	**22,313**
Share of renewable sources in total energy consumption (%)	**71***	**70**
Total energy consumption (MWh; calculated as the sum of lines 6, 7 and 11)	**34,070****	**32,044**

[1] Key figures for the previous year that were not disclosed in the previous reporting (marked with *) were not externally audited, nor were key figures for the previous year that deviate from the previous reporting due to a change in the calculation method or scope (marked with **).

We account for our Scope 1, Scope 2 and Scope 3 emissions according to the GHG Protocol. We chose to use the operational control approach to consolidate the data. SMA Solar Technology AG and all fully consolidated group companies under operational control are thus accounted for in the balance sheet. The CO_2e balance sheet is determined on the basis of internationally recognized emissions factors (EcoInvent, Defra and GaBI). We apply both the location and market-based methods when calculating Scope 2 emissions. Biogenic CO_2 emissions are not relevant for the SMA Group or in the upstream and downstream value chain.

In the Scope 3 footprint, we take into account indirect emissions from the GHG categories of “Purchased goods and services”, “Capital goods”, “Upstream transportation and distribution”, “Use of sold products”, and “End-of-life treatment of sold products”. Other categories, such as “Fuel- and energy-related activities not included in Scope 1 or Scope 2”, “Waste”, “Business travel”, “Employee commuting”, “Upstream and downstream leased assets”, “Downstream transportation and distribution”, “Processing of sold products”, and “Franchises”, were not taken into account because they either do not apply to the SMA Group’s business model or, after assessment of the categories, are of low relevance and controllability.

Gross GHG emissions of the SMA Group

	Retrospective[1, 2]				Milestones and target years			
	Base year (2022)	2023	2024	%-Change 2024/2023	2025	2030	2050	Annual % target/ base year
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (t CO_2e)	2,503**	2,825**	2,937	+4.0	n/a	n/a	n/a	n/a
of which from regulated emission trading schemes (%)	n/a	0*	0	n/a	n/a	n/a	n/a	n/a
Scope 2 GHG emissions								
Gross location-based Scope 2 emissions (t CO_2e)	n/a	9,918**	9,332	−5.9	n/a	n/a	n/a	n/a
Gross market-based Scope 2 emissions (t CO_2e)	394**	192**	135	−29.7	n/a	n/a	n/a	n/a
Scope 1 and market-based Scope 2 GHG emissions								
Gross Scope 1 and market-based Scope 2 GHG emissions (t CO_2e)	2,896**	3,017**	3,072	+1.8	2,346	1,159	n/a	+6.1
Significant Scope 3 GHG emissions								
Total gross indirect (Scope 3) emissions (t CO_2e)	n/a	788,202**	721,970	−8.4	n/a	n/a	n/a	n/a
1 Purchased goods and services	n/a	622,596**	582,580	−6.4	n/a	n/a	n/a	n/a
2 Capital goods	n/a	11,476**	11,397	−0.7	n/a	n/a	n/a	n/a
4 Upstream transportation and distribution	n/a	24,455**	46,746	+91.2	n/a	n/a	n/a	n/a
11 Use of sold products	n/a	121,420**	75,988	−37.4	n/a	n/a	n/a	n/a
12 End-of-life treatment of sold products	n/a	8,255**	5,258	−36.3	n/a	n/a	n/a	n/a
Total GHG emissions								
Total GHG emissions (location-based) (t CO_2e)	n/a	800,945**	734,239	−8.3	n/a	n/a	n/a	n/a
Total GHG emissions (market-based) (t CO_2e)	n/a	791,219**	725,039	−8.4	n/a	n/a	n/a	n/a

[1] When calculating the gross GHG emissions, there are deviations from previous reporting due to a change in calculation software and changes to the emission factors and the scope of the recorded data. Figures from the previous years have been changed accordingly.

[2] Key figures for the previous year that were not disclosed in the previous reporting (marked with *) were not externally audited, nor were key figures for the previous year that deviate from the previous reporting due to a change in the calculation method or scope (marked with **).

The following table shows the greenhouse gas intensity based on net revenue:

GHG intensity per net revenue	2022	2023[1]	2024	%-Change
Total GHG emissions (location-based) t CO_2e/€ million	n/a	421*	480	+14.1
Total GHG emissions (market-based) t CO_2e/€ million)	n/a	416*	474	+14.0

[1] Key figures for the previous year that were not disclosed in the previous reporting (marked with *) were not externally audited.

The net revenue used to calculate the greenhouse gas intensity matches the net sales in the financial statements.

For 2024, we have calculated total gross indirect (Scope 3) GHG emissions of 722.0 thousand tons of CO_2e (2023: 788.2 thousand tons CO_2e**). With 582.6 thousand tons of CO_2e (2023: 622.6 thousand tons CO_2e**), the category of "Purchased goods and services" was the most relevant Scope 3 category by far in the SMA Group. This is followed by the categories "Use of sold products" with 76.0 thousand tons of CO_2e (2023: 121.4 thousand tons of CO_2e**), "Upstream transportation and distribution" with 46.7 thousand tons of CO_2e (2023: 24.5 thousand tons of CO_2e**), "Capital goods" with 11.4 thousand tons of CO_2e (2023: 11.5 thousand tons of CO_2e**) and "End-of-life treatment of sold products" with 5.3 thousand tons of CO_2e (2023: 8.3 thousand tons of CO_2e**).

Scope 3 emissions fell by 8% compared to the previous year against the backdrop of lower sales overall. In the categories "Use of sold products" and "End-of-life treatment of sold products", CO_2e emissions fell by 37% and 36% respectively, as fewer products were sold in the reporting year. In contrast, CO_2e emissions in the "Upstream transportation and distribution" category rose by 91%. This is due in particular to the significant increase in sales of central inverter solutions compared to the previous year. The large and heavy systems are transported over long distances to the main sales markets, such as the USA and Australia. In addition, the data basis for 2024 was improved and expanded in this category and process quality was increased.

Substances of very high concern

The SMA Group markets complex products for sustainable, decentralized energy generation that are assembled from a wide range of different components. Some of the components we use contain small amounts of substances of very high concern (SVHC), particularly lead, which is harmful to people and the environment.

Policy related to substances of very high concern

Our handling of chemicals is subject to the strict legal requirements of the REACH Regulation (Registration, Evaluation, Authorization and Restriction of Chemicals). This EU regulation aims to improve the extent to which human health and the environment are protected from the risks that can be posed by chemicals. Approval is required for SVHC, so companies that produce or import lead must register this activity with the European Chemicals Agency (ECHA). This requires that they provide comprehensive information on the chemical properties of lead, how it is used and related safety measures. ECHA evaluates the submitted data to identify the potential risks posed by lead. To obtain approval, companies must provide evidence that the risks posed by lead are monitored appropriately or that its use is justified. The use of lead is highly restricted or prohibited in many products. When using lead, we must ensure that these restrictions are complied with and that lead is not used in a prohibited way in our products. We pass on information regarding the presence of SVHC in our products to the downstream value chain. This includes providing declarations of conformity and other information of relevance to users. We partner with a reputable material compliance software vendor to obtain and validate the necessary supplier evidence and make our active bills of materials and other supplier-related data available for this purpose.

We expect all suppliers to provide evidence where requested so we can document compliance with the REACH Regulation and ensure the safety of chemicals on the European market. Based on feedback from our suppliers, we can also make conclusions regarding which components contain SVHC.

Companies that place products containing lead at a concentration above 0.1% weight by weight (w/w) on the EU market must also post this information to the Substances of Concern in Product (SCIP) database. This database ensures that information regarding hazardous chemicals in products is available throughout the entire life cycle, including at end of life. This leads to greater transparency and promotes the safe disposal and recycling of products. By complying with these requirements, companies help protect people and the environment while also fostering competitiveness and innovation in the chemical industry. We have set out the requirements we place on our suppliers' use of SVHC in the standard "Restriction on Hazardous Substances." The Senior Vice President Platform Development is responsible for compliance with the standard.

Actions related to substances of very high concern

Our general terms and conditions of purchase require that SMA Solar Technology AG suppliers comply with the SMA standard "Restriction on Hazardous Substances." The standard also sets out our expectation that suppliers review whether a technically equivalent version that does not contain SVHC is available. To continually reduce SVHC in our products, the Sustainability Committee has determined that annual assessments are to be carried out for all components to analyze whether suitable alternatives without SVHC are available for existing components containing SVHC. We conducted the substitution review for the first time in 2023. The first step in the review consists of sending a survey to the supplier, taking available stock into account. If the supplier confirms that an SVHC-free component is available, we initiate a product change process. Basic technological requirements are first reviewed as part of this process, including safety-relevant requirements, for example. Checks are also carried out to determine whether the alternative is economically viable and available in the required quantities. This is followed by the detailed testing and qualification procedure for the specific component application. Substitutions are then made if there are suitable alternatives that meet the described criteria. Implementation of the substitution analyses is monitored by the Sustainable Finance Council, which reports to the Sustainability Committee as required.

Targets and metrics related to substances of very high concern

At present, we are not pursuing any quantifiable targets in relation to the handling of substances of concern and are measuring the effectiveness of our policies and actions by adhering to the aforementioned process steps.

At this point in time we are unable to determine the total amount of substances of concern and of very high concern that leave the company's facilities in the form of emissions, products or as part of products or services. This is due to the fact that our suppliers are only required to provide us with limited information in accordance with current European case-law for components that consist of one or more products and contain a regulated SVHC in a concentration above 0.1% weight by weight. The information includes at least the name of the relevant substance, but not its precise concentration. We are therefore also unable to make a reliable statement regarding the total amount of employed substances of very high concern that are used or acquired in production. No substances of very high concern are produced in the SMA Group.

Circular economy

We use large amounts of materials as a manufacturer of electronic products and believe that we have a special responsibility to reduce negative environmental impacts in the context of resource use and circular economy. The electronics and battery industry is particularly resource-intensive and has a high demand for raw materials such as aluminum, copper, and steel, as well as raw materials that are, in some cases, scarce, like gallium, indium and tantalum. This results in the depletion of natural raw material deposits in the upstream value chain. In 2024, we purchased 64.9 thousand tons (2023: 55.4 thousand tons*) of products and technical materials. The increase in weight is particularly due to strong growth in sales of central inverters compared to the previous year. Significantly heavier components were purchased for these than for the products from the home segment that predominated last year. Biological materials, however, are not used for our products. The scarcity of materials coupled with increasing demand underscores the need to return these materials to material cycles so we can become less dependent on raw material extraction, which involves working in ambient conditions that are difficult to control, as well as enhancing our supply reliability. Major negative impacts also occur if proper disposal and appropriate recycling are not ensured for electrical and electronic waste at end of life. Valuable resources are lost if these are not recycled, resulting in higher resource consumption.

We have implemented circular principles throughout the product life cycle. The following sections provide information on the related policies and actions. We take durability, reusability, repairability, and requirements for disassembly into account starting in the product development phase. Reprocessing and reuse form part of our repair approach. Our waste management policies ensure recycling and the return of materials to the biological cycle. We create the conditions for optimizing the use of our products in the scope of our service business, which includes sales of spare parts in addition to extended warranties and further services.

Resource inflows and resource use

It is important for to us to know the impacts of our solar, hybrid and battery inverters and EV Chargers on the environment so we can derive actions on this basis and ensure resources are used sparingly. Life cycle assessments help us identify the factors that influence the sustainability performance of our inverters throughout the product life cycle. We have prepared life cycle assessments for various PV inverters in accordance with ISO 14040 and ISO 14044 standards in recent years and have had these certified by external experts. They comprise the 16 recommended environmental impact categories of the European Environmental Footprint 3.0 (EF3.0). In this context, we identified the raw materials that constitute the most relevant share for our products, which include steel, aluminum and copper in particular. Summaries of the life cycle assessments are published on our corporate website.

Policies related to resource inflows and resource use

Our quality management system (QMS) offers a number of advantages that contribute to making sparing use of resources. SMA Solar Technology AG's QMS, which is certified according to ISO 9001 and is valid for the entire SMA Group as a policy, creates the conditions for clearly defined processes that are continually optimized based on ongoing checks and monitoring of the workflows. This results in the efficient use of resources and materials, reduced waste and a high standard of product quality at the global level. Production errors are minimized based on systematic error analyses and preventive measures, which reduces rejects and the need for reworking, thereby conserving resources. Based on SMA Solar Technology AG's environmental management system, which is certified according to ISO 14001 and is valid for the entire SMA Group as a policy, we also integrate environmentally friendly practices that allow us to increase our resource efficiency and reduce the environmental impact. SMA Solar Technology AG's QMS is continuously monitored and checked for effectiveness in the course of four management assessments that are carried out each year. The Managing Board designated the Head of Quality as the

management representative for the integrated management system. The processes of the management systems are comprehensively described and accessible to all employees of the SMA Group via the Management Handbook.

Actions related to resource inflows and resource use

We have implemented actions throughout the entire product creation process to ensure that resources are conserved and used efficiently. These actions comprise the stages of product development, sourcing, production, and repair in the use phase.

Sustainable product development

The product development phase plays a decisive role in product sustainability, as this is where the groundwork is laid for the entire life cycle of a product. Product development at the headquarters in Niestetal/Kassel (Germany) follows a defined product development process (PEP), for the implementation of which the Head of Portfolio Management is responsible. PEP covers the definition of product requirements through to the series production stage and ensures process and product quality. The requirements profile describes the expectations placed on the product. Among other aspects, these include specifying measurable quality objectives, such as reliability and service life. A review is also conducted to determine which product components, such as power electronics, electronics and mechanics, can be used from existing products for new products, as we have already gained insights regarding the reliability of these components.

PEP also contains the requirements the SMA Service department places on products to be newly developed. Compliance with the requirements that the Service and Repair departments place on disassembly for repair purposes is ensured through close cooperation. Additional elements of PEP include the design of spare parts production and repair activities at the SMA Group's Global Repair Center. Established milestones must be passed successfully as part of PEP in order to hand over the project to the next phase leading up to the final product launch. At the end of each phase, the completeness and quality of the deliverables are reviewed in an audit. This systematic approach helps us develop and market products that are distinguished by their considerable reliability and service life.

One key instrument in improving our environmental performance in the design phase consists of reducing the use of materials. An in-house developed optimization tool for inverter power electronics is helping us continuously improve power density, thereby reducing the weight of the devices in kg per kW of inverter output produced. The tool factors in the quality criteria concerning the use of materials (weight), volume, cost and performance (efficiency) to calculate the optimal design using cutting-edge technologies. We have reduced the average weight per kW in terms of inverter output produced from 2.47 kg/kW in 2020 to 1.0 kg/kW in 2024 (2023: 1.24 kg/kW). By standardizing the architecture of the core components and integrating key system functions, we are also increasing the proportion of identical components and software modules across the entire portfolio while reducing the number of components in the system. The more we employ identical components, the better we can use the components we purchase in other systems as well, which reduces the risk of components for individual solutions being disposed of when they are no longer needed. The focus here is on highly integrated and digitalized solutions that cover as many functions as possible and thus meet the demands for sustainability, material efficiency and ease of use. The SMA system architecture guideline sets out rules for software development, which ensure that all components and applications are established on a consistent basis, interact seamlessly within an efficient overall system and can be adapted to new requirements through remote updates. We also provide our customers with this level of adaptability for older devices. This means that they do not have to replace their existing and still functional devices in the event of new requirements, but can continue to use them by adding an additional component. Standardizing the architecture of the components in this way helps us reduce the share of components that are incompatible with other devices due to technical modifications or updates and therefore cannot be further used.

In addition to the adaptability of our systems, their considerable durability ensures that resources are treated in a responsible way. We develop high-quality inverters that also function reliably over the long term under environmental conditions that are becoming ever more challenging as the climate crisis advances. Our string inverters are designed for a durability of 20 years and our central inverters for 25 years. The design service life of our EV Chargers is intended to be at least ten years. In general, an industry comparison in terms of service life, especially for inverters in higher power classes, is hardly possible due to the project-specific framework conditions. We used data from a scientific study carried out in 2022 for typical inverters in the Home segment with an output of 5 kW.[18] This study found that the devices had an average failure rate of 34% after 15 years. Field data relating to SMA inverters with an output of 5 kW, on the other hand, showed an average annual failure rate of 15% after 15 years, which equates to the reliability of the SMA devices being 29% higher than the comparative figure. With regards to the charging solutions for electric vehicles, we undertook a comparison based on the warranty periods. Our charging solutions in the Home segment have a five-year standard warranty and those in the Commercial & Industrial segment a two-year warranty, with the option to extend it to seven years. On average, our main competitors in the Home segment offer a warranty lasting two to three and in the Commercial & Industrial segment three to five years. The SMA Group offers a twelve-year system warranty for battery storage systems in the Home segment, while our main competitors offer a ten-year warranty on average. The battery storage systems distributed by the SMA Group therefore have a 20% longer warranty period than those of our main competitors.

To ensure a long service life of our products, we separately qualify components that are critical to the product service life before their use in SMA devices within our Design for Reliability process. As part of our extensive functional and endurance tests, within a test period of six months we can map out a service life for components of 20 to 25 years, identify potential causes of failure and failure rates as well as derive countermeasures. We are working closely together with our suppliers and research facilities on this. We are continuously developing our knowledge of relevant aging models, the underlying aging effects and critical influencing factors. The results of our investigations are collected in a database and taken into consideration for every potential new use of the components in question. In addition, before series production begins, we validate our inverters through a series of tests conducted both in our accredited test center and in the field under real-life conditions. In the laboratory tests, we simulate a range of environmental and grid connection conditions, artificially age the devices and test their electromagnetic compatibility. This involves exposing our components, assemblies, and inverters to extreme climate conditions in the form of very high and very low temperatures, high moisture and thermal shocks. The actions and reliability tests we undertake reduce the risk of failures in the field and consumption of raw materials, as fewer materials are required for the manufacture of spare parts and devices.

We ensure resource-efficient phase-out management for our products based on our phase-out process (POP). One task here is to manage the use of materials in a way that avoids rejects and ensures further use of materials in subsequent generations.

Sourcing of secondary materials

Increasing the proportion of secondary materials in our products also helps decrease raw material consumption, as this reduces the amount of primary raw materials we require and thus the associated negative environmental impacts. Our strategic suppliers for direct material primarily use raw materials to manufacture supplied parts in the areas of (power) electronics and medium-voltage technology, as well as enclosures for string inverters and switch cabinets for central inverters. The primary raw materials used for this purpose can be replaced by secondary materials under certain conditions. We define secondary materials as materials that come from different sources than primary materials; reused components are not taken into account here. To assess the availability of secondary materials, we carry out an annual supplier survey to determine the share of secondary materials in our

[18] Berner Fachhochschule: Life Expectancy of PV Inverters and Optimizers in Residential PV Systems

products. This is done by determining the mass-relevant components of the inverters and EV Chargers produced in-house as well as the relevant products manufactured by OEM suppliers. We then send a survey to the suppliers regarding the components that have been identified as most relevant in terms of mass (mass proportion of 80% overall) with a focus on the materials steel, aluminum, copper, and plastics. For further information on the supplier surveys and calculation methods, see the "Estimates and result uncertainty" section at the beginning of the Consolidated Sustainability Statement.

The results of the supplier surveys help us derive material-specific target figures and develop a standard for the SMA Group in order to further reduce the use of primary materials in our products in the future. The information on secondary materials is also incorporated into the SMA Group's calculation of greenhouse gas emissions. Based on the available data from the supplier survey, we used a projected 15.9 thousand tons of secondary materials in the reporting year (2023: 14.6 thousand tons*). This corresponds to a share of 24% (2023: 26%*).

Resource-friendly production

We have implemented various measures in our production processes at our headquarters in Germany to ensure that resources are used efficiently and to minimize the proportion of rejects and scrap. The standard of quality in production at the headquarters in Germany is shown in the first pass yield (FPY). We use this metric to measure and control rejects and rework in the production process, and thus contribute to increased resource efficiency. FPY measures the proportion of products and systems coming out of the first production cycle without repairs. These units do not require reworking and are thus faultless. The ratio of good to defective parts provides an indicator for process quality, internal quality assurance, and quality management. Measures to increase FPY are identified in production on an ongoing basis. Depending on the complexity of the product, a very good FPY for the string inverters would be 87% to 97%, and for the stacks of the central inverters at least 90%. In the whole of 2024, the FPY was 90.5% for string inverters and 87.3% for the stacks of central inverters.

In the event that inventories for production result in overstocks of materials and finished goods that cannot be put to use, we first try to resell these and thus maintain the value of the consumed resources. The scrap process described below is only initiated if they cannot be sold.

Repair

Our repair approach goes into effect once the production process has been completed at the global inverter production facility at our headquarters in Niestetal/Kassel (Germany) and the devices have been shipped to our customers. By repairing devices, we ensure that they can be used for as long as possible and are not disposed of earlier than necessary. If there is a customer complaint due to a faulty device with an identified fault source, the device is repaired by replacing defective components at the system operator's location as far as possible. The devices are only sent to our Global Repair Center in Niestetal (Germany) and replaced with reconditioned devices if this is not possible. To decentralize inverter repair activities and also provide the required service closer to where the inverters are deployed, we are working with a repair service provider to implement repairs and the subsequent quality checks using proprietary test equipment in the U.S. as well. Based on the experiences gained in the U.S., our aim is to roll out this decentralized approach to other regions in the coming years to help us ensure we can provide repairs on a widespread basis.

Defective devices are repaired as described wherever this is possible and economically feasible, and we then transfer them to our replacement device pool. Overall, the success rate of repairs carried out at the Global Repair Center in the reporting year was 96.5% (2023: 97.5%**), meaning that only a low single-digit percentage of devices had to be scrapped. The previous year's figure was slightly restated. Moreover, if individual components are damaged in our production or warehouse or reported as defective by customers in isolation from warranty and claim commitments, we repair these components in our Global Repair Center and in partnership with an external service provider where it is economically feasible. Components and assemblies that we can reuse are removed from

decommissioned devices and reused for repair purposes. By taking this approach, we can ensure that used devices and components are reused. When analyzing reuse, we factor in aspects such as technical feasibility, the availability of materials on the market and quality. If it is not possible or economically feasible to repair defective inverters or components from production or the Global Repair Center, the devices and components are scrapped. The scrapping process is initiated by submitting a request and is subject to an approvals process at SMA Solar Technology AG. When approving the scrapping process, we ensure that associated waste is disposed of appropriately. This approach creates transparency within the company and ensures that the resources can be recirculated.

The handling of defective devices in our OEM business depends on the respective contractual conditions with the contract partner. Depending on the agreement, complaints are submitted for the devices with or without an initial analysis, repaired by a third party, kept as replacement devices in our warehouse, or if they are not needed, scrapped.

Targets related to resource inflows and resource use

To ensure the durability and quality of our products, we have set ourselves a target to reduce the field failure rate. This key quality figure refers to the number of failures in the field after the products have been released. It includes failures for any devices that were shipped in the past two years. As such, it constitutes a monthly rolling metric that shows failures in the field in relation to the number of devices shipped over the past two years. This metric helps us detect and rectify faults early in the series. In the event of deviations, a decision is made and documentation is maintained on which faults are to be analyzed in Product Maintenance and for which faults corrective action and countermeasures are being developed and implemented. At the same time, faults that have occurred due to issues with supplier components are rectified by Quality Management and Purchasing together with the relevant suppliers. Once the countermeasures have been implemented, their effectiveness is monitored on an ongoing basis. We track the decrease in the proportions of failure modes for shipped products after taking corrective action.

A low field failure rate contributes to reduced resource use, as fewer failures also mean that fewer resources are required for technical modifications, repairs or the manufacture of replacement devices. Correcting faults also decreases the amount of defective materials that are scrapped. This conserves natural resources and reduces the negative environmental impacts caused by the use of resources.

For each SMA product, ambitious and specific product lifetime and field failure rate targets are defined and assessed annually. In order to adhere to our commitment to quality, we have set ourselves the target of reducing the field failure rate of our products to 1.0% by 2025. We derived this target in the 2019 base year by reference to the current and forecast products and the product mix in the field. The field failure rate was 1.4% in the base year. Further scientific findings and ecological thresholds were not taken into account when setting the target, which was carried out by the Global Quality function. The Sustainability Committee receives quarterly reports on the status of target achievement. In 2024, the field failure rate rose to an average of 1.4% (2023: 1.0%). In addition to significantly lower sales of established inverter models with low field failure rates in the reporting year, this increase is due to a fault in a communication module in a product in the higher power classes and the series startup of a new inverter in the medium power class. These faults were rectified in the reporting year by taking appropriate corrective action in series production.

Waste

In terms of the proportion of their mass, the waste streams of greatest relevance to the SMA Group are packaging, waste from electrical and electronic devices, and metals. Our waste contains biomass, metals, plastics, critical raw materials and rare earths. The electrical and electronic waste constitutes hazardous waste and can pose a risk to humans and the environment. For this reason, the impacts in connection with electrical and electronic waste are deemed material both in our own business area and in the downstream value chain. Our policy, action planning and target setting focus on the negative impacts in our own business area in the first instance.

Waste policy

In setting out our environmental policy, we have undertaken to uphold the circular economy principles that we implement in the context of SMA Solar Technology AG's ISO 14001-certified environmental management system. The SMA Solar Technology AG environmental management system is continuously monitored and checked for effectiveness in the course of the four management assessments that are carried out each year. The processes of our management systems are comprehensively described and accessible to all employees of the SMA Group via the Management Handbook. The Managing Board designated the Head of Quality as the management representative for the integrated management system.

Dealing with waste, we use the waste hierarchy. Accordingly, the top priority is to avoid waste. If this is not possible, then measures for reuse are examined. The next step is recycling measures, energy recovery and only then disposal. The waste management officer is responsible for monitoring the implementation of the corresponding requirements.

Actions related to waste

Responsibility for our products throughout their life cycle does not end when they are sold, but also includes proper disposal. To reduce the risk of our devices being disposed of inappropriately and to minimize the associated negative environmental impacts, we comply with the requirements of the Extended Producer Responsibility (EPR) as part of the European Union's environmental policy approach where applicable. The EU's various EPR regulations aim to prevent products from having adverse impacts throughout their entire life cycle and ensure that they are safely and properly disposed of or recycled. In particular, the EU Directive on Waste of Electrical and Electronic Equipment (WEEE) is relevant to the handling of our electronic devices at the end of the life cycle. The WEEE Directive regulates the handling and proper disposal of end-of-life electrical and electronic equipment. At the SMA Group, the WEEE Directive is applied based on the relevant national implementation law. In France, Italy and Germany, these laws obligate the group companies in the respective countries to uphold the EPR. The WEEE Directive was implemented in Germany through the Electrical and Electronic Equipment Act (ElektroG). In line with the legislation, we report the quantities of products placed on the German market to the Stiftung elektro-altgeräte register (ear) every month. The Stiftung ear calculates the share of each manufacturer in the total quantity of devices placed on the market on the basis of all devices reported monthly and commissions them to dispose of the equivalent share of devices currently awaiting disposal. This is usually performed by the manufacturers commissioning qualified waste management companies to dispose of the waste. The disposal costs for old electrical and electronic devices are therefore already covered when they are placed on the market, and all appliances can be disposed of at the end of their life at zero cost to consumers. The Stiftung ear also coordinates the provision of containers for handover facilities at public waste disposal authorities.

Due to their material composition and high hazard potential if handled inappropriately, the disposal of batteries is subject to more extensive regulations, which are set out in the EU regulation concerning batteries and waste batteries. One objective of the EU battery regulation and the additional national provisions, such as the German Battery Act, is to establish rules for taking back old batteries as well as their appropriate, environmentally sound disposal. According to the EU battery regulation, SMA Solar Technology AG and SMA Altenso GmbH in Germany, SMA Italia s.r.l. in Italy, and SMA France S.A.S. in France are considered manufacturers in the context of the regulation. We also report the battery brands and classes we place on the market to the Stiftung elektro-altgeräte register (ear). We satisfy requirements regarding the proper marking of electrical and electronic equipment and batteries with type labels on our devices. The marking tells consumers that our devices should not be disposed of with household waste, but must be collected separately. In countries without EPR regulations, we advise our customers to comply with the applicable national laws and to ensure that the devices are properly disposed of, recovered, or recycled accordingly.

To ensure that resources are recovered and reused as effectively as possible, we use labeled containers at our main production site in Niestetal/Kassel (Germany) to sort waste selectively according to the relevant waste streams and report the waste categories to our disposal company in greater detail than required by legislators. We have also set up a project alongside this to foster greater awareness and transparency around proper handling of waste at our foreign subsidiaries and provide them with optimum guidance in this regard. We strive to make our devices highly recyclable so they can be recycled appropriately. To this end, we assessed the entire process of disposing of our inverters in 2023 as part of a waste disposal audit in Germany: This included collection, transportation, dismantling and the separation and sorting of various components to return them to production processes. The results of this assessment match the findings of our certified life cycle assessments. Overall, we used 53.0 thousand tons of recyclable material in the reporting year (2023: 45.3 thousand tons*). This corresponds to a recyclable material rate of 82% (2023: 82%*).

Waste targets and waste metrics

With our environmental policy, we have set ourselves a target for improving our waste management as part of our environmental management system. With regards to the top tier of the waste hierarchy–avoiding waste–our target is to reduce the waste generated in the operating areas at our headquarters in Niestetal/Kassel (Germany) by 25% to 1.63 tons of waste per € million of SMA Group sales by 2025 (2018: 2.18 tons). This target was defined by conducting comprehensive process analyses on waste generation at our headquarters in Niestetal/Kassel (Germany) in 2022, to ensure that it covers all relevant waste streams. The target comprises the total amount of waste, including waste from electronic devices. Construction waste, on the other hand, is not included because this waste is subject to major fluctuations, very difficult to control and not always generated in the operating areas. Further scientific findings, ecological thresholds and company-specific allocations were not taken into account when determining the target. The Supply Chain Excellence Team as well as the Corporate Real Estate Management, Global IMS[19] and Sustainability functions were involved in setting the target, which was then approved by the Sustainability Committee. The Sustainability Committee receives reports on the extent to which the target has been achieved on a quarterly basis and monitors target achievement. In the reporting year, the specific amount of waste generated in the operating areas at the headquarters in Niestetal/Kassel (Germany) rose to 1.27 tons of waste per € million of sales (2023: 1.14 tons of waste/€ million of sales**). The relatively low increase in this value, despite the significant drop in sales during the reporting year, can be attributed to the fact that less packaging waste was generated due to lower production activity in the field of string inverters. The previous year's figure has been adjusted slightly due to a calculation error that was corrected in the reporting year.

Waste fractions are designated and classified at our production sites based on the European Waste Catalogue (EWC), which has been transposed into national law in the form of the Waste Catalogue Ordinance (AVV) in Germany. To this end, each type of waste is assigned a six-digit waste identification code. The EWC primarily classifies waste according to its industry of origin (e.g., electrical and electronic devices). Waste that can be both hazardous and non-hazardous is listed as "mirror entries" and the hazardous fractions are indicated with an asterisk to differentiate between the hazardous and non-hazardous fractions. We create a waste report based on the classification of the waste. This document comprises the volumes of waste produced, their classification and the type of disposal or recovery. The waste report helps us monitor compliance with legal requirements and minimize the environmental impact. It also enables improved control of our waste streams and can play a role in improving internal processes. The information is queried and aggregated in all SMA group companies using internal data acquisition systems.

[19] IMS = Integrated Management System

Due in particular to the reduction in packaging waste in production, the SMA Group's total waste volume fell to 2,526 tons in 2024 (2023: 2,953 tons**). The volume of waste disposed of in the reporting year was 91 tons (2023: 117 tons*) and thus corresponded to 4% of the total waste volume (2023: 4%*). The volume of waste recycled was 2,435 tons (2023: 2,835 tons**) and thus 96% (2023: 96%**). The amount of hazardous waste was 344 tons and thus 14% in 2024 (2023: 336 tons**; 11%**). Waste from electrical and electronic devices was responsible for 25% of the total waste volume at our production sites (2023: 21%*). The hazardous waste and waste from electrical and electronic devices mostly consist of defective inverters or their components that cannot be repaired in our Repair Center. The generation of these types of waste is therefore independent of the production activity in the reporting year. As in the previous year, the share of radioactive waste was 0 tons globally (2023: 0 tons*). Waste metrics for 2023 were changed, as the scope of the recorded data was expanded and the calculation method for office waste changed.

Amounts of waste diverted from disposal

	Hazardous waste		Non-hazardous waste	
Weight in t	**2023**	**2024**	**2023[1]**	**2024**
Preparation for reuse	6*	6	9*	8
Recycling	309**	328	2,241**	1,866
Other recovery operations	3*	3	268*	224
Total	**318***	**337**	**2,518***	**2,098**

[1] Key figures for the previous year that were not disclosed in the previous reporting (marked with *) were not externally audited, nor were key figures for the previous year that deviate from the previous reporting due to a change in the calculation method or scope (marked with **).

Amounts of waste directed to disposal by waste treatment type

	Hazardous waste		Non-hazardous waste	
Weight in t	**2023[1]**	**2024**	**2023[1]**	**2024**
Incineration	18*	7	95*	80
Landfill	0*	0	4*	4
Other disposal operations	0*	0	0*	0
Total	**18***	**7**	**99***	**84**

[1] Key figures for the previous year that were not disclosed in the previous reporting (marked with *) were not externally audited.

Social

Own workforce

By signing the UN Global Compact in 2011, the Managing Board of SMA Solar Technology AG committed itself to the ten embedded principles covering human rights, labor standards, environmental protection and anti-corruption. The Managing Board is also committed to the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the United Nations International Bill of Human Rights and the core labor standards of the International Labour Organization (ILO). The SMA Group pledges to uphold these principles and standards, including freedom of association in accordance with ILO Conventions 87 and 98, at all locations worldwide, as long as this does not conflict with specific federal state legislation to which the respective group company is subject. We aim to use individual company regulations to create employment conditions that are geared toward the needs of both workers and the company. In

Germany, this is done on the basis of Works Agreements in cooperative collaboration with the workers' representatives. Workers' representatives are involved in key operational change processes that affect the employees directly or in the context of co-determination. Discussions on important personnel topics are held regularly with workers' representatives, including within the framework of committees. These include, for example, the Personnel Committee, the Remuneration Committee, the Working Hours Committee and the Training Committee.

General policies related to own workforce

Our strategy on human rights and environmental protection is set out in our Policy Statement on Human Rights and Environmental Due Diligence, which covers the SMA Group's own business area as well as direct and indirect suppliers. In the policy statement, we commit to upholding the internationally recognized standards mentioned above. With the policy statement, we undertake not to tolerate discrimination or unequal treatment based on gender, nationality, ethnic or social origin, religion, ideology, disability, age, sexual orientation, identity or any other legally protected status. We also describe our principles and procedures in relation to banning child labor, protecting young people as well as the prohibition of forced or compulsory labor, workplace safety and health, the right to freedom of association, fair remuneration, environmental protection, the prohibition of unlawful forced evictions and confiscation of land and due diligence in the use of security personnel. The Works Agreement on Working in Partnership at Work also sets out further conditions for non-discriminatory personal interactions for SMA Solar Technology AG. We do not believe it necessary to address the topic of human trafficking within the SMA Group's internal human rights strategy. Our production sites are located in Europe, and all of the other global group companies are sales locations. Given these circumstances, there are no risks in conjunction with human trafficking within the SMA Group. Relevant internal functions also had a hand in developing the Policy Statement on Human Rights and Environmental Due Diligence. It was adopted by the Managing Board of SMA Solar Technology AG. The Managing Board of SMA Solar Technology AG is responsible for implementing the strategy on human rights and environmental protection within the SMA Group. The policy statement is available to the own workforce and all external stakeholders as a download on the corporate website. The policy statement is reviewed annually and on an ad hoc basis to ensure that it is up to date, and updated as necessary. The Managing Board is kept regularly informed on the status of implementation in the Sustainability Committee.

The human rights strategy set out by the policy statement includes setting up a risk management system for human rights and environmental matters to ensure that our commitment to human rights and environmental protection is upheld throughout the entire SMA Group. Our approach is geared toward the mentioned internationally recognized standards. In order to monitor the established risk management system, the Managing Board has appointed the Head of Sustainability as the human rights officer. The risk and monitoring system represents a structured approach that we use to identify and assess risks within the SMA Group, to take action to address these risks, and monitor these actions. Grievance mechanisms are also used to ensure the necessary means are available for expressing concerns. Further information on the grievance mechanism can be found in the "Business conduct" section.

The human rights and environmental risk management system is based on a risk analysis. Since risks relating to working conditions can vary between countries and economic sectors, we have determined both factors for our identification of risk with software support. We also used questionnaires to obtain and analyze information from the group companies in order to determine the human rights and environmental risks of the SMA group companies. Our process for the subsequent analysis and prioritizing of the risks is set up to include the criteria of capacity for influence, contribution to causation and the severity of the potential breach of obligation. Findings from previous audits are also taken into account. The risk evaluation is updated annually and on an ad hoc basis. The risk-based monitoring of the sites is set out in an audit plan. Audits are carried out remotely in the group companies and in person at our headquarters in Niestetal/Kassel (Germany). A workforce survey is conducted as part of the on-site audit at our headquarters, so the affected stakeholders are directly involved in the process. The survey focuses particularly on vulnerable groups, such as non-employees, those working in dangerous areas, women and foreign workers.

The auditors define improvement actions based on the audit results, the implementation of which is monitored using a system-based approach. Necessary escalations are reported to the Sustainability Committee. The audit team is made up of at least one lead auditor and a co-auditor. The lead auditors have been trained for this work in accordance with the SA8000 standard.

General targets and actions related to own workforce

In 2022, we set ourselves the target of including 100% of SMA group companies with active business operations under the established risk and monitoring system for human rights by 2025. By taking this step, we are ensuring compliance with the policy statement and therefore compliance with the international standards that we strive to uphold. These include the topics of health and safety as well as equal treatment and opportunities for all, within which we have identified the material impacts that are described below in the corresponding sections. The target was approved by the Sustainability Committee. The own workforce was not involved in shaping the target. The coverage rate was 0% in the 2021 base year. At the end of the reporting year, 67% of all 21 group companies of the SMA Group with active business operations were covered by the human rights risk and management system (2023: 55%). Target achievement is monitored by the Sustainability Committee on a quarterly basis.

In addition to carrying out internal audits and defining specific actions for the SMA group companies, SMA Solar Technology AG took the voluntary step in 2024 of undergoing a SMETA[20] audit by an external auditor, which examined the extent to which ethical business practices are upheld in the areas of working conditions, health and safety, business ethics and environmental management. In doing so, we are meeting our customers' increasing demand for external validation of our high labor standards.

[20] SMETA = SEDEX Members Ethical Trade Audit

Metrics related to own workforce

In 2024, there were no violations of labor laws identified at any locations of the SMA Group, nor were there any convictions under labor law. For this reason, no fines or compensation had to be paid. There were no serious human rights issues or incidents relating to the own workforce that involved instances of non-compliance with the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises. No fines, penalties or compensation were thus paid due to serious human rights incidents. No complaints were filed to the National Contact Points for OECD Multinational Enterprises.

Complaints filed in the reporting period through channels for people in the undertaking's own workforce to raise concerns

Total number of complaints	**37**
of which closed as unjustified	26
of which in review	3
of which are considered proven	8
Total number of complaints related to discrimination	**6**
of which closed as unjustified	3
of which in review	1
of which are considered proven	2
Total number of complaints related to severe human rights incidents	**0**
of which closed as unjustified	0
of which in review	0
of which are considered proven	0

As of December 31, 2024,the SMA Group had 4,282 employees worldwide (December 31, 2023: 4,377 employees). The slight decline is due to the staff reduction measures initiated in the reporting year against the backdrop of a worsening order situation. Employee fluctuation increased accordingly to 15.1% in the reporting year (2023: 11.0%**). This corresponds to 676 employees leaving the company (2023: 441 employees**). In order to calculate employee fluctuation, the total number of employees who have left voluntarily or due to dismissal, retirement, or death during the reporting period was expressed as a proportion of the average number of staff during the reporting period according to the requirements of the ESRS. The previous year's figure has been adapted accordingly.

To absorb fluctuations and to be able to respond to increased incoming orders at all times as well as to fill management and expert roles which are hard to fill quickly, the SMA Group also uses non-employees. Non-employees are mostly deployed in the areas of production, logistics and IT/development. The number of non-employees sharply decreased as of the reporting date. It reduced by 572 to 219 persons worldwide (December 31, 2023: 791 non-employees*). The background to the significant decline is the targeted reduction in non-employees due to the deteriorating order situation in the reporting year.

The "Employee and contingent labor benefits" are described in the Consolidated Financial Statements under Section 5.

Employees by gender

Gender	12/31/2024	2023/12/31[2]
Female	1,177	1,256
Male	3,105	3,121
Other[1]	0	0*
Not disclosed	0	0*
Total	**4,282**	**4,377**

[1] Gender as specified by the employees themselves.
[2] Key figures for the previous year that were not disclosed in the previous reporting (marked with *) were not externally audited.

Employees in countries with at least 50 employees representing at least 10% of the total number of employees

Country	2024/12/31	2023/12/31[1]
Germany	3,174	3,039*

[1] Key figures for the previous year that were not disclosed in the previous reporting (marked with *) were not externally audited.

Employees by contract type

Female	Male[1]	Other[1]	Not disclosed[1]	Total[1]
Number of employees 2024/12/31				
1,177	3,105	0	0	4,282
Number of employees 2023/12/31				
1,256	3,121	0*	0*	4,377
Number of permanent employees 2024/12/31				
1,049	2,763	0	0	3,812
Number of permanent employees 2023/12/31				
1,015	2,708	0*	0*	3,723
Number of temporary employees 2024/12/31				
128	342	0	0	470
Number of temporary employees 2023/12/31				
241	413	0*	0*	654
Number of non-guaranteed hours employees 2024/12/31				
0	0	0	0	0
Number of non-guaranteed hours employees 2023/12/31				
0*	0*	0*	0*	0*
Number of full-time employees 2024/12/31				
873	2,898	0	0	3,771
Number of full-time employees 2023/12/31				
961	2,936	0*	0*	3,897

Female	Male[1]	Other[1]	Not disclosed[1]	Total[1]
Number of part-time employees 2024/12/31				
304	207	0	0	511
Number of part-time employees 2023/12/31				
295	185	0*	0*	480

[1] Gender as specified by the employees themselves.
Key figures for the previous year that were not disclosed in the previous reporting (marked with *) were not externally audited.

Gender distribution at top management

	2024/12/31		2023/12/31[2]	
Gender	**Number**	**%**	**Number**	**%**
Female	28	16.5	23*	16.7*
Male	142	83.5	115*	83.3*
Other[1]	0	0	0*	0*
Not disclosed	0	0	0*	0*

[1] Gender as specified by the employees themselves.
[2] Key figures for the previous year that were not disclosed in the previous reporting (marked with *) were not externally audited.

Employees by age group

	2024/12/31		2023/12/31[1]	
Age group	**Number**	**%**	**Number**	**%**
Under 30 years old	605	14.1	704*	16.1*
30-50 years old	2,615	61.1	2,643*	60.4*
Over 50 years old	1,062	24.8	1,030*	23.5*

[1] Key figures for the previous year that were not disclosed in the previous reporting (marked with *) were not externally audited.

Metrics in relation to employees and non-employees were recorded using global SAP systems. They refer to the reporting date December 31, 2024, and headcount respectively. Classified under non-employees are individual contractors supplying labor to the company ("self-employed people") and workers provided by companies primarily engaged in "employment activities" (NACE code N78). In contrast, previous reporting exclusively referred to contingent labor. The comparable figures have been adapted accordingly for the previous year. We define all employees in the four highest job levels below the Managing Board as the top management level (job levels 10, 11, E1 and E2). This definition based on job levels is carried out against the backdrop that the criteria for grouping a role to these levels envisage a comprehensive responsibility for developing and managing the company. In contrast, organizational assignment of the role does not represent a decisive measure for management responsibility in the company.

Health and safety[21]

By evaluating our hazard assessment, we have formed a comprehensive picture with regard to work-related dangers within the SMA Group. The nature of our business field involving the commissioning, servicing and maintenance of systems within our service business and the operation of electrical test areas entails particular hazards for the SMA Group in connection with electrical current. This includes arcing, fire hazard and electrocution that may have serious or lethal consequences. This represents a material potential negative impact for workers in production and in the service business as well as workers at our service partners[22] around the world.

Policies related to health and safety

The highest target of the workplace health and safety strategy of the SMA Group is avoiding fatal and serious work-related accidents. With our strategic targets, we have undertaken to organize working conditions such that hazards to life and limb of the own workforce are excluded. To do so, we create a working environment in which occupational health and safety are embodied at all levels and are an integral part of the operational processes. In case of an emergency, we ensure that all technical and organizational conditions exist to be able to act quickly, responsibly and proficiently. The strategic targets are determined in the strategy for occupational health and safety management of SMA Solar Technology AG. Within the SMA Group, the Labor Director is responsible for implementing the occupational health and safety management strategy. Neither the strategy nor the business model was modified.

[21] In the "Health and safety" section, the metrics related to workers only refer to employees and contingent labor. Non-employees beyond this definition are excluded.
[22] A service partner is a commissioned, qualified, and authorized external company that renders services to meet the contractual service and warranty obligations of the SMA Group in a country or a region where the SMA Group is not represented with its own subsidiary.

The basis for global implementation of the strategic targets was laid in 2023 with the adoption of the Health & Safety Directive. The globally valid safety standards have to be implemented in all SMA group companies by 2025. Various subject-specific and department-specific meetings take place regularly to ensure that the topic of occupational health and safety management is firmly established in the SMA group companies. These include the quarterly meetings held by the Occupational Safety Committee, which are chaired by the Labor Director at the headquarters in Niestetal/Kassel (Germany) with the participation of safety experts, the Works Council, the safety officers and the occupational health physicians. The Occupational Safety Committee is involved in regularly reviewing the strategic targets for occupational health and safety management.

The globally valid manual for service personnel supplements the global Health & Safety Directive. Specifications and recommendations for safety training, the evaluation of safety risks such as working with electricity as well as how to act in an emergency are regulated in the manual. The content is guided by global standards such as ISO 45001. Contractually agreed requirements are in place for service partners. Current issues are discussed as part of a regular dialogue between service partner managers from the SMA Group and representatives of the service partners, and feedback is obtained. The effectiveness of the policies and the specifications is evaluated for service partner workers as part of an annual audit of the service partners. The health & safety situation at the service partners is regularly reviewed as part of the respective audit. The relevant process intends to derive actions to be implemented by the service partners in the event of deviations. This includes a feedback loop as a control measure. The progress of the actions for the service partner workers is tracked by the responsible service partner managers. The respective safety officers for the regions/countries are available to assist with their expertise at any time. The manual is reviewed annually by the Health & Safety Service Council consisting of the safety officers from the regions. Just like the Health & Safety Directive and the manual for service personnel, the strategy is available to all workers at the SMA Group on the intranet. The manual for service personnel is provided to service partners by the safety officers in the regions/countries. The strategy is regularly checked to ensure it is up to date and global implementation is monitored as part of the Sustainability Committee.

Actions in relation to health and safety

Strategic targets in occupational health and safety are implemented as part of our management system. The management system of SMA Solar Technology AG has been certified according to ISO 45001 since 2018. As of December 31, 2024, 3,113 workers (2023: 3,337 workers) of SMA Solar Technology AG have been covered by a certified management system for occupational health and safety. This corresponded to 72% (2023: 66%) of the SMA Group's own workforce. The effectiveness of the management system and the workplace health and safety strategy is monitored as part of quarterly management evaluations.

The most important actions for designing a safe working environment and preventing hazards are composed of preventative actions which are implemented on an ongoing basis alongside emergency measures. Preventative actions include conducting hazard assessments and safety trainings, regular inspection of the workplaces, analysis of the accident situation and deriving actions to improve occupational health and safety, as well as information campaigns to raise awareness among the own workforce. The package of preventative actions is currently being rolled out at the production sites of the SMA Group, as well as the service business.

Conduct hazard assessments

Before being implemented or used for the first time, new activities, work processes, workplaces and hazardous substances are assessed in terms of potential hazards at our production sites. A defined process, subject-specific templates and support from security experts ensure high quality and regular review of hazard assessments. This process is performed at our production sites following the STOP procedure. The substitution test (S) ensures that the activity/use of the hazardous material is absolutely necessary and that no alternative is available. If this is the case, technical measures (T) to reduce the risks are defined. If such measures are not possible or not sufficient, organizational measures (O) are taken. In the final step, personal protective measures/equipment (P) have to be used in addition

to the other measures. This process is also expected to have been implemented globally by 2025. The obligation to perform hazard assessments at the headquarters in Niestetal/Kassel (Germany) is transferred to the executives in writing. While performing a hazard assessment, they may bring in the experts of the Occupational Health & Safety division for support. Additional protective actions can be developed together with the responsible electrically qualified persons officially appointed by the company based on the results.

SMA Group workers and workers at the service partners are requested to report defective work equipment and possible dangers at the workplace. Unsafe conditions or near accidents are reported to the respective executive, the on-site workplace safety experts, or by e-mail to the Health & Safety specialists at SMA Solar Technology AG. Specially trained contact persons are available in the test areas where work with electricity is carried out. The workers are informed about people to contact in the event of a safety risk in the general occupational safety training as well as in the test area-specific trainings, through safety notices at the production sites and via the intranet. An app is available to service personnel and workers at the service partners working in the field around the world to report near accidents. The reports are sent to the regional supervisors, safety officers as well as the central Health & Safety specialists at SMA Solar Technology AG. If workers of SMA Group see that a work task objectively poses a risk to their health and safety, they are requested to stop working. In addition, a stop work form is available to service personnel and workers at the service partners. We have embedded this principle in the Employee Code of Conduct and training is provided as part of the annual general safety training. It is also part of our Health & Safety Directive and our manual for service personnel. In the training and and in the stop work form, it is pointed out that people will not face any negative consequences if they report the dangerous situation in good faith and stop working.

Safety trainings

In general safety trainings, we inform the complete own workforce about the importance of occupational safety, obligations of employers and workers, safety organization, behavior in case of an emergency, and provide general information on safe and healthy behavior.

In addition, there are specific workplace-related instructions. Workers in the test areas with an increased risk of electrical accidents will also receive additional safety training to ensure safe working in these areas. No access to these test areas is permitted without this training. Access is managed using electronic access control.

We have taken extensive measures to minimize the risks of electrical accidents. When working with electricity, own workforce must observe the five safety rules. “Disconnect from voltage sources” means disconnecting all poles and all sides of an electrical installation from live parts. In order to prevent an installation which is being worked on from being inadvertently restarted, measures must be taken to reliably prevent the installation from being restarted and a restart prohibition sign must be used to indicate this. The person working on-site must establish that all poles have been de-energized using suitable measuring/test equipment such as a voltage detector. This will determine whether there is still residual voltage present due to electrical devices or whether the wrong line may even have been accidentally disconnected from the voltage source. Once it has been confirmed that the installation has been de-energized, the conductors and the grounding arrangement are connected together using short-circuit-proof grounding and short-circuit equipment such as a grounding rod. In the event that the installation is inadvertently switched on, the upstream overcurrent protective devices will trigger and the parallel lines will not be atmospherically charged due to the capacitive coupling or induction.

The service workers and the workers at the service partners also receive safety training for working on electrical installations. Service technicians around the world undergo an extensive training process during which they receive training on handling our products and all aspects of working safely with electricity. Extensive information on occupational health and safety management as well as the current development of accident rates, templates, processes, organizational charts and contact details of the responsible contact persons are also available on the intranet for all workers.

Accident investigation

Work-related accidents at the production sites are documented and investigated. For all accidents within the SMA Group, a detailed accident investigation report is prepared and actions are defined and implemented. The actions are systematically pursued. More personnel resources in the area of workplace safety were available within SMA Solar Technology AG during the reporting year. Consistent accident investigations were carried out according to the 8D method. Continuous inspections and regular communication with executives took place. Workers' awareness of accident prevention was increased through specific articles on the intranet. Based on the evaluation of the accident data, events including the number of cutting injuries due to the introduction of different knifes in the production areas at the main site in Niestetal/Kassel (Germany) could be significantly reduced.

When an accident takes place, the affected persons in the group companies shall take sick days according to the applicable national law. If injured when performing an insured activity, employees in Germany are entitled to comprehensive insurance coverage via the employer's liability insurance association. Commute-related accidents also fall under this coverage. Accidents or near accidents which have occurred are evaluated quarterly or, if necessary, during sessions of the Health & Safety Service Councils and actions are derived, documented, and, if appropriate, rolled out globally. This is also coordinated as part of regular discussions between SMA service partner managers and the service partner representatives.

Emergency measures

In case of an emergency, we ensure that all technical and organizational conditions exist to be able to act quickly, responsibly and proficiently. Despite all the precautions, emergencies involving risks to people, property or the environment cannot be ruled out in principle at the company. SMA Emergency Management regulates how to handle emergencies in the form of a binding guideline for the headquarters in Niestetal/Kassel (Germany). For many types of emergency, such as fires or work-related accidents, there are also emergency plans specifying in a compact form what needs to be done and who needs to be informed when such incidents occur. Emergency plans are provided on safety notices alongside additional information on correct conduct in emergency situations. This also includes plans for if serious work-related accidents occur. Several areas are also equipped with automated external defibrillators. An emergency call must first be placed in the event of an electrical accident. There are emergency telephones available in all areas, including in laboratories and test areas with an increased risk due to electrical accidents. These telephones can be used to place emergency calls, as they are not reliant on mobile communication or Internet telephony. Trained first responders are informed and care for the persons involved. Signalers for receiving ambulances and/or emergency doctors are assigned. Emergency systems for those working alone are also provided for use by service technicians. The global Health & Safety Directive and manual for service personnel regulate how to deal with emergencies in group companies in detail. The global Health & Safety Directive will be rolled out globally by 2025.

Targets and metrics relating to health and safety

In order to measure the effectiveness of our health and safety actions, we assess various metrics which are recorded across the entire SMA Group. In addition to the lost time incident rate (LTIR)[23], we also record fatal work-related accidents, serious work-related accidents, electrical accidents, and work-related accidents with strong potential for a serious outcome. Serious work-related accidents are classified as accidents at work resulting in injuries that the injured workers are not able to fully recover from within six months, or where the workers are not expected to regain the state of health they had prior to the accident.

[23] Work-related accidents with at least one day off work/hours worked x standardization factor.

In order to meet our obligation within the strategic target of health and safety that working conditions be organized such that dangers to life and limb are ruled out, we set ourselves the target for 2025 of achieving an LTIR of maximum 0.8 relating to 200,000 hours worked across all SMA Group sites with an area of at least 400 m^2. The target covers all employees and contingent labor at the company, including those who carry out service tasks and dangerous work (for example working with electricity). The LTIR was 0.94 in the 2020 base year. The target value was decided by the Sustainability Committee in 2022. Own workforce was not involved in defining the target. Since production at the main site Niestetal/Kassel (Germany) substantially determines accident trends, data from Germany was initially considered when defining the target value and compared with the industry comparison of the relevant German employer's liability insurance association (BG ETEM). The company's accident figures were below the industry average here. The SMA Group's global accident trend and a very low global LTIR of 0.83 in 2021 due to the altered working conditions as a result of the COVID-19 pandemic were then taken as a benchmark for an ambitious target. Achievement of the target is monitored quarterly at the highest level by the Sustainability Committee. The Sustainability Committee is informed about actions which have been planned or implemented to ensure that the target is achieved. Target achievement is also presented in Occupational Safety Committee meetings, which workers' representatives take part in. Specific actions for improving occupational health and safety at the main site Niestetal/Kassel (Germany) are also discussed and agreed upon in the Occupational Safety Committee. The LTIR relating to 200,000 hours worked and at all SMA group companies with an area of at least 400 m^2 globally fell to 1.28 in the reporting year (2023: 1.67). The decline can be attributed to the actions performed in the reporting year described under "Accident investigation."

Since 2024, we have recorded the LTIR according to the reporting specifications of ESRS related to 1 million hours worked as well as at all SMA Group companies. It was 6.04 in the reporting year (2023: 8.15*). The systematic investigation of accidents showed a high accident rate among non-employees in production and logistics in the reporting year. In order to counteract this, a package of actions was developed by the Health & Safety specialists and made available to executives in production and logistics.

In the reporting year, a total of 44 work-related accidents (2023: 57 work-related accidents*) within the SMA Group occurred. There were no serious work-related accidents (2023: no serious work-related accidents) and five work-related accidents with high potential for a serious outcome (2023: 19 work-related accidents with high potential). Three of these accidents were electrical accidents (2023: two electrical accidents). There have not been any fatal work-related accidents at the SMA Group since the company was founded. The metrics include work-related accidents involving employees of the SMA Group and contingent labor. There was one reportable work-related accident among workers at service partners in 2024; this was an electrical accident. There were no fatalities. There is no data available for 2023, as these key figures were recorded for the first time in 2024.

Equal treatment and opportunities for all

In joining the "Diversity Charter" in 2011, we also undertook to create a work environment in which all of our own workforce have the same opportunities for development, regardless of gender, nationality, ethnic or social origin, religion, ideology, disability, age, sexual orientation or identity. The SMA Group undertakes to ensure that unequal treatment due to gender is not tolerated and to promote diversity. We see the diversity of our workforce as an asset to our company. We truly believe that diversity promotes collaboration and plays an important role in the financial success of a company. We have embedded our central principles of protection against discrimination, of equal treatment and fair pay in our Policy Statement on Human Rights and Environmental Due Diligence as well as in the Employee Code of Conduct as described under "General policies related to own workforce."

Companies in the electronics industry generally have a high proportion of male employees. There is also a large pay gap overall between men and women in Germany. Both factors may encourage unequal treatment of employees due to their gender in the SMA Group. On the one hand, evaluating the proportion of women at the company shows a relatively low percentage of women in the top levels of management. This presents a material negative impact for female workers with regard to gender equality. On the other hand, monitoring

and analysis of pay differences between men and women in the SMA Group showed structural discrimination against female employees (unadjusted gender pay gap). We have also identified an adjusted gender pay gap at several sites at different pay levels, something which represents a material negative impact for female employees with regard to equal pay for equal work.

Policy related to diversity, equity & inclusion

By evaluating internal and external documents and with the involvement of affected stakeholders of different genders and ages from various hierarchy levels and countries, we developed a policy in the reporting year which will further advance the topic of diversity, equity and inclusion (DE&I) within the SMA Group. The SMA Group business model or corporate strategy was not changed in this context. The Sustainability Committee under the chair of the Chief Executive Officer monitors progress on implementing the policy. The DE&I policy was adopted by the Sustainability Committee and is part of our Sustainability Directive. The Sustainability Directive is available to the SMA Group workforce on the intranet. Our DE&I policy contains the following four pillars:

Creating awareness: We promote strong awareness of diversity, equality and inclusion by continuously raising awareness among employees.

Management culture: By embedding DE&I in the SMA Group management culture, we transform mindsets and create DE&I-compliant behavior.

Strengthening fair processes and structures: By reviewing our processes to ensure equal opportunities, we embody our commitment to DE&I along the entire employee life cycle. This includes ensuring a fair pay structure.

Supporting and retaining female employees: By specifically supporting and retaining female talent, we ensure equal opportunities and introduce a variety of perspectives that promote our company's competitiveness and boost our innovative strength.

Actions in relation to diversity, equity & inclusion

We continually develop and improve actions for implementing our DE&I policy and achieving our targets. To further increase employees' awareness of the topic of DE&I, the networks and dialogue formats for increasing awareness of the problem and gender competence already established in the previous years were further promoted and advanced in the reporting year. In addition to the women's network Woman@SMA, this includes a self-organized queer network within the company that looks at issues pertaining to a queer-friendly work environment. A keynote on the topic of allyship provided by external experts was also held in 2024. A guideline drawn up in the reporting year is intended to ensure that official communication from SMA Solar Technology AG uses gender-neutral language. In order to further increase awareness of and to prevent discrimination, an awareness guideline was also drawn up for SMA events. The awareness guideline provides specifications for supporting respectful and discrimination-free relationships.

In order to eliminate structural discrimination against female employees, we are striving to increase the proportion of women, particularly at the higher levels of the organizational structure. In this context, in 2024, women were specifically addressed for filling open management positions using active sourcing in order to increase the proportion of women in top management of SMA Solar Technology AG. The Human Resources department also established a reporting system to specifically inform hiring executives on a case-by-case basis about the trend in female representation at higher management levels when positions are filled. Since structural discrimination may also be encouraged by internalized, unconscious biases among decision-makers, a training module on unconscious biases has also been included into the mandatory training on the SMA Group Employee Code of Conduct in order to draw people's attention to this topic and raise awareness among

all employees. We have been able to reduce the unadjusted gender pay gap within SMA Solar Technology AG through these actions. Overall, the unadjusted gender pay gap within the SMA Group reduced to 18.4% in the reporting year (2023: 23.5%*). The number describes the difference between the average income of female and male employees, expressed as a percentage of average income of male employees. In addition to the basic salary and cash benefits, the calculation includes the company car allowance and health check for the higher job levels.

SMA Solar Technology AG and its subsidiaries are not subject to any collective bargaining agreements. Instead, the job level model and the associated remuneration system introduced in Germany in 2016 and now used at almost all SMA Group sites form the basis for a fair pay structure for all employees. It provides transparency and comparability of pay across all divisions of the company. The job level model was adopted at the headquarters in Niestetal/Kassel (Germany) in cooperation with the Works Council in the form of an overall Works Agreement. It applies to all employees at the company, excluding executives according to Art. 5 III of the German Works Constitution Act (BetrVG). Apprentices, learners and auxiliary staff are also excluded from this, as they receive a set wage due to their employment status.

The job level is based on the requirements of each position. The classification of an employee in a job level can change accordingly if their tasks change. The remuneration system is organized and set up in a way that gives equal importance to the different career paths of professionals, project managers and executives. In addition to the basic remuneration, the system is supplemented with variable target-based remuneration components in the higher job levels. Under the remuneration system, employees' individual remuneration is determined within defined regional salary ranges according to the same criteria. The remuneration ranges are regularly reviewed globally by SMA Solar Technology AG and the Works Council every two to three years and are adjusted if necessary. Remuneration is based on the median of the respective market. The review is based on recognized benchmarks from specialist consultants. Accordingly, we ensure the payment of locally specified minimum wages at all times. Where no statutory minimum wage applies, we pay a fair remuneration based on benchmarks. Non-employees at the SMA Group receive the same hourly wage as SMA Group employees performing similar duties. The salary bands within our job level model are applied accordingly.

We successfully implemented actions to reduce the adjusted gender pay gap previously identified in several job levels in the reporting year. As part of the annual pay adjustment process for SMA Solar Technology AG, the Human Resources department, together with executives, individually reviewed and evaluated the salaries and their impact on the gender pay gap for the job levels concerned. The results of the review were validated and considered in compensation planning. The average adjusted gender pay gap in SMA Solar Technology AG was significantly reduced as a result.

Various processes are also available to SMA Solar Technology AG employees at an individual level in order to ensure fair pay. As part of the process to provide information according to the German Transparency in Wage Structures Act (EntgTranspG), employees receive information about their own salary compared to the median for their comparison group from the other gender. The Works Council and the respective executive are involved in reviewing this. This information can be used as a basis for a pay review or for initiating a pay grievance process. The request can be made anonymously, meaning that only the Works Council knows the identity of the person making the request. The pay grievance process can also be triggered independently of information provided according to the German Transparency in Wage Structures Act (EntgTranspG). The relevant executives, the Works Council, the Works Council Pay Committee and the HR Business Partner are involved in the review process alongside employees. Specialists from the Global Compensation & Benefits department can be consulted to evaluate the pay grievance to provide assistance with the evaluation process. The evaluation is discussed together with the employees and a Works Council member in a final discussion and defined actions are logged by the Works Council. Employees can find more information about the processes on the intranet. As part of effectiveness monitoring within the human rights and environmental due diligence process, the number of pay grievances submitted is tracked. An evaluation can therefore be carried out as to whether employees are aware of the process and making

use of it. The information according to the German Transparency in Wage Structures Act (EntgTranspG) currently only applies to all SMA Group companies which are located in Germany. The pay grievance process is also used in companies in Germany. In 2025, a review should be carried out as to whether a standardized global pay grievance process can bei implemented within the SMA Group in order to establish a company-wide standard for all employees of the company.

The ratio of the annual total compensation of the highest-paid individual to the median annual total compensation of all employees of the SMA Group (excluding the highest-paid individual) increased in the reporting year to 1:38.5 (2023: 1:28.9**) The reason for the increase is that inflow to the members of the Managing Board were significantly higher in the reporting year compared to the previous year due to the very successful 2023 fiscal year.

Targets related to diversity, equity & inclusion

In order to counter discrimination against female employees around the world and promote gender diversity, we set targets to increase the percentage of female employees back in 2021. When the Human Resources department set out all the target values, scenarios were examined that take into account previous personnel development as well as assumptions about company growth. SMART targets were derived based on the projected values for 2025 and approved by the Group Management Committee. By informing the executives and the Works Council of this as part of the Global Management Meeting, it was ensured that the targets of the organization are communicated globally. The target of increasing the proportion of women among the entire workforce envisages a proportion of female workers of 26%, excluding apprentices and learners, within the SMA Group for 2025, based on the base value of 24.7% as of December 31, 2020. The Supervisory Board also included the target into the Managing Board remuneration as a non-financial performance indicator within the long-term bonus for 2022 to 2025. Own workforce was not involved in defining the target. As of December 31, 2024, 72.4% of employees of the SMA Group, excluding apprentices and learners, were male (December 31, 2023: 71.3%). The proportion of female employees, excluding apprentices and learners, slightly decreased to 27.6% (December 31, 2023: 28.7%). The change is within the normal range due to workers joining and leaving. We also set ourselves goals for the proportion of women in professional and executive roles. By 2025, 25% of professional roles, i.e., jobs defined as a professional career as part of the job level model within the SMA Group, are to be occupied by female employees (base year 2021: 21.8%) and 19% of executive roles, i.e., jobs defined as an executive career as part of the job level model, are to be occupied by female employees (base year 2021: 17.1%). On December 31, 2024, the proportion of women in professional roles within the SMA Group was the same as in the previous year at 26.3% (December 31, 2023: 26.3%) and was almost unchanged in executive roles at 20.8% (December 31, 2023: 20.7%). This meant that we once again exceeded the target values for 2025.

The increase in the proportion of women in the top levels of management is also embedded as part of the long-term bonus for 2023 to 2026 in the Managing Board remuneration due to the non-financial performance indicator of "Proportion of women in the top two management levels below the Managing Board (within SMA Solar Technology AG) with an overall target of 20% in 2026." As of December 31, 2024, the proportion of women in the top two management levels below the Managing Board at SMA Solar Technology AG was 16.0% (2023: 13.7%), higher than the value of 15.0% forecasted in 2023.

The degree to which the sustainability targets and Managing Board targets for equality and equal opportunities have been achieved is reported quarterly in the Sustainability Committee. In the event of deviations, corrective actions are defined and presented or adopted in the Sustainability Committee.

Workers in the value chain

As part of our sustainable supply chain management, we work on enshrining our principles with regard to fairness, integrity and corporate responsibility in business relationships and the supply chain. Our supplier management aims to establish long-term relationships with all suppliers and to work in close cooperation to achieve our sustainability targets. With this in mind, we aim to conclude contracts of unlimited duration with a supplier base that is as consolidated as possible. In addition to using economies of scale in purchasing, this also enables us to better monitor suppliers with regard to relevant risks, including sustainability risks.

German electronics production is highly dependent on imports from abroad. The raw materials and intermediate products primarily come from countries with low social and employment standards for workers in the value chain, something which presents a potential material negative impact for us. The battery technology sold by the SMA Group also in some cases includes lithium-nickel-manganese-cobalt-oxide batteries (NMC batteries). Cobalt mining in the Democratic Republic of the Congo is often associated with human rights violations. In particular, the use of child labor in small-scale mines for extracting raw materials cannot be excluded and therefore presents a potential material impact which we take extremely seriously. Furthermore, we have also identified a negative impact in relation to electrical accidents for service partner workers in regard to workers in the value chain. Additional information can be found in the "Health and safety" section.

Policies related to workers in the value chain

The Policy Statement on Human Rights and Environmental Due Diligence issued by the Managing Board of SMA Solar Technology AG in 2023 sets out our human rights strategy and therefore our procedures and principles in relation to due diligence obligations in the supply chain and in our own business area in detail. The Policy Statement is explained in detail under "General policies related to own workforce" and can be publicly viewed on our corporate website. It applies to all SMA group companies and SMA Group business partners, in particular direct and indirect suppliers in the upstream value chain. Our process for ensuring compliance with due diligence obligations for workers in the value chain aims to prevent or minimize risks in the supply chain and to avert, end or reduce the extent of breaches of duty. In the event of confirmed violations, corrective actions will be initiated in cooperation with the supplier. The SMA Group reserves the right to suspend or terminate the business relationship if the violation is not corrected within the certain timeframe. To fulfill the SMA Group's due diligence obligations, we have established a comprehensive human rights and environmental risk management system for the supply chain. The Managing Board has appointed in writing a human rights officer responsible for overseeing risk management. By monitoring the effectiveness of our risk management system, we ensure the success of our actions as well as the continuous improvement of the risk management and risk situation. As part of the Sustainability Committee, the Managing Board is kept informed about the work of the human rights officer and the implementation status of the actions for ensuring compliance with the due diligence obligations.

Actions in relation to workers in the value chain

Our human rights strategy is implemented as part of our human rights and environmental risk management system. This is based on a risk analysis that currently covers the direct suppliers to the SMA Group. If there is substantiated knowledge of possible violations of human rights or environmental obligations by indirect suppliers, these are also integrated into the risk management. Substantiated knowledge means we have actual evidence that an obligation has been violated. We use system-based processes, available risk information and knowledge gained in the course of our investigations to carry out the risk analysis. The risk analysis is updated annually and on an ad hoc basis. For example, we perform the risk analysis for a new direct supplier before we enter into a business relationship with the new supplier. Risk management is supported by additional specialized software which

informs us regularly about risk-related reports in relation to direct suppliers of the entire SMA Group. Sustainability risks, such as corruption risks, human rights risks and regulatory risks, are monitored using the software.

The SMA Business Partner Code of Conduct formulates our standards and expresses what we expect of suppliers and other business partners. The Business Partner Code of Conduct is based on the International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises, the core labor standards of the International Labour Organization (ILO) and the United Nations Guiding Principles on Business and Human Rights. Key points of the Business Partner Code of Conduct include banning child labor, forced labor, human trafficking, abuse and discrimination of workforce, fair working conditions, occupational health and safety, environmental protection, combating corruption as well as quality and product safety. In 2023, we updated the Business Partner Code of Conduct with the involvement of the relevant stakeholders and added additional requirements to protect people and the environment. The Business Partner Code of Conduct is publicly available on our corporate website. In addition, all strategically important direct suppliers of the SMA Group are informed about new and updated documents, with the request to carefully read these and to take them into consideration accordingly. The Business Partner Code of Conduct is binding for all suppliers as part of the general terms and conditions of purchase. Our suppliers also undertake to pass on this requirement in their supply chains. This also represents an action which tackles the potential negative impact of an increased risk of corruption in the upstream supply chain as described under "Business conduct." In order to contractually obligate suppliers of direct material and high-risk suppliers of indirect material to comply with human rights and environmental due diligence obligations, additional human rights and environmental contractual clauses were formulated alongside our Business Partner Code of Conduct. These are to be accepted by our suppliers.

In order to raise our suppliers' awareness of human rights and environmental topics, we also launched a training campaign in the reporting year. Supported by an external partner, we aimed to train all direct high-risk suppliers of the SMA Group. The online courses were assigned to the suppliers based on the identified risks and the Commodity Managers track whether they are completed. The Commodity Managers were provided with comprehensive human rights risk management training in order to complete this task. It is planned that our suppliers complete the training in 2025. In order to comprehensively inform our suppliers of the various requirements which we place on them, we have formulated a policy of sustainable procurement, which is published on our corporate website.

Monitoring of suppliers' sustainability performance is a key tool in the human rights and environmental risk management system. Since 2017, we have reviewed the sustainability performance of the suppliers of direct material to SMA Solar Technology AG as part of the supplier assessment program. Monitoring of the sustainability performance was expanded to suppliers of the SMA Group with a high risk potential in the reporting year. The supplier assessment program covers the topics of environmental protection, energy management, CO_2 emissions, labor and human rights, occupational health and safety, diversity and equal opportunities, living wages, corruption and bribery, quality and sustainable procurement. Our suppliers' sustainability performance is taken into consideration alongside other criteria, such as price and quality, when selecting the suppliers.

We have implemented a grievance mechanism that gives both SMA Group workforce and all external stakeholders the opportunity to report human rights and environmental risks or violations. Workers in the value chain can express their concerns using the Speak-Up Line valid across the SMA Group. Support for grievance mechanisms at business partners and satisfaction surveys among workers in the value chain using the Speak-Up Line are currently not planned. A detailed description of the grievance mechanism is provided in the "Business conduct" section.

The Human Rights Working Group was set up in 2023 to monitor the implementation and effectiveness of the risk management system for human rights and the environment as well as the associated requirements. The Working Group is composed of representatives from various departments, including Sustainability, Global Strategic Procurement, Global

Human Resources, Group Compliance, Health & Safety, Global IMS[24] , Legal, Corporate Auditing, Risk & Information Security as well as members of the Works Council. The effectiveness of the risk management system is monitored using suitable key indicators and with regular reviews of defined work packages. As Chair of the Human Rights Working Group, the human rights officer discusses any challenges and provides reports to the Managing Board on the work being done and the progress made by the body.

There is currently still a significant lack of transparency in global supply chains and limited technological options for penetrating the lower stages of the value chain, which makes it more difficult to manage the potential and actual impacts as part of raw material extraction described above. In order to boost transparency and counter negative human rights impacts, we regularly evaluate options for improving penetration. To gain an improved insight into the material negative impact of child labor in cobalt mining in relation to the NMC batteries we sell, we entered into discussions with our battery suppliers and a non-governmental organization specialized in protecting children in the reporting year. We have received information in order to better understand and validate the impacts and also discussed potential actions and best practices. The information has been included in further planning of actions.

In consultation with the Competence Center Storage and Sustainability functions, the Sustainability Committee decided in the reporting year that the SMA Group will not bring any further battery systems with NCA or NMC technology or other derivatives containing cobalt into series offerings as SMA products or offer them in project business from 2027. This decision was not just made due to the mentioned ethical concerns but also due to technical, financial and safety concerns. The qualification of batteries containing cobalt from third-party providers for use with SMA inverters is to expire in 2027. In addition, it was decided to develop a sustainable battery strategy for the SMA Group in 2025, which also takes into account the impacts on workers in the value chain. The decisions were also documented in the Sustainability Directive. Implementation progress is monitored in the Sustainability Committee. With the market launch of the new SMA home storage battery with cobalt-free lithium iron phosphate (LFP) cells, we took the first step to phasing out battery technologies containing cobalt in the reporting year. The successor products of the Home and C&I segments for the U.S. market, which are currently in the qualification and development phase, also have this cell technology. In the next step, the current SMA Commercial Storage system for the European market which still has NMC cells containing cobalt is to be replaced by a successor product with alternative cell technology in the medium term.

Targets and metrics related to workers in the value chain

In 2022, we set ourselves the target to cover 100% of A and B suppliers which provide direct material to SMA Solar Technology AG production with a sustainability assessment by 2025, in order to continuously increase monitoring coverage of the sustainability performance, reduce human rights risks in the supply chain, and improve working conditions and compliance with other work-related rights of workers in the value chain. Coverage was 46.4% in the 2021 base year. No workers in the value chain were involved when defining the target. The target is also a non-financial performance indicator in Managing Board remuneration for the period 2022 to 2025. By focusing on A and B suppliers, we are initially concentrating on those suppliers that account for the largest share in terms of the value of goods. As of December 31, 2024, 90.0% (2023: 81.8%) of all A and B suppliers existing at the end of the fiscal year were covered by the sustainability performance assessment. The additional increase in the number of assessed suppliers is due to the fact that our Commodity Managers raise suppliers' awareness of the importance of sustainability as part of regular communication and that we have been carrying out the assessment using a more user-friendly software solution since 2023. The suppliers that we had assessed at the end of 2024 represent a total share of 90.3% (2023: 81.8%) of the total purchasing volumes of all direct suppliers of SMA Solar Technology AG.

[24] IMS = Integrated Management System

One serious incident in the area of human rights in the upstream and downstream value chain was identified in the reporting year. Fifteen cases of non-compliance with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises were reported in relation to workers in the value chain via the grievance mechanisms set up by the SMA Group and via software for monitoring sustainability risks. The cases were reviewed and actions taken in justified cases. In 2024, no additional actions were taken that primarily have a positive impact on workers in the value chain.

Governance

Business conduct

The SMA Group does not tolerate corruption within its own operating activities or by its business partners nor in the further supply chain and is actively committed to Transparency International's Business Principles for Countering Bribery. We do not operate in a particularly corruption-intensive industry. Nevertheless, global supply chains, business activities in countries with a high level of corruption and collaboration with external business intermediaries mean that corruption risks exist in principle and must be countered with preventive actions. We identified a potential material negative impact in the upstream value chain due to the increased risk of corruption in countries that play an important role in the extraction of raw materials, such as Guinea and the Democratic Republic of the Congo. In order to manage this impact, the SMA Group is pursuing the policies, actions and targets for ensuring due diligence obligations as outlined in the "Workers in the value chain" section. We also describe our approach to managing relationships with our suppliers in this section. In addition, the compliance management policies and actions described here help to counteract the potential material impact we have identified in the supply chain by establishing compliance standards that are based on integrity and legal conformity within the SMA Group, which we also expect our business partners to comply with.

Policies related to the prevention and detection of corruption and bribery

Adhering to important principles and values as well as legal requirements and internal guidelines is a crucial part of the way that the SMA Group conducts business. Our customers, workforce and shareholders can count on the SMA Group to act responsibly, with integrity and always in accordance with the applicable legal requirements and regulations, as well as recognized international standards for ethical behavior in all its business activities. We believe that "compliance" means more than simply complying with legal requirements. We want to do the "right" thing in the best possible sense. All functions within the SMA Group strive to ensure that legal conformity and integrity are constants of our day-to-day business. We live up to our responsibilities as a company and treat others with respect. Our compliance philosophy consists of acting with integrity, responsibility and regard for the law at all times, and is crucial to our long-term success as a company. We have incorporated this philosophy into our SMA Compliance Charter, which sets out our compliance management system (CMS) as well as the responsibilities and processes that help us act in accordance with our compliance philosophy. The SMA Group's CMS focuses on a value-based approach and promoting a culture of compliance. This is based on the conviction that a compliance culture established throughout the group offers the best protection against legal violations and reputational risks. A high level of acceptance of the rules among employees and an understanding of the objectives and values underlying the rules are therefore the basis for effective compliance management. The CMS that we operate in all SMA Group companies worldwide is based on ISO 37301. This system comprises risk analyses, guidelines and codes of conduct, as well as training and notification systems for reporting concerns and violations. Ultimate responsibility for implementing the system rests with the Board Member for Finance and Legal.

Compliance risk analyses

Regular risk analyses, in which corruption risks are also recorded, provide the foundation for the conception and further development of all anti-corruption activities of the SMA Group as a fundamental element of the CMS. Risks analyses are carried out every five years and, if necessary, if the risk environment changes. The evaluations are based on interviews with internal experts, issues that arise from the grievance mechanism, confirmed cases of misconduct and reviews of new or forthcoming regulations of relevance. Significant corruption risks without specific misconduct are reported to Risk Management. The Group Compliance function generally reports new or changed compliance risks to the Group Executive Committee (GEC) three times a year. Other reporting topics include the extent to which targets have been achieved as well as the reporting of (potential) compliance violations. The management of the company is represented on the GEC by the entire Managing Board and the segment heads. This enables the management of the company to adequately evaluate the effectiveness of the CMS and to initiate further developments if necessary. In addition, Group Compliance reports annually to the Audit Committee of the Supervisory Board on relevant compliance subjects.

Guidelines and codes of conduct

The SMA Employee Code of Conduct, which was developed jointly by Group Compliance, the Managing Board of SMA Solar Technology AG, and employees working in various company functions and put into effect by the Managing Board, creates a uniform framework that is applicable across the group and helps all employees consistently make the right decisions in the interests of the SMA Group. The Code commits all SMA Group employees to act ethically, with integrity and in accordance with key sustainability requirements at all times, to assume corporate responsibility and to treat others with respect. According to the Code, it is also clarified that employees must never abuse their professional position to gain personal benefits and must never offer anyone an improper personal benefit.

The SMA Compliance Handbook provides further details on the principles set out in the Code of Conduct. It combines all Group Compliance guidelines of the SMA Group and also reflects the SMA Group's anti-corruption guideline, which is binding for all employees. It contains clear rules of conduct and prohibitions. The aim is to avoid even the appearance of questionable conduct. For this reason, higher-value gifts, invitations and certain other benefits as well as benefits granted to public officials must be approved by Group Compliance. Payments to unlawfully expedite official processes are explicitly forbidden within the SMA Group. The SMA Compliance Handbook, as well as the Employee Code of Conduct and all SMA Group Compliance guidelines, are available to the own workforce in multiple languages on the intranet.

We pass on our compliance standards and expectations to our suppliers, service providers and other business partners with our Business Partner Code of Conduct, which is described in greater detail in the "Policies related to workers in the value chain" section. This code sets out the legal and ethical standards that business partners, such as suppliers and service providers, must fully comply with when conducting business with the SMA Group and making decisions that affect the SMA Group. The Business Partner Code of Conduct is binding for all suppliers as part of the general terms and conditions of purchase. Our suppliers also undertake to pass on this requirement in their supply chains. The Employee Code of Conduct and Business Partner Code of Conduct are also publicly available in multiple languages on our corporate website.

Business partners that are to influence third parties while performing their service must also go through the Business Partner Due Diligence Process. The risk-based approach ensures a careful selection of business partners, in particular, who provide services to the SMA Group that involve a higher risk of corruption. Only business partners who share the SMA Group's standards of ethical and legally impeccable conduct and who guarantee compliance with the SMA Business Partner Code of Conduct are to be commissioned.

Compliance training

Web-based trainings are mandatory for the assigned own workers and must be performed on an annual basis. The trainings promote awareness of the importance of compliance and convey the required knowledge. In addition, online and on-site training is provided for examining specific topics in depth. The frequency and scope of training depends on the participants' risk situation in their specific roles as per the risk-exposed functions described below. New workers who use a PC workstation actively commit to the relevant principles and rules after completing their initial training. This also includes the SMA Employee Code of Conduct. The topic of corruption and bribery is a fixed component of the trainings, with key topics changing from time to time. The training also covers the company's notification systems.

Notification systems

We have established a grievance mechanism for the purpose of collecting and processing reports from internal and external stakeholders relating to potential unlawful conduct or violations of SMA guidelines, other infringements of due diligence obligations impacting human rights and the environment, and violations in the area of corruption and bribery in the business area of the SMA Group, in the upstream and downstream value chain or at other business partners. In the case of suspected violations, all internal and external stakeholders have access to the Speak-Up Line, which can be accessed on our website, via an app or by phone. The whistleblower system is operated by an external provider and can be used in the reporting person's native language. At the reporting person's request, their identity is kept anonymous. Reports of misconduct are treated as strictly confidential. Internal and external stakeholders can also use the SMA Compliance Helpline in case of compliance-related questions as well as to report concerns or potential violations.

All reports received are thoroughly and promptly reviewed by the Group Compliance function, and all reporting persons are afforded the necessary protection. The SMA Group is committed to respecting the rights and interests of persons who submit a report and assures all reporting persons freedom from sanctions for reports made in good faith. Persons who make a report in good faith will not suffer any adverse treatment as a result of this report. Any unfavorable treatment of reporting persons due to their report in good faith will be considered serious misconduct and punished accordingly. Where necessary, other departments may be involved in the review process of reported matters while maintaining the principle of confidentiality. If the review does not find any evidence that needs a further follow-up of the report, the reporting person is informed and provided with a reason. If the investigation of the report is to continue, further inquiries are made with the consent of the reporting person, either in direct dialogue with the Group Compliance function or, if the individual wishes to remain anonymous, via the Speak-Up Line.

If internal investigations are necessary to clarify the facts, suitable investigators will be appointed. The investigators may be employees of the SMA Group, particularly from the functions Group Compliance and Corporate Audit, or external service providers. Investigations are carried out promptly and with objectivity and fairness. The persons involved in the case processing act impartially, independently, objectively and neutrally. Case processing is designed to be independent of both the reporting persons and the persons or functions that are the subject of the report or to which the report relates. Based on the results of the investigation, a proposed remedy is then developed and, where the issue involves human rights or environmental concerns, discussed with the reporting person if requested. Any remedy required is carried out promptly either by the SMA Group or an organization commissioned by the SMA Group. If violations of due diligence obligations at direct suppliers cannot be terminated within a reasonable period of time, a concept for termination or minimization is immediately drawn up and implemented. The SMA Group monitors that all remedies are implemented. The described standards for internal investigations also apply in cases where evidence of potential violations, including indications of corruption and bribery, comes to light in the course of audits or other control procedures, for example, in the context of the compliance risk analysis, rather than via active reports.

Further details on the grievance mechanism, together with a complete description of the process for reporting misconduct, are publicly available on our corporate website. Information on the notification systems can also be found in the Employee and Business Partner Codes of Conduct, in the Modern Slavery Statement of SMA Solar Technology AG, as well as in the Policy Statement on Human Rights and Environmental Due Diligence, which are also publicly available on the corporate website. Workers of the SMA Group can also obtain information on the grievance mechanism and direct access to the Compliance Helpline and Speak-Up Line via the company's internal intranet.

Actions for the prevention and detection of corruption and bribery

Within the SMA Group, the Sales, Purchasing, and Public Affairs functions as well as some functions within Corporate Real Estate Management in particular are considered as functions with an increased risk of corruption, as business transactions at risk of corruption are carried out here. Training was provided to 90% of persons working in these at-risk functions in the reporting year. The following table gives an overview of the compliance training carried out at the SMA Group in the reporting year.

	At-risk functions	Managers	Managing Board	Other own workers
Training coverage				
Total	841	509	2	4,501
Total receiving training	761	459	2	3,432
Delivery method and duration				
Computer-based training	45 minutes	45 minutes	45 minutes	45 minutes
Frequency				
How often training is required	annually	annually	annually	annually
Topics covered				
Definition of corruption	x	x	x	x
Policy	x	x	x	x
Procedures on suspicion/ detection	x	x	x	x

In the reporting year, the Group Compliance function reviewed the corruption risk for 20 of the 21 SMA Group companies with active business activities at that time as part of a compliance risk analysis. No high corruption risks were identified. As in the previous year, no confirmed cases of corruption and no convictions relating to corruption or bribery were recorded in the reporting year and no fines were therefore paid.

Fair competition[25]

Actions taken to ensure compliance with the provisions of antitrust laws are a focal point of the CMS. In addition to the responsibility of all employees to ensure compliance in their own areas of work, the Managing Board has also entrusted Group Compliance with the creation of appropriate cross-departmental guidelines, standards of conduct and processes via the Compliance Charter. Antitrust risks are an integral part of regular risk analyses. In accordance with the SMA Employee Code of Conduct, the SMA Group conducts its business in strict compliance with competition law. We also pass this requirement on through the SMA Business Partner Code of Conduct to our business partners (e.g., suppliers and service providers). The Group Compliance guideline, which is based on these principles and incorporated in the SMA Compliance Handbook, also contains clear rules of conduct for dealing with direct competitors and internal approval requirements for agreements with customers that are prone to risk from an antitrust law perspective. In the context of Compliance Network Meetings, the Group Compliance department has regular discussions with representatives of functions that are particularly prone to risk (e.g., Sales and Purchasing) about transactions and risks relating to antitrust law. Group Compliance also provides training with a focus on antitrust law for these areas. Relevant business contacts that are fraught with antitrust law risk are managed in close consultation with Legal Services. Significant antitrust law risks can be reported to Risk Management via the Risk Management System. As in the previous year, there were no convictions due to breaches of competition law in the reporting year.

List of material Disclosure Requirements

The following table gives an overview of the Disclosure Requirements complied with in preparing the sustainability statement, following the outcome of the materiality assessment, and also states where the related disclosures are located.

Disclosure requirement	Page
ESRS2 - General disclosures	
BP-1 General basis for preparation of the sustainability statement	98, 109
BP-2 Disclosures in relation to specific circumstances	99–102
GOV-1 The role of the administrative, management and supervisory bodies	89–96
GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	90, 92
GOV-3 Integration of sustainability-related performance in incentive schemes	113–115
GOV-4 Statement on due diligence	118
GOV-5 Risk management and internal controls over sustainability reporting	99
SBM-1 Strategy, business model and value chain	17–22, 103, 122
SBM-2 Interests and views of stakeholders	90, 92, 119–121

[25] The disclosures on confirmed cases of corruption and convictions for corruption and the disclosures in the "Fair competition" section are reported in accordance with the requirements of the EU taxonomy.

Disclosure requirement	Page
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	20, 109–113, 116–117
IRO-1 Description of the process to identify and assess material impacts, risks and opportunities	102–109
IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	98–99, 167–177
ESRS E1 Climate change	
ESRS 2 GOV-3 E1 Integration of sustainability-related performance in incentive schemes	113–115
E1-1 Transition plan for climate change mitigation	131–134
ESRS 2 SBM-3 E1 Material impacts, risks and opportunities and their interaction with strategy and business model	20, 106–107, 110
ESRS 2 IRO-1 E1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	20, 106–107
E1-2 Policies related to climate change mitigation and adaptation	130–131
E1-3 Actions and resources in relation to climate change policies	133–134
E1-4 Targets related to climate change mitigation and adaptation	100, 131–132
E1-5 Energy consumption and mix	135
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	100, 136–138

Disclosure requirement	Page
ESRS E2 - Pollution	
ESRS2 IRO-1 E2 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	105, 107
E2-1 Policies related to pollution	138–139
E2-2 Actions and resources related to pollution	139
E2-3 Targets related to pollution	139
E2-5 Substances of concern and substances of very high concern	138–139
ESRS E5 - Resource use and circular economy	
ESRS2 IRO-1 E5 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	105, 109, 140
E5-1 Policies related to resource use and circular economy	140–141, 145
E5-2 Actions and resources related to resource use and circular economy	141–144, 145–146
E5-3 Targets related to resource use and circular economy	144, 146–147
E5-4 Resource inflows	101, 139, 142–143
E5-5 Resource outflows	140, 141–144, 145–147

Disclosure requirement	Page
ESRS S1 - Own workforce	
ESRS 2 SBM-2 S1 Interests and views of stakeholders	119–121
ESRS2 SBM-3 S1 Material impacts, risks and opportunities and their interaction with strategy and business model	111, 152, 156–157
S1-1 Policies related to own workforce	147–149, 152–155, 157–159
S1-2 Processes for engaging with own workforce and workers' representatives about impacts	105, 147–149, 152–153, 157
S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns	148–149, 153–155, 157–159, 165–166
S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	149, 153–155, 157–159
S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	149, 155–156, 159
S1-6 Characteristics of the undertaking's employees	150–151, 152
S1-7 Characteristics of non-employees in the undertaking's own workforce	150, 152
S1-9 Diversity metrics	151–152
S1-14 Health and safety metrics	153, 156
S1-16 Remuneration metrics (pay gap and total remuneration)	157–159
S1-17 Incidents, complaints and severe human rights impacts	149
ESRS S2 - Workers in the value chain	
ESRS2 SBM-2 S2 Interests and views of stakeholders	105
ESRS2 SBM-3 S2 Material impacts, risks and opportunities and their interaction with strategy and business model	111, 152, 160
S2-1 Policies related to value chain workers	160–163
S2-2 Processes for engaging with value chain workers about impacts	105, 160–162
S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	153, 153–154, 160–162, 165–166
S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	153, 153–154, 160–162
S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	162

Disclosure requirement	Page
ESRS G1 - Business conduct	
ESRS 2 GOV-1 G1 The role of the administrative, management and supervisory bodies	89, 91, 92, 94
ESRS 2 IRO-1 G1 Description of the processes to identify and assess material impacts, risks and opportunities	102–105
G1-1 Business conduct policies and corporate culture	163–166
G1-2 Management of relationships with suppliers	160–162
G1-3 Prevention and detection of corruption and bribery	163–166
G1-4 Incidents of corruption or bribery	Not material, but EU Taxonomy requirement 160–162, 166

Datapoints that derive from other EU legislation

The following table gives an overview of the datapoints that derive from other EU legislation as listed in Appendix B of ESRS, and where they can be found.

Disclosure requirement and related data point	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
ESRS 2 GOV-1 21d Board's gender diversity	Indicator number 13 of Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		90, 95
ESRS 2 GOV-1 21e Percentage of board members who are independent			Delegated Regulation (EU) 2020/1816, Annex II		96
ESRS 3 GOV-4 30 Statement on due diligence	Indicator number 10 Table #3 of Annex 1				118
ESRS 2 SBM-1 40di Involvement in activities related to fossil fuel activities	Indicator number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/245328Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		122
ESRS 2 SBM-1 40dii Involvement in activities related to chemical production	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		122
ESRS 2 SBM-1 40diii Involvement in activities related to controversial weapons	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12; Delegated Regulation (EU) 2020/1816, Annex II		122
ESRS 2 SBM-1 40div Involvement in activities related to cultivation and production of tobacco			Delegated Regulation (EU) 2020/1818, Article 12; Delegated Regulation (EU) 2020/1816, Annex II		122
ESRS E1-1 14 Transition plan to reach climate neutrality by 2050				Regulation (EU) 2021/1119, Article 2(1)	No disclosure, as no comprehensive transition plan is in place yet

Disclosure requirement and related data point	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
ESRS E1-1 16g Undertakings excluded from Paris-aligned benchmarks		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		No disclosure, as no comprehensive transition plan is in place yet
ESRS E1-4 34 GHG emission reduction targets	Indikator Nr. 4 in Anhang 1 Tabelle 2	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		131–132
ESRS E1-5 37 Energy consumption and mix	Indicator number 5 Table #1 of Annex 1				135
ESRS E1-5 38 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				135
ESRS E1-5 40 to 43 Energy intensity associated with activities in high climate impact sectors	Indicator number 6 Table #1 of Annex 1				135
ESRS E1-6 44 Gross Scope 1, 2, 3 and Total GHG emissions	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		137, 138
ESRS E1-6 53 bis 55 Gross GHG emissions intensity	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		138
ESRS E1-7 56 GHG removals and carbon credits				Regulation (EU) 2021/1119, Article 2(1)	Not material
ESRS E1-9 66 Exposure of the benchmark portfolio to climate-related physical risks			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		No mandatory disclosure in the first reporting year

Disclosure requirement and related data point	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
ESRS E1-9 66a Disaggregation of monetary amounts by acute and chronic physical risk		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			No mandatory disclosure in the first reporting year
ESRS E1-9 66c Location of significant assets at material physical risk		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			No mandatory disclosure in the first reporting year
ESRS E1-9 67c Breakdown of the carrying value of its real estate assets by energy efficiency classes		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			No mandatory disclosure in the first reporting year
ESRS E1-9 69 Degree of exposure of the portfolio to climate-related opportunities			Delegated Regulation (EU) 2020/1818, Annex II		No mandatory disclosure in the first reporting year
ESRS E2-4 28 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material
ESRS E3-1 9 Polcies related to Water and marine resources	Indicator number 7 Table #2 of Annex 1				Not material
ESRS E3-1 13 No policies for sites located in an areas of high water stress	Indicator number 8 Table 2 of Annex 1				Not material
ESRS E3-1 14 Policies or practices related to sustainable oceans and seas	Indicator number 12 Table 2 of Annex 1				Not material
ESRS E3-4 28c Ttotal water recycled and reused	Indicator number 6.2 Table #2 of Annex 1				Not material

Disclosure requirement and related data point	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
ESRS E3-4 29 Total water consumption in m^3 per net revenue on own operations	Indicator number 6.1 Table #2 of Annex 1				Not material
ESRS 2 SBM-3 E4 16ai Activities related to sites located in or near biodiversity-sensitive areas	Indicator number 7 Table #1 of Annex 1				Not material
ESRS 2 SBM-3 E4 16b Material negative impacts with regards to land degradation, desertification or soil sealing	Indicator number 10 Table #2 of Annex 1				Not material
ESRS 2 SBM-3 E4 16c Own operations affect threatened species	Indicator number 14 Table #2 of Annex 1				Not material
ESRS E4-2 24b Sustainable land/agriculture practices or policies	Indicator number 11 Table #2 of Annex 1				Not material
ESRS E4-2 24c Sustainable oceans/seas practices or policies	Indicator number 12 Table #2 of Annex 1				Not material
ESRS E4-2 24d Policies to address deforestation	Indicator number 15 Table #2 of Annex 1				Not material
ESRS E5-5 37d Non-recycled waste	Indicator number 13 Table #2 of Annex 1				147
ESRS E5-5 39 Hazardous waste and radioactive waste	Indicator number 9 Table #1 of Annex 1				147
ESRS 2 SBM3 S1 14f Risk or incidents of forced labour	Indicator number 13 Table #3 of Annex I				Not material
ESRS 2 SBM3 S1 14g Risk or incidents of child labour	Indicator number 12 Table #3 of Annex I				Not material
ESRS S1-1 20 Human rights policy commitments	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				148, 149

Disclosure requirement and related data point	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
ESRS S1-1 21 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		148–149
ESRS S1-1 22 Processes and measures for preventing trafficking in human beings	Indicator number 11 Table #3 of Annex I				Not material
ESRS S1-1 23 Workplace accident prevention policy or management system	Indicator number 1 Table #3 of Annex I				153
ESRS S1-3 32c Grievance/complaints handling mechanisms	Indicator number 5 Table #3 of Annex I				158–159, 165–166
ESRS S1-14 88b and c Number of fatalities and number and rate of work-related accidents	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		156
ESRS S1-14 88e Number of days lost to injuries, accidents, fatalities or illness	Indicator number 3 Table #3 of Annex I				No mandatory disclosure in the first reporting year
ESRS S1-16 97a Unadjusted gender pay gap	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		158
ESRS S1-16 97b Excessive CEO pay ratio	Indicator number 8 Table #3 of Annex I				159
ESRS S1-17 103a Incidents of discrimination	Indicator number 7 Table #3 of Annex I				149
ESRS S1-17 104a Non-respect of UNGPs on Business and Human Rights and OECD	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		149
ESRS 2 SBM3 – S2 11b Significant risk of child labour or forced labour in the value chain	Indicators number 12 and n. 13 Table #3 of Annex I				160

Disclosure requirement and related data point	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
ESRS S2-1 17 Human rights policy commitments	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				160–162
ESRS S2-1 18 Policies related to value chain workers	Indicator number 11 and n. 4 Table #3 of Annex 1				160–162
ESRS S2-1 19 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		163
ESRS S2-1 19 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		160–161
ESRS S2-4 36 Human rights issues and incidents connected to its upstream and downstream value chain	Indicator number 14 Table #3 of Annex 1				163
ESRS S3-1 16 Human rights policy commitments	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material
ESRS S3-1 17 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material
ESRS S3-4 36 Human rights issues and incidents	Indicator number 14 Table #3 of Annex 1				Not material
ESRS S4-1 16 Policies related to consumers and end-users	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not material
ESRS S4-1 17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material
ESRS S4-4 35 Human rights issues and incidents	Indicator number 14 Table #3 of Annex 1				Not material

Disclosure requirement and related data point	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Page
ESRS G1-1 10b No concepts in line with the United Nations Convention against Coruption	Indicator number 15 Table #3 of Annex 1				No disclosure, as the SMA Group has corresponding policies in place
ESRS G1-1 10d No concepts for the protection of whistle- blowers	Indicator number 6 Table #3 of Annex 1				No disclosure, as the SMA Group has corresponding policies in place
ESRS G1-4 24a Fines for violation of anti-corruption and anti-bribery laws	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Not material, but EU Taxonomy requirement; 166
ESRS G1-4 24b Standards of anti-corruption and anti-bribery	Indicator number 16 Table #3 of Annex 1				Not material, but EU Taxonomy requirement; No disclosure, as there were no violations in the reporting year

Key Performance Indicators EU Taxonomy

Sales 2024

				Substantial contribution criteria						"Do no significant harm" (DNSH) criteria for further EU environmental objectives									
SMA activity	Code[1]	Absolute sales	Proportion of sales	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned or eligible proportion of Sales 2023	Category enabling activity	Category transitional activity
		in € '000	in %	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	in %	E/-	T/-
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
3.1 Manufacture of renewable energy technologies	CCM 3.1	1.012.538	66,2%	yes	no	no	no	no	no	yes	yes	yes	yes	yes	yes	yes	34,8%	E	-
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	80.495	5,3%	yes	no	no	no	no	no	yes	yes	yes	yes	yes	yes	yes	4,2%	E	-
Sales of environmentally sustainable activities (taxonomy-compliant) (A.1)		**1.093.033**	**71,4%**	**71,4%**	**0,0%**	**0,0%**	**0,0%**	**0,0%**	**0,0%**	**yes**	**yes**	**yes**	**yes**	**yes**	**yes**	**yes**	**38,9%**		
of which enabling		1.093.033	71,4%	71,4%	0,0%	0,0%	0,0%	0,0%	0,0%	yes	yes	yes	yes	yes	yes	yes	38,9%	E	-
of which transitional		0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	yes	yes	yes	yes	yes	yes	yes	0,0%		T

[1] The abbreviations used in this section mean: CCM = climate change mitigation; CE = transition to a circular economy

Continuation →

Sales 2024 (Continuation)

				Substantial contribution criteria						"Do no significant harm" (DNSH) criteria for further EU environmental objectives								
SMA activity	Code[1]	Absolute sales	Proportion of sales	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned or eligible proportion of Sales 2023	Category enabling activity	Category transitional activity
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
		in € '000	in %	EL; N/EL[2]	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
3.1 Manufacture of renewable energy technologies	CCM 3.1	220.232	14,4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								31,4%		
3.20 Manufacture of technical equipment	CCM 3.20	22.451	1,5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4,6%		
5.2 Sale of spare parts	CE 5.2	50.017	3,3%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								1,8%		
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0	0,0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,0%		
Sales of taxonomy-compliant but not environmentally sustainable activities (non-taxonomy-compliant activities) (A.2)		**292.700**	**19,1%**	**15,9%**	**0,0%**	**0,0%**	**3,3%**	**0,0%**	**0,0%**								**37,8%**		
Sales of taxonomy eligible activities (A.1 + A.2)		**1.385.733**	**90,6%**	**87,3%**	**0,0%**	**0,0%**	**3,3%**	**0,0%**	**0,0%**								**76,7%**		
B. Sales of taxonomy-non-eligible activities (B)																			
Sales of taxonomy-non-eligible activities		144.266	9,4%														23,3%		
Total (A+B)		**1.529.999**	**100,0%**														**100,0%**		

[1] The abbreviations used in this section mean: CCM = climate change mitigation; CE = transition to a circular economy
[2] EL = eligible; N/EL = non-eligible

CapEx 2024

SMA activity	Code[1]	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria: Climate change mitigation	Substantial contribution criteria: Climate change adaptation	Substantial contribution criteria: Sustainable use and protection of water and marine resources	Substantial contribution criteria: Transition to a circular economy	Substantial contribution criteria: Pollution prevention and control	Substantial contribution criteria: Protection and restoration of biodiversity and ecosystems	"Do no significant harm" (DNSH) criteria for further EU environmental objectives: Climate change mitigation	"Do no significant harm" (DNSH) criteria for further EU environmental objectives: Climate change adaptation	"Do no significant harm" (DNSH) criteria for further EU environmental objectives: Sustainable use and protection of water and marine resources	"Do no significant harm" (DNSH) criteria for further EU environmental objectives: Transition to a circular economy	"Do no significant harm" (DNSH) criteria for further EU environmental objectives: Pollution prevention and control	"Do no significant harm" (DNSH) criteria for further EU environmental objectives: Protection and restoration of biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned or eligible proportion of CapEx 2023	Category enabling activity	Category transitional activity
		in € '000	in %	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	in %	E/-	T/-
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
3.1 Manufacture of renewable energy technologies	CCM 3.1	69.477	58,1%	yes	no	no	no	no	no	yes	yes	yes	yes	yes	yes	yes	32,7%	E	-
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	5.422	4,5%	yes	no	no	no	no	no	yes	yes	yes	yes	yes	yes	yes	3,9%	E	-
CapEx of environmentally sustainable activities (taxonomy-compliant) (A.1)		**74.899**	**62,6%**	**62,6%**	**0,0%**	**0,0%**	**0,0%**	**0,0%**	**0,0%**	**yes**	**yes**	**yes**	**yes**	**yes**	**yes**	**yes**	**36,6%**		
of which enabling		74.899	62,6%	62,6%	0,0%	0,0%	0,0%	0,0%	0,0%	yes	yes	yes	yes	yes	yes	yes	36,6%	E	-
of which transitional		0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	yes	yes	yes	yes	yes	yes	yes	0,0%		T

[1] The abbreviations used in this section mean: CCM = climate change mitigation; CE = transition to a circular economy

Continuation →

CapEx 2024 (Continuation)

				Substantial contribution criteria						"Do no significant harm" (DNSH) criteria for further EU environmental objectives								
SMA activity	Code[1]	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned or eligible proportion of CapEx 2023	Category enabling activity	Category transitional activity
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
		in € '000	in %	EL; N/EL[2]	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
3.1 Manufacture of renewable energy technologies	CCM 3.1	36.500	30,5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								54,7%		
3.20 Manufacture of technical equipment	CCM 3.20	987	0,8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2,8%		
5.2 Sale of spare parts	CE 5.2	2.074	1,7%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								1,0%		
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0	0,0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,3%		
CapEx of taxonomy-compliant but not environmentally sustainable activities (non-taxonomy-compliant activities) (A.2)		**39.562**	**33,1%**	**31,3%**	**0,0%**	**0,0%**	**1,7%**	**0,0%**	**0,0%**								**58,9%**		
CapEx of taxonomy eligible activities (A.1 + A.2)		**114.461**	**95,6%**	**93,9%**	**0,0%**	**0,0%**	**1,7%**	**0,0%**	**0,0%**								**95,5%**		
B. Taxonomy-non-eligible activities																			
CapEx of taxonomy-non-eligible activities		5.220	4,4%														4,5%		
Total (A+B)		**119.681**	**100,0%**														**100,0%**		

[1] The abbreviations used in this section mean: CCM = climate change mitigation; CE = transition to a circular economy
[2] EL = eligible; N/EL = non-eligible

OpEx 2024

SMA activity	Code[1]	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	"Do no significant harm" (DNSH) criteria for further EU environmental objectives: Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned or eligible proportion of OpEx 2023	Category enabling activity	Category transitional activity
		in € '000	in %	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	yes/no	in %	E/-	T/-
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
3.1 Manufacture of renewable energy technologies	CCM 3.1	51.501	61,1%	yes	no	no	no	no	no	yes	yes	yes	yes	yes	yes	yes	36,6%	E	-
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	2.292	2,7%	yes	no	no	no	no	no	yes	yes	yes	yes	yes	yes	yes	2,5%	E	-
OpEx of environmentally sustainable activities (taxonomy-compliant) (A.1)		**53.793**	**63,8%**	**63,8%**	**0,0%**	**0,0%**	**0,0%**	**0,0%**	**0,0%**	**yes**	**yes**	**yes**	**yes**	**yes**	**yes**	**yes**	**39,1%**		
of which enabling		53.793	63,8%	63,8%	0,0%	0,0%	0,0%	0,0%	0,0%	yes	yes	yes	yes	yes	yes	yes	39,1%	E	-
of which transitional		0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	yes	yes	yes	yes	yes	yes	yes	0,0%		T

[1] The abbreviations used in this section mean: CCM = climate change mitigation; CE = transition to a circular economy

Continuation →

OpEx 2024 (Continuation)

				Substantial contribution criteria						"Do no significant harm" (DNSH) criteria for further EU environmental objectives								
SMA activity	Code[1]	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned or eligible proportion of OpEx 2023	Category enabling activity	Category transitional activity
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
		in € '000	in %	EL; N/EL[2]	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
3.1 Manufacture of renewable energy technologies	CCM 3.1	25.233	29,9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								56,8%		
3.20 Manufacture of technical equipment	CCM 3.20	3.186	3,8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1,8%		
5.2 Sale of spare parts	CE 5.2	618	0,7%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0,4%		
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0	0,0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,0%		
OpEx of taxonomy-compliant but not environmentally sustainable activities (non-taxonomy-compliant activities) (A.2)		**29.037**	**34,4%**	**33,7%**	**0,0%**	**0,0%**	**0,7%**	**0,0%**	**0,0%**								**59,1%**		
OpEx of taxonomy eligible activities (A.1 + A.2)		**82.830**	**98,2%**	**97,5%**	**0,0%**	**0,0%**	**0,7%**	**0,0%**	**0,0%**								**98,2%**		
B. Taxonomy-non-eligible activities																			
OpEx of taxonomy-non-eligible activities		1.476	1,8%														1,8%		
Total (A+B)		**84.306**	**100,0%**														**100,0%**		

[1] The abbreviations used in this section mean: CCM = climate change mitigation; CE = transition to a circular economy
[2] EL = eligible); N/EL = non-eligible

FINANCIAL STATEMENTS

Income statement SMA Group

in €'000	Note	2024	2023
Sales	3	**1,529,999**	**1,904,059**
Cost of sales	9, 2.3	1,277,194	1,344,715
Gross profit		**252,805**	**559,344**
Selling expenses		138,464	127,286
Research and development expenses	2.3	96,625	78,588
General administrative expenses		96,956	81,694
Other operating income	4	77,243	47,924
Other operating expenses	4	91,055	50,199
of which restructuring expenses	19	33,400	0
Operating profit (EBIT)		**–93,052**	**269,501**
Income from at-equity-accounted investments	6	–67	688
Financial income	6	1,597	5,372
Financial expenses	6	10,578	5,036
Financial result		**–9,048**	**1,024**
Profit before income taxes		**–102,100**	**270,525**
Income taxes/expense (+)/income (–)	7	15,628	44,855
Net income		**–117,728**	**225,670**
of which attributable to shareholders of SMA AG		–117,728	225,670
Earnings per share, basic (in €)	8	–3.39	6.50
Earnings per share, diluted (in €)		–3.39	6.50
Number of ordinary shares (in thousands)		34,700	34,700

Statement of comprehensive income SMA Group

in €'000	Note	2024	2023
Net income		**–117,728**	**225,670**
Unrealized gains (+)/losses (–) from currency translation of foreign subsidiaries		2,212	–2,143
Changes recognized outside profit or loss (currency translation difference)[1]		**2,212**	**–2,143**
Overall result		**–115,516**	**223,527**
of which attributable to shareholders of SMA AG		–115,516	223,527

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

Balance sheet
SMA Group

in €'000	Note	2024/12/31	2023/12/31
ASSETS			
Intangible assets	9	120,578	117,277
Property, plant and equipment	10	265,316	226,107
Investment property	12	3,888	4,773
Other financial assets, non-current	11,15, 24	10,331	1,562
Deferred tax assets	7	78,653	78,511
Non-current assets		**478,766**	**428,230**
Inventories	13	563,565	559,066
Trade receivables	14, 24	216,905	277,398
Other financial assets, current (total)	15, 24	46,725	70,152
Cash equivalents with a duration of more than 3 months and asset management		0	41,391
Rent deposits and cash on hand pledged as collaterals		33,600	22,541
Remaining other financial assets, current		13,125	6,220
Income tax assets	7	4,928	6,270
Value added tax receivables	15	19,742	41,587
Other non-financial assets, current	14	14,763	15,279
Cash and cash equivalents	16, 24	195,832	219,383
		1,062,460	1,189,135
Assets held for sale	17	0	4,550
Current assets		**1,062,460**	**1,193,685**
Total assets		**1,541,226**	**1,621,915**

in €'000	Note	2024/12/31	2023/12/31
LIABILITIES			
Share capital		34,700	34,700
Capital reserves		119,200	119,200
Retained earnings		399,416	532,282
SMA Solar Technology AG shareholders' equity	18	**553,316**	**686,182**
Provisions, non-current	19	103,489	105,057
Financial liabilities, non-current	20, 24	41,058	23,037
Contract liabilities, non-current	23	138,106	150,540
Other non-financial liabilities, non-current	23	2,347	2,895
Deferred tax liabilities	7	3,517	1,854
Non-current liabilities		**288,517**	**283,383**
Provisions, current	19	128,002	95,992
Financial liabilities, current	20, 24	155,171	8,816
Trade payables	21, 24	147,066	303,796
Income tax liabilities	7	17,115	15,694
Contract liabilities (advances)	23	160,404	140,526
Other contract liabilities, current	23	59,959	57,696
Other financial liabilities, current	22, 24	1,004	922
Other non-financial liabilities, current	23	30,672	28,908
Current liabilities		**699,393**	**652,350**
Total equity and liabilities		**1,541,226**	**1,621,915**

Statement of cash flows
SMA Groupe

in €'000	Note	2024	2023
Net income		−117,728	225,670
Income taxes	7	15,628	44,855
Financial result	6	9,048	−1,024
Depreciation and amortization of property, plant and equipment and intangible assets		77,102	41,459
Change in provisions	19	30,442	41,903
Result from the disposal of intangible and fixed assets and non-current assets		1,713	1,691
Change in non-cash expenses/revenue		106,358	−1,267
Interest received		2,059	2,075
Interest paid		−4,825	−1,542
Income tax paid		−8,975	−21,206
Gross cash flow		**110,822**	**332,614**
Change in inventories		−118,223	−263,146
Change in trade receivables		56,416	−126,681
Change in trade payables		−156,730	170,348
Change in other net assets/other non-cash transaction		−5,108	27,642
Cash flow from operating activities		**−112,823**	**140,777**

in €'000	Note	2024	2023
Payments for investments in property, plant and equipment		−46,823	−44,413
Proceeds from the disposal of property, plant and equipment		60	207
Payments for investments in intangible assets		−43,128	−39,950
Cash inflow from the disposal of held for sale assets net of cash		18,532	0
Proceeds from the disposal of securities and other financial assets		43,100	2,009
Payments for the acquisition of securities and other financial assets		−613	−3,845
Cash flow from investing activities		**−28,872**	**−85,992**
Proceeds from borrowing of financial liabilities		145,500	6,442
Redemption of financial liabilities		0	−8
Payments for lease liabilities		−10,923	−9,009
Dividends paid by SMA Solar Technology AG		−17,350	0
Cash flow from financing activities	20	**117,227**	**−2,575**
Net increase/decrease in cash and cash equivalents		−24,468	52,210
Changes due to exchange rate effects		849	1,818
Cash and cash equivalents as of January 1		219,383	165,355
Cash and cash equivalents as of December 31	27	**195,832**	**219,383**

Statement of changes in equity
SMA Group

in €'000	Note	Share capital	Capital reserves	Difference from currency translation	Other retained earnings	Consolidated shareholders' equity
Shareholders' equity as of January 1, 2023		**34,700**	**119,200**	**3,836**	**305,787**	**463,523**
Net income		0	0	0	225,670	225,670
Other comprehensive income after tax		0	0	−2,142	0	−2,142
Other changes in equity	18	0	0	0	−869	−869
Overall result		0	0	−2,142	224,801	222,659
Shareholders' equity as of December 31, 2023		**34,700**	**119,200**	**1,694**	**530,588**	**686,182**

in €'000	Note	Share capital	Capital reserves	Difference from currency translation	Other retained earnings	Consolidated shareholders' equity
Shareholders' equity as of January 1, 2024		**34,700**	**119,200**	**1,694**	**530,588**	**686,182**
Net income		0	0	0	−117,728	−117,728
Other comprehensive income after tax		0	0	2,212	0	2,212
Overall result		0	0	0	0	−115,516
Dividend payments of SMA Solar Technology AG		0	0	0	−17,350	−17,350
Shareholders' equity as of December 31, 2024		**34,700**	**119,200**	**3,906**	**395,510**	**553,316**

NOTES SMA GROUP

General information

1. Basics

The Consolidated Financial Statements of SMA Solar Technology AG as of December 31, 2024, were prepared in compliance with the International Financial Reporting Standards (IFRS) as adopted by the EU, as well as in compliance with the regulations of Section 315e (1) of the German Commercial Code (HGB). The requirements of the standards and interpretations applied were met completely and provide a fair view of the net assets, financial position, and results of operations of SMA Solar Technology AG and its subsidiary companies included in the scope of consolidation (hereinafter: SMA Group).

The registered office of the company is Sonnenallee 1, 34266 Niestetal, Germany. The company is registered at the commercial court of Kassel under the trade register number HRB 3972. Shares of SMA Solar Technology AG have been traded publicly since June 27, 2008. They are listed in the Prime Standard of the Frankfurt Stock Exchange. The company has been listed on the TecDAX since June 20, 2022, and was included in the MDAX on May 9, 2023. As of June 24, 2024, the shares were classified in the SDAX.

The Consolidated Financial Statements are prepared using the amortized acquisition cost principle and under the going concern assumption. Exceptions to this are provisions, deferred taxes and other financial instruments.

The income statement is classified according to the cost of sales method. The Consolidated Financial Statements were prepared in euro. Unless indicated otherwise, all amounts stated are in euro rounded to whole thousands (,000) or millions (€ million), rounding differences may arise as a result.

The Managing Board of SMA Solar Technology AG approved the Consolidated Financial Statements on March 13, 2025, for submission to the Supervisory Board.

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

More detailed information on the segments is provided in section 3 of the Notes.

1.1. Consolidation principles

All domestic and foreign subsidiaries in which SMA Solar Technology AG, directly or indirectly, has the option of controlling, as defined in the regulations of IFRS 10, are included in the Consolidated Financial Statements of the SMA Group. The included statements are prepared based on uniform principles.

A joint venture is a company, in which an SMA Group company exercises joint control together with one or more external parties. Joint control exists if decisions on significant activities of the joint venture require the unanimous approval of the jointly controlling parties.

1.2. Scope of consolidation

The scope of consolidation as of December 31, 2024, has changed compared to December 31, 2023, in that elexon GmbH has been deconsolidated with the completed sale of the shares. The shareholding in UNIKIMS GmbH previously reported under investments was also sold in September 2024. The scope of consolidation was expanded with the founding of the companies Altenso Batteriespeicher 002 GmbH & Co. KG and Altenso Batteriespeicher 003 GmbH & Co. KG. These companies are sold as a whole as part of implementing battery storage system projects once they achieve ready-to-build state. In April 2024, Altenso GmbH acquired shares in AE Development Holdings 2023 Trust in Australia. With the exception of AE Development Holdings 2023 Trust, Altenso Batteriespeicher 002 GmbH & Co. KG and Altenso Batteriespeicher 003 GmbH & Co. KG, all companies within the scope of consolidation are fully consolidated. AE Development Holdings 2023 Trust is recognized as a joint venture in the Consolidated Financial Statements according to the equity method. The two battery storage system companies are not consolidated, recorded as a financial investment and valued at fair value according to IFRS 9 due to their secondary importance to the asset and financial position and results of operations of the SMA Group. As of October 18, 2024, SMA Immo Beteiligungs GmbH withdrew from SMA Immo GmbH & Co. KG as a personally liable partner. At this time, SMA Immo GmbH & Co. KG was merged with SMA Solar Technology AG. Batteriespeicher 001 GmbH & Co. KG, which was founded to prepare for this type of project over the course of the 2024 fiscal year, was sold once it achieved ready-to-build state in the fourth quarter.

The scope of consolidation of the SMA Group is presented in the complete list of shareholdings shown below pursuant to Section 313 (2) of the German Commercial Code (HGB).

Name of parent company	Registered office	Share in capital	Consolidation
SMA Solar Technology AG	Niestetal, Germany		F
Shares in affiliated companies			
coneva GmbH	Munich, Germany	100%	F
emerce Africa (Pty.) Ltd.	Cape Town, South Africa	100%	F
SMA Altenso GmbH	Fritzlar, Germany	100%	F
Altenso Projects GmbH	Niestetal, Germany	100%[3]	F
SMA America Holdings LLC	Denver, U.S.	100%	F
SMA Solar Technology America LLC	Rocklin, U.S.	100%[3]	F
SMA Australia Pty. Ltd.	North Sydney, Australia	100%	F
SMA Benelux BV	Mechelen, Belgium	100%[1]	F
SMA Nederland B.V.	Amersfoort, Netherlands	100%[3]	F
SMA France S.A.S.	Saint Priest, France	100%	F
SMA Ibérica Tecnología Solar, S.L.	Sant Cugat del Vallès (Barcelona), Spain	100%	F
SMA Immo Beteiligungs GmbH	Niestetal, Germany	100%	F

F = fully consolidated; N = not consolidated; R = recognized at equity
1 0.1% are held by SMA Solar Technology Beteiligungs GmbH.
2 0.001% are held by SMA Solar Technology Beteiligungs GmbH and 0.001% are held by SMA Solar UK Ltd.
3 indirect investment

Name of parent company	Registered office	Share in capital	Consolidation
SMA Italia S.r.l.	Milan, Italy	100%	F
SMA Japan Kabushiki Kaisha	Tokyo, Japan	100%	F
SMA Magnetics Sp. z o.o.	Modlniczka, Poland	100%	F
SMA Middle East Limited	Abu Dhabi, United Arab Emirates	100%	F
SMA Solar Technology Middle East DMCC	Dubai, United Arab Emirates	100%[3]	F
SMA Solar Beteiligungs GmbH	Niestetal, Germany	100%	F
SMA Solar India Private Limited	Thane, India	100%[1]	F
SMA Solar Technology Beteiligungs GmbH	Niestetal, Germany	100%	F
SMA Solar Technology Canada Inc.	Vancouver, Canada	100%	F
SMA Solar Technology de México S. de R.L. de C.V.	Santiago de Querétaro, Mexico	100%	F
SMA Solar Technology (Shanghai) Co., Ltd.	Shanghai, China	100%	F
SMA Solar Technology South Africa (Pty.) Ltd.	Cape Town, South Africa	100%	F
SMA Solar Turkey Teknoloji Limited Şirketi	Istanbul, Turkey	100%	F
SMA Solar (Thailand) Co., Ltd.	Bangkok, Thailand	100%[2]	F
SMA Solar UK Ltd.	Banbury, Great Britain	100%	F
SMA South America SpA	Santiago, Chile	100%	F
SMA Brasil Tecnologia Solar Ltda.	São Paulo, Brazil	100%[3]	F
Investments			
AE Development Holdings 2023 Trust	Sydney, Australien	50%	R
Altenso Batteriespeicher 002 GmbH & Co. KG	Höxter, Germany	100%[3]	N
Altenso Batteriespeicher 003 GmbH & Co. KG	Niestetal, Germany	100%[3]	N

F = fully consolidated; N = not consolidated; R = recognized at equity
1 0.1% are held by SMA Solar Technology Beteiligungs GmbH.
2 0.001% are held by SMA Solar Technology Beteiligungs GmbH and 0.001% are held by SMA Solar UK Ltd.
3 indirect investment

SMA Solar Technology AG and SMA Magnetics Sp. z o. o. are manufacturing companies. The others are sales and service companies or project companies for battery storage projects.

All SMA Group companies prepare their Annual Financial Statements as of December 31, with the exception of our Indian subsidiary SMA Solar India Private Limited, which prepares its financial statements as of March 31 due to statutory regulations. For the purpose of inclusion in the Consolidated Financial Statements, SMA Solar India Private Limited prepares IFRS interim financial statements.

1.3. Translation of financial statements into foreign currencies

The Consolidated Financial Statements are prepared in euro, which is the reporting currency of the group. Each company within the group defines its own functional currency, which is normally the local currency. The items contained in the financial statements of each company are translated using this functional currency.

Transactions denominated in foreign currencies are translated initially into the functional currency by applying the spot rate valid at the time of the transaction. On each subsequent due date, monetary assets, and liabilities denominated in foreign currencies are translated into the functional currency by applying the spot rate valid on that day. All translation differences are recognized through profit or loss.

Assets and liabilities of subsidiaries preparing their balance sheets in a currency other than the euro are translated using the current exchange rate on the balance sheet date. Items on the income statement are translated periodically using the average rate of the relevant month. The equity components of subsidiaries are translated at the corresponding historical exchange rate applicable upon accrual. Any exchange differences are recognized at fair

value in other comprehensive income and on a cumulative basis in equity as a separate item under retained earnings. The accumulated amount recorded in equity is recognized through profit or loss upon the disposal of the foreign subsidiary concerned.

2. Accounting principles and amendments to accounting standards

2.1. New IASB accounting standards and interpretations to be applied for the first time in the fiscal year

The new standards and interpretations presented below currently have no material quantitative effect on the group's accounting.

Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The amendments add a disclosure obligation to IAS 7 **Statement of Cash Flows** which requires a company to disclose information about its supplier financing agreements. IFRS 7 **Financial Instruments: Disclosures** was also amended to include financing agreements with suppliers in the requirements for disclosing information with regard to the liquidity risk of a company.

The amendments include specific transitional regulations for the reporting period of first-time application. A company is not obliged to disclose the following information:

- comparative information for reporting periods, which were presented before the start of the reporting period in which the company applies these amendments for the first time and
- the information otherwise required according to IAS 7.44 at the start of the reporting period in which the company applies the amendments for the first time.

Amendments to IAS 1 Classification of Liabilities as Current or Non-Current

The amendments only affect the classification of liabilities as current or non-current in the balance sheet and not the amount or timing of the recognition of assets, liabilities, income or expenses, or the information to be provided concerning these items.

The amendments clarify that the classification of liabilities as current or non-current is based exclusively on existing substantive rights on the reporting date which enable settlement to be postponed by at least twelve months. The classification is carried out regardless of the probability of a company utilizing its right to postpone settlement or not. If this right is conditional on certain conditions being met, the existence of this type of right can only be assumed if these conditions are actually met on the reporting date. The subject of the amendments is the addition of an explanation of the criterion "Settlement." "Settlement" refers to the transfer of cash, equity instruments and other assets or services to the counterparty.

Amendments to IAS 1 Non-Current Liabilities with Covenants

With regard to classifying liabilities as non-current or current, these amendments clarify that only those covenants that a company has to meet on or before the reporting date impact this classification. Those covenants impact whether the right exists on the reporting date, even if compliance is assessed only after the reporting period .

It was also determined that the right to be able to postpone settlement of a liability by at least twelve months is not affected if a company only has to comply with the covenants after the reporting date. However, a company has to disclose information in the notes which enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. This includes information concerning covenants, the book value of the associated liabilities, as well as facts and circumstances which indicate that the company may have difficulties complying with the covenants.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

The amendments include specifications for subsequent measurement of leases as part of a sale and leaseback (SLB) agreement for seller lessees.

Accordingly, the payments expected at the beginning of the term shall be determined during the subsequent measurement of lease liabilities as part of an SLC such that profit realization with regard to the retained usage right is excluded. In each period, the lease liability is reduced by the relevant underlying expected payments and the difference to actual payments is recognized in profit or loss.

Agenda decisions by the IFRS Interpretations Committee

In addition, the following agenda decisions have been adopted by the IFRS Interpretations Committee since December 31, 2023, which have to be taken into account in the application of IFRS but do not have a significant impact on the Consolidated Financial Statements of the SMA Group: Decisions on IAS 27 (Merger between a Parent and Its Subsidiary in Separate Financial Statements), on IFRS 3 (Payments Contingent on Continued Employment during Handover Periods), on IAS 37 (Climate-related Commitments), on IFRS 8 (Disclosure of Revenues and Expenses for Reportable Segments), and on IAS 7 (Classification of Cash Flows related to Variation Margin Calls on 'Collateralized-to-Market' Contracts).

Standards and interpretations that have been published but are not yet mandatory

In its 2024 Consolidated Financial Statements, the SMA Group did not apply the following accounting standards, which have already been adopted by the IASB but were not yet mandatory for this fiscal year. Their impact on the group's accounting are currently being examined.

They will be implemented in the year of mandatory first-time application when they are implemented and applied in the EU. Earlier application is not permitted.

Lack of Exchangeability (amendment to IAS 21)

On August 15, 2023, the IASB published the standard Lack of exchangeability to amend IAS 21 The Effects of Changes in Foreign Exchange Rates. The amendments were a result of a submission received by the IFRS Interpretations Committee for determining the exchange rate if there is a long-term lack of exchangeability. The amendments introduce requirements to assess when a currency can be exchanged into another currency and when not. The amendments require a company to estimate the spot exchange rate if it comes to the conclusion that a currency cannot be exchanged into another currency. The amendments apply from January 1, 2025.

Amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7)

The amendments refer to the following requirements in IFRS 9 and IFRS 7:

Derecognition of financial liabilities

- Derecognition of financial liabilities which are settled by means of electronic payment transactions.

Classification of financial assets

- Interest components in a basic loan agreement (the Solely Payments of Principal and Interest (SPPI) test)
- Agreement terms which change the time or amount of the contractual cash flows
- Financial assets with non-recourse characteristics
- Investment in contractually tied instruments

Information on equity instruments measured at fair value through other comprehensive income.

Information on agreement terms which may amend the time or amount of contractual cash flows. The amendments may have significant effects on how companies account for the derecognition of financial liabilities and how financial assets are classified.

The amendments permit a company to restrict early application to the amendments in relation to the classification of financial assets and the associated investments and to apply the remaining amendments later.

The amendments apply from January 1, 2026.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 replaces IAS 1 Presentation of Financial Statements and is mandatory for annual reporting periods beginning on or after 1 January 2027. IFRS 18, which was published by the IASB on 9 April 2024, sets out significant new requirements for how financial statements are presented, with particular focus on:

- The statement of profit or loss, including requirements for mandatory sub-totals. IFRS 18 introduces requirements for classifying items of income and expenses into one of five categories in the statement of profit or loss. This classification results in the presentation of certain sub totals, such as the sum of all income and expenses in the operating category, which includes the new mandatory sub-total "operating profit or loss".
- Aggregation and disaggregation of information, including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements.
- Disclosures related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub total required by IFRS Accounting Standards, with adjustments made (e.g., "adjusted profit or loss"). Entities will be required to disclose MPMs in the financial statements with disclosures, including reconciliations of MPMs to the nearest total or sub-total calculated in accordance with IFRS Accounting Standards.

The IASB's objective in publishing IFRS 18 is to improve the comparability and transparency of companies' performance reporting. IFRS 18 has also resulted in minor changes in the statement of cash flows.

IFRS 19 Subsidiaries without Public Accountability Disclosures

Stakeholders have asked the IASB to allow a subsidiary reporting to a parent applying IFRS Accounting Standards in its consolidated financial statements to apply IFRS Accounting Standards with reduced disclosure requirements in its own financial statements. Considering this feedback, the IASB added a project to its research pipeline to provide reduced disclosure requirements for subsidiaries without public accountability. The project has culminated in the issuance of IFRS 19, which allows eligible subsidiaries to apply reduced disclosure requirements while applying the recognition, measurement and presentation requirements in IFRS Accounting Standards.

For example, under IFRS 19, an entity that has transactions within the scope of IFRS 2 Share-based Payment would not apply the extensive disclosure requirements in IFRS 2.44-52. Instead, an entity would disclose only the information in paragraphs 31-34 of IFRS 19, which include a description of the share-based payment arrangements, the number and weighted average exercise prices of share options, how an entity measures the fair value of equity-sttled share-based payment transactions and other general information about transactions within the scope of IFRS 2.

As an indication of the scope of the reduction in disclosure requirements, IFRS 2 currently contains 991 words in its disclosure requirements, whereas IFRS 19 contains only 250 words related to IFRS 2 disclosures.

The criteria for a company to be able to apply IFRS 19 are:

- The Company is a subsidiary (as defined in Appendix A to IFRS 10 Consolidated Financial Statements);
- The entity has no public accountibilty; and
- The entity has an ultimate or intermediate parent that prepares consolidated financial statements available for public use that comply with IFRS Accounting Standards.

The changes are to be applied from January 1, 2027.

Annual improvements to IFRS Accounting Standards

Annual improvements are limited to changes that either clarify the wording in an IFRS accounting standard or correct relatively minor unintended consequences, oversights or conflicts between requirements of the accounting standards. The suggested improvements are summarized in a single document. This cycle of annual improvements concerns the following:

- Hedge Accounting by a First-time A dopter (Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards)
- Disclosure of Deferred Difference between Fair value and Transaction price (Amendments to Guidance on implementing IFRS 7)
- Gain or Loss on Derecognition (Amendments to IFRS 7)
- Introduction and Credit Risk Disclosures (Amendments to Guidance on implementing IFRS 7)
- Derecognition of Lease Liabilities (Amendments to IFRS 9)
- Transaction Price (Amendments to IFRS 9)
- Determination of a "De Facto Agent" (Amendments to IFRS 10)
- Cost Method (Amendments to IAS 7): The amendments apply from January 1, 2026.

Contracts Referencing Nature-dependent electricity (previously power purchase agreements) (Amendments to IFRS 9 and IFRS 7)

On December 18, 2024, the IASB published amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Since the amount of electricity generated under these contracts can vary based on uncontrollable factors such as weather conditions, current accounting requirements may not adequately capture how these contracts impact a company's performance. To allow companies to better reflect these contracts in the financial statements, the IASB has made targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments include:

- Clarifying the application of the "own-use" requirements;
- Permitting hedge accounting if these contracts are used as hedging instruments; and
- Adding new disclosure requirements to enable that investors to understand the effect of these contracts on a company's financial performance and cash flows.

These amendments tare to be applied for annual reporting periods beginning on or after January 1, 2026. Earlier application of the amendments is not permitted. However, in certain legal systems, the amendments have to be approved before they are applied.

2.2. Disclosures to the accounting policies

Intangible assets acquired with a finite useful life are valued at acquisition cost. They decline via scheduled straight-line amortization and any accumulated impairment losses recognized in accordance with IAS 36.

The costs of **internally generated intangible assets** are recognized in the period in which they accrue, with the exception of development expenses that can be capitalized.

Research and development expenses include all expenses that can be attributed directly to research or development activities. Research expenses are recognized as expenditure in the period in which they are incurred. Development expenses of a project are capitalized as an intangible asset, only after the SMA Group can demonstrate both the technical and economic feasibility of the intangible asset so that it will be available for internal use or sale and that the SMA Group has the intention to complete the intangible asset and either use or sell it. Development expenses are recognized at cost pursuant to IAS 38.66, less scheduled accumulated amortization and impairment. Scheduled depreciation and amortization commence at the end of the development phase and/or from the moment the asset can be used. Amortization is effected over the period during which a future benefit will be expected. No borrowing costs are capitalized in connection with the capitalization of development expenses.

Company acquisitions in previous years resulted in low **goodwill**, see also section 9. Intangible assets. There were no other intangible assets with an indefinite useful life in the periods under review.

Internally-generated and other **Intangible assets** with finite useful lives are usually amortized on a straight-line basis over a period of three to eight years, including internally-generated development projects, software and licenses. Patents are amortized over ten years. In the case of intangible assets with a finite useful life, the period of amortization and the amortization method are reviewed at least at the end of each fiscal year. Any adjustments to the amortization period that become necessary because of changes in the expected useful life are accounted for as changes to estimates. Amortization is recorded under the expense category that corresponds to the function of the intangible asset in the enterprise.

Gains or losses on the derecognition of intangible assets are determined as the difference between the net proceeds from the sale and the carrying amount of the asset and are recognized as “other operating income” or “other operating expenses” in the period in which the asset is derecognized.

Fixed assets are valued at cost less straight-line depreciation and accumulated impairment losses. The cost of replacement of a part of a fixed asset is included in the book value of this asset when incurred if the criteria for recognition are fulfilled. When major inspections are carried out, the costs are capitalized according to the book value of the relevant assets if the criteria for recognition are met. All other maintenance and repair costs are expensed immediately.

The depreciation period is based on the expected useful life. Depreciation is recognized under the expense category that corresponds to the function of the asset in the enterprise. Scheduled straight-line depreciation is based on the following useful lives of assets:

	Useful life
Leasehold improvements	10 years
Buildings	25 to 33 years
Technical equipment and machinery	6 to 8 years
Business and office equipment	3 to 10 years

A fixed asset is derecognized either upon its disposal or when no further economic benefit is expected from the further use or sale of the asset. Gains or losses from derecognition of the asset are determined as the difference between the net disposal proceeds and the book value of the asset. This difference is recognized through profit or loss in the income statement as other operating income or other operating expenses when the asset is sold.

The residual values, useful lives and depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary.

Property, plant and equipment that is held to generate rental income is recognized as **"Investment Property"** in accordance with IAS 40. Investment property must be capitalized at cost on acquisition. The SMA Group recognizes investment property at amortized cost using the original cost model. Buildings are depreciated on a straight-line basis over their economic useful life. Attributable expenses must be assigned in full to the investment property responsible for generating the rental income. An external valuation determining the market value is regularly prepared for disclosure in the Notes as well as for the impairment test. The market value of the property was determined on the basis of a tax valuation method. The main input parameters are the discount rate, estimated vacancy and the development of market rents, and the method reflects a Level 3 input within the meaning of IFRS 13. The market value corresponds to the highest and best benefit of the property. The market value thus measured for the Level 3 input still stands at €8.4 million (2023: €8.4 million). This is a cumulative figure. Please refer to the explanations in section 12. Investment property.

Assets that constitute non-current assets held for sale and discontinued operations are classified as held for sale according to IFRS 5. The condition is that the associated book value is realized largely through disposal and not through continued use. On the date of classification, these assets are measured at the lower of book value or fair value less costs to sell, and are no longer depreciated or amortized.

Impairment of intangible assets and property, plant and equipment: At least at each balance sheet date, the group reviews whether there are any indicators that the value of an asset might be impaired. If such indicators exist or if an annual impairment test of an asset is required, this relates especially to not yet finalized and finalized development projects, and the group determines the recoverable amount of the relevant asset. The recoverable amount of an asset is its fair value less costs to sell or its value in use, whichever is higher. As a rule, the recoverable amount will be determined for each individual asset. If it proves impossible to determine the recoverable amount for individual assets because the cash flows depend on those of other assets, the cash flows are determined for the next higher group of assets (for example, grouping of development projects at the level of segment-specific platforms or cash-generating units). In assessing the value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments regarding the interest effect and the risks specific to the asset. These expected future cash flows are subject to uncertainties in connection with potential raw material and supply bottlenecks and cost increases due to geopolitical tensions, as well as in relation to future sales quantities and competitive price developments. To determine the fair value less costs to sell, an adequate valuation model is used.

If the book value of an asset or a cash-generating unit exceeds the recoverable amount, an impairment is recognized for the asset or the cash-generating unit in question. An impairment is recognized on the recoverable amount. Impairment costs are recognized under the expense category that corresponds to the function of the impaired asset in the enterprise. The impairment tests performed during the fiscal year resulted in the need for impairment of technical equipment and machinery amounting to €4.2 million as well as capitalized development projects amounting to €22.4 million at the level of individual assets, based on the restructuring actions initiated and the associated amended, expected market environment as well as production and sales quantities in the fiscal year.

For assets, a test is carried out on each balance sheet date to determine whether a previously recognized impairment loss has ceased to exist or has diminished. Impairments are reversed if the recoverable amount has increased in subsequent periods. An impairment loss recognized in prior periods is reversed only if there have been significant changes to the measurement parameters used to originally determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the book value of the asset is increased to as much as its recoverable amount. However, reversals are limited to the amount that would have resulted based on scheduled depreciation without recognizing an impairment. The reversal is recognized in the income statement. Impairment on goodwill is not reversed. This was not the case in the reporting year or in the previous year.

Inventories are stated at the lower of cost of acquisition/production or net realizable value. The costs of acquisition or production include all costs incurred during acquisition or production as well as other costs incurred in bringing the inventories to their present location and condition. Borrowing costs are not taken into account here. In general, when determining the acquisition costs of raw materials, consumables and supplies, moving average prices are used. The cost of work in progress and finished goods is determined in the amount of direct material and labor costs as well as production-related indirect costs on the basis of detailed cost accounting. The net realizable value consists of the estimated sales proceeds that can be achieved in the ordinary course of business, less the estimated costs incurred up to completion and the estimated necessary selling expenses. Impairments are made, in particular, in the case of a lack of marketability, discontinued products and surplus stocks of non-product-specific materials. A time horizon of 36 months is used for the estimation of marketability. In the case of stock items that are used exclusively in a discontinued product and are also not required for servicing the product, an impairment is carried out for their full value. Even for inventories determined to have a shelf life of more than 36 months, if their recoverability is no longer assured beyond this period, a 100% impairment is required.

If the reasons that have resulted in an impairment of inventories no longer exist, a corresponding reversal is made.

As a rule, **financial instruments** are reported as soon as an entity of the SMA Group becomes a contracting party to a financial instrument. A financial instrument is a contract that gives rise to both a financial asset held by one entity and a financial liability or an equity instrument held by another entity. If the trading date and the settlement date of financial assets are different, then the settlement date is decisive for initial recognition. The date of contract conclusion is only decisive in the case of financial derivatives.

Financial assets and financial liabilities are measured at fair value upon their initial recognition. Financial instruments are also allocated to measurement categories in accordance with IFRS 9. Further explanations are provided in section. 24. Additional disclosures relating to financial instruments. If permitted and necessary, reallocations are made at the end of the fiscal year. In the case of financial instruments for which there is no measurement at fair value through profit or loss, the transaction costs that are directly attributable to the purchase of the financial asset or to the issue or assumption of the financial liability are also included. These are those directly attributable to the acquisition of the financial asset or directly attributable to the issue of financial liabilities.

Financial instruments are generally stated separately. They are netted only if there is a right to offset them on the relevant date and also if the intention is to perform the settlement on a net basis.

Their subsequent measurement is based on the previous categories pursuant to IFRS 9. For the SMA Group, the measurement categories "Amortized Cost" and "Fair Value Through Profit or Loss" are particularly relevant. Any loans and receivables granted and other financial liabilities are usually measured at amortized cost of acquisition using the effective interest method.

Assets measured "At Fair Value Through Profit or Loss" are measured at fair value. These include, among others, derivative financial instruments that are not part of an effective hedging relationship as well as claims under conditional purchase price agreements. Derivative financial instruments are reported as assets or liabilities if their fair values are positive

or negative. Gains and losses on changes in the fair value of derivative financial instruments are recognised immediately in profit or loss, as no hedging relationships have been accounted for. Gains or losses resulting from subsequent measurement are recognized through profit or loss in the income statement within the financial result.

At each reporting date, the accounting values of the financial assets, which are not measured at fair value through profit or loss, are then examined to see whether impairments are to be expected due to objective evidence. Any impairment loss, which is based on a lower value than the book value is recognized in the income statement.

A financial asset is derecognized if the enterprise has relinquished control of the contractual rights related to the financial asset. A financial liability is derecognized if the obligation underlying the liability is discharged, cancelled or has expired.

For the majority of the financial instruments that come under the impairment regulations at the SMA Group, i.e. trade receivables without a significant financing component, IFRS 9 mandatorily stipulates a simplified two-level model. Under this model, a risk provision in the amount of the expected losses over the remaining term (level 2) is recognized for all instruments, irrespective of their credit quality. The amount of the risk provision at level 2 is calculated based on a flat rate. This rate is applied to the entire SMA Group, as there are no different default rates for different regions or business units. The application of IFRS 9 resulted in a rate of 0.17% (2023: 0.19%). When determining the default rate, a forward-looking component is taken into account, in the sense that the SMA Group is in a very volatile environment and, despite all market fluctuations and changes, there were no significant influences on the default rates of the receivables. Baded on management assessment, no change is expected in the future. As described, trade receivables are all allocated to level 2 on acquisition and are transferred to level 3 if there are objective indications of impairment. Despite assumptions based on internal risk management, it is assumed that a default event occurs at the latest when a receivable is 90 days past due. However, this assumption can be disproved by suitable information. Because high-risk receivables are collateralized and high-risk customers are supplied or receive services only if they pay in advance, the level of bad debt losses in the group is not significant (less than 1% of receivables). For this reason, a default event is not assumed until the receivable is 180 days past due. Receivables are impaired after being overdue. For all other financial instruments (cash and cash equivalents, debt securities [non-marketable], rent collateral and pledges, time deposits and other short-term deposits [> 3 months], contractual assets, receivables from joint ventures) that fall under the impairment requirements of IFRS 9, the general model is applied.

Government grants are not recognized until there is reasonable assurance that the SMA Group will meet all the conditions for receiving the grants. Government grants that are paid to compensate for expenses or losses already incurred or to provide immediate financial support without directly associated expenses are recognized in the income statement in the period in which the corresponding claim arises. If these grants are attributable to a specific asset, they are deducted from book value of the asset.

Provisions account for all recognizable present (legal and constructive) obligations of the group to third parties as a result of past events that are expected to lead to an outflow of resources with an economic benefit to settle the obligation and the amount of which can be reliably estimated. Provisions are recognized in line with IAS 37 at the estimated amount required to settle them. Insofar as the group expects to receive a repayment, at least in part, for a reported provision (e.g., under an insurance contract), the repayment is recorded as a separate asset if the inflow of the payment is highly probable. The expense arising from the formation of the provision is recognized in the income statement. Non-current provisions are carried in the balance sheet at their settlement amount discounted to the balance sheet date using corresponding term-dependent market interest rates. If the amount is discounted, the increase of provisions caused by maturily is recorded under finance costs. Additions to the warranty provisions outlined under section 19. Provisions are recognized in cost of sales. In addition to specific individual items, provisions for warranty obligations also take into account provisions for expected equipment failures during the warranty period. In the

case of warranty risks, an obligation of five to ten years is generally adopted as a base. If the requirements for recognizing a provision are not fully met, this is a **contingent liability** that does not have to be recognized. If a contingent liability exists, it must be disclosed.

The restructuring provision was recorded based on a formal restructuring plan. To determine their amount, average salaries, age, length of service and maintenance obligations of the employees concerned were taken into account. The conditions of the FWP with regard to the components of a possible severance payment for affected employees were negotiated with the employee representatives and announced in December 2024. The outflow of the majority is expected over the course of the 2025 financial year.

At the beginning of the contract, the group as a lessee assesses whether the contract contains a **lease**. For all leases where the group is the lessee, the group recognizes a right-of-use asset and a corresponding lease liability. Exceptions to this include short-term leases (term up to 12 months) and leases for low-value assets (printers et al.). For these leases, the group recognizes lease payments on a straight-line basis over the lease term under "Other operating expenses," unless another systematic basis is more representative.

Upon initial recognition, the lease liability is measured at the present value of the lease payments not yet paid at the beginning of the lease, discounted at the interest rate underlying the lease. If this interest rate cannot be easily determined, the group uses the incremental borrowing rate. Upon initial recognition, it is also taken into account whether the contracts have an extension option. If such options exist, an assessment must be made at the outset, or when new evidence becomes available, to determine whether the extension options will be exercised. The group has building contracts with extension options. In general, contracts have an annual option to extend by one year or an option to extend for another five years.

The discount rate is calculated using the following method in each case: First, the risk-free interest rate with matching maturities is calculated within a region. A rating result for SMA AG has to be calculated based on credit quality.

The following lease payments are included in the assessment of the lease liability:

- Fixed lease payments
- Variable lease payments
- Expected lease payments due to residual value guarantees
- Exercise prices of call options
- Penalties for the early termination of leases

Variable lease payments that do not depend on an index or exchange rate are not included in the assessment of the lease liability and the right-of-use asset.

The lease liability is subsequently measured by increasing the book value by the interest on the lease liability and reducing the book value carrying amount by the lease payments made.

In the following cases, the group modifies the lease liability and adjusts the right-of-use asset accordingly if this involves a change that was not provided for in the original contractual arrangement:

- The term of the lease has been amended
- Amendments to lease payments

If one of these cases occurs, the existing lease is modified in accordance with these changes. A separate lease is not recognized.

The rights of use are initially measured at the amount of the corresponding lease liability less lease payments made at or before the beginning of the lease, lease incentives received and initial direct costs. Subsequent measurement is based on original cost less accumulated amortization and impairment.

If the group is obliged to dismantle or reduce a leased asset, to restore the site on which the asset is located or to restore the asset underlying the lease to the condition required by the terms of the lease, a provision is recognized and measured in accordance with IAS 37. If the costs relate to a right-of-use asset, the costs are recognized in the corresponding right-of-use asset, unless these costs are incurred for the production of inventories.

The examination as to whether an impairment of a right-of-use asset is necessary is carried out in accordance with IAS 36.

Due to the relief provisions, a separation between non-leasing components and leasing components was waived, and leasing agreements with associated non-leasing components were accounted for accordingly as a single agreement in accordance with IFRS 16. The group makes use of the relief provision to not report the leasing component and the non-leasing components separately.

If the group—in its capacity as lessor—has concluded a sublease, the main lease and sublease are accounted for as two separate contracts. Classification as a finance or operating lease of the sublease is based on the right-of-use asset and not the asset underlying the main lease .

Rental income from operating leases is recognized on a straight-line basis over the term of the respective lease in profit and loss. Initial direct costs incurred in negotiating and agreeing a lease are added to the book value of the leased asset and allocated on a straight-line basis over the lease term.

Amounts payable from lessees under finance leases are reported as receivables in the amount of the group's net investment in the leases. Income from finance leases is distributed over the respective reporting periods to ensure a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Employee benefits are usually reported as a liability if the employee has provided work in exchange for benefits payable in the future, and they are recognized as an expense if the entity has received the economic benefit resulting from the work provided by an employee in exchange for future benefits.

Long-service rewards and death benefits are granted on the basis of a company agreement. Measurement of obligations to pay benefits is carried out by applying the projected unit credit method. This method takes into account both the claims for payment of long-service rewards and death benefits, the acquired pension rights known as of the balance sheet date and the payments of long-service rewards and death benefits expected in the future.

In 2009, SMA Solar Technology AG introduced value-based lifelong working-time accounts. Under certain conditions, employees may have time credits or special benefits booked to these value accounts. They may take paid leave of absence at a later date using the credit balances carried forward. The employees' value claims are protected against insolvency and reinsured. These increased by €1.2 million in the 2024 fiscal year (2023: €0.8 million additions).

In the 2024 fiscal year, SMA Solar Technology AG adopted a company agreement that grants a certain group of employees entry into a partial retirement scheme.

Sales from goods deliveries are recognized at the time of transfer of control. Advance payments on partial deliveries are reported as liabilities from advance payments received within contractual obligations and explained under other liabilities in section 23. For transportation services, which constitute a performance obligation in their own right, sales are recognized on a time proportion basis. Sales revenue from services, provided these services are not rendered over a period of time, is recognized at the point in time at which the obligation to the customer is satisfied in accordance with IFRS 15.38. As part of long-term contracts for the development of battery storage projects, SMA recognizes sales revenue over time. Such contracts are concluded before the commencement of the project. Under the terms of the contract, SMA is barred from participating in the opportunities of the

battery storage project but, at all times, has a legally enforceable payment claim for the work performed to date. The services rendered by SMA Altenso resulted in an asset without an alternative for use due to the lack of transferability of the project.

Sales from the construction of such projects are recognized over time using the cost-to-cost method, which is based on the contract costs incurred for the work performed relative to the total expected contract costs. The input-based method provides an appropriate measure for the degree of completion of these performance obligations in accordance with IFRS15. Progress payments are invoiced to customers once several performance-related milestones in terms of construction progress have been achieved. A contract asset is capitalized for all services rendered up to the achievement of a milestone. If milestone payments or customer advance payments exceed the sales recognized to date or the capitalized contract asset, SMA records a contract liability equivalent to the difference.

Sales from services recognized at a point in time are generated by the SMA Group when commissioning large-scale projects and carrying out repair orders. Sales from services rendered over time, including extended warranty or service/maintenance contracts, are recognized over the contractual periods to which these services relate according to the output-based customer perspective. The output-based method leads to an accurate presentation as it best represents the value of the goods and services transferred in the context of the constant commitment to the customer. Cash inflows received in advance do not contain any material finance components. They are the result of a number of end-customer contracts each with small individual contract volumes. With regard to the delivery of goods, in the Home Solutions and Commercial & Industrial Solutions segments full payment is made on delivery depending on the transfer of control, while in the Large Scale & Project Solutions segment advance payments on deliveries are often made in addition to this. These are recognized in sales upon full delivery depending on the transfer of control. Services provided over time, such as chargeable extended warranties in the Home Solutions and Commercial & Industrial Solutions segments, are mainly fully paid in advance. They are reported as non-current contractual obligations and recognized in installments as sales over the contractual term. Service and maintenance contracts in the Large Scale & Project Solutions segment are paid in advance over shorter periods, generally for a period of 12 months. Over this period, they are recognized in sales in line with the passage of time. Material changes in the balances of contract assets and contract liabilities, as defined in IFRS 15.118, are described in sections 14. and 24. if applicable. Depending on the region and product group, the products of the SMA Group are sold with a factory warranty of 2, 5, 10, 15 or 25 years. The factory warranty includes the statutory warranty and grants the right to an exchange or replacement in the case of defects that are not caused by external factors.

There are no general rights of return for sold products. Transaction prices are not adjusted retroactively.

In the event of a contract termination initiated by a customer, any contractual penalties agreed are not recognized in sales revenue in accordance with IFRS 15 but in other operating income.

Customer bonuses in the Home Solutions segment are reported as contract liabilities. The reported sales revenue and impairment on receivables relate exclusively to items from contracts with customers as defined in IFRS 15.

Expected contractual penalties (malus payments) are recognized as contractual obligations.

Contract assets arising from contracts with customers are reported under the balance sheet item “Other financial assets.”

In the case of customer contracts under which multiple performance obligations recognized at different points in time are sold for a single transaction price or a discount has to be assigned, an allocation of the transaction price is performed. This allocation is based on the ratio between the individual sale prices, which are determined based on historical prices for comparable customers in comparable circumstances. If different options are available, the probability of their being exercised is assessed based on comparable cases. As of

December 31, 2024, the total amount of outstanding performance obligations came to €1,355.6 million (December 31, 2023: €1,705.0 million). €1,033.3 million of this amount was attributable to product business (December 31, 2023: €1,329.8 million). In the product business, sales of the Home Solutions and Commercial & Industrial Solutions segments will be realized in 2025. For the Large Scale Solutions segment, the majority of the order backlog is expected to be realized in 2025, the remaining part is expected to be realized in the following year. Order intake at the beginning of the 2024 financial year was dominated by the Large Scale Solutions segment, around a quarter of which was already realized in 2024. €322.3 million of the order backlog was attributable to service business (December 31, 2023: €375.2 million). Sales in the service business will be largely recognized in the next five to ten years.

Interest income is recognized when an interest claim has accrued (using the effective interest rate, i. e., the internal rate used to discount estimated future cash inflows over the expected term of the financial instrument to the net book value of the financial asset). **Dividend income** is recognized when the right to receive payment is established.

Current **tax receivables and tax liabilities** for the ongoing and for previous periods are measured at the amount which is expected to be reimbursed by the tax authority or to be paid to the tax authority. Tax rates and tax laws applicable on the balance sheet date are used to calculate this amount. Income taxes include current and deferred taxes. Current and deferred taxes that relate to circumstances stated directly in equity are not recognized in the income statement but in equity.

Deferred taxes are calculated according to IAS 12 based on the standard international balance-sheet-related liability method. This requires deferred tax items to be recognized for all temporary differences between the tax base of an asset or liability and the book value in the consolidated balance sheet, as well as for tax loss carryforwards. However, deferred tax assets are recognized only if there will be sufficient taxable income available in the future.

Deferred taxes are measured using the tax rates that, under current legislation, would apply in the future on the probable date of reversal of the temporary differences. The effects of amendments to tax legislation on deferred tax assets and liabilities are recognized in profit or loss in the period in which the material conditions for such amendments to come into force arise. Deferred tax assets and liabilities are not discounted according to IAS 12. Deferred tax assets and deferred tax liabilities are offset at matching maturities, provided that they relate to the same entity.

As a result of the rapid devaluation of the Turkish lira, Turkey is classified as hyperinflationary. Accordingly, IAS 29 "Financial Reporting in Hyperinflationary Economies" is applicable. To reflect the change in purchasing power, non-monetary assets and liabilities, as well as equity and other comprehensive income have to be translated into a measuring unit valid at the reporting date. This is carried out on the basis of a general price index. Monetary items are not translated because they are already expressed in terms of a measuring unit current at the balance sheet date. A review has shown that the effect resulting from the purchasing power adjustment is insignificant at group level. It is therefore not taken into account. This assessment is reviewed on an ongoing basis.

2.3. Significant judgements, estimates and assumptions

Preparation of the Consolidated Financial Statements requires the company management to make judgements, estimates and assumptions that affect the amounts of income and expenses, assets and liabilities reported on the reporting date, as well as the disclosure of contingent liabilities. Uncertainty related to these assumptions and estimates may lead to results that require material adjustments to the book values of the relevant assets or liabilities in the future. When applying the accounting and valuation policies, the company management made judgements, which had a significant effect on the amounts recognized in the Consolidated Financial Statements.

The key **assumptions** concerning the future and other key sources of **estimation uncertainty** on the reporting date associated with a significant risk of causing a material adjustment to the book values of assets and liabilities during the next fiscal year are explained below:

For the purpose of determining necessary **inventory** impairments, devaluations are estimated for products and for surplus stocks of non-product-specific materials, as these stocks are no longer expected to be used in the production process. In the estimate, SMA Solar Technology AG principally uses a time horizon of 36 months for the usage of the items to calculate the surplus inventories. For inventory items that are exclusive to a discontinued product and for which there is also no use in service, the assumption is that 100% impairment is required. Inventories with a coverage period of more than 36 months, for which recoverability beyond this period is no longer assured, are subject to a 100 percent impairment. Raw materials, auxiliary materials and supplies used in the production of products across all segments and those assigned to the Large Scale Solutions segment were excluded from the range analysis of potential access stocks for reasons of simplification. For a total inventory of around €46.0 million , the risk contained is estimated to be in a high single-digit million range.

Development expenses are capitalized when all required conditions are met. Initial capitalization of expenses is based on an estimate by the company management that a project's technical and economic feasibility has been proven. This is normally the case when a development project has reached a specific milestone or a specific quality gate in the development process. When determining the amounts to be capitalized, the company management makes further valuation assumptions regarding the amount of expected future cash flows from assets, the discounting rates to be applied and the period of inflow of expected future cash flows generated by assets. In the 2024 fiscal year, a total of €44.3 million (2023: €41.2 million) of development costs were capitalized. In the 2024 fiscal year, research and development costs of €96.6 million (2023: €78.6 million) were recognised as expenses for research and development that were either clearly attributable to the research phase or for which the criteria for capitalization under IAS 38 were not fully met.

In the case of **provisions** for warranty obligations, provisions for expected equipment failures during the warranty period are taken into account in addition to specific individual circumstances. In the case of warranty risks, an obligation of five or ten years is generally adopted as a base. The expected warranty expenses are based on historical values in previous fiscal years. Depending on the amount, expenses are forecast based on historical values and then allocated to forecast undesirable developments. The undesirable developments are based on historical values for the different product groups. This provides a forecast for the future development of group-wide warranty costs. Individual facts are recognized separately if they are not part of the general warranty provisions. This may be the case if they are to be assessed separately on the basis of their significance, or if they represent a special circumstance that has not yet been reflected in historical values. The value of the provision for individual cases and overall warranty risks amounted to €130.7 million (December 31, 2023: €133.4 million) as at December 31, 2024. Provisions for onerous contracts are recognized if SMA is a contractual partner in a contract where the unavoidable costs to meet the contract are expected to exceed the economic benefits resulting from the contract. Further provisions are recognized for current legal or constructive obligations to third parties whose due date or amount are uncertain if these obligations are based on past business transactions or events, are likely to lead to outflows of assets and these outflows can be reliably determined. The amount of the provisions is based on the anticipated expenses that are estimated on the basis of an assessment of the circumstances in the individual case using historical values, results of comparable circumstances, or estimates by internal or if necessary external experts. The estimates are based on an analysis of the main influencing parameters. If the effect is material, the resulting nominal provision requirements are discounted at a market interest rate for debt capital before taxes that takes account of the term and risks. More information is provided in section 19. Provisions. Estimates of the amount of liabilities have been changed for the assessment of the provisions resulting from an onerous long-term contract for operation and maintenance services. By transitioning to arbitration proceedings, SMA determined the most likely scenario based on the assessment of external experts and claims made by the opposing party. This resulted in an addition to the provisions of €11,8 million. This is still subject to estimation uncertainties due to the arbitration proceedings within the jurisdiction of U.S. law, with the

upper range of a potential claim exceeding the recognized risk provisioning by an amount in the mid to high single-digit millions. Within the provisions, as a result of the transition to arbitration proceedings, provisions for imminent losses were reclassified as provisions for legal risks. The restructuring provision, related to the communicated personnel adjustment measures, was recognized on the basis of a formal restructuring plan after fulfilling the recognition requirements in accordance with IAS 37 in conjunction with IAS 19 with regard to severance payments.

To determine the amount, assumptions with regard to the average wages, seniority, and maintenance obligations of the employees concerned were made. The quantity of agreement to termination agreements was also estimated. This resulted in an addition of €33.4 million.

Sales from long-standing service and maintenance contracts and extended warranties are collected over the contract term as sales because a linear progression of warranty costs is adopted as the best possible estimate. Whether bonus or malus payments are to be expected is estimated based on the available information and historical values.

Through its subsidiary company SMA Altenso, SMA is constructing battery storage projects under long-term contracts with customers. Engineering, procurement, and construction (EPC) contracts are concluded before the commencement of the project. Under the terms of the contract, SMA is barred from participating in the opportunities of the battery storage project but, at all times, has a legally enforceable payment claim for the work performed to date.

Sales from the construction of battery storage projects are recognized over time using the cost-to-cost method, which means that they are based on the incurred contract costs for the work performed relative to the total expected contract costs. Estimates are made for the total incidental costs, considering potential future cost increases. SMA considers that this input-based method provides an appropriate measure of the completion level of these performance obligations in accordance with IFRS 15. SMA is entitled to invoice the customer for progress payments once certain performance-related construction milestones have been achieved. A contract asset is capitalized for all services rendered up to the achievement of a milestone. If milestone payments or customer advance payments exceed the sales recognized to date or the capitalized contract asset, SMA records a contract liability equivalent to the difference.

On each balance sheet date, the SMA Group examines whether there are indicators for an impairment of **non-financial assets**. Estimating the value in use requires the company management to make an estimate of the expected future cash flows from the asset or the cash-generating unit (CGU) and to determine a suitable discount rate. The discounted cash flows are then used to determine the present value of the asset or cash-generating unit. The following impairments were recognized on non-financial assets in the 2024 fiscal year.

The impairment tests carried out in the financial year for assets for which an impairment test must be carried out annually regardless of the existence of indications of impairment did not result in any impairment impairment requirement at the level of individual assets in the 2024 financial year. For separately tested self-created intangible assets (completed and processed development projects), however, the need to carry out impairment tests arose in the 2024 financial year due to changed planning assumptions regarding the demand situation and the resulting lower sales level for the planning period 2025 to 2027. These led to a need for impairment totaling €22.4 million in the Home Solutions and Commercial & Industrial Solutions segments. Sensitivity analyses of the main planning assumptions of the impairment tests show that additional impairments in the mid-double-digit million range may result if, considered in isolation, planning assumptions regarding sales are 20% lower or assumptions regarding material cost reductions in cost of sales are 4% lower as of December 31, 2024. This need for impairment may significantly increase if the reduction in fixed costs from 2025 to 2027 is more than 20% lower due to segment-wide sales shortfalls. In the event of a shortfall in the planned restructuring-related cost savings by more than €30 million, coupled with a potential escalation in U.S. trade policy, there could be

a risk of a complete impairment. Impairment tests on technical equipment and machinery, prompted by revised planning assumptions, revealed a need for impairment amounting to €4.2 million.

There were no indications of impairment for any other intangible assets or property, plant and equipment in the fiscal year.

On each balance sheet date, the SMA Group examines whether there are indicators for an impairment of non-financial assets or cash-generating units. The segments of the SMA Group were identified as CGUs. The discounted cash flow (DCF) method is used to determine the recoverable amount in order to calculate the value in use of the CGUs. The book values for all three CGUs continued to be covered, but at a significantly lower level due to changes in planning assumptions. The achievable amounts of ZGE Home Solutions and C&I Solutions have decreased compared to the previous year due to lower demand and the resulting lower sales level for the planning period 2025 to 2027. The recoverable amount for the Home Solutions segment is €121.4 million (book value €87.5 million; 2023: recoverable amount €848.2 million; book value €89.2 million), €150.2 million for the C&I Solutions segment (book value €81.0 million; 2023: recoverable amount €311.8 million; book value €100.2 million), and €1,192.7 million for the Large Scale & Project Solutions segment (book value €262.3 million; 2023: recoverable amount €780.9 million; book value €132.9 million). To determine the recoverable amount, the value in use of the CGU is determined using the DCF method; this is based on certain assumptions. A significant portion is based on planning assumptions as used in the detailed three-year plan (2025–2027) developed by the Managing Board and management and approved by the Supervisory Board. For this purpose, external market forecasts are supplemented by internal organizational assessments by the specialist departments. Dynamic growth is expected for the markets relevant for the SMA Group, which is in line with the expansion of renewable energies, the decentralization of energy supply and the increasing demand for energy. The SMA Group is continuously working on the product portfolio in all segments in order to participate in market growth through cost-optimized existing products as well as the introduction of new systems and solutions, where the timely introduction of new products or the cost reduction of existing products will have a significant influence on the development of sales and thus profitability. On the cost side, the detailed three-year plan takes into account increases in the cost of materials in 2025, while we assume a stable price level for subsequent years. To be prepared for participation in the expected market growth and the associated increases in sales, cost increases due to the expansion of the workforce and functional costs rising in proportion to sales have been taken into account. These assumptions are essentially the same for all three CGUs. Significant input parameters in the calculations that go beyond this include the growth rate for the period after the detailed plan and the discount rate used. A uniform growth rate of 1% is assumed for the reporting period (from 2028) extending beyond the detailed planning phase (2023: 1%). A weighted capitalization interest rate of 12.27% (2023: 13.11%) was as discount rate.

Deferred tax assets are recognized for all unused tax loss carryforwards to the extent that it is probable that there will be sufficient taxable profit to enable the loss carryforwards to actually be used. Determining the amount of deferred tax assets requires the company management to use significant discretion regarding the expected time of accrual and the amount of taxable income in the future as well as regarding future tax planning strategies. A short- to medium-term planning horizon was used as a basis for determining future tax results. Deferred tax assets for loss carryforwards of €55,1 million (2023: €63,9 million) were recognized in the 2024 fiscal year, which mainly related to domestic loss carryforwards. If the future planned taxable earnings are 5% or 10% lower in the planning years, this could result in impairments on deferred tax assets amounting to €2.3 million or €5.0 million.

In the 2023 fiscal year, a power purchase agreement was concluded for the purchase of electricity from a solar park in order to indirectly secure the energy supply at predictable prices from renewable energies. This had an original term until 2037 and a fixed purchase price. The contract covers around one third of the annual electricity requirement. As the actual quantity generated is subject to fluctuations, invoicing was agreed on a pay-as-produced basis. Discretionary decisions were made with regard to the accounting treatment of the power purchase agreement. As a result, SMA is not contractually authorized to

determine the use of the solar park during the term. A lease pursuant to IFRS 16 does not exist. As the electricity is purchased to cover SMA's own electricity requirements, SMA applies the own use exemption in accordance with IFRS 9, meaning that the power purchase agreement does not qualify as a financial instrument but as a pending transaction. As at the reporting date of December 31, 2024, there is no onerous contract in accordance with IAS 37.

In 2023, the SMA Group sold a plot of land to an investor under a sale & leaseback agreement, who will build a production facility on it that will be leased to SMA for 15 years. In addition to two five-year extension options, SMA has a repurchase option with a right of first refusal. The asset was not derecognized from the balance sheet as a result of the buy-back option, as the power of disposal is not transferred in full to the investor. Accordingly, a liability was recognized in other non-current financial liabilities for the funds received from the investor, which is measured according to the effective interest method as per IFS 9.

In April 2024, the SMA Group acquired shares of 50% in AE Development Holdings 2023 Trust (AEDF) via SMA Altenso GmbH. Due to the contractual agreements of the shareholders, SMA Altenso GmbH does not have any control pursuant to IFRS 10. The investment is therefore classified as a joint venture as per IFRS 11 and recognized in the Consolidated Financial Statements according to the equity method. SMA receives preferential non-voting shares without voting rights from AEDF for the contractually agreed project financing amounts. They are held in order to receive future cashflows through contractually agreed payments. The financing component granted in exchange for the issuance of preferential shares is classified as a debt instrument as per IAS 32 and measured at original costs as per IFRS 9.

3. Segment reporting

The segments of the SMA Group are described in the organizational and reporting structure as well as individually explained in the "Results of operations" section in the management report. SMA's segment structure has not changed in comparison with the previous year.

Segment	Activities
Home Solutions	The Home Solutions segment provides the global markets for residential PV systems with integrated solar energy solutions. The SMA Home Energy Solution comprises systems for the efficient generation and storage, as well as management and optimized use of solar energy in households. In addition to conventional electricity supply, this includes use for heating or charging purposes. The PV inverters from the Sunny Boy and Sunny Tripower product families provide solar power for domestic use and feed the remaining unused solar power into the utility grid. When combined with the modular SMA Home Storage battery and compatible batteries from other manufacturers, the battery inverters from the Sunny Island product family enable flexible solar power use at any time. The production of the Sunny Boy Storage battery inverter was discontinued in the fourth quarter of 2024. The Sunny Boy Smart Energy and Sunny Tripower Smart Energy hybrid inverters also combine the functions of PV and battery inverters in one device. The SMA eCharger, newly launched onto the market in the reporting year, is the successor to the SMA EV Charger. The Sunny Home Manager 2.0 ensures efficient and cost-saving energy use through intelligent energy management. The underlying ennexOS energy management platform interconnects the various energy sectors and provides the basis for linking the sectors, thus enabling more efficiency and functionality. Accessories, warranties, spare parts and modernization services (repowering) to increase system performance and service life, as well as digital energy services, complete the extensive offering in the Home Solutions segment.
C&I Solutions	In the Commercial & Industrial Solutions segment, the focus is on global markets for commercial PV systems with and without energy management, battery storage and electric vehicle charging solutions. The SMA Commercial Energy Solution, featuring ideally matched hardware, software, tools and services, enables energy-intensive industries, commercial enterprises, and the real estate industry to independently produce, store and sell solar power. This solution allows for transparent and cost-efficient management of energy flows, as well as efficient and sustainable charging and management of electric vehicle fleets. The solar power generation product range comprises the three-phase PV inverters from the Sunny Tripower product family with capacities ranging from 12 kW to 110 kW. The SMA Commercial Storage Solution with the Sunny Tripower Storage X battery inverter and the SMA Commercial Storage system enables commercial enterprises to improve their energy efficiency and to make themselves less dependent on conventional energy sources. Island applications with the Sunny Island battery inverters enable reliable supply, even without connecting to the utility grid. With the SMA EV Charger Business, a commercial charging infrastructure for single point charging stations or parks with several charging points can be quickly and easily implemented. Solutions for charging management and billing of electric vehicle fleets on the basis of the ennexOS platform were implemented by the Commercial & Industrial Solution segment together with the subsidiary company coneva GmbH. As a SaaS provider for intelligent energy management, coneva GmbH connects all energy-related sectors, optimizing energy flows and making them transparent. As part of its intelligent energy management solutions, coneva GmbH also offers dynamic tariffs which helps companies optimize their energy consumption costs by using electricity when it is generated particularly cost-efficiently and sustainably. By integrating renewable energies and adapting consumption to fluctuating energy prices, the dynamic tariff plays a role in supporting sustainable energy use and reducing CO_2. The product offering in the Commercial & Industrial Solutions segment is rounded off by integrated energy management solutions for commercial integrated energy on the basis of the SMA Data Manager M, as well as integrated services and digital services along the product life cycle, starting with the planning of a custom energy solution, and including the commissioning of the systems and operational system management, right through to system repowering and expansion.
Large Scale & Project Solutions	The Large Scale & Project Solutions segment offers products, systems and solutions for solar, storage and hydrogen projects on a power plant scale, as well as for the conversion of utility grids to a higher share of renewable energy around the world. Grid stability and grid reliability are becoming increasingly important as the energy mix transitions from conventional to renewable energies. The Large Scale & Project Solutions segment is addressing these challenges with grid-forming solutions in combination with large-scale storage systems. These systems enable numerous additional services, such as energy arbitrage, black starts, frequency control, virtual inertia, and other applications in the field of grid stability. The complete solutions, including turnkey medium-voltage stations, provide grid service and monitoring functions. In the field of PV power plants, they are based on the central inverters from the Sunny Central product family and the Sunny Highpower PEAK 3 string inverter. The battery inverters from the Sunny Central Storage product family are used in the field of storage projects, and the SMA Electrolyzer Converter is used in the field of hydrogen projects. The offer is completed by consulting services in the field of grid simulations, system design and repowering, as well as market-based optimization of hybrid power plants and comprehensive after-sales service offers in the operating phase. The subsidiary company SMA Altenso GmbH carries out activities in the field of hydrogen applications and the system integration of large battery storage systems to stabilize the grid frequency and to compensate for fluctuating power feed-in from renewable energy sources.

The operating result of the segments is monitored separately by the Board of Management to make decisions on the allocation of resources and to determine the profitability of the segments. Group financing, currency and interest rate hedging, and the income tax burden are controlled at group level and are therefore not allocated to the individual operating segments.

Regarding information on geographical segments, sales are assigned to countries using the target market principle. The company refrains from presenting non-current assets or other items such as the breakdown of sales deductions per segment, as these are not included in monthly reports and the costs of producing this information would be excessively high.

The group measures the performance of its segments by measuring segment profit or loss, which is referred to as EBIT in the internal management and reporting system. This measurement comprises gross profit, selling expenses, general administrative expenses, research and non-capitalized development expenses, as well as other operating income (balance of other operating income and expenses). Further explanations of the special effects of the provisions created for purchase obligations, the restructuring provisions and the impairment of intangible assets, property, plant and equipment and inventories can be found in the management report under the results of operations for the individual segments. The result in the Home Solutions segment includes inventory impairments of EUR 44.6 million, expenses for provisions for purchase obligations of EUR 10.2 million, impairment of a production line of EUR 4.2 million, and the impairment of capitalized development projects of EUR 14.5 million. The result in the Commercial & Industrial Solutions segment includes inventory impairments of EUR 49.5 million, expenses for provisions for purchase obligations of EUR 5.4 million and the impairment of capitalized development projects of EUR 7.9 million. The result in the Large Scale & Project Solutions segment includes impairments on inventories of EUR 19.3 million.

Segment assets comprise the intangible assets attributed to each segment and its property, plant and equipment, inventories and trade receivables. Segment liabilities include trade payables that are directly attributable to the relevant segments. Internal management reporting is in line with the accounting policies of external reporting.

The transfer prices between the business segments are determined using management prices based on usual arm's length market conditions. Income from external third parties is reported using the same valuation parameters as shown in the income statement.

No asymmetrical allocations are made to individual segments.

Financial ratios by segments and regions

	External product sales		External services sales		Total sales		Operating profit (EBIT)	
in € million	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Segments								
Home Solutions	158.7	571.5	11.6	8.7	170.3	580.2	−150.7	148.0
C&I Solutions	176.4	474.0	7.4	4.9	183.8	478.9	−164.3	22.7
Large Scale & Project Solutions	1,095.6	774.6	80.2	70.4	1,175.8	845.0	227.0	103.8
Total segments	**1,430.7**	**1,820.1**	**99.2**	**84.0**	**1,529.9**	**1,904.1**	**−88.0**	**274.5**
Reconciliation	0.0	0.0	0.0	0.0	0.0	0.0	−5.1	−5.0
Continuing operations	**1,430.7**	**1,820.1**	**99.2**	**84.0**	**1,529.9**	**1,904.1**	**−93.1**	**269.5**

	Segment assets		Segment liabilities		Capital expenditure		Depreciation and amortization	
in € million	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Segments								
Home Solutions	179.5	152.5	20.4	21.7	15.4	20.4	22.2	1.3
C&I Solutions	175.5	193.1	3.7	31.1	9.0	8.6	17.3	8.8
Large Scale & Project Solutions	473.5	405.8	81.4	67.7	31.2	16.8	2.9	4.3
Total segments	**828.5**	**751.4**	**105.5**	**120.5**	**55.6**	**45.8**	**42.4**	**14.4**
Reconciliation	712.7	866.0	882.4	815.2	64.1	49.3	34.8	27.1
Continuing operations	**1,541.2**	**1,617.4**	**987.9**	**935.7**	**119.7**	**95.1**	**77.2**	**41.5**

Sales by regions (target market of the product)		
in € million	**2024**	**2023**
EMEA	752.6	1345.7
Americas	615.8	481.8
APAC	184.8	132.8
Sales deductions	–23.2	–56.2
External sales	**1,530.0**	**1,904.1**
thereof Germany	329.4	718.4

Reconciliation of segment figures to the relevant figures stated in the financial statements is as follows:

in € million	**2024**	**2023**
Total segment earnings (EBIT)	–88.0	274.5
Elimination	–5.1	–5.0
Consolidated EBIT	–93.1	269.5
Financial result	–9.0	1.0
Earnings before income taxes	**–102.1**	**270.5**
Total segment assets	828.5	751.4
Other central items and eliminations	188.9	293.7
Centrally administered land and buildings	152.8	139.5
Cash and long-term time deposits	195.8	260.8
Financial instruments not designated and other assets	91.6	87.2
Deferred tax assets and income tax receivables	83.6	84.8
Group assets	**1,541.2**	**1,617.4**

in € million	**2024**	**2023**
Total segment liabilities	105.5	120.5
Other central items and eliminations	200.5	323.8
Financial instruments not designated, liabilities and provisions	661.3	473.9
Income tax liabilities and deferred tax assets	20.6	17.5
Group liabilities	**987.9**	**935.7**

The reconciliation table shows circumstances, which by definition are not part of the segments. In particular, this comprises unallocated parts of group head office overhead, 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.

In 2024, as in the previous year, no customer accounted for a share of more than 10% of group sales.

Notes to the income statement SMA Group

For further information on the income statement that is not provided in detail below, please refer to the "Results of operations" section in the Combined Management Report.

4. Other operating income and expenses

The increased other operating income compared to the previous year's period resulted mainly from the sale of elexon GmbH for €19.1 million and the sale of 100% of the limited partner shares of Batteriespeicher 001 GmbH & Co. KG amounting to a low double-digit

million amount. This item also includes government grants of €0.4 million (2023: €3.0 million) and increased income from foreign currency translation of €26.3 million (2023: €24.0 million).

Other operating income increased in comparison to the same period of the previous year, primarily due to an increase in personnel provisions of €33.4 million and impairments in connection with a production line amounting to €4.2 million. In addition, impairments on receivables as defined in IFRS 9 amounting to €3.8 million are included.

5. Employee and contingent labor benefits

in €'000	2024	2023
Wages and salaries	341,645	284,074
Expenses for contingent labor	14,212	24,934
Social security contributions and welfare payments	47,569	43,808
	403,426	**352,816**

Wages and salaries include expenses in an insignificant amount in connection with bike leasing contracts, attributable to employee benefits.

Voluntary contributions to private pensions amounted to €2.4 million in 2024 (2023: €2.2 million).

The average number of employees in the group amounted to:

	2024	2023
Research and development	623	565
Production and service	2,213	2,040
Distribution and administration	1,432	1,204
	4,268	**3,809**
Trainees and learners	223	197
Contingent labor	313	615
	4,804	**4,621**

6. Financial result

in €'000	2024	2023
Result from at-equity-accounted investments	**–67**	**688**
Interest income	463	4,106
Other financial income	1,134	1,266
Financial income	**1,597**	**5,372**
Interest expenses	9,390	4,863
Other financial expenses	1,188	173
Financial expenses	**10,578**	**5,036**
Financial result	**–9,048**	**1,024**

The decline in interest income is mainly due to discounting effects for provisions as a result of a lower increase in the interest rate level compared to the previous year. Other financial income results from changes in the measurement of financial instruments at fair value.

The increase in interest expenses is mainly due to the utilization of the RCF credit line. €145.0 million there of had been drawn at the end of the fiscal year (December 31, 2023: €0.0 million). Expenses also include interest from leases amounting to €1.3 million (2023: €1.0 million). The increase in other financial expenses is due to lower changes in financial instruments measured at fair value.

7. Income taxes

Actual income taxes (paid or payable) and deferred taxes are recognized as income taxes. They break down as follows:

in €'000	2024	2023
Actual income taxes		
for current fiscal year	11,931	37,211
for previous years	486	1,564
Deferred taxes		
from temporary differences	–5,568	5,207
from tax loss carryforwards	8,779	873
Income taxes	**15,628**	**44,855**

Income taxes comprise trade tax, corporation tax, and the solidarity surcharge in Germany, as well as comparable income taxes abroad. The expected income tax expense that would result from applying the tax rate of the parent company SMA Solar Technology AG to IFRS net income before taxes can be reconciled to income taxes shown in the income statement as follows:

in €'000	2024	2023
Net income before income taxes	**–102,100**	**270,525**
Tax rate of the parent company	32.5%	32.4%
Expected income tax expenses	**–33,197**	**87,720**
Differences related to differing tax rates domestic and abroad	2,981	–103
Effects due to changes in tax rates	–808	718
Tax–free income	–7,181	–1,741
Non–deductible expenses	1,360	618
Tax effects from loss carryforwards	51,635	–43,943
Taxes relating to previous years	486	1,564
Other tax effects	352	22
Actual income taxes (according to income statement)	**15,628**	**44,855**
Effective group tax rate	–15.3%	16.6%

The corporation tax rate of 15% and the solidarity surcharge rate of 5.5% are to be applied to corporations based in Germany. In addition, domestic companies and partnerships are subject to trade tax, which is influenced by assessment rates specific to the particular municipality. The average trade tax rate to be applied at the level of the parent company was 16.69% (2023: 16.60%). The overall tax rate of the group's parent company is thus 32.5% (2023: 32.4%).

The average effective Group tax rate was impacted in particular by the following effects.

The effects of unrecognized deferred tax assets amounting to €51.6 million (2023: –€43.9 million) primarily relate to tax loss carryforwards. These are largely attributable to SMA Solar Technology AG. The effects of unrecognized deferred tax assets include the reduction of deferred tax expense due to the recognition in previously non-capitalized deferred taxes on tax loss carryforwards from previous years amounting to €0.9€ (2023: -€43.4 million).

The effects of unrecognized deferred tax assets also include deferred tax expenses of €10.5 million (2023: -€2.6 million) resulting from the devaluation or reversal of a previous devaluation of a deferred tax asset. These effects primarily relate to SMA Solar Technology AG and North American group companies.

The remaining effects of unrecognized deferred tax assets primarily relate to losses for which no deferred taxes were recognized.

The effects of deviations between the relevant tax rates at the level of the domestic and foreign group companies and the overall tax rate at the level of the group's parent company are shown in the reconciliation statement under deviations related to tax rate in Germany and abroad.

No deferred tax was recognized for taxable temporary differences of €4.3 million (2023: €3.0 million[1]) in connection with shares in subsidiaries, as it is possible to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not be reversed in the foreseeable future.

As of December 31, 2024, there were current income tax receivables amounting to €4.9 million (2023: €6.3 million) and current income tax liabilities of €17.1 million (2023: €15.7 million). Tax liabilities are the result of global business activities and a share of foreign sales of 78.8%. As a result, the SMA Group is subject to various tax laws and regulations in other countries. Tax changes in Germany and abroad could affect the tax positions of SMA. In addition to changes in legal regulations, the assessment and interpretation of complex tax regulations, for example regarding transfer prices, can influence our earnings, financial and asset position. We work closely with tax consulting companies in the individual countries to identify risks, perform regular audits and take appropriate precautions.

In 2024, translation differences of €1.7 million (2023: €2.2 million) resulted from the currency translation of deferred foreign tax assets and liabilities.

Deferred tax assets and liabilities were distributed across the following items:

	2024/12/31		2023/12/31	
in €'000	Deferred tax assets	Deferred tax liability	Deferred tax assets	Deferred tax liability
Intangible assets	66	–39,859	19	–35,748
Property, plant and equipment	4,373	–7,457	8,531	–6,481
Financial assets	0	0	0	–3
Inventories	29,347	–605	21,164	–867
Other assets	2,418	–2,347	3,795	–1,335
Other provisions	14,793	–4,313	7,895	–5,637
Other liabilities	27,735	–4,622	23,219	–1,750
Gross amount	78,732	–59,203	64,623	–51,821
Loss carryforwards	55,076	0	63,855	0
Tax assets	531	0	0	0
Balancing	–55,686	55,686	–49,967	49,967
	78,653	**–3,517**	**78,511**	**–1,854**

[1] The previous year's figure has been adjusted; the reporting of the amount of the differences has been changed from 100 percent of the difference in value to the taxable temporary difference of five percent of the difference in value.

The company has exercised the right to a possible offsetting of temporary differences to increase the information value of the financial statements and to improve comparability with the financial statements of other companies. For transparency reasons, advance offsetting of deferred tax liabilities for temporary differences against deferred tax assets from loss carryforwards of SMA Solar Technology AG is not used in the gross presentation of deferred tax assets and liabilities.

The deferred tax assets are considered realizable as far as high future taxable income in a sufficient amount is to be expected. A short- to medium-term planning horizon was taken as a basis. Based on current corporate planning in the current fiscal year, deferred tax assets for loss carryforwards of €55.1 million (2023: €63.9 million) were recognized in the 2024 fiscal year.

Of the deferred taxes for loss carryforwards, €48.3 million (2023: €56.8 million) is attributable to domestic loss carryforwards and €6.8 million (2023: €7.1 million) to foreign loss carryforwards.

No deferred taxes of €201.6 million (2023: €33.0 million) were recognized in the 2024 financial year on tax loss carryforwards of the Group as a whole in the total amount of €377.1 million (2023: €237.5 million).

The majority of the loss carryforwards is attributable to SMA Solar Technology AG. Corporation tax loss carryforwards amounted to €286.9 million (2023: €155.8 million) as of December 31, 2024; no deferred taxes were recognized on €127.7million (2023: €0.0 million) thereof. Trade tax loss carryforwards amounted to €315.7 million (2023: €188.1 million); no deferred taxes were recognized on €178.9 million (2023: €0.0 million) thereof. These loss carryforwards have no time limit. In the case of foreign companies, the main loss carryforwards also have no time limits.

As of December 31, 2024, deferred tax assets were recognized for the tax jurisdiction of SMA Solar Technology AG, which incurred a tax loss in the current period, exceeding deferred tax liabilities by €19.4 million (2023: €23.6 million). This is based on the Managing Board's assessments of the business development of the SMA Group and the corresponding earnings guidance for the next three years.

Despite the volatile and challenging business environment, the SMA Group has consistently demonstrated its ability to remain competitive in a highly dynamic market. In addition, the SMA Group is reducing its costs, increasing efficiency and is thus laying the foundation for profitable growth in the future through its restructuring and transformation program initiated in the 2024 fiscal year. The Managing Board of SMA Solar Technology AG therefore also sees attractive growth prospects for the future in the SMA Group's addressable markets.

The BEPS Pillar Two regulations (MinBestRL-UmsG) were transposed into German law (MinStG) and came into force on publication in the Federal Law Gazette on December 27, 2023. In accordance with Section 101 MinStG, the provisions of the Minimum Tax Act apply for the first time to fiscal years beginning after December 30, 2023, and are therefore applicable in the reporting year.

The SMA Group generally falls within the scope of these regulations since the 2024 fiscal year, as the corresponding size criteria are met.

As of the balance sheet date, the SMA Group conducted an analysis based on the available data for the 2024 fiscal year to examine whether the CbCR safe harbor regulations are relevant on the basis of this data. Based on this analysis, at least one of the three alternative possible CbCR safe harbor regulations can be used in all countries of the group, so that no tax increase applies in the 2024 fiscal year.

The SMA Group closely monitors the progress of the legislative process in each country in which it operates and adjusts its existing reporting and compliance processes to adapt to any future local or central determination of the top-up tax burden as well as any future obligation to submit the minimum tax report and corresponding tax returns.

The SMA Group applies the exemption included in IAS 12 Income Taxes, according to which no deferred tax assets and liabilities are recognized in connection with OECD Pillar Two income taxes, and no disclosures are made in this regard.

8. Earnings per share

Earnings per share are calculated by dividing the net income attributable to the shareholders by the weighted average of ordinary shares in circulation during the period. The number of shares in the 2024 fiscal year amounted to 34.7 million as in the previous year.

The net income attributable to the shareholders is net income after tax. As there were no shares held by the company on the reporting date or any other special cases, the number of ordinary shares issued equaled the number of shares in circulation.

The calculation of earnings in relation to the weighted average number of shares in accordance with IAS 33 produces earnings of –€3.39 per share for the period from January 1 to December 31, 2024, based on a weighted average number of 34.7 million shares and earnings of €6.50 per share for the period from January 1 to December 31, 2023, based on a weighted average number of 34.7 million shares.

There were no options or conversion options as of the reporting date. Therefore, there were no diluting effects and the diluted and basic earnings per share were the same.

Notes to the balance sheet SMA Group

9. Intangible assets

Intangible assets and goodwill evolved as follows in the fiscal years under review:

in €'000	Goodwill	Devel-opment projects	Patents/ licenses/ rights	Software	Intangible assets in progress	Total
Acquisition costs						
2024/01/01	482	261,490	6,562	57,679	74,406	400,619
Changes in currency	0	131	0	35	0	166
Additions	0	6,707	0	255	36,166	43,128
Disposals (–)	171	0	4,386	201	33	4,791
Transfers	0	40,995	63	631	–41,461	228
2024/12/31	311	309,323	2,238	58,399	69,078	439,349
Depreciation and amortization						
2024/01/01	0	219,541	5,588	55,519	2,693	283,341
Changes in currency	0	131	0	22	0	153
Additions	0	38,344	234	1,131	0	39,709
Disposals (–)	0	0	4,343	89	0	4,432
2024/12/31	0	258,016	1,479	56,583	2,693	318,771
Net value 2023/12/31	**482**	**41,949**	**974**	**2,159**	**71,713**	**117,277**
Net value 2024/12/31	**311**	**51,307**	**759**	**1,816**	**66,385**	**120,578**

in €'000	Goodwill	Devel-opment projects	Patents/ licenses/ rights	Software	Intangible assets in progress	Total
Acquisition costs						
2023/01/01	482	236,513	6,261	56,042	59,934	359,232
Changes in currency	0	601	0	71	0	672
Additions	0	5,299	35	325	34,291	39,950
Disposals (–)	0	0	0	10	0	10
Transfers	0	19,077	267	1,250	–19,819	775
2023/12/31	482	261,490	6,563	57,678	74,406	400,619
Depreciation and amortization						
2023/01/01	0	209,249	3,904	54,454	2,693	270,300
Changes in currency	0	601	0	38	0	639
Additions	0	9,691	1,684	1,036	0	12,411
Disposals (–)	0	0	0	9	0	9
2023/12/31	0	219,541	5,588	55,519	2,693	283,341
Net value 2022/12/31	**482**	**27,264**	**2,357**	**1,588**	**57,241**	**88,932**
Net value 2023/12/31	**482**	**41,949**	**974**	**2,159**	**71,713**	**117,277**

Inernally-generated intangible assets are included both in the "Intangible assets in progress" column (this refers to development projects that are still under development and are therefore not yet being amortized) and in the Development projects column with the completed development projects. A large part of the book value of the projects still under development is attributable to the development of the next generation of platforms for large-scale systems and project solutions in the Large Scale & Project Solutions segment. These are expected to be completed in 2025 and will subsequently be amortized over their typical useful lives. The other development projects in progress mainly relate to the new generation of hybrid inverters developed for the Home Solutions segment, which will be partially completed from 2025 and then amortized over their typical useful lives. Further information on the group's research and development activities can be found in the Combined Management Report.

€34.3 million (2023: €34.3 million) of the additions to intangible assets in progress included development projects that are not being amortized yet. Government grants amounting to €1.3 million (2023: €2.6 million) were deducted from the total amount.

Amortization of intangible assets is recognized in the income statement under cost of sales where it relates to internally generates development projects. Amortization of other intangible assets is recognized in the expense category that corresponds to the function of the intangible asset in the company. Based on the amended future forecasts in relation to the initiated restructuring measures of the SMA Group, impairment tests were carried out for all assets in the 2024 fiscal year. As a result, impairments on capitalized development projects amounting to €22.4 million (2023: €0.0 million) were recorded under the cost of sales. They affected the Home Solutions segment with 14.5 million and the Commercial & Industrial Solutions with €7.9 million. The review of the useful lives of the other capitalised development projects revealed the need to adjust the remaining useful lives of various development projects. In total, there was a reduction in depreciation and amortization for the 2024 financial year of EUR 1.4 million, mainly relating to the Commercial & Industrial Solutions segment.

Goodwill is assigned to cash-generating units depending on the organizational structure.

10. Property, plant equipment and rights-of-use assets

Property, plant and equipment evolved as follows in the 2024 fiscal year:

in €'000	Land and buildings, incl. buildings on third party property	Rights of use for buildings	Technical equipment/ machinery	Rights of use for technical equipment/ machinery	Other equipment, plant and office equipment	Rights of use for vehicle fleet	Prepayments and assets under construction	Total
Acquisition costs								
2024/01/01	234,421	47,053	82,838	1,559	196,440	8,443	35,634	606,388
Changes in currency	388	291	327	0	234	87	133	1,460
Additions	754	21,380	292	4,156	2,383	4,263	43,394	76,622
Disposals (–)	1,914	1,506	3,076	1,396	22,935	3,583	270	34,680
Transfers	5,564	0	21,240	0	19,283	0	–45,571	516
2024/12/31	239,213	67,218	101,621	4,319	195,405	9,210	33,320	650,306
Depreciation and amortization								
2024/01/01	120,270	26,450	57,155	1,379	170,510	4,516	0	380,280
Changes in currency	211	113	197	0	215	21	0	757
Additions	6,686	6,572	6,763	682	12,920	2,337	1,292	37,252
Disposals (–)	1,873	1,457	3,072	1,184	22,844	2,893	0	33,323
2024/12/31	125,294	31,678	61,070	877	160,801	3,981	1,292	384,993
Net value 2023/12/31	**114,151**	**20,603**	**25,683**	**180**	**25,930**	**3,927**	**35,634**	**226,108**
Net value 2024/12/31	**113,919**	**35,540**	**40,551**	**3,442**	**34,604**	**5,229**	**32,028**	**265,313**

The additions to rights of use to buildings mainly resulted from the extension and modification of leases in Germany, Poland and Great Britain. The additions to assets under construction and the transfers to technical equipment/machinery and other equipment, plant and office equipment include a large number of immaterial investments. In the 2024 fiscal year, impairments amounting to €4.2 million were recognized on technical equipment and machinery.

Amounts recognized in the income statement as part of accounting in accordance with IFRS 16:

in €'000	2024	2023
Expenses from short-term leases	36	35
Expenses from leases with low-value assets	823	854

Expenses from short-term leases and from leases with assets of low value correspond to the cash outflows.

Property, plant and equipment evolved as follows in the 2023 fiscal year:

in €'000	Land and buildings, incl. buildings on third party property	Rights of use for buildings	Technical equipment/ machinery	Rights of use for technical equipment/ machinery	Other equipment, plant and office equipment	Rights of use for vehicle fleet	Prepayments and assets under construction	Total
Acquisition costs								
2023/01/01	223,984	40,487	76,375	1,070	185,304	7,181	16,223	550,624
Changes in currency	−21	327	840	2	−44	−108	503	1,499
Additions	440	6,827	578	487	2,315	3,489	41,080	55,216
Disposals (−)	17	588	2,620	0	4,190	2,119	0	9,534
Transfers	677	0	7,665	0	13,055	0	−22,172	−775
Reclassified to "investment property" (−)	9,358	0	0	0	0	0	0	9,358
2023/12/31	234,421	47,053	82,838	1,559	196,440	8,443	35,634	606,388
Depreciation and amortization								
2023/01/01	113,798	20,969	53,581	846	165,473	4,112	0	358,779
Changes in currency	−53	73	481	1	−32	−31	0	439
Additions	6,528	5,980	4,797	532	9,116	1,950	0	28,903
Disposals (−)	3	572	1,704	0	4,047	1,515	0	7,841
2023/12/31	120,270	26,450	57,155	1,379	170,510	4,516	0	380,280
Net value 2022/12/31	**110,186**	**19,518**	**22,794**	**224**	**19,831**	**3,069**	**16,223**	**191,845**
Net value 2023/12/31	**114,151**	**20,603**	**25,683**	**180**	**25,930**	**3,927**	**35,634**	**226,108**

11. Investments in joint ventures

SMA decided to sell the shares in elexon GmbH during the 2023 fiscal year. Like a loan receivable granted by SMA, they were recognized in the balance sheet item "Assets held for sale" in the same period of 2023. The sale was completed in January 2024. In the 2024 fiscal year, the SMA Group acquired 50.0% of the shares in the Australian company AE Development Holdings 2023 Trust (AEDF) via SMA Altenso GmbH. AEDF was also provided with €5.7 million against the issue of preferential shares, which were recorded at original costs. Further explanations can be found in section 2.3 Significant accounting judgments, estimates and assumptions. For materiality reasons, aggregated financial information in accordance with IFRS 12 or IAS 28 is not disclosed.

12. Investment property

in €'000	2024/12/31	2023/12/31
Level at the beginning of the year	**4,773**	**14,274**
Transfers property, plant and equipment (net book value)	–743	–9,358
Depreciation and amortization (–)	142	143
Level at the end of the reporting period	**3,888**	**4,773**

Income and expenses included in the profit and loss account

in €'000	2024	2023
Rental income	1,084	1,089
Attributable expenses	165	171

The SMA Group rents several buildings and plots of land. This is allocated on the balance sheet to the item "Investment property."

The leases for the buildings do not contain any conditional rental payments, but they each offer an option to extend, which can be exercised by the tenant. The original non-cancelable rental period was five or six years. The tenant exercised the contractually agreed option to extend, which resulted in an extension of the tenancy agreement until September 30, 2030. If the extension options are not exercised by the tenants, the other existing agreements will end in 2026 at the latest. The distribution of rental income expected in the future is shown in the table below.

in €'000	< 1 year	> 1 - 5 years	> 5 years	Total
Rental income	655.0	2,338.0	423.0	3,416.0

13. Inventories

SMA Group inventories are made up as follows:

in €'000	2024/12/31	2023/12/31
Raw materials, consumables and supplies	230,165	228,574
Unfinished goods	9,687	13,015
Finished goods and goods for resale	309,497	297,677
Prepayments	14,216	19,800
	563,565	**559,066**

Inventories are measured at the lower value of the cost of acquisition or sales or net realizable value. Due to the changed future assumptions regarding reach and sales volumes, additions to value adjustments amounting to €113.4 million (2023: €13.0 million) were recognized through profit or loss in the 2024 fiscal year. This refers, in particular, to the devaluation of surplus inventories of raw material for constructing inverters, which are no longer expected to be incorporated into the production process. Here, SMA Solar Technology AG uses a time horizon of 36 months for the usage of raw materials to calculate the surplus inventories. The item further includes, the devaluation of materials due to lack of marketability, based on the consumption analysis for the last 12–36 months. Inventories initially determined to have a shelf life of more than 36 months are fully written off, if their recoverability is no longer assured beyond this period. The balance of impairment accounts amounted to €130.3 million as of the end of the fiscal year (2023: €29.8 million). Reversals of impairment losses of €0.04 million were recognized in the fiscal year (2023: €0.06 million). The book value of partially impaired inventories amounted to €58.4 million as of December 31, 2024 (2023: €18.4 million).

14. Trade receivables and other receivables

Trade receivables are non-interest-bearing and usually due within 14 and 90 days. No significant extensions to payment terms were granted in the reporting period. Different payment terms may be granted in project business.

The other receivables mainly comprise prepaid expenses.

The age structure of trade receivables was as follows on the reporting dates:

			Not impaired portion of overdue receivables			
in €'000	**Book value**	**Neither overdue nor impaired**	**< 30 days**	**30 to 60 days**	**60 to 90 days**	**> 90 days**
2024	216,905	185,877	17,934	7,019	1,649	4,426
2023	277,398	230,611	24,379	11,576	3,060	7,772

As of December 31, 2024, value adjustments with a nominal value of €23.9 million (2023: €22.4 million) were carried out on aging trade receivables. No additional impairments beyond the simplified impairment model were recognized on overdue trade receivables of €31.0 million as of December 31, 2024 (December 31, 2023: €46.8 million), as there were no significant changes in the credit rating of the customers. The receivables are expected to be settled. The credit rating of customers with whom trade receivables exist that are neither overdue nor impaired is considered to be good.

The impairment account of trade receivables evolved as follows:

in €'000	Specific valuation allowance	Value correction on portfolio basis	Total
As of 2023/01/01	19,912	341	20,253
Additions with effect on the expenses (net)	5,078	188	5,266
Usage	–681	0	–681
Release	–2,175	–145	–2,320
Exchange rate difference	–128	–10	–138
As of 2023/12/31	22,006	374	22,380
Additions with effect on the expenses (net)	6,256	14	6,270
Usage	–2,523	0	–2,523
Release	–2,361	–97	–2,458
Exchange rate difference	256	9	265
As of 2024/12/31	23,634	300	23,934

Furthermore, no adjustments had to be made for other receivables. With regard to other financial assets, please refer to the information below under section 15. The receivables are adjusted individually based on individual assessments. The maximum default risk equates to the book value shown in the balance sheet.

15. Other financial assets and value added tax receivables

In the previous year, the other non-current financial assets mainly included financial means provided to joint ventures, see also section 17.

Other current financial assets as of December 31, 2024, included receivables from tax authorites from value added tax refund claims of €19.7 million (2023: €41.6 million). In the previous year, the item also included financial assets and time deposits with a term to maturity of more than three months, as well as accrued interests. As of December 31, 2024, they amounted to €0.0 million (2023: €41.4 million).

16. Cash and cash equivalents

Cash and cash equivalents 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.

As of December 31, 2024, the SMA Group had unused credit lines amounting to €184.0 million (2023: €357.2 million), for which all conditions for use had been met. €80.0 million of these were attributable to further cash lines and €104.0 million to guarantees.

17. Assets held for sale

The SMA Group decided to sell its share in the elexon GmbH joint venture during the 2023 fiscal year. The shares held and a loan receivable granted by SMA were reported accordingly in the balance sheet item "Assets held for sale." The sale was completed in January 2024. The income from the sale amounted to €19.1 million and was recorded under other operating income in the income statement.

18. Equity

The change in equity, including effects not recognized in profit or loss, is shown in the statement of changes in equity. Significant effects arose from net income and the effects of foreign exchange gains/losses related to the foreign currency translation of foreign subsidiaries.

The capital reserve contains agio amounts from the issuance of SMA Solar Technology AG shares.

Retained earnings contain mainly the retained profit and the statutory reserve. In addition, retained earnings include other components of equity, such as unrealized gains/losses from foreign currency translation of foreign subsidiaries and other changes relating to deferred tax effects from previous years that do not affect profit or loss.

Shares in SMA AG are no-par value bearer shares, which were fully paid in.

The Articles of Incorporation include provisions on the powers of the Managing Board regarding Authorized Capital II. The Managing Board, after obtaining the consent of the Supervisory Board, is entitled to increase the share capital on one or several occasions by up to a total of €3.4 million by issuing new bearer shares in return for cash contributions and/or contributions in kind in the period ending May 23, 2028. The Managing Board, with the consent of the Supervisory Board, is entitled to cancel the statutory subscription rights of shareholders: (a) in the case of capital increases in return for contributions in kind for the acquisition of or investment in companies, parts of companies or investments in companies, (b) for the purpose of issuing shares to employees of the company and companies affiliated with the company, (c) to exclude fractions, and (d) in the case of capital increases in return for cash contributions if the issue amount of the new shares does not fall significantly below the stock exchange price of shares of the same class and terms that are already listed at the time the Managing Board sets the final issue amount, and the total pro rata amount of the issued capital attributable to the new shares in respect of which the subscription right is excluded may not exceed 10% of the issued capital available at the time the new shares are issued.

Furthermore, following a resolution adopted by the Annual General Meeting on June 1, 2021, the Managing Board, in the period up to May 30, 2026, is entitled on behalf of the company to acquire its own shares up to a value of 10% of the existing capital stock at the time the resolution was adopted by the Annual General Meeting and to dispose of shares acquired in this way with the consent of the Supervisory Board by means other than through the stock exchange or an offer made to all the shareholders, provided the shares are sold in return for cash at a price that does not fall significantly below the stock exchange price of shares in the company issued under the same terms or the shares are sold in return for in-kind contributions, or they are offered in return for shares held by persons that either had or have an employment relationship with the company, or with one of its affiliated companies, or members of bodies in companies that depend on the company. Furthermore, if the Managing Board sells the company's own shares by offering them to all the shareholders with the consent of the Supervisory Board, the Managing Board is entitled to exclude the shareholders' right of subscription for fractions. In addition, the Managing Board is entitled to cancel treasury shares acquired after obtaining the consent of the Supervisory Board.

The Annual General Meeting of SMA Solar Technology AG held on May 28, 2024, followed the Managing and Supervisory Boards' proposal to distribute a dividend for the 2023 fiscal year amounting to €0.50 per bearer share entitled to dividends (for 2022: €0.00 per bearer share entitled to dividends).

The objectives of capital management are to maintain SMA's financial substance and ensure necessary flexibility.

The equity ratio is used to measure the financial security of SMA. This is the ratio of equity shown in the consolidated balance sheet to total assets. Accordingly, the financing structure pursued by the SMA Group is basically characterized by a conservative capital structure dominated by internal financing. This strategy could not be maintained in the 2024 fiscal year, meaning that the cash was drawn under the available credit line . As of the reporting date, the equity ratio is 35.9% (2023: 42.3%).

19. Provisions

Provisions account for all discernible risks from pending transactions and contingent liabilities on the balance sheet dates and break down as follows:

in €'000	Warranties	Personnel	Other	Total
As of 2024/01/01	**133,420**	**34,858**	**32,771**	**201,049**
Additions	45,350	33,161	38,098	116,609
Usage	41,936	28,841	10,265	81,042
Release	7,224	2,207	1,209	10,640
Compounding	951	88	2,499	3,538
Changes in currency	117	155	1,705	1,977
As of 2024/12/31	**130,678**	**37,214**	**63,599**	**231,491**
Current in 2024	44,204	33,497	50,301	128,002
Non-current in 2024	86,474	3,717	13,298	103,489
	130,678	**37,214**	**63,599**	**231,491**

in €'000	Warranties	Personnel	Other	Total
As of 2023/01/01	**119,200**	**5,965**	**33,981**	**159,146**
Additions	58,965	32,068	12,361	103,394
Usage	39,534	3,109	9,713	52,356
Release	2,996	16	5,398	8,410
Compounding	−2,099	58	2,509	468
Changes in currency	−116	−108	−969	−1,193
As of 2023/12/31	**133,420**	**34,858**	**32,771**	**201,049**
Current in 2023	45,236	31,347	19,409	95,992
Non-current in 2023	88,184	3,511	13,362	105,057
	133,420	**34,858**	**32,771**	**201,049**

The provisions for statutory warranties are attributable to the segments as follows:

in €'000	2024/12/31	2023/12/31
Home Solutions	33,525	39,342
C&I Solutions	36,414	41,724
Large Scale & Project Solutions	60,738	52,354
	130,677	**133,420**

Warranty provisions consist of general warranty obligations (periods of between five and ten years) for expected device failures during the warranty period. In addition, provisions are set aside for specific individual warranty issues that are mainly used in the following year. Warranty provisions for specific individual cases amount to €1.1 million (December 31, 2023: €1.3 million) and are expected to lead to cash outflows within one year. Provisions for expected equipment failures during the warranty period amount to €129.6 million

(December 31, 2023: €132.1 million). For the short-term portion of €43.1 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.

In the 2024 fiscal year, the additions to personnel provisions include obligations for concluded personnel adjustment measures in relation to the announced restructuring and transformation program amounting to €33.4 million (2023: €0.0 million), which became non-cash expenses over the course of the following fiscal year. No discount took place for this reason. In addition, obligations for variable remuneration, long-service anniversaries, death benefits, partial retirement benefits, and working-life time accounts are included. They affect cash in relation to contractual commitments made.

Additions to other provisions include provisions for anticipated losses due to purchase commitments amounting to €15.6 million. Overall, provisions for anticipated losses from pending transactions increased by €4.9 million to €19.9 million. The obligations previously accounted for as provisions for pending losses from the decision to exit the North American O&M business were reclassified as provisions for legal disputes in the 2024 fiscal year with the transition to arbitration proceedings. In addition, other provisions particularly include restoration obligations and provisions for tax risks. An outflow of funds is expected within one year.

20. Financial liabilities

in €'000	2024/12/31	2023/12/31
Liabilities due to credit institutions	145,223	6
Lease liabilities	44,281	25,405
Other financial liabilities	6,726	6,442
	196,230	**31,853**

The liabilities to banks relate to cash drawn under the credit line available carried out in the 2024 fiscal year. Changes in liabilities to banks and from leases are reflected in the net cash flow from financing activities. The other financial liabilities were recognized in connection with a sale & leaseback agreement. In addition to two five-year extension options, there is a repurchase option for the property at the end of the lease, which commenced in January 2025.

The following table shows the development of the SMA Group's liabilities, including cash-effective and non-cash changes:

	Financial liabilities		Equity		
in €'000	Financial liabilities	Lease liabilities	Share capital/ capital reserves	Retained earnings	Total
As of 2024/01/01	**6,448**	**25,405**	**153,900**	**532,281**	**718,034**
Change in cashflows from financing activities					
Increase of loans due to credit institutions	145,500	0	0	0	145,500
Payments for lease liabilities	0	−10,923	0	0	−10,923
Other	0	0	0	−17,350	−17,350
Total change in cashflows from financing activities	**145,500**	**−10,923**	**0**	**−17,350**	**117,227**
Other changes					
Effects of changes in exchange rates	0	−125	0	0	−125
New lease contract	0	29,924	0	0	29,924
Other non-cash movements and interest	269	0	0	0	269
Total other changes, related to liabilities	**269**	**29,799**			**30,068**
Total other changes, related to equity				**−115,515**	**−115,515**
As of 2024/12/31	**152,217**	**44,281**	**153,900**	**399,416**	**749,814**

	Financial liabilities		Equity		
in €'000	Financial liabilities	Lease liabilities	Share capital/ capital reserves	Retained earnings	Total
As of 2023/01/01	**15**	**23,647**	**153,900**	**254,120**	**431,682**
Change in cashflows from financing activities					
Redemption of loans granted	−9	0	0	0	−9
Payments for lease liabilities	0	−9,009	0	0	−9,009
	6,442	0			
Total change in cashflows from financing activities	**6,433**	**−9,009**	**0**	**0**	**−2,576**
Other changes					
Effects of changes in exchange rates	0	214	0	0	214
New lease contract	0	10,339	0	0	10,339
Other non-cash movements and interest	0	214	0	0	214
Total other changes, related to liabilities	**0**	**10,767**			**10,767**
Total other changes, related to equity			**0**	**55,503**	**55,503**
As of 2023/12/31	**6,448**	**25,405**	**153,900**	**309,623**	**495,376**

21. Trade payables

Trade payables are non-interest bearing and are normally due within 14 to 90 days.

22. Other financial liabilities

Other financial liabilities include liabilities for Supervisory Board compensation and costs for the preparing of the financial statements and are due within one year.

23. Other liabilities

in €'000	2024/12/31	2023/12/31
Contract liabilities	358,469	348,764
Accrual item for extended warranties	163,357	165,468
Liabilities from prepayments received	160,405	140,683
Accruals for service and maintenance contracts	19,357	15,041
Other contract liabilities, current	15,350	27,572
Liabilities in the Human Resources department	25,936	25,468
Other non-financial liabilities	7,083	6,334
	391,488	**380,566**
Current	249,446	236,785
Non-current	142,042	143,781
	391,488	**380,566**

Contractual liabilities include liabilities from advance payments received for deliveries of goods as part of major projects. Other contract liabilities include accrual items for extended warranties, service and maintenance contracts and bonus agreements. Noncurrent contractual obligations mainly include liabilities from chargeable extended warranties granted for products from the Home Solutions and Commercial & Industrial Solutions business units. The fulfillment of the non-current contractual obligations will extend over a period of 5 to 15 years from the start of the extended warranties. Current contractual obligations mainly include prepayments received, accruals for service and maintenance contracts and bonus agreements. The current contractual obligations will be fulfilled within the next 12 months.

In the fiscal year, sales in the amount of €138.8 million (2023: €81.6 million) were realized, which were included in the balance of contract liabilities at the beginning of the period.

Liabilities in the Human Resources department include obligations to employees regarding bonuses, positive vacation and flextime balances, Christmas bonuses, variable salary components, contributions to the workers' compensation association and social insurance systems, as well as a voluntary one-time payment. Other non-financial liabilities include liabilities to tax authorities amounting to €3.6 million (2023: €3.4 million), which chiefly consist of tax liabilities from payroll accounting, and liabilities from subsidies received in the amount of €0.5 million (2023: €0.6 million), which include taxable government grants from funds of the common-task program "Improvement of the Regional Economic Structure" (EU GA), granted as investment subsidies.

24. Additional disclosures relating to financial instruments

in €'000	Assessment category according to IFRS 9	2024/12/31 Book value	2023/12/31 Book value
Cash and cash equivalents	AC	195.832	219.383
Trade receivables	AC	216.905	277.398
Other financial assets		**57.056**	**71.714**
of which other financial investments	FVOCI	0	3
of which institutional mutual funds	FVPL	0	39.489
of which other (time deposits)	AC	53.255	30.821
of which other securities	FVPL	3.747	0
of which derivatives that do not qualify for hedge accounting	FVPL	54	1.401
Trade payables	AC	147.066	303.796
Financial liabilities		**196.230**	**31.853**
of which liabilities due to credit institutions	AC	145.223	6
of which lease liabilities	-	44.281	25.405
of which other financial liabilities	AC	6.726	6.442
Other financial liabilities	**AC**	**1.004**	**922**
Of which aggregated according to valuation categories in accordance with IFRS 9			
Financial assets measured at amortized cost	AC	465.992	527.602
Financial liabilities measured at amortized cost	AC	300.019	311.166
Financial assets measured at fair value through profit and loss	FVPL	3.801	40.890
Fair value through other comprehensive income	FVOCI	0	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 banks also differs only insignificantly from the book value.

Cash and cash equivalents, trade receivables and time deposits mainly have short terms to maturity. Accordingly, their book values on the reporting date were almost identical to their fair values. In fiscal 2024, the SMA Group sold trade receivables from a customer in the low double-digit million range to a financial institution, transferring all risks and opportunities, and also intended to sell the receivables still attributable to this customer as of December 31, 2024, in the high single-digit million range. In principle, this receivables portfolio must therefore be measured at fair value in accordance with IFRS 9. Due to the short-term nature and the fact that no significant purchase price discount was agreed in the context of the receivables sale transaction, the fair value does not differ from the carrying amount of the receivables to be sold and continues to be included in trade receivables.

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

The item “other financial investments” relates 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.

The fair values of other non-current financial liabilities are determined by referring to the present values of the payments associated with the debts. The discounting rate is based on market interest rates with matching maturities (Level 2).

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

Derivative financial instruments are used to hedge against currency risks arising from operations business. These include currency futures and options inside and outside of hedge accounting. In principle, these instruments are only used for hedging purposes. As with all financial instruments, they are recognized at fair value upon initial recognition. The fair values are also relevant to subsequent measurement. 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.

No hedging transactions in US$ were concluded as at the balance sheet date of December 31, 2024. The fair value measurement correspondingly does not result in a contribution to earnings (2023: +€1.4 million).

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

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

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

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

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

The institutional mutual funds were valued based on observable market prices.

in €'000

2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets, measured at fair value				
Other securities	0	0	3,747	3,747
Derivative financial instruments	0	54	0	54
Other financial investments	0	0	1	1
2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets, measured at fair value				
Institutional mutual fonds	39,489	0	0	39,489
Derivative financial instruments	0	1,401	0	1,401
Other financial investments	0	0	3	3

The 2024 net results for financial instruments are as follows:

		From subsequent measurement			
in €'000	**From interest**	**Currency translation**	**Value corrections**	**From disposal**	**Net result**
Financial assets measured at amortized cost (AC)	2,011	8,868	3,812	−451	14,240
Financial liabilities measured at amortized cost (AC)	−2	0	0	0	−2
Financial assets measured at fair value through profit and loss (FVPL)	−3,665	0	0	−3,942	−7,607
Financial liabilities measured at fair value through profit and loss (FVPL)	−5,797	0	0	0	−5,797
Total	**−7,453**	**8,868**	**3,812**	**−4,393**	**834**

The 2023 net results for financial instruments are as follows:

		From subsequent measurement			
in €'000	From interest	Currency translation	Value corrections	From disposal	Net result
Financial assets measured at amortized cost (AC)	2,118	−3,836	2,948	−142	1,088
Financial liabilities measured at amortized cost (AC)	−396	0	0	0	−396
Financial assets measured at fair value through profit and loss (FVPL)	120	0	−1,401	−672	−1,953
Financial liabilities measured at fair value through profit and loss (FVPL)	−173	0	0	0	−173
Total	**1,669**	**−3,836**	**1,547**	**−814**	**−1,434**

Interests from financial instruments are shown in the financial result. The SMA Group recognizes other components of the net result in other operating expenses and other operating income.

Specifically, the nominal payment obligations under financial liabilities are as follows. The other financial liabilities were recognized in connection with a sale & leaseback agreement. There is a repurchase option for the property at the end of the lease, which commenced in January 2025. If this option is not exercised, this liability is not cash-effective.

in €'000	Book value	Total cash flows	< 1 year	1 to 3 years	4 to 5 years	> 5 years
2024						
Trade payables	147,066	147,066	147,066	0	0	0
Financial liabilities	196,230	196,150	156,235	18,897	14,027	6,991
of which from liabilities due to credit institutions	145,223	145,223	145,223	0	0	0
of which from lease liabilities	44,282	50,927	11,012	18,897	14,027	6,991
Other financial liabilities	6,725	0	0	0	0	0
Other financial liabilities	1,004	1,004	1,004	0	0	0
2023						
Trade payables	303,796	303,796	303,796	0	0	0
Financial liabilities	31,853	28,852	8,514	11,026	4,869	4,443
of which from liabilities due to credit institutions	6	6	6	0	0	0
of which from lease liabilities	25,405	28,846	8,508	11,026	4,869	4,443
Other financial liabilities	6442	0	0	0	0	0
Other financial liabilities	922	922	922	0	0	0

25. Other financial obligations

At the end of the reporting period, other financial obligations to third parties under the purchase order commitment for investment orders placed amounted to €7.7 million (2023: €8.9 million). This includes financial obligations for intangible assets amounting to €5.9 million (2023: €12.1 million). Obligations under short-term and low-value leases amount to €2.9 million (2023: €2.6 million), while other financial obligations are in line with the usual business practice.

26. Contingencies

Directly enforceable guaranties issued for obligations of (not fully consolidated) investments total €0.03 million as of the reporting date (2023: €5.0 million). The probability of utilization is low, as breaches of the commitments given are not to be expected.

In addition, liability undertakings were issued to secure the beneficiaries with regard to the fulfilment of contracts by fully consolidated subsidiaries. In the event of non-performance, SMA Solar Technology AG is primarily liable without limitation for the contractual

obligations of the secured subsidiaries. Claims are not expected in the respect, since a discontinuation of the business operations of the subsidiaries is not likely, and the secured companies are equipped to meet their contractual obligations.

27. Cash and cash equivalents: reconciliation

For purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand, bank balances and short-term deposits with an original term to maturity of less than three months. Cash and cash equivalents at the end of the fiscal year, as presented in the Consolidated Statement of Cash Flows, can be reconciled to the corresponding items of the Consolidated Balance Sheet as follows:

in €'000	2024	2023
Cash on hand and bank balances	193,276	218,734
Short-term deposits (maturity < 3 months)	2,556	649
	195,832	**219,383**

The SMA Group does not have direct access to the financial resources reported in the balance sheet item "Rent deposits and cash on hand pledged as collaterals."

For further information on the statement of cash flows, refer to the "Financial position" section in the Combined Management Report.

Other disclosures

28. Events after the balance sheet date

A new production hall was acquired in January 2025, for which a long-term tenancy agreement was concluded as part of a sale & leaseback agreement. The accounting impacts on right-of-use assets and lease liabilities amount to a mid-double-digit million amount, taking into account the regulations under IFRS 16.

In December 2024, SMA was able to ensure that the loan terms were met at the end of the fiscal year as part of an adjustment agreement with the banking group to the credit line agreement for €380.0 million. Another agreement in January 2025 concerns the quarterly review of adjusted credit agreements. These loan agreements relate to the equity ratio, a minimum liquidity, and EBITDA based on the last twelve months.

Effective from February 14, 2025, the Supervisory Board of SMA Solar Technology AG temporarily appointed Olaf Heyden to the Managing Board. Olaf Heyden assumes the role of Chief Transformation Officer (CTrO) and Chief Operating Officer (COO). The appointment is limited until the second quarter of 2026.

29. Related party disclosures

According to the definition in IAS 24, related persons are persons responsible for planning, controlling and monitoring the company's activities. Related persons include the members of the Managing Board and the Supervisory Board of SMA Solar Technology AG as well as their close relatives. Related parties are entities that have significant influence or control over SMA, or over which SMA exercises significant influence or control. Danfoss A/S, its subsidiaries and AEDF Trust belong to the group of related entities. The controlling

shareholder of Danfoss A/S is Bitten og Mads Clausens Fond, to which the shares held by Danfoss A/S in accordance with Section 39 of the German Securities Trading Act (WpHG) are allocated.

Related persons:
On the Managing Board of SMA Solar Technology AG, Chief Executive Officer Dr.-Ing. Jürgen Reinert is responsible for Strategy, Research and Development, Operations and the segments Home Solutions, Commercial & Industrial Solutions and Large Scale & Project Solutions, as well as Sales & Service, Communication & Sustainability and Human Resources. Barbara Gregor is responsible for Accounting & Tax, Finance & Real Estate Management (CREM), Investor Relations, Legal, Governance, Compliance, Risk Management, Internal Audit and Digitalization/IT.

Dr.-Ing. Jürgen Reinert sits on the supervisory board of Danfoss A/S, Denmark, and in the advisory committee of KraftPowercon, Sweden.

In the fiscal year, the members of the Supervisory Board of SMA Solar Technology AG were as follows:

Shareholder representatives:
- Kim Fausing, President and CEO Danfoss A/S, Deputy Chairman
- Roland Bent (up to August 31, 2024)
- Constanze Hufenbecher, Member of the Supervisory Board, (since September 1, 2024)
- Uwe Kleinkauf, General Manager WELL GROUP GmbH & Co. KG and WELL development GmbH, Chairman
- Ilonka Nußbaumer, Executive Vice President, HR Danfoss A/S.
- Alexa Siebert, Member of the Supervisory Board
- Jan-Henrik Supady, Managing Partner at Liesner & Co. GmbH

Employee representatives:
- Martin Breul
- Oliver Dietzel, Trade Union Secretary
- Johannes Häde
- Yvonne Siebert
- Romy Siegert, Trade Union Secretary
- Dr. Matthias Victor

Remuneration of key management members of the group, which must be disclosed under IAS 24, includes remuneration of the Managing Board and the Supervisory Board.

The total compensation of the members of the Managing Board amounted to €2.1 million in the reporting year (2023: €2.3 million). All salary components are classified as short-term benefits in accordance with IAS 24.17. The Managing Board members receive no separate remuneration for carrying out tasks at subsidiaries.

The total compensation of the members of the Supervisory Board amounted to €0.8 million in the reporting year (2023: €0.4 million). Of this amount, €0.6 million (2023: €0.3 million) was attributable to non-performance-related fixed compensation and €0.2 million (2023: €0.1 million) to compensation for committee activities. As in the previous year, no variable compensation is included. Kim Fausing renounces his claims against the company. The union representatives pass their salaries on.

Members of the Supervisory Board hold the following positions in statutory supervisory boards and similar controlling bodies of commercial enterprises:

- Kim Fausing, Member of the Supervisory Board of Holcim.
- Constanze Hufenbecher has been a member of the shareholders' committee and supervisory board of Voith GmbH & Co. KGaA, Heidenheim.
- Alexa Siebert is a member of the supervisory boards of LPKF Lasertechnologies SE, Germany, K-UTEC AG Salt Technologies, Germany, and Ameropa AG, Switzerland.

Related entities:
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. The business relationships between SMA and Danfoss in the fiscal year are presented in the table below. There is no material collateralization nor are there guaranty agreements. No impairment losses were recognized from transactions with Danfoss.

in € million	2024	2023
Goods acquired by SMA	12.6	14.8
Goods sold by SMA	0.7	0.8
Outstanding receivables at the end of the year	0.2	0.2
Outstanding liabilities at the end of the year	0.0	2.8

Furthermore, the Australian company AE Development Holdings 2023 Trust is treated as a joint venture. It is a joint venture in the field of solar energy and battery storage projects, in which the SMA Group holds a 50.00% stake through SMA Altenso GmbH. The AE Development Holdings 2023 Trust was granted primarily repayable financial resources amounting to €5.7 million against issuance of preference shares by SMA.

In the first quarter of 2024, the SMA Group concluded the sale of shares to elexon GmbH, which had been managed as a joint venture up to that point.

30. Objectives and methods concerning financial risk management

Financial risk management is integrated into the group-wide hedging policy. Conscious treatment of potential risks and close control as well as successful management of such risks when they occur are supported by an accompanying information and communication policy as well as by further education and training of employees. The principle underlying the group's hedging policy in the financial field is to protect against significant price, currency and interest risks by means of contracts and hedging transactions to an economically reasonable extent.

The financial instruments of the group relate primarily to trade receivables as well as cash and cash equivalents resulting directly from operating activities. Other financial instruments include, in particular, trade payables that also arise from operating activities. The group also uses derivative financial instruments as part of exchange and interest rate hedging. The group's main risks in relation to financial instruments are interest related cash flow risks as well as liquidity, currency and credit risks. The strategies and procedures for controlling individual types of risks defined in the context of the group's overall hedging policy are presented below.

Interest rate risk

Interest rate risks within the SMA Group mainly arise in the case of financial liabilities and non-current portions of certain provisions. Interest on liabilities and provisions is not paid by the contracting party and is therefore discounted at market interest rate, which means that there is no separate control of the interest rate risk. The interest on existing financing is hedged on a long-term basis and can thus be calculated over the contract's term.

Foreign currency risk

As a globally active company, the SMA Group is exposed to both transaction-related and translation-related foreign currency risks.

SMA assesses risks from an economic point of view. Using this point of view, foreign currency risks arise in the form of direct transaction risks that derive from any (current or planned) receivable or payable denominated in a foreign currency and the resulting cash flow. The SMA Group's extensive business activities in North America mean that foreign currency risks relate to a great extent to US$. In light of the fact that a pro-rata portion of the local added value attributable to the North American companies and supplier contracts based on US$ is generated locally and sales in the local currency are balanced by expenditure in the local currency, the operational foreign currency risk in the SMA Group is limited.

Foreign currency risks also arise in particular from the sales activity of our Australian subsidiary.

A group policy ensures that SMA companies report their foreign currency risks to Corporate Treasury, provided there are no country-specific restrictions in this regard. The remaining group-wide risk is hedged by Corporate Treasury through the use of currency derivatives concluded externally with banks. Forward exchange transactions are the most commonly used method in this case. The use of options as part of the hedging strategy is also possible.

Translation risks mainly occur when the assets and liabilities of subsidiaries denominated in a foreign currency are converted to the parent company's domestic currency when preparing the Consolidated Financial Statements. Translation risks are not included within the scope of the active control of foreign currency risks.

Items denominated in foreign currencies and the development of the exchange rate of those currencies are monitored continuously and the risks are hedged, provided this is economically reasonable. The risks from hedging transactions in themselves are limited to the possibility that opportunities arising from a better price performance cannot be realized.

IFRS 7 requires sensitivity analyses when presenting market risks, which show the effects of hypothetical changes in relevant risk variables on earnings and equity. Currency risks are caused by financial instruments that are denominated in a currency other than the functional currency and which are of a monetary nature; differences related to exchange rates from the translation of financial statements into the group currency are not taken into account. The USD, JPY and AUD are relevant risk variables. The currency sensitivity analysis is based on original financial instruments in the form of receivables. By using hedging transactions (derivatives), to secure the underlying transaction, opposing effects from exchange rate fluctuations are offset.

No hedging transactions in US$ were concluded as at the balance sheet date of December 31, 2024 (2023: $90 million). The fair value measurement correspondingly does not result in a contribution to earnings (2023: +€1.4 million). There are no direct effects on equity.

An increase of 5% in the euro with respect to the US dollar on December 31, 2024, would have not led to a change in the currency derivative (2023: +€4.5 million). A decrease of 5% in the euro with respect to the US dollar on December 31, 2024, would have also led to no change in the value of the currency derivatives (2023: -€3.6 million).

Hedging transactions in the Australian dollar of AUD34.5 million nominally were concluded as at the balance sheet date of December 31, 2024 (2023: AUD0.0 million). The fair value measurement makes an insignificant contribution to earnings. There are no direct effects on equity.

An increase of 5% in the euro with respect to the Australian dollar on December 31, 2024, would have led to a change in the currency derivative of €1.0 million (2023: €0.0 million).

A decrease of 5% in the euro with respect to the Australian dollar on December 31, 2024, would have led to a change in the value of the currency derivatives of €1.1 million (2023: €0.0 million).

Pursuant to IFRS, currency risks affect monetary financial instruments that are denominated in a foreign currency (i.e., in a currency other than the functional currency). This means that the foreign currency is the relevant risk variable. Translation-related risks are not taken into account. Because the individual group companies mainly conduct their operating business in their own functional currency, we rate the risk from exchange rate fluctuations resulting from our ongoing business activity as insignificant.

Credit risk

For all deliveries to customers, collateral is requested depending on the volume of the respective transaction and the specific customer and country risk. Data from the customer's previous business relationship, including payment practices and additional credit reports, are also used to avoid non-payment. In addition, the group performs a customer credit check, which is based on certain financial key ratios. By setting credit limits in a timely manner or suspending orders, the group avoids being exposed to a significant risk of non-payment. If possible, the default risk is also limited by commercial credit insurance. The maximum non-payment risk is limited to the book value disclosed in section 14. Trade receivables and other receivables. There are no major concentrations of non-payment risks within the group.

With respect to all of the group's other financial assets, such as cash and cash equivalents, available-for-sale financial investments and derivative financial instruments, the maximum credit risk, should the counterparty fail to pay, corresponds to the book value of these instruments. This counterparty default risk is analyzed on a continuous basis and managed by means of the corresponding a allocation of business – also considering potential opportunities – with regard to cluster risks and credit risks.

Liquidity risk

One element of liquidity protection is the credit line of €380 million newly agreed upon with several banks in 2023. At the end of 2024, 58.8% of this credit line had been utilized. Overall, the SMA Group has credit lines totaling €450.3 million, of which 59.5% have been utilized either in cash or by means of credit guaranties.

The company uses financial planning tools for early detection of future liquidity requirements. According to current planning, it can be assumed that the financial requirements will be covered over a time frame that can be reliably predicted. Insurance contracts are concluded to hedge against the financial consequences of possible liability risks and damage claims, insofar as this is reasonable and possible. The cover provided by such contracts is reviewed and adapted regularly.

Capital management

The strategic objective of capital management within the SMA Group is to ensure financial flexibility and independence to make rapid use of the opportunities in a photovoltaic market characterized by strong growth. Profitable employment of the capital is measured through regular monitoring of net working capital. Within the SMA Group, net working capital is defined as the sum of inventories and trade receivables less trade payables. To be able to meaningfully measure relative capital consumption, even in the face of strong corporate growth, net working capital is expressed in relation to sales. Through debtor management, which ensures that receivables are collected in good time, and by aligning inventories with sales as well as pursuing a stable dividend policy, the company positions itself to achieve its objectives of financial flexibility and independence. In accordance with our group policies, the net working capital ratio determined in this way has to be below 25%.

In the reporting year, the equity ratio of the SMA Group was 35.9% (2023: 42.3%) and the net working capital ratio was 30.9% (2023: 20.6%).

For information on market risks, please refer to the "Risks and opportunities" section in the Combined Management Report.

31. Auditors fees

The fees paid to the auditor and recorded as an expense in the reporting year break down as follows:

in €'000	2024	2023
Financial statement auditing	1,196	1,142
Other audit-related services	201	140
	1,397	**1,282**

The auditing services listed in the table above include the expenses of BDO AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany, for the audit of the Consolidated Financial Statements, the review of the Half-Year Consolidated Financial Statements and the audit of the Annual Financial Statements of SMA Solar Technology AG and its domestic subsidiaries, insofar as these are subject to mandatory audits pursuant to Section 316 of the German Commercial Code (HGB). Other confirmation services mainly related to the audit of the Group Sustainability Statement.

32. Declaration on the German Corporate Governance Code in accordance with Section 161 AktG

The declaration required under Section 161 of the German Stock Corporation Act (AktG) on the recommendations issued by the Government Commission German Corporate Governance Code was given by the Managing Board and the Supervisory Board on December 5, 2024, and made permanently available to shareholders on the corporate website.

33. Consolidated Financial Statements

As the ultimate parent company, SMA Solar Technology AG prepared the Consolidated Financial Statements as of December 31, 2024, which are filed with the operator of the Electronic Federal Gazette and subsequently published in accordance with Section 325 of the German Commercial Code (HGB). They are subsequently published in the Federal Gazette/Company Register.

The date of approval of the prepared Consolidated Financial Statements and the Combined Management Report by the Supervisory Board and the associated adoption of the company's Annual Financial Statement in accordance with Section 172 of the German Stock Corporation Act can be found in the Supervisory Board's report.

Niestetal, March 13, 2025

SMA Solar Technology AG
The Managing Board

Dr.-Ing. Jürgen Reinert Barbara Gregor Olaf Heyden

RESPONSIBILITY STATEMENT

We assure to the best of our knowledge that, in accordance with the applicable accounting standards, the Annual Financial Statements give a fair view of the net assets, financial position and results of operations of the company and that the Combined Management Report gives a fair view of the course of business including the results of operations and the group's position and describes the fundamental opportunities and risks of the probable development of the company.

Niestetal, March 13, 2025

SMA Solar Technology AG
The Managing Board

Dr.-Ing. Jürgen Reinert Barbara Gregor Olaf Heyden

INDEPENDENT AUDITOR'S REPORT

To SMA Solar Technology AG, Niestetal

NOTE ABOUT THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND COMBINED MANAGEMENT REPORT

Audit opinion

We have audited the Consolidated Financial Statements of SMA Solar Technology AG, Niestetal, and its subsidiaries (the Group), which comprise the Consolidated Statement of Financial Position as at December 31, 2024, the Consolidated Income Statement SMA Group, the Consolidated Statement of Comprehensive Income SMA Group, the Consolidated Statement of Changes in Equity SMA Group and the Consolidated Statement of Cash Flows SMA Group for the fiscal year from January 1, 2024 to December 31, 2024, and the Notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

In addition, we have audited the Combined Management Report (Combined Management Report of the Company and the Group) of SMA Solar Technology AG for the fiscal year from January 1, 2024 to December 31, 2024. In accordance with the German legal requirements, we have not audited the content of the components of the combined management report listed under "OTHER INFORMATION".

In our opinion, based on the findings of our audit

- *the accompanying Consolidated Financial Statements comply, in all material respects, with the IFRS accounting standards issued by the International Accounting Standards Board (IASB) (hereinafter referred to as "IFRS accounting standards") as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2024 and of its financial performance for the financial year from January 1, 2024 to December 31, 2024, and*

- *the accompanying Combined Management Report as a whole provides a suitable view of the Group's position. In all material respects, this combined management report is consistent with the Consolidated Financial Statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the Combined Management Report does not cover the content of the components of the combined management report listed under "OTHER INFORMATION".*

Pursuant to Section 322 (3) Sentence 1 of the HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the Consolidated Financial Statements and of the Combined Management Report.

Basis for the audit opinion

We conducted our audit of the Consolidated Financial Statements and of the Combined Management Report in accordance with § 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for financial audits in Germany as defined by the Institute of Public Auditors (IDW). Our responsibility under these provisions and standards is described in more detail in the "RESPONSIBILITY OF THE AUDITOR TO CHECK THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT" section of our auditor's report. We are independent of the group companies in compliance with EU law provisions, German commercial law and the German rules of professional conduct, and we have fulfilled our professional obligations applicable in Germany in accordance with these requirements.

Furthermore, in accordance with Article 10, Paragraph 2 f) of the EU regulation on statutory audits of public interest entities, we declare that we did not render any prohibited non-audit services as per Article 5, Paragraph 1 of the EU regulation on statutory audits of public interest entities.

We believe that the audit evidence we have obtained is sufficient and suitable to provide a basis for our audit opinions on the Consolidated Financial Statements and on the Combined Management Report.

Key audit matters in the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the fiscal year from January 1, 2024 to December 31, 2024. These matters were considered as a whole in conjunction with our audit of the Consolidated Financial Statements and also taken into account when we formed our audit opinion. We do not provide a separate audit opinion on these matters.

We have determined the following matters to be the key audit matters to be communicated in our auditor's report:

1. Revenue recognition
2. Subsequent measurement of inventories
3. Recognition and recoverability of capitalized development projects.
4. Valuation of warranty provision
5. Recoverability of deferred tax assets on loss carryforwards

1. Revenue recognition on an accrual basis

Business matter

Total sales of €1,530.0 million (previous year: €1,904.1 million) were realized.

For these significant items in terms of amount, there is a risk close to the balance sheet date that revenue is not recognized in the correct fiscal year. This risk arises close to the balance sheet date due to the complexity of ensuring that revenue is recognized in the correct period for a large number of sales transactions across the Group in accordance with the transfer of control under IFRS 15, even in cases where, due to delivery terms such as DDP, DAP and DDU (so-called "D Incoterms"), control over the goods is only transferred to the customer in the country of destination or when the goods are loaded onto a ship.

We therefore determined revenue recognition in the correct period close to the balance sheet date, especially in connection with deliveries under contractual agreement of D-Incoterms, to be a key audit matter.

The disclosures on sales made by the legal representatives of SMA Solar Technology AG are contained in section (2.2) "Disclosures on accounting policies" and in section (3) "Segment reporting" of the Notes to the Consolidated Financial Statements and in the "Results of Operations" section of the Combined Management Report.

Audit response

As part of a risk assessment, we first gained an understanding of the different sales transactions and assessed whether the company's guidance regarding the realization of revenue for the different types of sales transactions is consistent with IFRS 15.

Furthermore, we identified sales-related controls in the sales process and assessed their appropriateness and implementation. We then performed functional tests to examine the effectiveness of the implemented controls. We also checked for the existence and amount of the recognized sales over the course of the year by means of sampling. To this end, we compared the postings in the sales accounts against the underlying customer contracts as well as the outgoing invoices and proof of delivery/payment from third parties and satisfied ourselves that the evidence showed that the sales were posted to the accounts in the correct amount and in the correct fiscal year.

Finally, we identified sales transactions close to the balance sheet date and with risky group D Incoterms. We conducted a range of checks on a sample basis to confirm that the sales were posted to the accounts in the correct amount and in the correct period on the basis of customer contracts and by comparing the outgoing invoices against the proof of delivery from third parties.

2. Subsequent measurement of inventories

Business matter

Inventories amounting to €563.6 million (around 36% of total assets; previous year: €559.1 million) are reported. This includes value adjustments amounting to €130.3 million (previous year: €29.8 million).

The determination of impairment is discretionary and complex due to the large number of inventory materials. The impairment assessment is based on several estimates by the legal representatives: Estimates of the marketability of inventories and, for excess inventories of non-product-specific materials and for discontinued products, whether these products are likely to still be included in the sales process or can be used elsewhere in the service business. SMA Solar Technology AG uses a time horizon of 36 months to estimate the turnover. Inventory assets that are included in a discontinued product and for which no use is seen in the service business are written down by 100%. Inventories for which a useful life of more than 36 months has been determined, but which are no longer recoverable beyond this period, are also written down by 100%.

Given the risk to the Consolidated Financial Statements resulting from the discretionary and complex process of determining value adjustments on inventories and the high amount of the balance sheet item, we consider this to be an especially important key audit matter.

Information from SMA Solar Technology AG's legal representatives on the inventory value adjustments can be found in section (2.2) "Disclosures to the accounting and valuation policies," section (2.3) "Significant judgements and assumptions" and section (13) "Inventories" of the Notes to the Consolidated Financial Statements.

Audit response

As part of the audit of the valuation of inventories, we recorded the procedure for the system-side and manual determination of value adjustments and performed an audit of the structure and function of controls relevant to value adjustments.

Furthermore, we satisfied ourselves of the appropriateness and correct system-based application of the Group-specific devaluation rules for marketability, both for raw materials and supplies and for work in progress and finished goods.

For materials that have been discontinued or are included in a discontinued product as well as for excess inventories with a range of more than 36 months, we also verified the assessment of the legal representatives based on a risk-oriented, deliberate selection as to whether these inventories are still included in the production process or can otherwise be used in service. In addition, we assessed the determination of the value adjustments or reversals of value adjustments made on the basis of this assessment and their appropriate recognition. Finally, based on a sample, we satisfied ourselves that work in progress and finished goods were measured at the lower of cost and net realizable value.

3. Recognition and recoverability of capitalized develeopment projects

Business matter

Intangible assets include development projects in progress and completed as at December 31, 2024 with a carrying amount of €117.7 million (previous year: €113.7 million). Development costs of €44.3 million (previous year: €41.2 million) were capitalized in the financial year.

As the Group's development projects are increasingly focusing on segment-specific platforms instead of individual products, the periods required for developments and therefore also the capitalized development costs have increased significantly in recent years. The assessment of whether a project has already reached the development phase and whether development costs incurred must be capitalized, and in particular the assessment of the recoverability of capitalized development projects, requires considerable judgement on the part of the legal representatives.

The company carries out an impairment test at least once a year for both in-process and completed development projects in order to write them down to the recoverable amount if this is lower than the capitalized development costs. The recoverable amount is determined at the level of individual capitalized development projects and for groups of development projects at the level of the segment-specific platforms by discounting expected cash flows. The impairment test carried out in the financial year led to an impairment of capitalized development projects in the amount of €22.4 million.

In view of the increasing importance of capitalized development projects and the accounting for inherent discretionary scope and measurement complexity, the recognition and in particular the recoverability of capitalized development projects was a key audit matter in the context of our audit.

The disclosures made by the legal representatives on development projects are contained in sections 2.2 "Disclosures on accounting policies" under the heading "Research and development expenses and impairment of intangible assets and property, plant and equipment", 2.3 "Significant accounting judgments, estimates and assumptions", 9 "Intangible assets"in the notes to the consolidated financial statements and in the sections "Development of key items in the income statement" and "Research and development" in the Combined Management Report.

Audit response

We first obtained an understanding of the product development process and the Company's process for capitalizing development costs and assessing their recoverability, and assessed whether the internal controls relevant to financial reporting were appropriately designed and implemented.

With regard to a deliberate selection of the development costs capitalized in the financial year, we assessed, based on our findings from the audit in the previous year, the assessment of the legal representatives with regard to the technical and economic feasibility of the projects (including the possibility of technical realization, intention to complete and ability to

use or sell) and the generation of future economic benefits. We then performed substantive audit procedures to determine whether the project-specific development hours and other expenses were allocated to the development projects in accordance with the principle of causation. In addition, we verified and evaluated the determination of the hourly rates used to measure the development hours.

In testing the impairment of capitalized development costs, we first obtained an understanding of the planning process and assessed the methodological approach and the level at which the impairment tests were performed. We then evaluated the key planning assumptions, taking into account general and industry-specific market expectations, and assessed the consistency of the planning underlying the impairment tests with the three-year corporate planning. For a deliberate selection of development projects, we had the key assumptions made in the plans and their changes over time explained to us and, where possible, compared earlier plans with results and cash inflows already realized. To assess the discount rates used, we consulted our valuation specialists, who verified the parameters used, including the market risk premium and beta factor, on the basis of market data

Furthermore, we assessed the sensitivity analyses of the executive directors and performed our own sensitivity analyses with regard to possible changes in key planning assumptions, the cost of capital and the assumed growth rates in order to understand and assess the extent of the impairment losses recognized and the reporting of the related estimation uncertainties in the notes to the Consolidated Financial Statements.

4. Valuation of the warranty provisions

Business matter

In the Consolidated Financial Statements, warranty provisions totaling €130.7 million (previous year: €133.4 million) are reported under the balance sheet item "Provisions".

A discretionary best estimate of the expected warranty expenses is required to measure the provision for warranty risks. The large number of product groups to be considered also results in particular complexity. At product group level, a forecast of the number of expected warranty cases is made on the basis of experience from previous financial years and the expected warranty expenses are allocated to these according to amount. The settlement amount calculated in this way is then discounted to the balance sheet date.

Due to the risk to the Consolidated Financial Statements resulting from the discretionary and complex measurement and the amount of the warranty provisions, we consider this to be a key audit matter.

The disclosures by the legal representatives of SMA Solar Technology AG on warranty provisions are contained in section (2.2) "Disclosures on accounting policies", section (2.3) "Significant accounting judgments, estimates and assumptions" and (19) "Provisions" of the Notes to the Consolidated Financial Statements.

Audit response

As part of our audit of the measurement of the provision for warranty risks, we examined the procedure for calculating the warranty provisions and verified whether the calculation system complies with the requirements of IAS 37.

For a risk-oriented, deliberate selection, we first examined the appropriate determination of past cases of damage subject to warranty and then verified the selected forecasting method and the derivation of the expected development of defects. In doing so, we satisfied ourselves of the correct allocation of the respective defect patterns to the relevant product groups. To assess the reliability of the estimates of the frequency of the defect patterns, we compared the historical forecasts with the actual claims in the past. In addition, we examined the completeness and accuracy of the sales volumes included in the calculation in order to verify the calculated number of expected warranty cases.

We then examined the proper derivation of the expected costs for the remediation of the expected damages per product group from the cost accounting. In particular, we verified the proper recording of direct costs and the appropriate consideration of overheads.

Finally, we satisfied ourselves as to the appropriate discounting and the correct accounting treatment of the provision for warranty risks in the Consolidated Financial Statements.

5. Recoverability of deferred tax assets on loss carryforwards

Business matter

Deferred tax assets on loss carryforwards amounting to €70.5 million (previous year: €63.9 million) are reported in the Consolidated Financial Statements as at December 31, 2024 under the balance sheet item "Deferred tax assets".

For the recognition of deferred tax assets, the extent to which existing deferred tax assets can be utilized in subsequent reporting periods must be estimated. The realization of these claims presupposes that sufficient taxable income will be generated in the future. If there are doubts about the future usability of the calculated deferred tax assets, deferred tax assets are not recognized or those already recognized are derecognized. The measurement of deferred tax assets is highly dependent on the estimates and assumptions of the legal representatives with regard to the operating performance of the segments and the Group's tax planning and is therefore subject to significant uncertainties.

Due to the risk to the Consolidated Financial Statements arising from the legal representatives' judgmental assessment of the recoverability of deferred tax assets on loss carryforwards and the amount of the deferred tax assets, we consider this to be a key audit matter.

The disclosures by the legal representatives of SMA Solar Technology AG on the recoverability of deferred tax assets on loss carryforwards are contained in section (2.2) "Disclosures on accounting policies", section (2.3.) "Significant accounting judgments, estimates and assumptions" and (7) "Income taxes" of the Notes to the Consolidated Financial Statements.

Audit response

In order to test the recoverability of the deferred tax assets on loss carryforwards, we, together with our valuation and tax specialists, had the legal representatives present and explain the corporate planning and the tax planning derived from it to us. On this basis, we assessed the extent to which it is planned and possible to offset taxable income against tax loss carryforwards.

For this purpose, we gained an understanding of the planning process with regard to the underlying current corporate planning and assessed its appropriateness. We evaluated the planning developed by the executive directors and approved by the Supervisory Board as well as the underlying key planning assumptions and assessed the appropriateness of the key assumptions, taking into account general and industry-specific market expectations.

Subsequently, with the involvement of our tax specialists, we reviewed the planning of future taxable income, in particular to determine whether the results of the approved three-year plan were appropriately included in the tax planning.

Furthermore, our tax specialists reconciled the tax loss carryforwards with the tax assessments of previous financial years in the main jurisdictions and their extrapolation with the tax calculations for the current financial year. Furthermore, we assessed whether tax-relevant adjustments to the result were determined appropriately. Finally, we satisfied ourselves that the applicable tax rates were taken into account and performed an overall assessment of the sustainability of the taxable results based on the three-year plan and the derivation of the tax result planning.

Other information

The legal representatives or the Supervisory Board are responsible for the other information. The other information includes

- *the non-audited components of the Combined Management Report listed in the appendix to the auditor's report*
- *the remaining parts of the annual report, with the exception of the audited Consolidated Financial Statements and Combined Management Report and our auditor's report*

Our opinions on the Consolidated Financial Statements and on the Combined Management Report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information

- *are materially inconsistent with the Consolidated Financial Statements, with the Combined Management Report or our knowledge obtained in the audit, or*
- *otherwise appear to be materially misstated.*

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this context.

Responsibility of the legal representatives and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of the Consolidated Financial Statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the Consolidated Financial Statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or error) or error.

In preparing the Consolidated Financial Statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the Combined Management Report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the Consolidated Financial Statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Combined Management Report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Combined Management Report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the Consolidated Financial Statements and the Combined Management Report.

Responsibility of the auditor for the audit of the Consolidated Financial Statements and the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Combined Management Report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the Consolidated Financial Statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the Consolidated Financial Statements and on the Combined Management Report.

Reasonable assurance is a high degree of certainty but no guarantee that an audit performed in compliance with Section 317 of the HGB and the EU regulation on statutory audits of public interest entities in consideration of the generally accepted standards for financial audits in Germany as defined by the Institute of Public Auditors (IDW) will always reveal a material misstatement. Misstatements may result from fraudulent behavior or error and are considered material if it could be reasonably expected for them to influence the economic decisions made by the addressees, whether individually or as a whole, based on these Consolidated Financial Statements and Combined Management Report.

We exercise professional judgment and maintain a critical stance throughout the audit. In addition:

- *We identify and assess the risks of material misstatement of the Consolidated Financial Statements and of the Combined Management Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*

- *We obtain an understanding of internal control relevant to the audit of the Consolidated Financial Statements and of arrangements and measures relevant to the audit of the Combined Management Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control or on the effectiveness of these arrangements and measures.*

- *We evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.*

- *We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Consolidated Financial Statements and in the Combined Management Report or, if such disclosures are inadequate, to modify our respective opinions.*

We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

→ *We evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements present the underlying transactions and events in a manner that the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.*

→ *We plan and perform the audit of the Consolidated Financial Statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business segments within the Group to express opinions on the Consolidated Financial Statements and on the Combined Management Report. We are responsible for the direction, supervision and review of the audit activities performed for the purpose of the audit of the Consolidated Financial Statements. We bear sole responsibility for our audit opinions.*

→ *We evaluate the consistency of the Combined Management Report with the Consolidated Financial Statements, its conformity with German law, and the view of the Group's position it provides.*

→ *We perform audit procedures on the prospective information presented by the legal representatives in the Combined Management Report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to address independence threats. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER STATUTORY AND LEGAL REQUIREMENTS

Note about the audit of the electronic reproductions of the Consolidated Financial Statements and of the Combined Management Report prepared for publication purposes of disclosure in accordance with Section 317 (3a) of the German Commercial Code HGB

Audit opinion

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the Consolidated Financial Statements and the Combined Management Report (hereinafter also referred to as "ESEF documents") contained in the file "SMA-2024-12-31-en.zip" and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the Consolidated Financial Statements and the Combined Management Report into the ESEF format and therefore does not extend to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the reproduction of the Consolidated Financial Statements and the Combined Management Report contained in the above-mentioned file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this audit opinion and our audit opinions on the accompanying Consolidated Financial Statements and on the accompanying Combined Management Report for the financial year from January 1, 2024 to December 31. 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any opinion on the information contained in these reproductions or on any other information contained in the above-mentioned file.

Basis for the audit opinion

We conducted our audit of the reproduction of the Consolidated Financial Statements and of the Combined Management Report contained in the above-mentioned file in accordance with Section 317 (3a) HGB and IDW Auditing Standard: Audit of the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW PS 410 (06.2022)). Our responsibilities under those requirements are further described in the "Auditor's responsibilities for the audit of the ESEF documents" section. Our audit practice has applied the requirements of the IDW Quality Management Standards, which implement the International Standards on Quality Management of the IAASB.

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The executive directors of the company are responsible for the preparation of the ESEF documents including the electronic reproduction of the Consolidated Financial Statements and the Combined Management Report in accordance with Section 328 (1) Sentence 4 No. 1 HGB and for the tagging of the Consolidated Financial Statements in accordance with Section 328 (1) Sentence 4 No. 2 HGB.

In addition, the company's legal representatives are responsible for such internal controls as they deem necessary to enable the preparation of the ESEF documents that are free from material violations, whether intentional or unintentional, of the requirements for the electronic reporting format stipulated in Section 328 (1) HGB.

The Supervisory Board is responsible for monitoring the preparation process of the ESEF documents as part of the accounting process.

Responsibility of the auditor of the Consolidated Financial Statements for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material - intentional or unintentional - non-compliance with the requirements of Section 328 (1) HGB. During the audit, we exercise professional judgment and maintain professional skepticism. In addition

- *We identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.*

- *We obtain an understanding of internal control relevant to the audit of the ESEF documentation in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls.*

- *We assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815 in the version applicable at the reporting date for the technical specification for this file.*

- *We evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited Combined Management Report.*

- *We assess whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version applicable at the reporting date provides an adequate and complete machine-readable XBRL copy of the XHTML reproduction.*

OTHER INFORMATION IN ACCORDANCE WITH ARTICLE 10 OF THE EU REGULATION ON STATUTORY AUDITS OF PUBLIC INTEREST ENTITIES

We were selected as the auditor at the Annual General Meeting on May 28, 2024. We were commissioned by the Supervisory Board on May 28, 2024. We have worked continuously as a group auditor for SMA Solar Technology AG since fiscal year 2022.

We hereby declare that the audit opinions contained in this auditor's report conform with the additional report submitted to the audit committee in accordance with Article 11 of the EU regulation on statutory audits of public interest entities (auditor's report).

OTHER MATTERS – USE OF THE AUDITOR'S REPORT

Our audit opinion should always be read in conjunction with the audited Consolidated Financial Statements and the audited Combined Management Report as well as the audited ESEF documents. The Consolidated Financial Statements and the Combined Management Report converted into the ESEF format - including the versions to be filed in the company register - are merely electronic reproductions of the audited Consolidated Financial Statements and the audited Combined Management Report and do not replace them. In particular, the ESEF report and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Dr. Jan Faßhauer.

Appendix to the auditor's report: Non-audited components of the combined management report

We have not audited the content of the following components of the combined management report:

- *the combined non-financial statement contained in the "Group Sustainability Statement" section of the Combined Management Report*
- *the "Corporate Governance Report" section in the "Corporate Governance" chapter*
- *the non-management report items contained in the Combined Management Report that are*
- *unaudited information. These include*
- *the paragraph marked in the "Future-oriented development approach" section*
- *the section "Holistic solutions for the energy supply of the future"*
- *the estimated values in the section "Sector-specific economic conditions"*
- *the section "Strategic positioning as an "energy transition company" with a focus on systems and solutions"*
- *the section "Principles of the internal control system"*
- *the section "Description of the internal control system"*
- *the section "Overall statement on the internal control and risk management system"*
- *the section "The SMA Group is driving the digitalization of the energy industry"*

Frankfurt am Main, March 13, 2025
BDO AG Accounting firm

Gebhardt	Dr. Fasshauer
German Public Auditor	German Public Auditor

NOTE ABOUT THE AUDIT OF THE GROUP SUSTAINABILITY STATEMENT

Assurance Report of the independent German public auditor on a limited assurance engagement in relation to the Group Sustainability Statement[1]

To SMA Solar Technology AG, Niestetal

Assurance conclusion

We have conducted a limited assurance engagement on the Group Sustainability Statement, included in section "Consolidated Sustainability Statement" of the combined management report, of SMA Solar Technology AG, Niestetal (hereinafter referred to as "SMA Solar" or "the Company") for the financial year from 1. January 2024 to 31. December 2024. The Group Sustainability Statement was prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 as well as Articles 315b and 315c in conjunction with Articles 289b to 289e of the German Commercial Code (HGB) for a combined non-financial statement.

The prior year's disclosures marked as unassured, the reports of other assurance practitioners in relation to the assurance of information and references to the Group's website, contained in the Group Sustainability Statement and as referred to in the Group Sustainability Statement (see appendix to this Assurance Report) are not subject to our assurance engagement.

Based on the procedures performed and the evidence obtained as part of our limited assurance engagement, nothing has come to our attention that causes us to believe that the accompanying Group Sustainability Statement, is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Articles 315b and 315c in conjunction with Articles 289b to 289e HGB for a combined non-financial statement and the supplementary criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe that:

[1] We have performed a limited assurance engagement on the German version of the Group Sustainability Statement and issued an Independent Practitioner's Report in German language, which is authoritative. The following text is a translation of the original German Independent Practitioner's Report.

→ *the accompanying Group Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the Group Sustainability Statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section "Materiality Assessment" of the Group Sustainability Statement, or*

→ *the disclosures in the Group Sustainability Statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.*

We do not express an assurance conclusion on the prior year's disclosures marked as unassured and on references in the Group Sustainability Statement to assurance reports or reports of other assurance practitioners (see appendix to this Assurance Report).

Basis for the assurance conclusion and opinion

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the section "German public auditor's responsibilities for the assurance engagement on the Group Sustainability Statement."

We are independent of SMA Solar in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion and opinion.

Responsibilities of the executive directors and the Supervisory Board for the Group Sustainability Statement

The executive directors are responsible for the preparation of the Group Sustainability Statement in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the supplementary criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control that they have considered necessary to enable the preparation of the Group Sustainability Statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent sustainability reporting in the Group Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Group Sustainability Statement, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The Supervisory Board is responsible for overseeing the process for the preparation of the Group Sustainability Statement.

Inherent limitations in preparing the Group Sustainability Statement

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. Therefore, the executive directors have disclosed their interpretations of such wording and terms in the Group Sustainability Statement. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Group Sustainability Statement.

German public auditor's responsibilities for the assurance engagement on the Group Sustainability Statement

Our objectives are to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Group Sustainability Statement, has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the supplementary criteria presented by the Company's executive directors, and to issue an assurance report that includes our assurance conclusion on the Group Sustainability Statement.

As part of an assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- *obtain an understanding of the process used to prepare the Group Sustainability Statement, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Group Sustainability Statement.*

- *identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.*

- *consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.*

Summary of the procedures for the limited assurance engagement by the German public auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In performing our limited assurance engagement, we:

- *evaluated the suitability of the criteria as a whole presented by the executive directors in the Group Sustainability Statement.*
- *inquired of the executive directors and relevant employees involved in the preparation of the Group Sustainability Statement about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Group Sustainability Statement, and about the internal controls relating to this process.*
- *evaluated the reporting policies used by the executive directors to prepare the Group Sustainability Statement.*
- *evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.*
- *performed analytical procedures and made inquiries in relation to selected information in the Group Sustainability Statement.*
- *considered the presentation of the information in the Group Sustainability Statement.*
- *considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Group Sustainability Statement.*

Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the assurance report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the afore-mentioned. Accordingly, the assurance report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

Engagement terms

This engagement is based on the "Special Terms and Conditions of BDO AG Wirtschaftsprüfungsgesellschaft" dated January 1, 2024, agreed with the Company as well as the „General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" dated January 1, 2024, issued by the IDW (www.bdo.de/engagement-terms-conditions).

Frankfurt am Main, March 13, 2025

BDO AG Wirtschaftsprüfungsgesellschaft

Gebhardt	Dr. Faßhauer
German Public Auditor	German Public Auditor

Appendix to the assurance report: Unassured elements of the Group Sustainability Statement

The following were not subject to our audit:

→ *Prior year figures that were not part of the 2023 reporting and are marked as unaudited in the report with "*"*

→ *Prior year figures that were methodologically adjusted and are marked as unaudited in the report with "**"*

As well as the following references in the Group's sustainability report to notes or reports from other auditors:

→ *Results of the waste management audit*

→ *Results of the SMETA audit*

As well as references to the Group's websites. The information to which these references pertain has not been substantively audited by us.

REMUNERATION REPORT

The Remuneration Report provides detailed, personalized information on the remuneration granted and owed to the members of the Managing Board and the Supervisory Board of SMA Solar Technology AG in the reporting year. In addition, the Remuneration Report summarizes the principles that are decisive when it comes to determining remuneration for the Supervisory Board and the Managing Board and also explains the remuneration structure. The Report meets the requirements of Section 162 of the German Stock Corporation Act (AktG). Further detailed information regarding the remuneration systems for the Managing Board and Supervisory Board members can be found on the corporate website.

Remuneration of the members of the Managing Board

A review of the fiscal year with regard to remuneration

In 2024, the remuneration system already described in the 2023 Annual Report continues to apply. In 2023, the Supervisory Board stipulated adjustments to the remuneration system for the Managing Board, which had been in place since 2021, to take effect starting June 1, 2023. The adjustments made took particular account of the experience gained through the application of the 2021 remuneration system. The adjusted remuneration system for the Managing Board (hereinafter referred to as the 2023 remuneration system) was put to a vote at the ordinary Annual General Meeting on May 24, 2023, in accordance with Section 120a (1) AktG and approved by a majority of 86.09%. This applies to the employment contract concluded in July 2023 for Dr. Jürgen Reinert and will continue to apply to future employment contracts with Managing Board members in the event of both the reappointment of an existing Managing Board member or the appointment of a new member. The remuneration system approved by the 2021 Annual General Meeting applies to the employment contracts concluded in 2022 with Barbara Gregor and Thomas Pixa (left the company). The remuneration for Ulrich Hadding (left the company) is based on the 2017 remuneration system.

The remuneration systems are compared in the table below:

Differences between the 2021 and 2023 remuneration systems

Subject	Remuneration system 2021	Remuneration system 2023
Variable remuneration: annual bonus	→ 1st component: 40% EBIT target (150% max.) → 2nd component: 30% financial performance target (150% max.) → 3rd component: 30% two personal targets (150% max.); of which 50% from financial and 50% from non-financial performance criteria	→ 1st component: 40% EBIT target (150% max.) → 2nd component: 30% financial performance target (150% max.) → 3rd component: 30% two personal targets (150% max.); of which 50% from financial and 50% from non-financial performance criteria
Variable remuneration: long-term bonus	→ One to two long-term financial performance targets over four fiscal years (150% max.) → Discretionary factor (0.8 to 1.2) for ESG targets → Overfulfillment possible up to 180% max. (cap including discretionary factor)	→ One long-term financial and one long-term non-financial performance target over four fiscal years (150% max.) → Non-financial performance target must account for at least 50% of the long-term bonus
Maximum remuneration	→ Maximum remuneration defined; implemented via limits on amounts paid out in variable remuneration	→ Maximum remuneration defined; implemented via limits on amounts paid out in variable remuneration
Share ownership guideline	→ If short- and long-term bonuses > 100%, obligation to invest 40% of amount in SMA shares	→ If short- and long-term bonuses > 100%, obligation to invest 40% of amount in SMA shares
Change of control	→ No entitlement to severance pay if contract is terminated in the event of a change of control	→ No entitlement to severance pay if contract is terminated in the event of a change of control

In the event of major changes to the remuneration systems, or at least every four years, the applicable remuneration system for the Managing Board of SMA Solar Technology AG will be submitted at the Annual General Meeting for approval.

Principles by which remuneration is set

The Supervisory Board as a whole is responsible for determining the structure of the remuneration system for the Managing Board and for setting the separate emoluments and other material contract elements. The Presidial Committee assists the Supervisory Board with this and prepares Supervisory Board resolutions. In arranging both the 2021 and 2023 remuneration systems, the Supervisory Board worked on the basis of the following parameters:

- Making the system transparent and easy to understand;
- The company's financial situation and long-term sustainable development;
- Linking the interests of shareholders in the sustainable development of their stakes in the company to corresponding performance incentives for the members of the Managing Board;
- Ensuring that remuneration is competitive on the market for highly skilled executives;
- Basing remuneration on the assignments, responsibilities and success of each individual member of the Managing Board;
- Linking a significant proportion of overall remuneration to the achievement of ambitious long-term performance targets;
- Establishing an appropriate ratio of fixed remuneration to performance-based remuneration;
- Maintaining an appropriate level in both horizontal and vertical terms.

Link between remuneration system and corporate strategy

The main components of the 2021 and 2023 remuneration systems are fixed remuneration, additional benefits, one-year variable remuneration and several years' variable remuneration. The link between these components and the corporate strategy is as follows:

Together with the other remuneration components, fixed remuneration and additional benefits allow the Managing Board to secure and retain highly skilled members in the long-term as required for the development and implementation of the corporate strategy. Both components are intended to be competitive offers on the market for highly skilled Managing Board members.

One-year variable remuneration is intended to motivate members of the Managing Board to achieve ambitious and challenging financial, operational and strategic objectives during a fiscal year. These objectives are based on the corporate strategy and, in addition to profitability and sales as the material key figures of an efficiently operating company, they incorporate further strategy-based objectives. The system also stipulates the setting of non-financial targets as part of the one-year personal targets for the Managing Board with a weighting of at least 50%. The potential to surpass objectives in a way that will then be reflected in the remuneration is intended to set a stronger incentive for Managing Board members to strive to achieve the objectives.

Multiyear variable remuneration is indicative of the company's strategic approach of encouraging members of the Managing Board to secure and improve profitability and the value of the company on a long-term basis by setting ambitious objectives linked closely with the multi-year performance of the company's earnings. The evaluation period of four years stipulated for the remuneration system has helped ensure that the Managing Board's actions are partly focused on the long-term development of the company. The requirement in the 2023 remuneration system for the Supervisory Board to define non-financial targets with the Managing Board that are at least equivalent to financial targets takes greater account of the importance of sustainability in the company and the market compared to the 2021 remuneration system.

Setting of target remuneration

When setting remuneration, the Supervisory Board particularly considers the general principles outlined in this section, as well as the criteria for appropriate remuneration.

A twelfth of the agreed annual fixed remuneration is paid out each calendar month. If an employment contract begins or ends in the course of a fiscal year, the remuneration for that fiscal year will be paid out on a pro-rata basis.

The fixed remuneration, like the other remuneration components, can be adjusted or reset for the duration of a new employment contract as part of the existing remuneration system for the members of the Managing Board. Furthermore, all remuneration components can be reviewed if the duties or responsibilities of a member of the Managing Board should change.

One-year variable remuneration is measured on the basis of two key group figures and one personalized performance factor based on the performance of the member of the Managing Board in question and the achievement of stakeholder objectives. The performance period is the fiscal year as defined by SMA Solar Technology AG.

A personal target amount (target amount) to be paid out upon 100% target fulfilment is agreed in the employment contract of each member of the Managing Board. With regard to the target amount agreed, the Supervisory Board refers to the general principals outlined in the section "Principles by which remuneration is set." Performance objectives under the remuneration system include earnings before interest and taxes in relation to sales revenue

(EBIT margin), a further financial performance target (such as sales or free cash flow), and personal performance targets of the Managing Board members. The Supervisory Board sets the figures for these performance targets for the applicable fiscal year.

Under 4.2.2 of the remuneration system, 40% of the "EBIT margin" component mentioned in 4.2.1 of the system is included in the one-year variable remuneration. The "financial performance target" and "personal performance" components each contribute 30% to the one-year variable remuneration. All components can also be fulfilled up to 150%. If the annually defined lower limits of the respective components are not met, they are graded with a "0." If the sum of the percentages of the components reaches 100%, this entitles payment of the full agreed target amount. Exceeding the agreed targets leads to a payment claim of up to 150% of the individually agreed target amount.

The multi-year variable remuneration under the 2021 remuneration system is paid upon the achievement of a financial performance target (e.g., EBIT, sales), the achievement of which is measured based on the target achievement over a period of four consecutive fiscal years. For this purpose, two non-financial performance targets (ESG targets) are included in determining the target achievement value via a discretionary factor of 0.8 to 1.2.

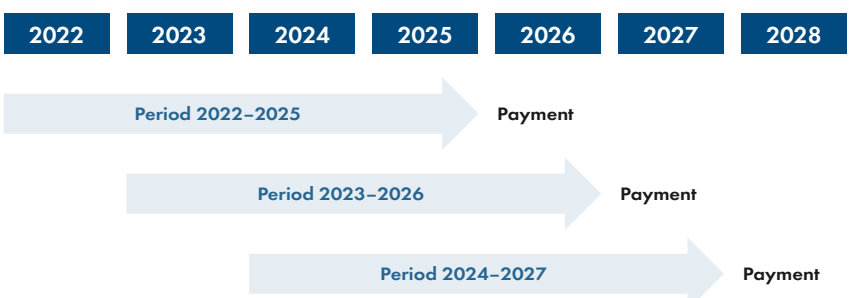
With regard to the target amount agreed, the Supervisory Board also referred to the general principles outlined in the section "Principles by which remuneration is set."

The upper and lower limits of the target value (EBIT margin) are determined by the Supervisory Board for a period of four fiscal years. If the upper limit for the target value is reached, the member will be entitled to the full target amount. The Managing Board member is not entitled to the bonus until the lower threshold for the target value is reached. Values in-between are determined on a linear basis. Exceeding the agreed target values leads to a higher variable component, which can reach a maximum of 180% of the agreed variable remuneration (cap). The target assessment takes place after the end of the defined four-year period.

Instead of just financial performance targets as the basis for multi-year remuneration, the 2023 remuneration system provides for at least equal weighting of a financial and a non-financial performance target. In the case of a non-equally weighted determination, the share of the non-financial performance target must continue to take precedence. In addition, the discretionary factor of the 2021 remuneration system no longer applies. However, exceeding the agreed target values will also lead to a higher variable component under the 2023 remuneration system, which can reach a maximum of 150% of the agreed variable remuneration (cap). The target assessment takes place after the end of the defined four-year period.

Payment is made after the adoption of the first consolidated financial statements following the end of the assessment period, even if the employment contract ends before the end of the performance period.

Installments for long-term variable remuneration (2021 and 2023 remuneration system)[1]

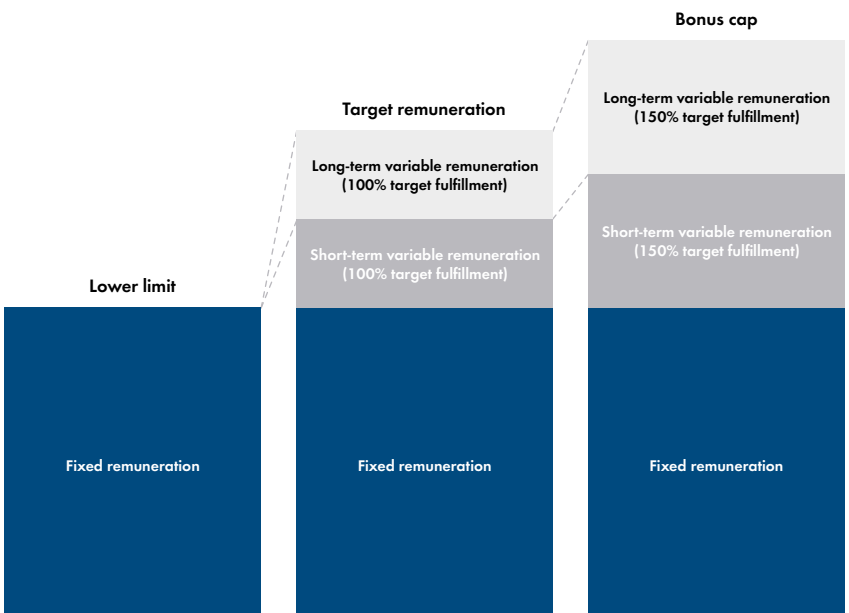


[1] The Supervisory Board set a target value for every period over the four year period.

Adherence to maximum remuneration

In the 2024 fiscal year, the remuneration paid and owed to the Managing Board fell short of the maximum remuneration set out in the 2023 remuneration system. Refer to the remuneration tables in the "Managing Board remuneration amounts in the fiscal year" for further details of remuneration paid and owed.

Distribution of Managing Board remuneration (2023 remuneration system)[1]



[1] Schematic representation; in contrast to the 2021 remuneration system, the long-term variable remuneration element in the 2023 remuneration system can be fulfilled up to 180%.

Assessment of appropriateness

In the fiscal year, the Supervisory Board used the disclosed remuneration figures of companies listed on the MDAX for comparison purposes when assessing if the remuneration for Managing Board members was appropriate. In view of the company's relisting in the SDAX in the course of the fiscal year, the Supervisory Board will use the companies of the SDAX for comparison in the next review in deviation from 3.1 of the 2023 remuneration system.

It also included Managing Board remuneration in relation to remuneration of the top-level executives and the workforce as a whole, taking into account changes over time, for this purpose, defined comparable peer groups for top-level executives (employees at the first and second levels below the Managing Board working in Germany) and the workforce (all employees working in Germany).

Application of the remuneration system during the fiscal year

Due to the varying employment contracts of the Managing Board members, including those who have already left, the 2017, 2021 and 2023 remuneration systems have been applied in the reporting year. In view of the remuneration systems to be applied at the same time, the Supervisory Board also took into account their compatibility under both systems when selecting the performance targets for the active Managing Board members for the reporting year.

Fixed remuneration components

In line with the 2021 and 2023 remuneration systems, a twelfth of the agreed annual fixed remuneration is paid out each calendar month.

All Managing Board members are also entitled to the following additional benefits:

- A company car, including for personal use; or, alternatively, a gross monthly vehicle allowance of €1,600,
- Reimbursement of travel costs and any expenses incurred on company business in accordance with the SMA Solar Technology AG travel expenses policy,
- Continued payment of remuneration for up to nine months in the event of temporary sick leave,
- Payment of the hypothetical employer's contribution up to the contribution assessment ceiling of the statutory social insurance scheme (pension, health, nursing care), even in the case of voluntary insurance and without any proof being furnished,
- Appropriate accident insurance,
- Appropriate directors and officers liability insurance ("D&O insurance") in case one or more members of the Managing Board should be subject to a claim for financial loss from a third party or the company based on statutory liability provisions under private law on the grounds of a breach of duty committed in the course of business. There is a deductible for D&O insurance of 10% of the damages up to a maximum of one and a half times the fixed annual remuneration,
- Criminal defense insurance covering the members of the Managing Board for legal expenses incurred in criminal and administrative proceedings if these relate to action or failure to act associated with their activities on behalf of SMA Solar Technology AG.

Barbara Gregor also received support for the expenses of a second residence at the Kassel site as part of onboarding.

Any taxes due on additional benefits must be borne by the Managing Board member. The members of the Managing Board do not receive any extra payment for a private pension beyond the employer's contribution paid when the contribution assessment ceiling for statutory pension insurance is reached.

Variable remuneration components

The performance criteria for one-year and multi-year variable remuneration in line with both remuneration systems are based on the strategic objectives of the company. The financial performance criteria for variable remuneration under the remuneration systems serve to measure success in terms of increasing profitability and efficiency while making optimized use of capital. The non-financial performance criteria support the company's alignment with the criteria of good corporate governance that takes social and environmental concerns into account in order to align the performance incentives even more specifically with the specific business strategy. The agreement of personal performance criteria for Managing Board members takes place in addition to the aforementioned performance criteria. This gives the Supervisory Board the option to promote the sustainability of the SMA Group in a more targeted way while taking the interests of shareholders and other stakeholders into account.

One-year variable remuneration

In 2023, on the basis of the 2021 remuneration system, the Supervisory Board stipulated minimum, target and maximum figures for the key financial targets and, in the case of personal targets, selected "Substitution testing" and "Sales" as variable remuneration for the one-year variable remuneration paid and owed in the reporting year. In doing so, the Supervisory Board ensured that the target values for the performance criteria were ambitious and challenging. The Supervisory Board also agreed on the target topics of the 2023 fiscal year for the variable remuneration based on the 2023 remuneration system, which apply to the employment contract concluded with Dr. Reinert as of July 1, 2023. Thus, the change of contract did not result in any fundamental change in the Managing Board's targets for 2023.

The target values for one-year variable remuneration as well as its weighting and the degree of fulfillment achieved for the Managing Board members in 2023, set at the same level, are presented below:

Target values and degree of fulfillment for one-year variable remuneration

Criterion and weighting	0% target	100% target	150% target	Actual figures in 2023	Degree of target fulfillment
EBIT margin (40%)	2.0%	5.0%	6.5%	14.2%	150%
Free cashflow (30%)	€0 million	€9 million	€13.5 million	€56.6 million	150%
Personal target 1: Substitution check (18%)	50% components	75% components	100% components	100% components	150%
Personal target 2: Sales (12%)	€1.1 billion	€1.4 billion	€1.6 billion	€1.9 billion	150%

Long-term variable remuneration

The target values actually achieved are calculated as a parameter for measuring long-term remuneration on the basis of the results actually achieved in the fiscal years covered by the respective period. The degree of target fulfillment thus cannot be calculated, nor can any long-term remuneration be paid, until the respective period has finished. Any advance payments are not possible.

During the reporting year, the Supervisory Board regularly assessed the degree of target fulfillment of the common target value set for the Managing Board members for long-term Managing Board remuneration relating to the period from 2021 to 2023 as follows:

Target value and degree of fulfillment for multi-year variable remuneration

Criterion and weighting	0%	100%	Cap	Actual figure 2021-2023	Degree of target fulfillment
Average EBIT margin 2021-2023 (100%)	0%	3.8%	3.8%	4.7%	100%

Share Ownership Guidelines

Under the 2021 and 2023 remuneration systems, the Managing Board is required to invest 40% of the gross amount of the variable remuneration in company shares, insofar as this is based on a target achievement of more than 100%.

According to a disclosure made by the members of the Managing Board, they held, either directly or indirectly, a total stake of 0.12% in all shares issued as of the end of the fiscal year. The active Managing Board members acquired shares in the company during the fiscal year.

Retention/clawback

In the 2021 and 2023 remuneration systems, the Supervisory Board has not made use of the option to claw back or retain (malus provisions) remuneration components, either partially or in full, beyond the statutory provisions.

Benefits in the event of termination of Managing Board duties

In the event of early termination of Managing Board duties without good cause, the compensation payable is limited to the total remuneration for the remaining term of the contract and up to a maximum of two years' emoluments (severance pay cap). SMA Solar Technology AG will not grant any benefits in the event of regular termination of Managing Board duties.

Benefits from third parties

Managing Board members receive no separate remuneration for carrying out work at subsidiaries relating to their Managing Board activities at SMA Solar Technology AG.

Managing Board remuneration amounts in the fiscal year

Remuneration paid and owed

The following tables show the remuneration paid and owed (inflows) to each individual member of the Managing Board in the reporting year. The payments specified for the reporting year encompass the fixed remuneration components actually paid out in the reporting year, plus the variable remuneration due and paid out in the fiscal year. According to Section 162 of German Stock Corporation Act, remuneration paid and owed refers to the amounts that were due in the reporting period and have already been paid to the specific Managing Board member or are due and have yet to be paid.

The figures for each payment are divided into fixed and variable remuneration components. The fixed remuneration components include the nonperformance-based basic salaries and additional benefits.

The variable performance-based remuneration components are divided into one-year and multiyear variable remuneration.

For information and not as part of the remuneration report to be submitted pursuant to Section 162 of the German Stock Corporation Act (AktG), the tables show the amounts of the Managing Board's variable remuneration that will be due in the following year as a result of the fulfillment of targets agreed upon in the reporting year.

Managing Board remuneration paid and owed

Remuneration components "paid and owed" in the respective fiscal year in accordance with Section 162 (1), sentence 1 AktG	Dr.-Ing. Jürgen Reinert Chief Executive Officer, Board Member for Strategy, Sales and Service, Operations and Technology Joined 2014/04/01		Barbara Gregor[3] Board Member for Finance and Legal Joined 2022/12/01	
	2024	2024[1]	2024	2024[1]
	in €'000	in %	in €'000	in %
Fixed remuneration	1,421	55%	650	68%
Additional benefits/Others	21	1%	41	4%
Total	**1,441**	**56%**	**691**	**73%**
One-year variable remuneration 2023	696	27%	260	27%
Multiyear variable remuneration				
Three-year variable remuneration 2021–2023	428	17%	0	0%
Total	**1,124**	**44%**	**260**	**27%**
Total	**2,565**	**100%**	**951**	**100%**
For information: remuneration promised for the 2024 fiscal year[2]				
One-year variable remuneration 2024	131	23%	39	100%
Multiyear variable remuneration				
Three-year variable remuneration 2022–2024	428	77%	0	0%

Remuneration components "paid and owed" in the respective fiscal year in accordance with Section 162 (1), sentence 1 AktG	Thomas Pixa[3] Board Member for Finance and Legal Joined 2022/06/01, left 2022/11/30		Ulrich Hadding Board Member for Finance, HR and Legal Joined 2017/01/01, left 2022/05/31	
	2024	2024[1]	2024	2024[1]
	in €'000	in %	in €'000	in %
Fixed remuneration	0	0%	0	0%
Additional benefits/Others	0	0%	0	0%
Total	**0**	**0%**	**0**	**0%**
One-year variable remuneration 2023	0	0%	0	0%
Multiyear variable remuneration				
Three-year variable remuneration 2021–2023	0	0%	307	100%
Total	**0**	**0%**	**307**	**100%**
Total	**0**	**0%**	**307**	**100%**
For information: remuneration promised for the 2024 fiscal year[2]				
One-year variable remuneration 2024	0	0%	0	0%
Multiyear variable remuneration				
Three-year variable remuneration 2022–2024	0	0%	307	100%

[1] The relative proportions given here refer to the remuneration components "paid and owed" in the respective fiscal year in accordance with Section 162 (1), sentence 1 of AktG. They thus include all benefits actually allocated in the fiscal year in question, irrespective of the fiscal year for which they were allocated to the members of the Managing Board. Consequently, the relative proportions given here are not comparable with the relative proportions in the description of the remuneration system according to Section 87a (1), no. 3 of AktG submitted to the Annual General Meeting with this remuneration report. The proportions specified in the remuneration system refer to the applicable target values.

[2] Neither paid nor owed during respective fiscal year

[3] Four-year variable renumeration -for the respective fiscal year no multiyear renumeration is owed

Comparison of remuneration and earnings performance

The comparison of the changes in Managing Board remuneration, the company's earnings and the average remuneration of the workforce presented in the table below in accordance with Section 162 (1), Sentence 2, no. 2 of AktG shows a consistent four-year correlation, as the comparison with average workforce remuneration over the past five years required pursuant to Section 26j (2), Sentence 2 of the introductory legislation to the Stock Corporation Act (AktG) does not need to cover the years prior to the introduction of Section 162 (1), Sentence 2, no. 2 AktG.

The comparison with the progression in average employee remuneration is based on the average remuneration of the workforce of SMA AG because remuneration varies, particularly at the subsidiaries outside Germany. This reference group was also used in the appropriateness assessment of the remuneration of the Managing Board members. This considered the remuneration of all employees, including executive staff, as defined in Section 5 (3) of the German Works Constitution Act (BetrVG). Any remuneration additionally received by employees as members of the Supervisory Board of SMA AG was disregarded. For ease of comparison, the remuneration of part-time staff was converted to full-time equivalents.

Comparison of annual changes in Managing Board remuneration in accordance with Section 162 (1) no. 2 AktG

Annual change	**2024 vs. 2023**	**2023 vs. 2022**	**2022 vs. 2021**	**2021 vs. 2020**
Managing Board remuneration and emoluments[1]				
Dr. Jürgen Reinert	54%	60%	−21%	4%
Barbara Gregor[2,8]	32%			
Thomas Pixa[2,3]	−100%	−64%		
Ulrich Hadding[4]	−7%	−60%	−17%	2%
Earnings performance				
SMA Solar Technology AG[5]	−151.8%	2607.0%	249.4%	−85.7%
SMA Group[6]	−105.1%	344.1%	728,1%6	−88,2%6
Average remuneration of employees on full-time equivalent basis				
Employees of the company	9%	2%	3%	8%

1 Remuneration paid and owed in accordance with Section 162 (1), sentence 1 of AktG. Fixed remuneration including additional benefits and one-year and multiyear variable remuneration.
2 Joined in 2022
3 Left on November 30, 2022
4 Left on May 31, 2022
5 Annual earnings as referred to in Section 275 (2), no. 17 of HGB.
6 EBITDA of the SMA Group; The comparative values were adjusted according to IAS 8.42 (see Chapter 2.2 of the Notes to SMA's 2022 Annual Report)
7 EBITDA of the SMA Group
8 As a result of joining in December 2022, the annual remuneration for 2022 cannot be meaningfully compared to the annual income for 2023

Remuneration of the members of the Supervisory Board

The 2023 Annual General Meeting approved the remuneration system detailed in the Articles of Incorporation of SMA Solar Technology AG with a majority of 99.97% (2023 Supervisory Board remuneration system).

Structure of Supervisory Board remuneration

In accordance with the 2023 Supervisory Board remuneration system, the ordinary members of the Supervisory Board receive remuneration of €50,000 for each fiscal year in accordance with Section 11 (1) of the Articles of Incorporation. The chairperson receives €100,000 and the deputy chairperson receives €75,000.

In accordance with the 2023 Supervisory Board remuneration system, the chair of the Audit Committee receives an additional €37,500, while other members of the Audit Committee receive an additional €18,750 each. The chairperson of the Presidial Committee receives an additional €15,000, while other members of the Presidial Committee receive an additional €7,500 each. The members of other committees do not receive any additional remuneration.

Any members of the Supervisory Board who leave the Supervisory Board or positions on any of its committees that receive additional remuneration during a fiscal year are remunerated on a pro-rata basis.

The members of the Supervisory Board also receive an attendance fee of €750 per meeting, up to a maximum of two meeting fees on one day. Furthermore, SMA has taken out professional indemnity insurance in case one or more members of the Supervisory Board should be subject to a claim for financial loss from a third party or the company based on statutory liability provisions under private law on the grounds of a breach of duty committed in the course of business.

Supervisory Board remuneration and emolument amounts

In accordance with Section 162 (1), Sentence 1, Sentence 2, No. 1 AktG, all fixed and variable remuneration components that were "paid and owed" to the individual members of the Supervisory Board in the 2024 fiscal year have to be disclosed. The figures presented in the table below refer to the remuneration components "paid and owed" in the respective fiscal year in accordance with Section 162 (1), Sentence 1 AktG. They thus include all benefits actually allocated or owed in the fiscal year in question, irrespective of the fiscal year for which they were allocated to the members of the Supervisory Board. The amounts for the 2023 fiscal year that were not paid out until the 2024 fiscal year in accordance with the Articles of Incorporation are considered.

Remuneration paid and owed to the Supervisory Board in the 2024 fiscal year[1]

	Fixed remuneration in €'000		Fixed remuneration for committee duties in €'000		Meeting fees in €'000		Total
Roland Bent	50.0	94%			3.0	6%	53.0
Martin Breul	50.0	94%			3.0	6%	53.0
Oliver Dietzel	50.0	65%	18.8	24%	8.3	11%	77.1
Kim Fausing[2]							
Johannes Häde	50.0	63%	18.8	23%	11.3	14%	80.1
Constanze Hufenbecher[3]							
Uwe Kleinkauf	100.0	83%	15.0	12%	6.0	5%	121.0
Ilonka Nußbaumer	50.0	93%			3.8	7%	53.8
Alexa Siebert	50.0	51%	37.5	38%	10.5	11%	98.0
Yvonne Siebert	50.0	81%	7.5	12%	4.5	7%	62.0
Romy Siegert	50.0	93%			3.8	7%	53.8
Jan-Henrik Supady	50.0	62%	18.8	23%	11.3	14%	80.1
Dr. Matthias Victor	50.0	79%	7.5	12%	6.0	9%	63.5
Total	**600.0**		**123.9**		**71.5**		**795.4**

1 Due to rounding differences, the total amount shown in this table does not correspond exactly to the sum of individual amounts shown in the table.
2 Kim Fausing waived remuneration for the Supervisory Board role.
3 Appointment to the SMA Supervisory Board on September 1, 2024 therefore no inflow in 2024.

Comparison of remuneration and earnings performance

Because remuneration is largely dependent on national conditions, particularly at the subsidiaries outside Germany, the comparison with the progression in average remuneration is based solely on the remuneration of the workforce of SMA AG. This reference group was also used in the appropriateness assessment on the remuneration of the members of the Managing Board. This considered the remuneration of all employees, including executive staff, as defined in Section 5 (3) of the German Works Constitution Act (BetrVG). Any remuneration additionally received by employees as members of the Supervisory Board of SMA AG was disregarded. For ease of comparison, the remuneration of part-time staff was converted to full-time equivalents.

Comparison of annual changes in Supervisory Board remuneration in accordance with Section 162 (1), no. 2 AktG

Annual change	2024 vs. 2023[7]	2023 vs. 2022	2022 vs. 2021	2021 vs. 2020
Supervisory Board remuneration and emoluments[1]				
Roland Bent	84%	0%	0%	3%
Martin Breul	80%	3%	73%	
Oliver Dietzel	79%	2%	0%	0%
Kim Fausing[2]			0%	0%
Johannes Häde	80%	5%	0%	0%
Constanze Hufenbecher[3]				
Uwe Kleinkauf	81%	1%	83%	
Ilonka Nußbaumer[4]	82%	0%	0%	0%
Alexa Siebert	88%	3%	2%	2%
Yvonne Siebert	69%	4%	−6%	2%
Romy Siegert	87%	0%	73%	
Jan-Henrik Supady	80%	3%	80%	
Dr. Matthias Victor	73%	2%	−4%	2%

Annual change	2024 vs. 2023[7]	2023 vs. 2022	2022 vs. 2021	2021 vs. 2020
Earnings performance				
SMA Solar Technology AG[5]	−151.8%	2607.0%	249.4%	−85.7%
SMA Group[6]	−105.1%	344.1%	728,1%[8]	−88,2%[8]
Average remuneration of employees on full-time equivalent basis				
Employees of the company	9%	2%	3%	8%

1 Changes result in particular on the date on which a member joined the Supervisory Board, a member's subsequent departure and the number of meetings attended.
2 Kim Fausing waived remuneration for the Supervisory Board role.
3 Appointment to the Supervisory Board on September 1, 2024, therefore no inflow in 2024.
4 As no remuneration was received in the years 2020–2022, the amount received in 2023 cannot be compared.
5 Annual earnings as referred to in Section 275 (2), no. 17 of HGB.
6 EBITDA of the SMA Group
7 Changes result in particular from the amendment to Supervisory Board remuneration and the corresponding Supervisory Board remuneration system resolved by the Annual General Meeting on May 24, 2023.
8 EBITDA of the SMA Group; The comparative values were adjusted according to IAS 8.42 (see Chapter 2.2 of the Notes to SMA's 2022 Annual Report).

REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT IN ACCORDANCE WITH SECTION 162 (3) GERMAN STOCK CORPORATION ACT (AKTG)

To SMA Solar Technology AG, Niestetal

Audit opinion

We have formally audited the Remuneration Report of SMA Solar Technology AG, Niestetal, for the financial year from January 1, 2024 to December 31, 2024 to determine whether the disclosures pursuant to Section 162 (1) and (2) AktG have been made in the Remuneration Report. In accordance with Section 162 (3) AktG, we have not audited the content of the Remuneration Report.

In our opinion, the accompanying Remuneration Report includes, in all material respects, the disclosures required by section 162 (1) and (2) AktG. Our audit opinion does not cover the content of the Remuneration Report.

Basis for the audit opinion

We conducted our audit of the Remuneration Report in accordance with Section 162 (3) AktG and the IDW Auditing Standard: The Audit of the Remuneration Report in Accordance with Section 162 (3) AktG (IDW PS 870 (08.2021)). Our responsibilities under this requirement and this standard are further described in the "Auditor's Responsibilities" section of our report. As an audit firm, we have fulfilled the requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1) have been applied. We have complied with the professional requirements of the German Public Auditors' Code and the Professional Code for German Public Auditors/Certified Public Accountants, including the independence requirements.

Responsibilities of the Management Board and the Supervisory Board

The Management Board and the Supervisory Board are responsible for the preparation of the Remuneration Report, including the related disclosures, in accordance with the requirements of Section 162 AktG. In addition, they are responsible for such internal control as they have determined necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error.

Responsibilities of the auditor

Our objective is to obtain reasonable assurance about whether the Remuneration Report includes, in all material respects, the disclosures required by Section 162 (1) and (2) AktG and to issue an auditor's report thereon.

We planned and performed our audit such that we can determine the formal completeness of the Remuneration Report by comparing the disclosures made in the Remuneration Report with the disclosures required by Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we have not audited the content accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the Remuneration Report.

Dealing with any misleading representations

In connection with our audit, our responsibility is to read the Remuneration Report in the light of our knowledge obtained in the audit and, in doing so, to consider whether the Remuneration Report includes misrepresentations with regard to the accuracy of the content of the information, the completeness of the individual disclosures or the fair presentation of the Remuneration Report.

If, based on the work we have performed, we conclude that such a misrepresentation exists, we are required to report that fact. We have nothing to report in this context.

Frankfurt am Main, March 13, 2025
BDO AG Accounting firm

Gebhardt
German Public Auditor

Dr. Faßhauer
German Public Auditor

OTHER INFORMATION

Financial Glossary

E

Earn-out
An earn-out clause in a purchase agreement defines a portion of the purchase price that is paid at a later date on a performance-related basis.

EBIT
Earnings before interest and taxes

EBITDA
Earnings before interest, income taxes, depreciation and amortization

EBITDA margin
The higher the percentage, the higher the earnings power. The EBIT margin is calculated by putting operating profit in relation to sales.

EBIT margin
The higher the percentage, the higher the earnings power. The EBIT margin is calculated by putting operating profit in relation to sales.

EBT
Earnings before taxes

Equity ratio
Shows the share of equity in total assets.

F

Free Cash Flow
Operating cash flow minus investments plus negative investments in fixed and intangible assets. Free cash flow is important because it allows a company to pay dividends or to buy back shares. Therefore, free cash flow is a measure of how much cash can be paid to the shareholders of a company.

Free Cash Flow (adjusted)
Operating cash flow minus investments plus negative investments in fixed and intangible assets before cash inflows or outflows from time deposits or investments in securities. Adjusted free cash flow is an indicator of ability to repay debt financing.

G

Gross Cash Flow
Shows the operating income prior to any commitment of funds. It is calculated by considering earnings before income tax and the financial result – plus interest received, depreciation and amortization, changes in other provisions, profit/loss from the disposal of fixed assets and other non-cash expenses/revenues less interest paid and income tax paid.

Gross Profit
Sales minus cost of sales

I

IAS
International Accounting Standards; newer standards refer to the initials IFRS.

IASB
International Accounting Standards Board

IFRIC
Interpretations of the International Financial Reporting Interpretations Committee on IAS/IFRS

IFRS
International Financial Reporting Standards defined by the IASB

N

Net Cash
Liquid funds and securities contained within working capital and cash on hand pledged as collateral less interest-bearing financial liabilities to banks

Net Cash Flow From Financing Activities
Outflow/inflow of liquid funds from equity financing and debt financing

Net Cash Flow From Investing Activities
Outflow/inflow of liquid funds from investments and disinvestments

Net Cash Flow From Operating Activities
Outflow/inflow of liquid funds, unaffected by investments, disinvestments and financing activities

Net Working Capital
The total amount of short-term, interest-free working capital (inventories plus trade receivables less trade payables and liabilities from advanced payments received for orders)

Net Working Capital Ratio
Net working capital in relation to net sales

O

Operating Profit (EBIT)
Earnings before interest and taxes

Order Backlog
This includes current sales and sales expected in the future. In this context, the requirements for all orders pending delivery and deliveries that have already been made but not yet posted as goods issue are taken into account based on their volume and value.

R

Return on Assets (After Taxes)

The return on assets (after taxes) is the consolidated net profit divided by the average total assets of the reporting period (average of total assets at the beginning and end of the reporting period).

Return on Equity (After Taxes)

The return on equity (after taxes) is the consolidated net profit divided by the averaged total equity for the reporting period (average of total equity at the beginning and end of the reporting period).

Return on Sales

Ratio of EBT to sales

T

Total cash

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

Registered Trademarks

The SMA company logo, as well as the names Altenso, Coneva, Emerce, Energy that changes, ennexOS, ShadeFix, SMA, SMA Magnetics, SMA Smart Connected, SMA Solar Academy, SMA Solar Technology, Sunny, Sunny Boy, Sunny Central, Sunny Central FLEX, Sunny Highpower, Sunny Highpower Peak, Sunny Home Manager, Sunny Island, Sunny Portal, Sunny Tripower are registered trademarks of SMA Solar Technology AG in many countries in the world.

Disclaimer

The Annual Report, in particular the Forecast Report included in the Management Report, contains various forecasts and expectations, as well as statements regarding future developments 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 Annual Report.

Financial calendar

2025/05/08	Publication of Quarterly Statement January to March 2025 Analyst Conference Call
2025/06/03	Annual General Meeting 2025
2025/08/07	Publication of Half-Yearly Financial Report January to June 2025 Analyst Conference Call
2025/11/13	Publication of Quarterly Statement: January to September 2025 Analyst Conference Call

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