Annual report 2023

Solar A/S
Industrivej Vest 43
DK 6600 Vejen
Denmark
CVR no. 15 90 84 16

Who we are

We are a leading European sourcing and services company.

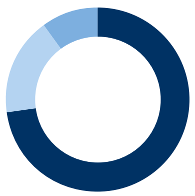
Segments
Share of revenue

Installation	Industry	Trade
56%	35%	9%

Products
Share of revenue

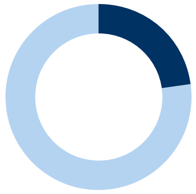
Groups

Electrical	73 %
Heating & Plumbing	17 %
Climate & Energy	10 %



Brands

Concepts	23 %
Other brands	77 %



Markets
Share of revenue

Denmark	32 %
The Netherlands	24 %
Sweden	19 %
Norway	15 %
Poland	3 %
Other	7 %

Contents

Our purpose

We improve construction, building operation and industry processes with a commitment to sustainability and productivity. For our customers. With our partners. For a better world.

Additional reports

Together with the Annual Report, the following publications constitute Solar's reporting for the year 2023:

Sustainability Report 2023 prepared in compliance with sections 99a of the Danish Financial Statements Act.

www.solar.eu/our-company/sustainability

Statutory report on corporate governance 2023 cf. § 107b of the Danish Financial Statements Act

www.solar.eu/investor/corporate-governance

Statutory report on data ethics 2023 cf. § 99d of the Danish Financial Statements Act

www.solar.eu/investor/policies

Letter from the CEO

Over the past three years, we have seen the benefits of the implementation of our Core+ strategy, including the strongest financial results in our history and dividend payments of DKK 1.3bn to our shareholders. As part of the three-year strategic period, we have also invested almost DKK 1bn in our business.

For the year under review, revenue totalled DKK 13.0bn. EBITDA amounted to DKK 0.9bn.

Our Solve Strategy

Focusing on the coming three years, we are today announcing the launch of our new three-year strategy – Solve.

With Solve, it is our ambition to create additional value at an earlier stage of our customers' decision-making process focusing on effective solutions for their challenges.

Core+ has served our business well, elevating our margins to new and sustainable levels over the long term. Now with our new Solve priorities, we will continue our successful journey, targeting continued progress in our product mix and supporting our underlying margins. As a company we are resilient and we are ready to meet a challenging 2024 and therefore able to have financial ambitions towards 2026 for an EBITDA margin >6%.

Progressing towards net-zero

We are committed to eliminating emissions both in our own operations and across the value chain through collaboration with customers and suppliers. As part of that effort, we are pleased to announce that our scope 1, 2 and 3 reduction targets have been approved by the Science Based Targets initiative, ensuring that our climate roadmap is aligned with the Paris Agreement's 1.5°C objective.

In 2023, we reduced emissions from our own operations by 9% and have established a target to become net-zero in scope 1 and 2 by 2030, while also maintaining a strong focus on reducing emissions in our value chain. Even more important, we actively promote products and solutions that enables our customer to become a key driver of the green transition.

> With Solve, it is our ambition to create additional value at an earlier stage of our customers' decision-making process focusing on effective solutions for their challenges.

Reducing emissions, however, is not enough: we also want to give back to nature. We have therefore acquired an additional 677 hectares of land in Latvia where our ambition is to afforest 430 hectares with 1.5m trees over the next three years.

Ticket to growth

Throughout our Core and Core+ strategic period, we automated and digitalised three of our main markets by merging warehouses, installing AutoStore with more than 210,000 boxes and 215 robots, and added additional space. These investments will enable significant efficiencies while creating value for our customers, as we continue to be stronger together.

We continue to see opportunities for further digitalisation and automatisation across our markets. Including a decision to invest in a new modern warehouse in Kumla, Sweden, which is expected to come on stream in late 2026. The two existing warehouses in Halmstad and Örebro will be divested. Net investment will amount to approx. DKK 400m.

The Kumla warehouse will be constructed with a sustainable mindset, reflected in the green areas that will surround the warehouse providing habitats for many animals. We will also be energy self-sufficient, sourcing our supply locally from sustainable energy.

Thank you

We have reached the end of our three-year Core+ journey and I have been impressed by the dedication and focus of our employees. They have delivered beyond expectations and delivery of these strong results - both financial and strategic - has only been possible thanks to them. I would therefore like to extend my thanks and appreciation to them all.

I would also like to thank our customers and suppliers for their support and cooperation in 2023.

Jens Andersen
CEO

Year at a glance

#2

Second-best result

EBITDA reached DKK 0.9bn, the second-best result in Solar's history when results are adjusted for one-offs.

Acquisition of ThermoNova

ThermoNova brings an additional resource to our Climate & Energy assortment. We can now provide our customers with energy efficient, high-capacity heat pumps for industrial buildings backed by ThermoNova's strong expertise.

1.3
DKKbn

Dividends

During our strategic period 2021-2023, we have paid-out a total of DKK 1.3bn in dividends.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi targets

Our climate reduction targets have been approved by the Science Based Targets initiative proving that our climate roadmap is aligned with the Paris Agreement's 1.5°C objective. Our target is to become net-zero in our own operations and reduce our emissions in scope 3 by 25% by 2030.

Giving back to nature

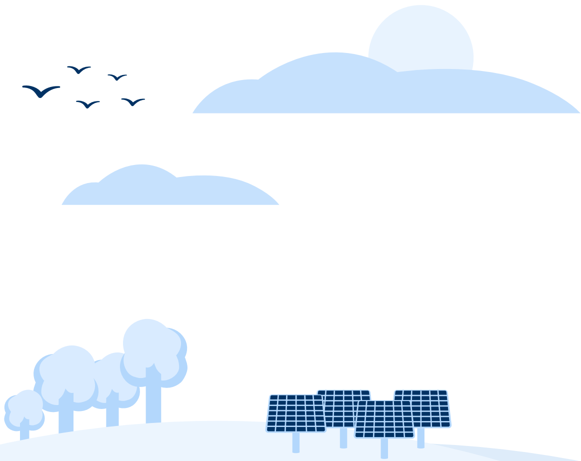
We aspire to run a business that also gives back to nature. In May, we planted 116,000 trees near our head office. We have acquired an additional 677 hectares of land in Latvia where our ambition is to afforest 430 hectares with 1.5m trees over the next three years.

Alkmaar expansion completed

With the completion of warehouse Alkmaar we have now added more than 18,600 sq.m of warehouse, installed 3 AutoStore systems totalling 210,000 boxes and 215 robots. Resulting in modern warehouses in Denmark, Norway and the Netherlands. We have decided to invest in a modern warehouse in Sweden, thereby completing our warehouse transformation.

Highlights 2023

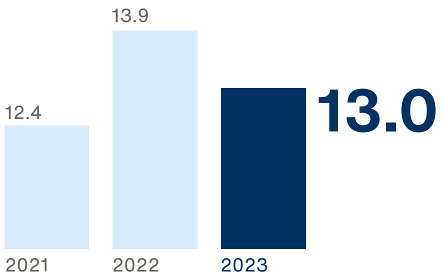
(Data shown in brackets relate to 2022 figures)



Financial

Revenue

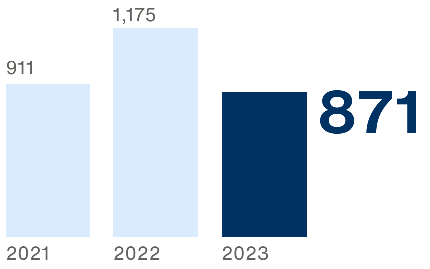
DKKbn



As expected, the market declined in H2 2023. Adjusted organic growth at group level amounted to -2.6% (12.9%) for 2023. Group revenue amounted to DKK 13.0bn (DKK 13.9bn).

EBITDA

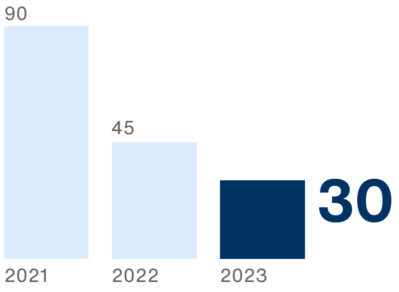
DKKm



Adjusted for one-offs, we delivered the second-best result in Solar's history. EBITDA has been supported by positive one-off effects of approx. DKK 30m (DKK 215m).

Dividend per share

DKK

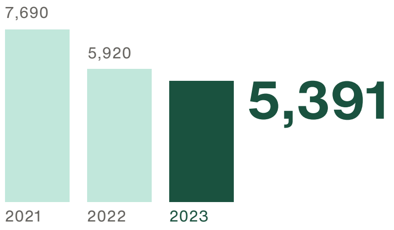


The Board of Directors will submit a proposal to the Annual General Meeting for an ordinary dividend payout of DKK 30 per share, corresponding to a total payout ratio of 63%. Our target for payout ratio is at least 35% of profit after tax.

Sustainability

Scope 1 & 2 emissions

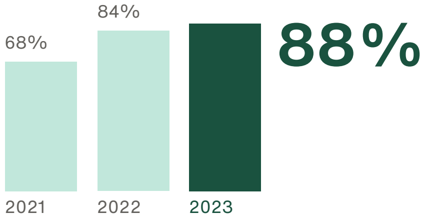
tCO_2e



Emissions from Scope 1 and 2 were reduced by 9% (23%), bringing total emissions down to 5,391 t CO2e. The decrease was mainly driven by our continuous focus on energy optimisation and phasing out fossil fuels.

Renewable energy

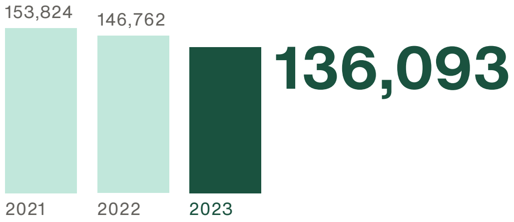
Share in percentage



The share of renewable electricity increased to 88% (84%). As regards Solar-owned sites, we achieved 98% in 2023, while more time is needed to change to renewable energy for our leased sites.

Energy consumption

Giga joule (GJ)



The energy consumption encompassing Scope 1 and 2 decreased 7% (5%) largely due to the installation of LED lighting.

Guidance follow-up 2023

Solar delivered EBITDA guidance of DKK 0.9bn despite increased market headwinds.

Stronger than expected

Expansion of our central warehouse in Alkmaar, the Netherlands

The 7,600 sqm expansion of Alkmaar was finalised ahead of schedule enabling us to clear the central warehouse in Duiven before year end. Moreover, we added 20,000 boxes to our AutoStore facilities bringing the total up to 65,000 boxes. This was carried out successfully with the minimum of disruption to daily operations.

Cost initiatives

Measures to reduce the impact from cost and salary inflation delivered more savings than we expected in our initial guidance.

As expected

Inventory normalisation

Inventory normalisation continued to free up cash. This was achieved without impeding our ability to meet customer demand by supplying the right products. As a result, inventories were reduced by DKK 230m.

EBITDA margin

We succeeded in delivering EBITDA margin of 6.7% as our cost and margin measures compensated for adjusted organic growth which was lower than expected.

Less than expected

Revenue

Climate & Energy delivered adjusted organic growth of 4% (87%) compared to our initial projection of 40%. Consequently, revenue was down with DKK 500m compared to our expectations. Sales of high-capacity ThermoNova industrial heat pumps delivered the expected growth rates while heat pump and PV sales for the residential market were disappointing. During the latter part of Q4 we saw double-digit negative growth rates for Installation, Industry and Trade.

Gross profit margin

Despite our focus on concept sales, which continued to deliver growth opportunities, this was insufficient to offset the loss on margin in other categories during H2, including Climate & Energy which experienced headwinds.

Solar Group

DKKm	Guidance, initial	Guidance, May update	Actual
Revenue	13,700	13,500	13,031
EBITDA	900	900	871

%	Guidance, initial	Guidance, May update	Actual
Organic growth	0	0	-2.6
EBITDA margin	6.6	6.7	6.7

EBITDA guidance of DKK 600m for 2024

In Q4 2023 and in the beginning of 2024, we saw a market slowdown. The slowdown is reflected in our 2024 guidance of a revenue of DKK 12.5bn and an EBITDA of DKK 600m, see also announcement no. 2 2024 dated 2 February 2024.

Assumptions

Our 2024 guidance is impacted by a more unpredictable market outlook due to heightened geopolitical and macroeconomic tension. However, we expect a global recovery in the macroeconomic situation at the end of the year.

Revenue

We expect markets to be negative in all countries in 2024. In general, we also expect all segments to show negative growth in 2024, but that they will start to recover at the end of the year.

Installation

We expect negative growth for the new construction sector in 2024. The green transition is expected to deliver slightly better growth rates despite disappointing developments in 2023. We expect the installation market to be negative.

Industry

The guidance assumes stagnant sales to Marine/ Offshore, whereas we expect all other sub-segments to be negative. Overall, we expect the industry market to be negative.

Trade

We expect negative growth in special sales in 2024, which is the Trade segment's primary activity.

Gross profit margin

During the latter part of 2023, we saw a loss in gross profit margin in several product categories despite a positive impact from Concepts. We expect this development to continue for the remainder of 2024. In addition, we elevate our delivery service level which leads to an increase in freight costs. Consequently, we expect a lower gross profit margin for 2024.

Costs

As expected, cost and wage inflation increased during 2023. We anticipate this trend to persist throughout H1 2024.

We have implemented, and will continue to implement, mitigating measures, including cost containment, process improvements and the necessary staff reductions.

Our 2024 guidance includes restructuring costs of approx. DKK 35m, mainly in Q1.

In 2022, Solar Nederland entered into an agreement on the sale of the warehouse in Duiven. Finalisation of the transaction and transfer of the property to the purchaser is expected before the end of 2024. The financial impact of the sale is an expected capital gain of approx. DKK 30m, which is included in the guidance.

Financial outlook 2024

Revenue guidance

We expect revenue of DKK 12.5bn, corresponding to an organic growth of -5%.

EBITDA guidance

We expect EBITDA of DKK 600m.

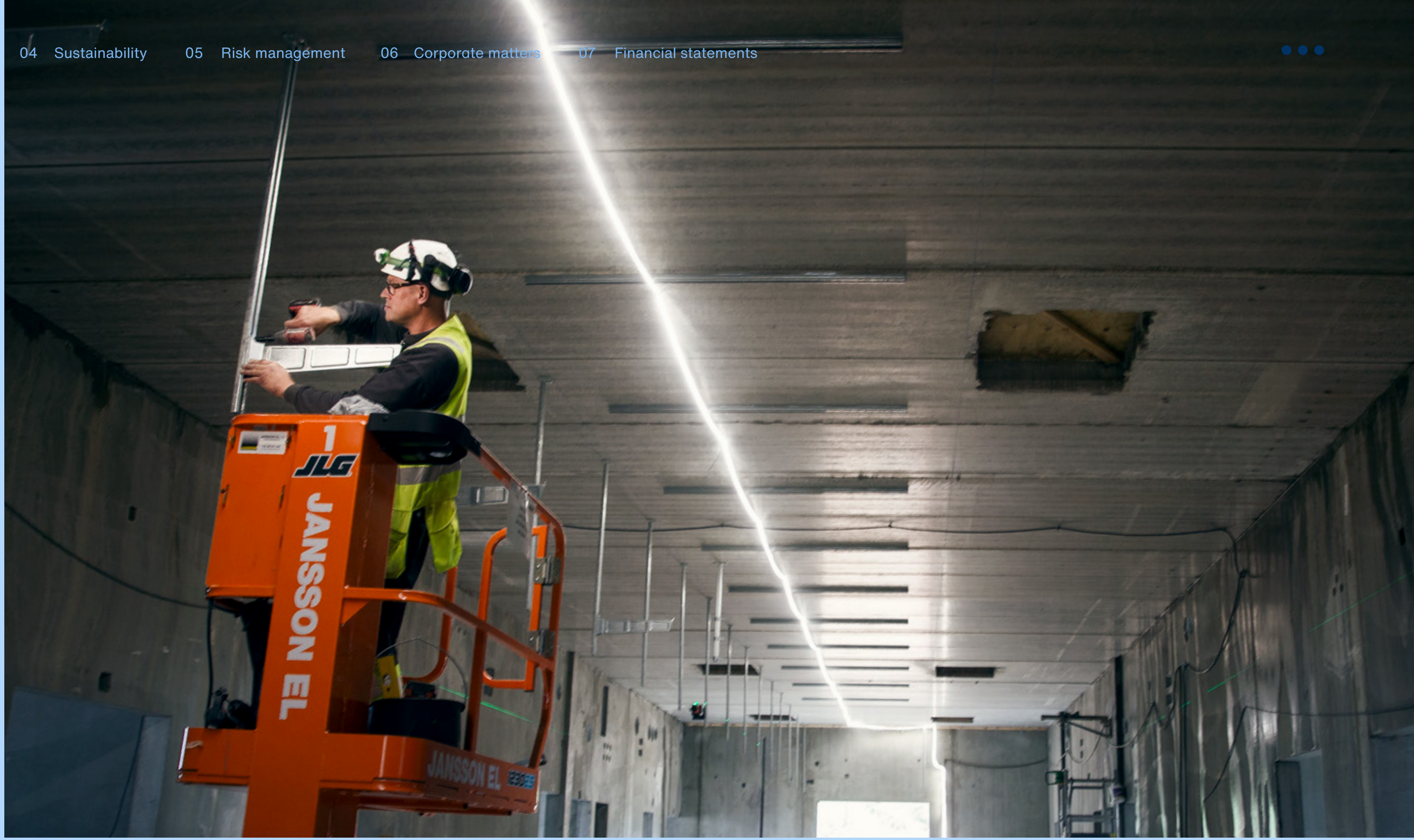
The guidance includes non-recurring income of around DKK 30m due to the sale of our warehouse in Duiven and restructuring costs of approx. DKK 35m.

In addition, we expect to invest DKK 20m in our strategic focus areas - Climate & Energy, Concept strength and Solution sales.

02

Strategy

- Our 2024-26 strategy
- 2026 ambitions
- Business model



As a sourcing and services company, we are a value-adding partner

Partnership makes the difference when private hospital Mølholm in Denmark is building their new facilities according to DGNB. Jansson, our customer, knew that Solar had the expertise in sustainable construction to ensure this project was a success. Solar can be trusted to select the right products and ensure proper documentation when supplying all electrical materials required for a DGNB* certified project.

*Certification considered internationally as the “Global Benchmark for Sustainability” among certification systems for sustainable buildings and districts.

Our 2024-26 strategy

We are here to Solve challenges

Our Solve strategy aims to further strengthen Solar's position as a leading sourcing and services partner providing comprehensive solutions that advance the green transition.

We are committed to addressing the challenges our industry and customers faces, particularly in driving the green transition.

With Solve, it is our ambition to get even closer to the decision-maker at the customer and we will:

- Maximise the growth potential in Climate & Energy. With the newly established Solar Industrial Solutions we offer Climate & Energy turnkey solutions for industry customers.
- Increase profitability by focusing on Concept strength which also will enhance our position in the value chain.
- Increase market share by delivering Solutions sales where we aim to increase the share of wallet with existing customers and attract new B2B customers.

All of the strategic focus areas are core capabilities in Solar.

With Solve we combine our Concepts with Solution sales competence, especially within opportunities that emerge from the green transition. We actively promote products and solutions that accelerate the green transition, not only for the benefit of our industry but also for the wider world.

In our business, sustainability is a vital component that sets the direction for our operational practices as well as shapes which solutions and products we bring to market. Our sustainability focus includes measures to reduce the carbon footprint, responsible sourcing of materials and products, and actions to promote equality.

We embrace our responsibility to address societal inequalities as part of our contribution towards creating a better world. We take proactive steps to create a business that is governed transparently and a workplace where people are treated with respect, so they feel safe and empowered.

We believe that these considerations will be crucial to the successful execution of our Solve strategy.

With Solve, it is our ambition to create additional value at an earlier stage of our customers' decision-making process.

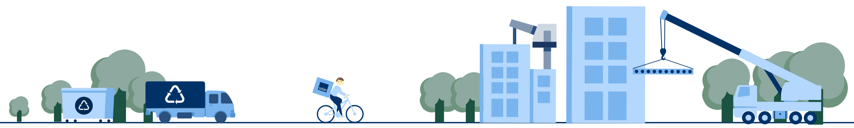
Our 2024-26 strategy

Our strategy

Our purpose

We improve construction, building operation and industry processes with a commitment to sustainability and productivity. For our customers. With our partners. For a better world.

SOLVE



As a leading sourcing and services partner, we will use our strong core to combine products, services and specialist competence to deliver value-adding solutions solving business challenges sustainably.

With Solve, it is our ambition to create additional value at an earlier stage of our customers' decision-making process.

Strategic focus areas

Climate & energy

We maximise the growth potential in climate and energy solutions, such as heat pumps, solar panels, EV charging and ventilation. The newly established Solar Industrial Solutions offers combined solutions for both existing and new industry customers based on our product technology and know-how.

Concept strength

Our concepts will drive overall profitability and enhance our position in the value chain. We aim to further develop value adding concept assortments powered by logistical services and specialist competences to increase the ease and effectiveness of our customers' daily operations.

Solution sales

We create new opportunities in selected areas by leading with solution selling, specialist competence and a 360-degree view on the future needs of our customers' business. We aim to increase the share of wallet with existing customers and open new doors to new customer groups.

Sustainability

Climate impact

We work to become carbon neutral in our own operation and to enable our customers to decarbonize in their part of the value chain.

Sustainable supply chain

We source energy efficient products complying to the latest standards, from suppliers characterized by respect for human rights, environment, and society.

Diversity and inclusion

We foster a workplace and culture that promotes diversity and inclusion to attract, develop, and retain employees, while respecting human rights.

Powered by our **Dedicated people**, **Digital leadership** and **Superior logistics**

2026 ambitions

We set targets for our business and value chain that embody our purpose and drive our Solve strategy. These targets help us measure and report transparently against our performance.

Following a slowdown in 2024, the remaining part of the strategy period (2025-26) is assumed to be characterised by:

- Average annual GDP growth of at least 1.5%
- Low cost and salary inflation
- Pick-up in industry and building activities
- Continued governmental support for the green transition.

Financial ambitions

EBITDA margin
by 2026

>6.0%

Gearing

1.0-3.0x

Strategic focus areas

Climate & energy
Share of revenue

>15%

Concept strength
Gross profit margin improvement

>0.7 Percentage points

Solution sales
Share of revenue

>20%

Sustainability

Climate impact
Scope 1 & 2 emission:
Reduction compared to base year 2020

65%

Sustainable supply chain
Spend covered by Code of Conduct

>95%

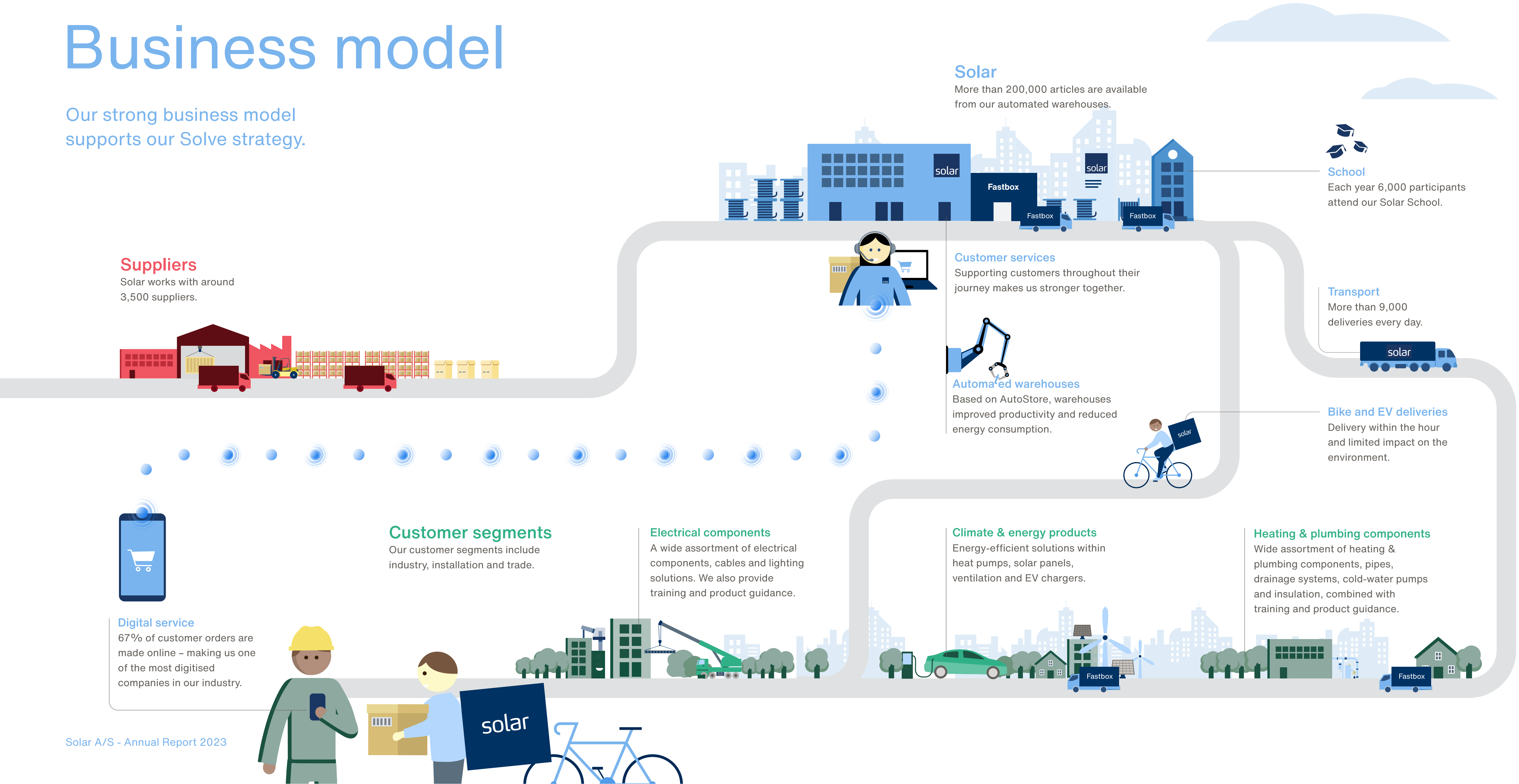
Diversity and inclusion
Women in senior management*

>25%

*Calculated according to the Danish Financial Statements Act §99b

Business model

Our strong business model supports our Solve strategy.



03

Financial review

Whether you are a two-man company or a big, international business...
Partnership makes the difference. When a global home furnishing brand is aiming for an 'outstanding' BREEAM certification, the SIF group relies on such a partnership with Solar to succeed. Knowledge sharing and great utilisation of competences ensures that all requirements are met and that everybody involved are satisfied with the solution.

Five-year summary

Consolidated (DKK million)	2023	2022	2021	2020	2019
Revenue	13,031	13,863	12,354	11,465	11,679
Earnings before interest, tax, depreciation and amortisation (EBITDA)	871	1,175	911	637	538
Earnings before interest, tax and amortisation (EBITA)	648	978	727	455	360
Earnings before interest and tax (EBIT)	558	909	672	248	260
Earnings before tax (EBT)	468	858	622	300	120
Net profit for the year	348	660	531	222	64
Balance sheet total	6,112	5,901	5,305	4,607	4,990
Total equity	1,982	1,931	1,952	1,696	1,592
Interest-bearing liabilities, net	1,157	1,074	-37	128	921
Cash flow from operating activities	855	16	783	813	300
Net investments in property, plant and equipment	-169	-167	-125	-25	-110

Financial ratios (% unless otherwise stated)	2023	2022	2021	2020	2019
Organic growth adjusted for number of working days	-2.6	12.9	5.9	-2.0	4.9
Gross profit margin	22.5	23.4	22.4	21.0	20.1
EBITDA margin	6.7	8.5	7.4	5.6	4.6
EBITA margin	5.0	7.1	5.9	4.0	3.1
Effective tax rate	25.6	23.1	14.6	26.0	45.2
Net working capital (year-end NWC)/revenue	14.6	15.9	10.2	9.7	11.0
Gearing (net interest-bearing liabilities/EBITDA), no. of times	1.3	0.9	0.0	0.2	1.7
Return on equity (ROE)	18.0	34.0	29.1	13.5	4.0
Return on invested capital (ROIC)	13.2	25.5	24.6	13.8	8.3
Equity ratio	31.6	32.7	36.8	36.8	31.9

Share ratios (DKK unless otherwise stated)	2023	2022	2021	2020	2019
Earnings per share outstanding (EPS)	47.51	90.37	72.72	30.42	8.77
Ordinary dividend per share	30.00	45.00	45.00	28.00	14.00
Extraordinary dividend per share	-	-	45.00	15.00	-
Total dividend in % of net profit for the year (payout ratio)	63.1	49.8	123.8	141.1	159.4

Employees	2023	2022	2021	2020	2019
Average number of employees (FTEs)	3,036	3,019	2,908	2,935	3,039

Sustainability ratios (Solar Group ratios unless otherwise stated)	2023	2022	2021	2020	2019
CO_2e, scope 1 (tons)	2,150	3,033	3,583	2,814	
CO_2e, scope 2 (tons)	3,241	2,887	4,107	4,326	
Renewable energy share (%)	88.0	84.0	68.0	28.0	
Gender diversity board (%)	33.0	33.0	17.0	17.0	
Gender diversity (%)	29.0	29.0	27.0	27.0	
Gender diversity management, Danish activities (%)	15.0	17.0	19.0	17.0	
Gender pay ratio (no. of times)	1.18	1.21	1.17	1.14	
Days/FTE sickness absence	9.7	12.2	10.3	9.2	

In all material aspects financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios". Sustainability ratios are calculated in line with the accounting principles included in our Sustainability Report 2023. Solar has applied Nasdaq/FSR/CFA key figures since 2020.

Financial review

EBITDA of DKK 871m was one of the best results in Solar's history

(Data shown in brackets relate to 2022 figures)

EBITDA of DKK 871m was achieved in a year of unpredictable markets caused by heightened geopolitical and macro-economic uncertainty. Market developments had a negative impact on all Solar's main segments, especially in Q4.

Revenue

As expected, 2023 saw declining growth. Adjusted organic growth at group level amounted to -2.6% (12.9%), and revenue declined to DKK 13.0bn (DKK 13.9bn).

Revenue from Climate & Energy, one of our strategic focus areas, amounted to around DKK 1.3bn (DKK 1.3bn) and did not reach the expected growth rates in H2 2023.

Sales of high-capacity ThermoNova industrial heat pumps delivered expected growth rates while heat pump sales for the residential market were disappointing. The slowdown in Denmark seen in March continued throughout the rest of 2023. The subsidy scheme for residential heat pumps implemented in late Q3 did not lead to expected growth rates in Q4.

The Industry segment delivered adjusted organic growth of 2% driven by double-digit growth for MAG45, while the Installation and Trade segments both delivered adjusted organic growth of approx. -5%, see pages 18 and 20.

A significant portion of the decrease in the Installation segment can be attributed to the lack of heat pump sales. Our assessment is that we have maintained our market share within Installation and Industry.

Gross profit

Gross profit amounted to DKK 2.9bn (DKK 3.2bn) and gross profit margin amounted to 22.5% (23.4%).

Concept sales continued to deliver growth opportunities in 2023. During H2, however, this was not sufficient to offset the loss in gross profit margin in other categories, including Climate & Energy which experienced particular headwinds.

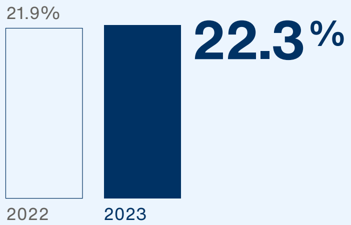
However, adjusted for one-off price effects the underlying gross profit margin on a full-year basis improved by approx. 0.4 percentage points.

External operating costs and staff costs

External operating costs and staff costs amounted to an unchanged DKK 2.0bn or 15.7% (14.7%) of revenue.

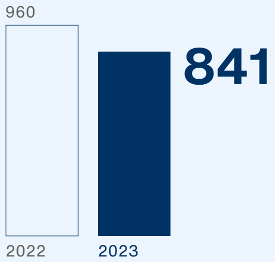
Several measures were initiated in 2023, including cost containment, process improvements and staff reduction to reduce the impact of cost inflation. These initiatives became effective in Q2 and despite the impact of inflation, we succeeded in lowering costs in H2 2023 compared to both H2 2022 and H1 2023.

Gross profit margin adjusted for one-off price effects



EBITDA adjusted for one-off price effects

DKKm



Financial review

Loss on trade receivables
We conduct efficient credit management even in the currently unpredictable market conditions. As a result, our loss on trade receivables decreased to DKK 17m (DKK 28m).

EBITDA
EBITDA of DKK 871m (DKK 1,175m) was as expected. When adjusted for one-off price effects, the underlying EBITDA amounted to DKK 841m (DKK 960m) corresponding to an underlying EBITDA margin of 6.5% (6.9%).

EBITDA declined in all markets in 2023. The results from the individual markets are shown on page 54-55.

Depreciation and write-down
Depreciation and write-down on property, plant and equipment increased to DKK 223m (DKK 197m). The expansion of the central warehouse in Vejen, Denmark, and the implementation of AutoStore were completed in Q4 2022 and the investment is now being depreciated.

Amortisation and impairment of intangible assets
Amortisation and impairment of intangible assets amounted to DKK 90m (DKK 69m). Due to the loss of a major customer, an impairment loss on Højager Belysning of DKK 20m was recognised in 2023.

Financials
Net financials amounted to DKK -90m (DKK -50m) and were negatively affected by increased debt and interest rates. In addition, net financials were negatively affected by DKK 8m (DKK 20m) due to fair value adjustments.

Earnings before tax
Earnings before tax were down to DKK 468m (DKK 858m). EBT was positively impacted by one-off price effects of approx. DKK 30m (DKK 215m).

Income tax
Income tax amounted to DKK -120m (DKK -198m). The posted income tax corresponds to an effective tax rate of 25.6% (23.1%).

Net profit
Net profit came to DKK 348m (DKK 660m).

Cash flow
Net working capital calculated as an average of the previous four quarters amounted to 16.8% (14.5%) of revenue. Net working capital amounted to 14.6% (15.9%) at the end of 2023.

Cash flow from operating activities totalled DKK 855m (DKK 16m).

Changes in inventories had an impact of DKK 230m (DKK -433m) as we decreased the inventory level in 2023.

Changes in receivables had a DKK 182m (DKK -394m) impact on cash flow affected by lower growth levels in December 2023, while changes in non-interest-bearing liabilities affected cash flow by DKK -219m (DKK -131m).

Total cash flow from investing activities amounted to DKK -405m (DKK -249m). The 7,600 sqm expansion of the central warehouse in Alkmaar and the addition of 20,000 boxes to our AutoStore facilities had an impact of DKK -104m, while the acquisition of ThermoNova in 2023 (see note 5.6) had an impact of DKK –111m. In 2022, the investment in the expansion and upgrade of our central warehouse in Denmark affected cash flow by DKK -128m, while the acquisition of Højager Belysning A/S had an impact of DKK -24m.

Cash flow from financing activities amounted to DKK -175m (DKK -82m), mainly affected by dividend distributions of DKK -329m (DKK -658m) and by the change in current interest-bearing debt of DKK 149m (DKK 519m).

As a result, total cash flow amounted to DKK 275m (DKK -315m).

Net interest-bearing liabilities amounted to DKK 1,157m (DKK 1,074m).

By the end of 2023, gearing was 1.3 (0.9) times EBITDA. Our gearing target was 1.5-3.0 times EBITDA. The Board of Directors assesses the capital structure in relation to our target and capital requirements on an ongoing basis.

At the end of 2023, Solar had undrawn credit facilities of DKK 955m (DKK 710m).

Invested capital
Invested capital for the Solar Group totalled DKK 3,120m (DKK 2,978m). ROIC amounted to 13.2% (25.5%). Activities with a Solar equity interest of less than 50% and activities attributable to non-controlling interests are not included in the ROIC calculation. Invested capital only includes operating assets and liabilities.

Remuneration of Executive Board and management team
In accordance with Solar's remuneration policy and general guidelines for incentive-based remuneration, the Board of Directors granted restricted shares to the Executive Board and management team in February 2023.

14,649 (11,110) restricted shares were granted, amounting to a fair value of DKK 9.2m (DKK 8.0m) at the time of granting. The restricted shares vest three years after the time of granting, i.e. this grant of shares vests in 2026 (2025). In February 2023, 11,003 (7,479) restricted shares from the grant in 2020 (2019) were settled in cash. For more information, please see this report's note 5.1 on share-based payment.

General information on Solar's incentive scheme is available on our website:

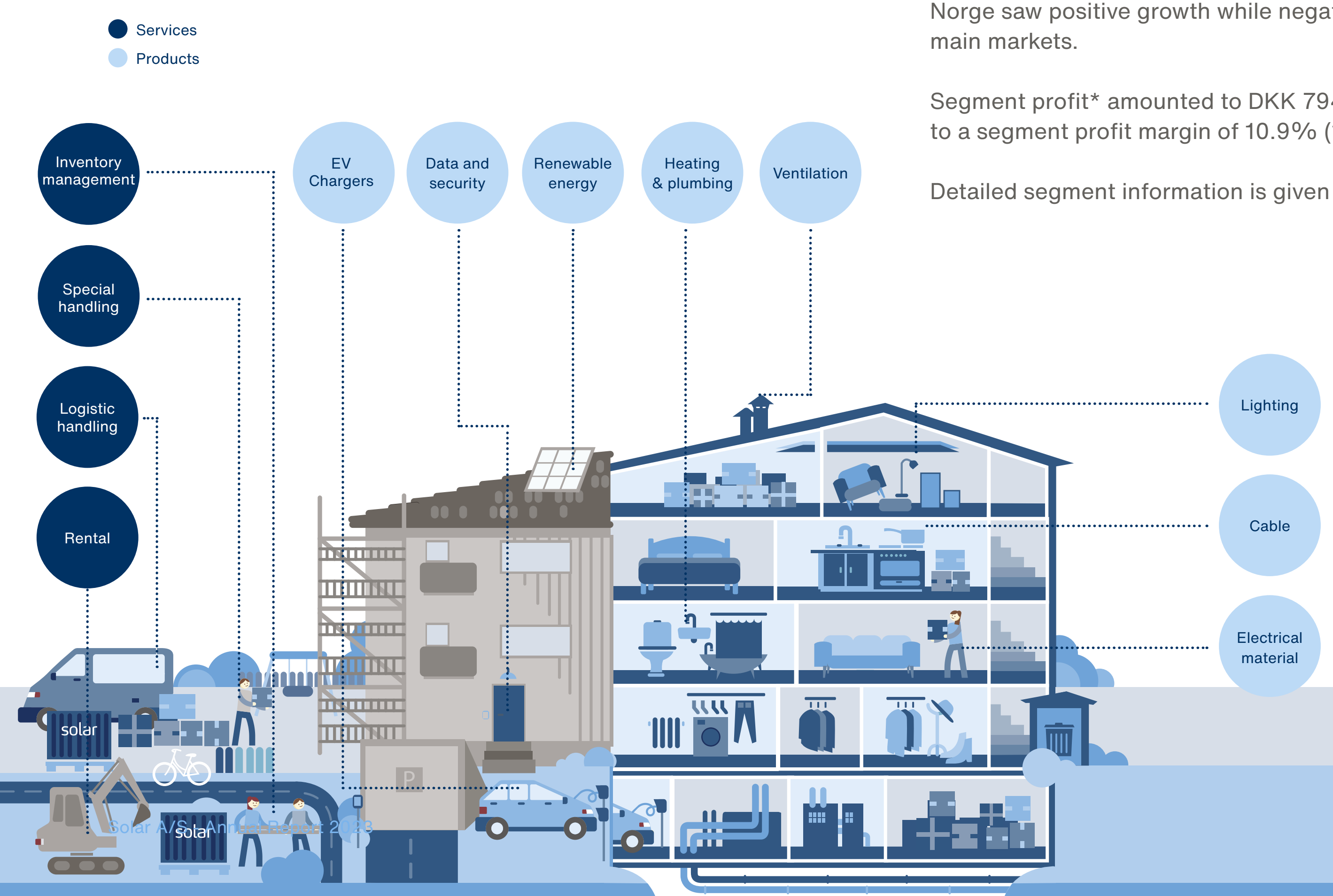
www.solar.eu/investor/policies

Event after the reporting period
On 3 January 2024, the Board of Directors agreed with Hugo Dorph that he steps down from his position as CCO and member of Solar's Executive Board, see announcement no. 1 2024 at www.solar.eu.

The Executive Board subsequently consists of CEO Jens E. Andersen and CFO Michael H. Jeppesen.

Segments

(Data shown in brackets relate to 2022)



Installation

Today's installers require more just than a product

Our 20,000 plus installation customers range from sole installation contractors to large installation companies. Irrespective of their size, they value both our expertise and our extensive range, which covers electrical, heating & plumbing installations as well as climate & energy products.

Installation revenue amounted to DKK 7,293m (DKK 8,013m), which corresponds to overall adjusted organic growth of around -4.9% (9.6%). Solar Norge saw positive growth while negative growth was seen in all other main markets.

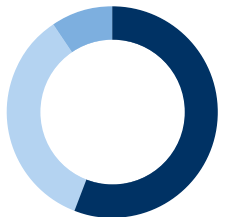
Segment profit* amounted to DKK 794m (DKK 1,021m) which corresponds to a segment profit margin of 10.9% (12.7%).

Detailed segment information is given on pages 54-55.

2023 Segment revenue

DKKm

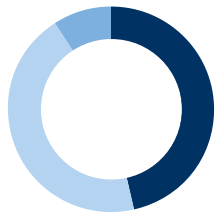
Installation	7,293
Industry	4,522
Trade	1,216



2023 Segment profit

DKKm

Installation	794
Industry	764
Trade	153



*Segment profit does not include non-allocated costs, which cover income and costs related to joint group functions and to costs which cannot be reliably allocated to the individual segment.

Segments

(Data shown in brackets relate to 2022)

Industry

Creating value for our Industry customers

Our 20,000 plus Industry customers cover the following sub-segments: OEM (Original Equipment Manufacturers), MRO (Maintenance, Repair & Operations), Infrastructure and Offshore & Marine. They all share one common factor: they rely on our insight and ability to deliver the right products at the right time.

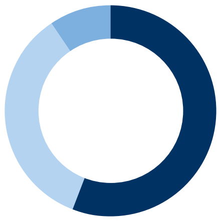
Industry revenue amounted to DKK 4,522m (DKK 4,543m). This corresponds to overall adjusted organic growth of around 2.0% (16.6%). MAG45 posted double-digit growth, with solid growth also seen in Solar Norge.

Segment profit* amounted to DKK 764m (DKK 811m), which corresponds to a segment profit margin of 16.9% (17.9%).

Detailed segment information is given on pages 54-55.

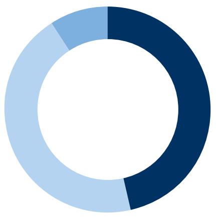
2023 Segment revenue
DKKm

Installation	7,293
Industry	4,522
Trade	1,216



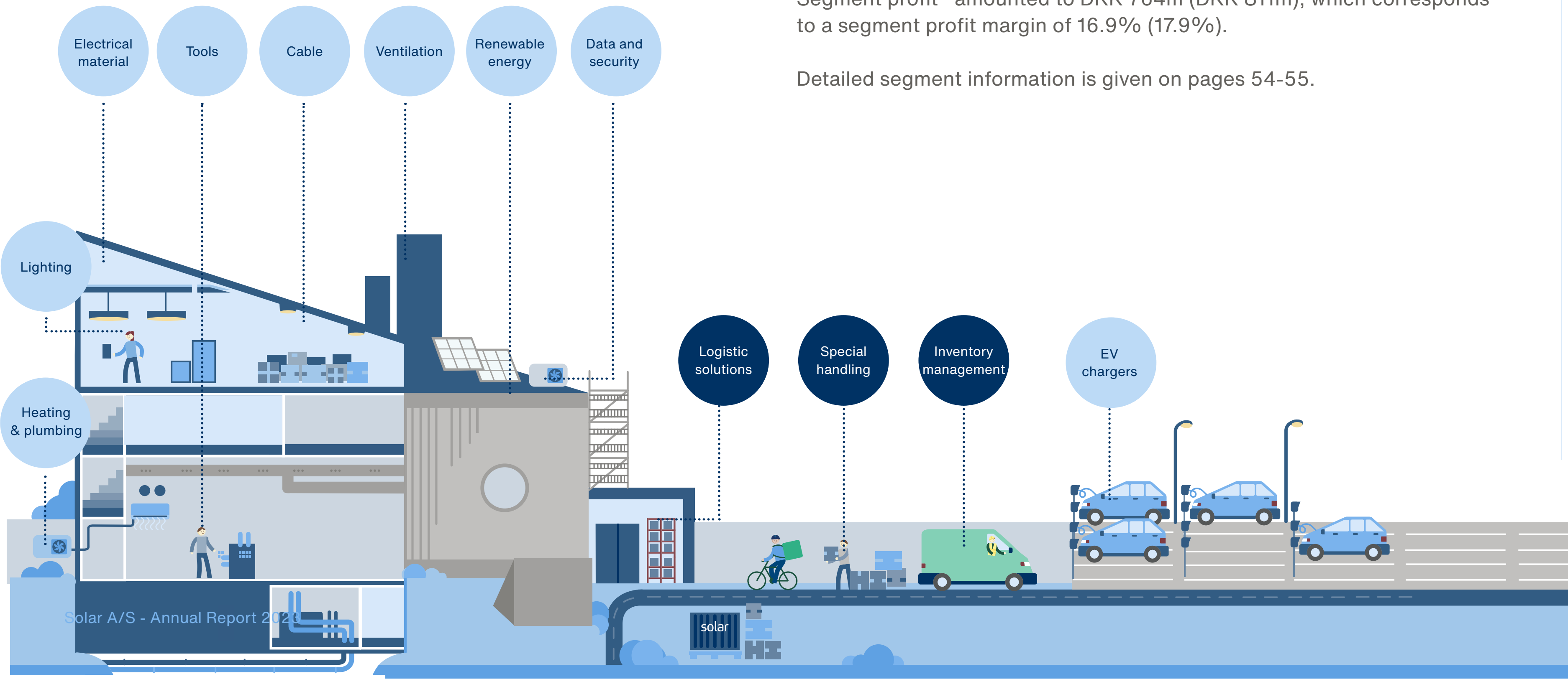
2023 Segment profit
DKKm

Installation	794
Industry	764
Trade	153



*Segment profit does not include non-allocated costs, which cover income and costs related to joint group functions and to costs which cannot be reliably allocated to the individual segment.

Services
Products



Segments

(Data shown in brackets relate to 2022)

Trade

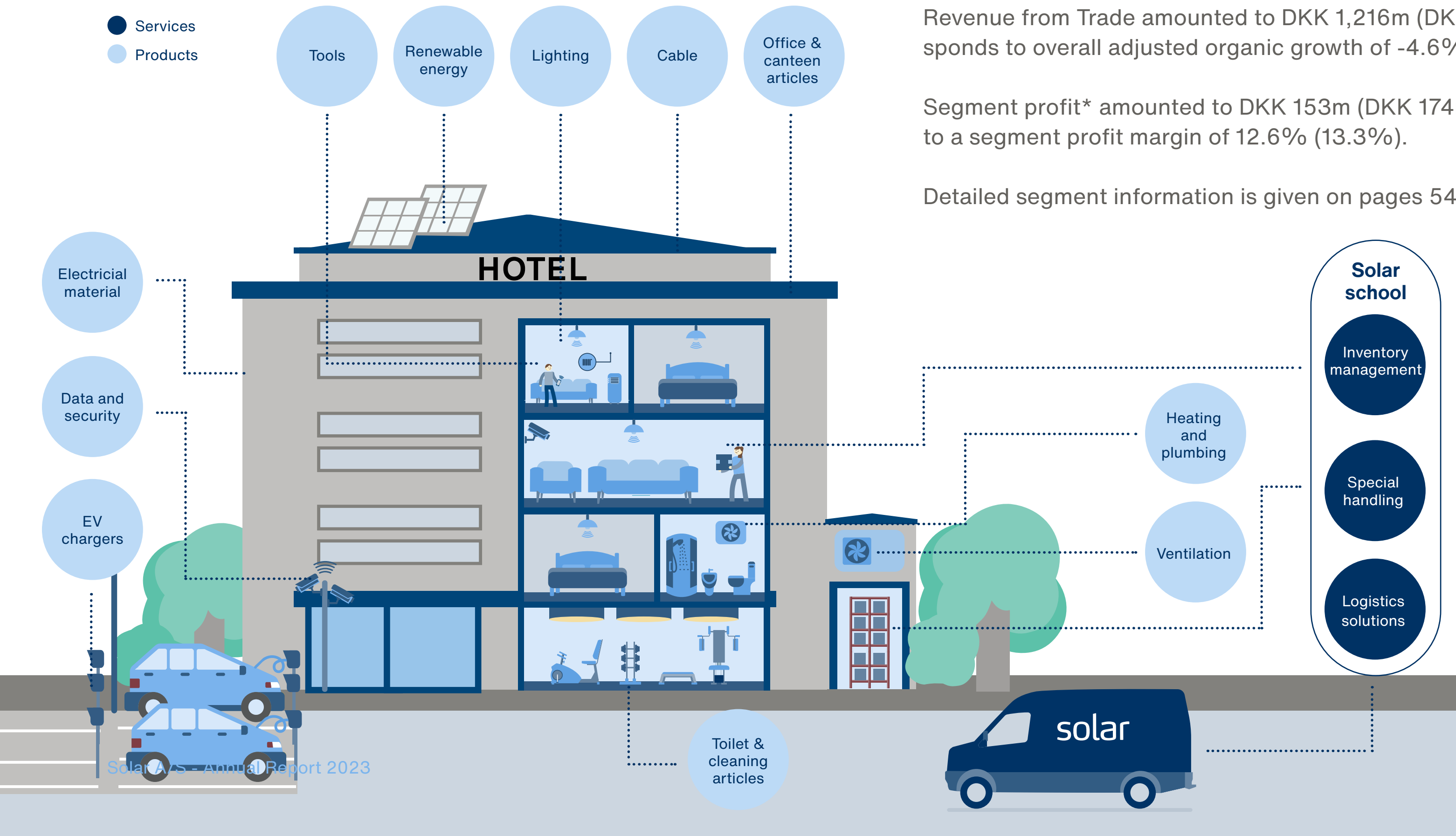
Dedicated local teams support Trade customers with specialised services

Our 9,000 plus trade customers' requirements and buying preferences differ from our Installation and Industry segments. Each of our segments comprises unique services. For Trade, these include storage solutions, logistics and shelf cleaning for DIY shops. Such services and solutions support our Trade customers in their daily business and allow them to focus on what they do best. We prioritise the ongoing development of our Trade services by engaging with our customers.

Revenue from Trade amounted to DKK 1,216m (DKK 1,307m), which corresponds to overall adjusted organic growth of -4.6% (23%).

Segment profit* amounted to DKK 153m (DKK 174m), which corresponds to a segment profit margin of 12.6% (13.3%).

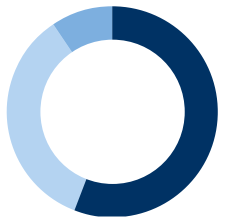
Detailed segment information is given on pages 54-55.



2023 Segment revenue

DKKm

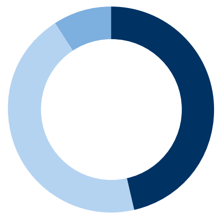
Installation	7,293
Industry	4,522
Trade	1,216



2023 Segment profit

DKKm

Installation	794
Industry	764
Trade	153



*Segment profit does not include non-allocated costs, which cover income and costs related to joint group functions and to costs that cannot be reliably allocated to the individual segment.

04

Sustainability

Sustainability highlights

Change takes a team

Partnership makes a difference when it comes to safeguarding the resources that we have and adopting a circular mindset. Solar partners GreenDozer, a company that distributes recycled and surplus goods to save serviceable materials from being wasted. Together, we pack, collect and ship such materials for use in new projects, which means they have virtually no impact on the CO_2 emission.

Sustainability highlights

ESG performance

We continue our journey towards net-zero.

In 2023, scope 1 & 2 emissions were reduced by 9% compared to 23% in 2022, bringing total emissions down to 5,391 tCO_2e. The improvement was mainly driven by our continuous focus on energy optimisation and phasing out fossil fuels.

Moreover, we have increased the share of renewable electricity to 88%. However, as regards Solar-owned sites, we achieved 98%, only missing one site. With many leased sites, it has been challenging to convert all sites into renewable energy, and we acknowledge that more time is needed. Our target remains 100%.

Our Sustainability Report 2023 is an extension of the management review and is prepared in compliance with sections 99a of the Danish Financial Statements Act. For further information please see

www.solar.eu/our-company/sustainability

Governance

We see governance as a valuable tool for exercising sound management and ensuring transparency for shareholders and other stakeholders.

33% (33)
Gender diversity board

97% (98)
Board meeting attendance rate

25 times (27)
CEO pay ratio[1]

NASDAQ ESG TRANSPARENCY PARTNER

Governance · Environment · Social

solar

Environmental

Solar seeks to reduce environmental impacts and promote sustainable solutions via our product and service portfolio.

2,150 tons (3,033)
CO_2e, scope 1

3,241 tons (2,887)
CO_2e, scope 2

136,093 GJ (146,762)
Energy consumption

88% (84)
Renewable electricity share, procured certified electricity

25,213 m³ (20,751)
Water consumption

Social

We seek to ensure safe working conditions for our employees and respect human rights in our operations as well as in our business relations.

29% (29)
Gender diversity

15% (17)
Gender diversity management

1.18 times (1.21)
Gender pay ratio

3,036 FTEs (3,019)
Full-time workforce

9.7 (12.2)
days/FTE Sickness absence

13.2% (12.8)
Employee turnover rate

1) If measured against Danish employees, the CEO pay ratio amounts to 20 times (2022: 23 times).

Sustainability highlights

Our SBTi targets were approved and EcoVadis gold rating received

In 2023, our emissions reduction targets for 2030 were approved by the Science Based Targets initiative (SBTi) showing that we are well on track with our goals.

We also received an EcoVadis gold rating for Solar Sverige and Solar Norge, meaning that we have a gold rating in Solar Danmark, Solar Nederland, Solar Norge and Solar Sverige. This indicates that we are in the top 5% in our industry. MAG45 is rated bronze.

In addition, we signed a CEO statement together with 26 other companies in Denmark to stand together globally with high ambitions for a green transition to a net-zero future.

In line with good business practice, we completed a preliminary materiality assessment for the first time in 2023, applying the concept of double materiality to comply with the Corporate Sustainability Reporting Directive (CSRD) in 2024.

For 2023, we report on our sustainability performance in accordance with relevant disclosure standards, including Nasdaq - as a Nasdaq ESG Transparency Partner - and the UN Global Compact. Since 2010, we have been a member of the UN Global Compact and CDP rated. As regards CDP, we are peer grouped in the Trading, Wholesale, Distribution, Rental and Leasing sector. The average score here is C-. Our score is B. We support the UN Sustainable Development Goals (SDG).

For additional information, please see our Sustainability Report 2023 on

www.solar.eu/our-company/sustainability

Ratings

CDP Discloser 2023	B
EcoVadis 2023 Sustainability Rating	Gold
ISS ESG	D+
MSCI	AAA
S&P Global Ratings	Score: 32
Sustainalytics	Low risk

Partnerships and commitments

We support UN Global Compact

Science Based Targets – Driving ambitious corporate climate action

Sustainable Development Goals

Nasdaq ESG Transparency Partner

Climate Group EV100

ISO 9001

ISO 14001

05

Risk management

The right choice will continue to make a difference
Partnership made the difference when a solution primarily intended to save energy ends up benefitting the customer as well. Solar not only supplied thousands of sensor light fittings to the Royal Danish Library, but also recommended a product that the library can replace themselves in future, without the need to call on an external electrician. A win-win solution for both parties.

Risk management

Solar's risk management is based on Enterprise Risk Management (ERM) and the Board of Directors' rules of procedure, which place the responsibility for risk management with the Executive Board.

The Executive Board is responsible for ensuring that the necessary policies and procedures are in place, that efficient risk management systems have been established for all relevant areas and are improved continuously. The overall purpose of risk management is to support a robust business that is able to react quickly and flexibly when conditions change.

Solar's risk management encompasses the relevant entities in Denmark, Norway, Sweden, the Netherlands, Poland, and MAG45. The process supports local management teams by taking a structured approach towards risk management, with risk self-assessments anchored in an annual cycle. Data is consolidated at group level, and the findings are presented to the Board of Directors for approval.

The individual risk owners are responsible for mitigating risks to a level within Solar's risk appetite and tolerance. Throughout the year, Solar's Group Risk Management and local risk managers actively monitor the progress of the mitigation to ensure that risks are at the acceptable level.

Three lines of defence

Solar's risk management is organised according to the three lines of defence model which demonstrates and structures roles, responsibilities for risks, decision-making and control to achieve effective governance.

Board of Directors / Audit Committee
Approve and accept risk policy including risk appetite and tolerance

Executive Board
Monitor the risk management framework and effectiveness

First line of defence
Business Management & Risk Owners
Own risks and risk management activities

Second line of defence
Group Risk Management & Risk Managers
Establish policies and frameworks, facilitate risk identification and monitoring

Third line of defence
Internal Audit
Test, validate and assess efficiency in risk management processes and activities

Risk definition

The focus of Solar's risk management is to identify and assess operational risks and operational aspects of strategic risks throughout the Solar Group. Solar defines these risks as events or developments that could significantly reduce Solar's ability to:

1. Meet profit expectations,
2. Execute the strategy, and/or
3. Maintain a licence to operate.

Solar works with the concepts of gross risk (inherent risk) and net risk (residual risk).

The gross risk effect is defined as the product of the impact and the probability of the risk materialising without any change to current risk mitigation.

The net risk effect is defined as the risk level when considering current as well as planned mitigation activities with regard to both impact and probability.

Risk appetite and tolerance

Solar's risk appetite and risk tolerance articulate the extent to which Solar is willing to accept risks in three overarching categories: Governance & Compliance, Strategy & Planning, and Operations & Infrastructure.

Accordingly, the risk appetite outlines Solar's strategic outlook towards risk and defines the degree to which Solar is risk-seeking or risk-avoiding, while the risk tolerance, as an indicative parameter, outlines the level of net risk that Solar is willing to accept for a given measure of reward.

Risk appetite and risk tolerance are set by the Board of Directors and are reviewed annually.

Risk self-assessment

Solar evaluates the effect of a risk based on the product of the probability of the risk materialising and the gross impact if the risk does materialise. In detail, the probability of the risk is defined as the expected frequency of the risk occuring, while the impact is divided into four dimensions:

1. Effect on earnings
2. Reputational damage
3. Compliance (licence to operate)
4. Business activities

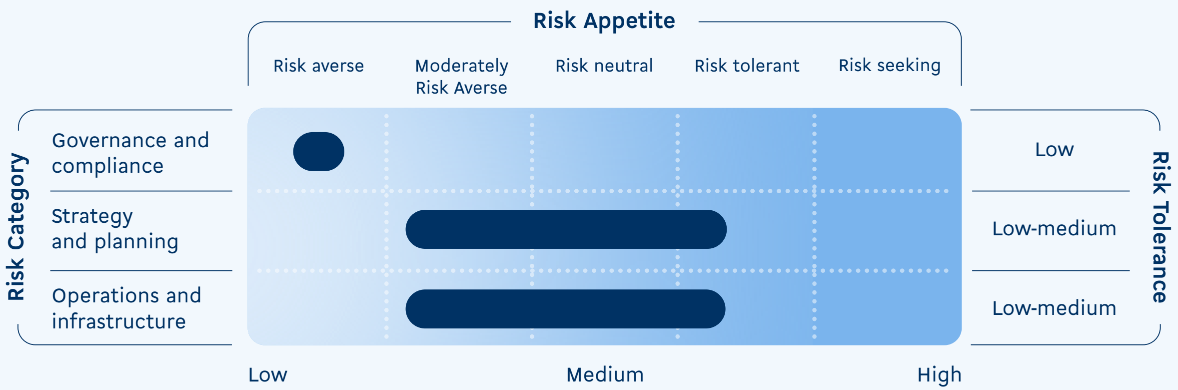
Risk handling

The purpose of identifying and then handling risk is to reduce it to an acceptable level, which is in line with risk appetite and tolerance. In Solar, we work with four different risk treatment strategies when handling risks.

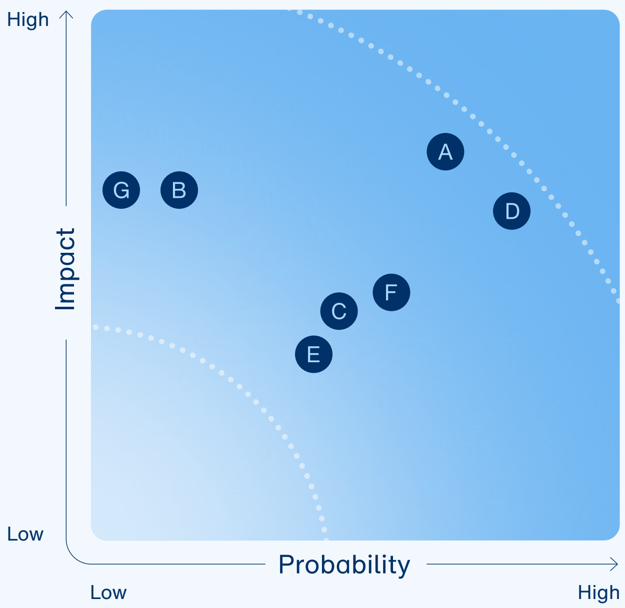
- Avoid – seeks to eliminate uncertainty by changing circumstances.
- Transfer – seeks to transfer ownership of and/or liability for the risk to a third party.
- Accept – recognises net risks and monitors risk exposure.
- Mitigate – seeks to minimise risk exposure to below the acceptable threshold.

To ensure an understanding of the philosophy and the risk management preferences, Solar provides structured criteria for risk attitude and a catalogue of mitigating activities.

Risk appetite and tolerance per risk category



Solar Risk Map 2024



Solar's top risks are mapped out in terms of probability and impact in the risk map.

- A Cyberattack
- B IT interruptions
- C Product documentation
- D Geopolitical and macroeconomic uncertainty
- E Credit management
- F Market and competition dynamics
- G Central warehouse breakdown

Exposure to top risks and mitigation

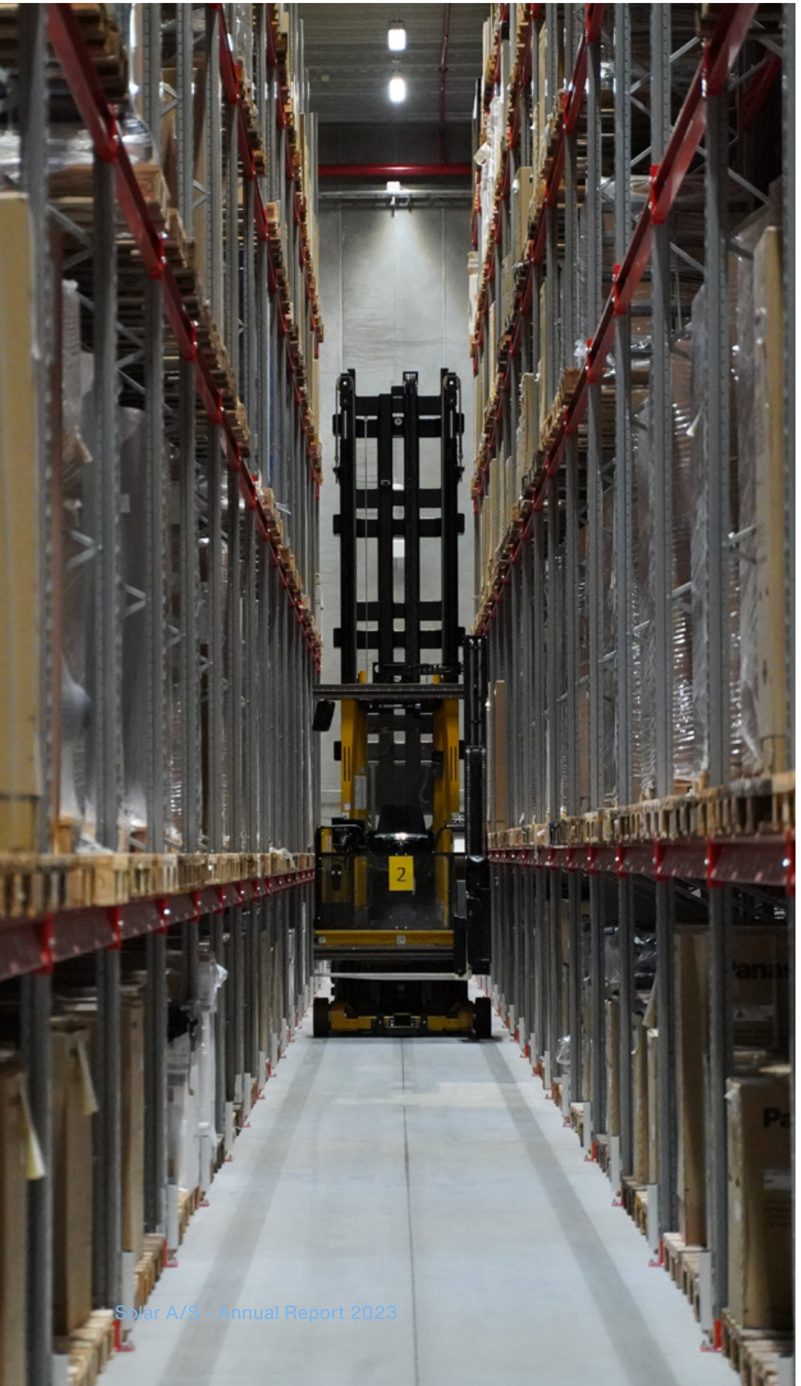
One of the risks reported last year, 'Global supply chain' – associated with unavailability of stock materials and potential price volatility – has been significantly reduced thanks to normalisation of the supply chain, ensuring an adequate inventory and supplier portfolio, as well as by improvements of the order placement and forecast processes.

Risk F, previously headlined 'New entrants in the market', was renamed to 'Market and competition dynamics' to reflect the current competitive landscape without an emphasis on the new players only.

The emerging risks related with environmental, social and governance matters (ESG) have been included in interviews and local risk assessments. Additionally, they were thoroughly analysed and assessed in the double materiality assessment conducted throughout the year (see our Sustainability Report 2023 at www.solar.eu). The consolidated risk score has not yet triggered immediate risk mitigation at group level, although the associated risks are monitored closely.

	A Cyberattack	B IT interruptions
Risk	The risk is unchanged.	The risk is unchanged.
Scenario	Risk of IT breakdown and/or data breach due to a cyberattack.	Risk of business interruption due to unforeseen but inherent events affecting IT operations such as fire, power outage, network, or system failure, and other natural or unintentional man-made hazards.
Impact	Business interruptions in the form of compromised data, denial of service, intellectual property theft, and regulatory investigations are among the consequences of various cyber incidents and would ultimately lead to financial losses and an inability to run daily operations. The probability of the worst-case scenario is slightly above medium, and the potential impact is assessed as between medium and high.	Potential IT interruption may have a significant impact on earnings and reputation depending on the nature and scale of the event. However, the probability of the worst-case scenario is between low and medium, but the potential impact is assessed as between medium and high.
Mitigation	Mitigation measures focus on strengthening cyber resilience. This includes 24-hour monitoring of the network for unusual behaviour as well as ensuring relevant solutions or upgrading the existing ones. Using the advanced security analytics tool supports the evaluation of the organisation's security measures and implementation of recommended activities. The penetration test performed in 2023 ensured reliability of the IT infrastructure. The latest disaster recovery tests provided assurance that the company's 'crown jewels' (the most critical systems) can be restored within an acceptable timeline in case of a successful cyberattack. Business continuity plans and scenario analyses are regularly tested to identify potential improvement areas. Additionally, Group IT continues to communicate appropriate internal information on IT security by different channels to maintain organisational awareness and reduce the likelihood of an unwanted event caused by the human factor. As external threats continue to increase, the risk is assessed as unchanged due to a number of mitigating measures.	The IT area is continuously monitored and evaluated. Business-critical applications are mirrored at two central data centres in order to safeguard IT operations so that the business can continue to run if one centre experiences downtime. Preventive measures planned to reduce the impact of cyberattacks – such as further improvements of network security, improving application robustness, or strengthening and testing business continuity plans – will also reduce the risk of losing stable digital operations.

	C Product documentation	D Geopolitical and macroeconomic uncertainty	E Credit management
Risk	The risk has been added to the list of top group risks this year.	The risk has increased.	The risk is unchanged.
Scenario	Risk of loss of business opportunities due to a need to keep up with regulatory requirements and dynamic customer demand regarding product documentation (i.e., environmental, climate impact, country of origin).	Risk of adverse macroeconomic conditions or a change to industry trends due to geopolitical and macroeconomic uncertainties.	Risk of negative financial consequences of extending credit to customers.
Impact	Insufficient product documentation can lead to a lack of transparency regarding the assortment, which may cause difficulties for customers to make informed decisions about the product's suitability. This can result in missed business opportunities for the company as customers may choose to work with suppliers who might be able to provide more comprehensive information. At the same time, processing the data required for documentation comes with challenges related to data collection, organisation, analysis, and registration. The probability of the worst-case scenario and the potential impact are assessed as close to medium.	Geopolitical tensions, a wide range of macroeconomic factors (incl. inflation, interest rates, energy costs) as well as dynamics of customer needs may adversely impact markets and reduce demand. The probability of the worst-case scenario and the potential impact are assessed as between medium and high.	Extending credit to customers is regarded as a natural and important element in Solar's business operations. If a negative market cycle occurs, then the credit risk increases. The challenging macroeconomic conditions, in particular the continuing rise in inflation and interest rates, may raise the likelihood of the risk. The probability and potential impact of the worst-case scenario is assessed as close to medium.
Mitigation	To understand current and future priorities in terms of legal and regulatory compliance, Solar continues to build internal competence. Raising awareness of external requirements regarding certifications, packaging, or end-of-life product handling, helps to reinforce product data governance. Continuous development of webshop across the group aims to ensure better visibility and clarity of product information, such as EPD (Environmental Product Documentation). At the same time, EcoVadis – a leading provider for due diligence supplier assessment – supports the company in selecting responsible vendors, which increases chances for obtaining adequate documentation (see more in our Sustainability Report 2023).	Solar draws up the appropriate risk indicators and mitigation measures for specific parts of the business. These are monitored on a regular basis in anticipation of an event requiring a rapid response. Sudden imbalances between supply and demand encouraged stronger focus on selling the right products (i.e., climate & energy) and growing the concept share in order to achieve the projected results. With a view to a potential escalation of political tensions, Solar has incorporated a military conflict or a hybrid attack into its disaster management framework. Potential triggers have been identified, and scenarios and emergency strategies have been defined in the event of a conflict affecting the countries in which we operate.	Solar conducts efficient credit management at all times and monitors the development of credit risk. Furthermore, we have taken out insurance to hedge against potential losses on trade receivables. In addition, uninsured trade receivables are generally spread across a large number of small customers. The impact of current market volatility has been a contributing factor in maintaining the risk at the same level as last year.



	F Market and competition dynamics	G Central warehouse breakdown
Risk	The risk has increased.	The risk is unchanged.
Scenario	Risk of new entrants and continued consolidations in the market giving rise to increased competition and/or price pressure with a negative impact on Solar's business.	Risk of business interruption at the central warehouses due to unforeseen but inherent events such as fire, power outage, flooding, and other natural or man-made hazards.
Impact	The current commercial risk of strong new entrants or significant acquisitions in the market may result in reduced competitiveness, lost revenue, and decreased earnings. The probability of the worst-case scenario is assessed as slightly above medium with the potential impact assessed as medium.	Potential interruption of the operations of central warehouses may have a significant impact on earnings and reputation depending on the nature and scale of the event. However, the probability of the worst-case scenario is low, but the potential impact is assessed as between medium and high.
Mitigation	Solar seeks to engage in an active and regular cross-border dialogue to share experience. A dedicated cross-functional team is in place to monitor potential new players' strategies and/or recent market developments as well as to understand customers' current and future buying criteria. Commercial market and sales organisations monitor this for early indicators, but also proactively engage in dialogue with customers. In accordance with observations and feedback, Solar continues to invest in digital tools and value-adding services to adapt to new trends.	A contingency plan is regularly updated and tested at all central warehouses. It clarifies roles and responsibilities and describes actions required from staff in case of possible force majeure events. Solar arranges for regular warehouse audits in order to verify the level of preventive and detectable security measures to protect its facilities. Thanks to the automated storage and retrieval systems in Denmark, Norway and the Netherlands, the risk of a man-made hazard is limited.

06

Corporate matters

Member benefits that give a headstart

Partnership makes the difference when you're in need of support and technical back-up. Partnership with Solar offers you technical assistance, advice on the choice of product and a great network via our customer programme, VVS Mester in Denmark. As part of VVS Mester, we ensure that heating and plumbing installers are supported in their digital marketing, that they are always up to date on the latest industry trends and are familiar with the latest products – all of which gives them a competitive advantage.

Statutory report on diversity cf. §107d and §99b of the Danish Financial Statements Act

Solar is committed to creating a workplace that values differences and promotes diversity.

Diversity on the Board of Directors

Solar's diversity policy sets out our objective for the composition of the Board of Directors. When board members change, we conduct a broad sweep of the market to ensure a mix of expertise and diversity.

The Board of Directors strives for equal gender representation, while ensuring that it has a broad portfolio of skills and experience. Our aim is to ensure that women are not underrepresented.

This was achieved in 2022. Women now constitute two out of the six board members elected at the Annual General Meeting which according to law is considered an even distribution.

Other management levels

Our aim is to achieve an overall distribution of women and men of >25% and <75% respectively by 2026.

To reach this target, Solar has established a policy to ensure that HR and the managers responsible for recruitment carefully consider diverse backgrounds and qualifications. This includes awareness training on sourcing/recruiting inclusively and awareness of unconscious bias. The team responsible for creating job advertisements have been trained in writing inclusively in order to reach candidates with diverse backgrounds. We require that managerial candidate shortlists include at least one member of the underrepresented gender.

The policy can be found at:

www.solar.eu/investor/policies

To accelerate this development and ensure the implementation of new initiatives, the CEO now heads up the Diversity Community.

Several local communities have been established with the aim of guiding and providing feedback to our local management teams on how to ensure an inclusive and equal workplace. We expect to have this in place in all major subsidiaries by the end of 2026.

Board of Directors	2023
Men	4
Women	2
Total	6
Share underrepresented gender	33%
Target	33%

Other management levels	2023
Men	11
Women	2
Total	13
Share underrepresented gender	15%
Target by 2026	>25%

Solar complies with corporate governance recommendations

Solar has set out our practice in relation to the 2020 recommendations of the Danish Committee on Corporate Governance.

Solar regards the 2020 recommendations as a valuable tool for exercising sound management, providing shareholders and other stakeholders with full transparency and ensuring efficient risk management.

A full description of Solar's views on the individual items in the corporate governance recommendations is available at:

www.solar.eu/investor/corporate-governance

Deviation

Solar complies with 39 of the 40 recommendations but deviates from recommendation 4.1.3.

Recommendation on the variable part of remuneration

Limits have been set as to the size of both share-based and non-share-based incentive payments in relation to the fixed remuneration in order to ensure an appropriate balance between long-term and short-term interests and balanced risk.

As a simple model for allocation of variable remuneration is applied, the Board of Directors does not deem it relevant to assess the value of this in different scenarios.

Statutory corporate governance statement

Solar has chosen to make the statutory corporate governance statement, cf. Danish Financial Statements Act section 107b, available on the company's website.

Please use this link to view the statutory corporate governance statement 2023:

www.solar.eu/investor/corporate-governance

The Audit Committee and Internal Audit

Descriptions of the roles and responsibilities of the Audit Committee and Internal Audit are available on the link below.

www.solar.eu/investor/corporate-governance

Board of Directors

The Board of Directors and Executive Board, which comprises the CEO and CFO are jointly responsible for Solar Group's overall and strategic management.

Nomination Committee

Once a year, the composition of the Board of Directors is assessed by a representative from the company's majority shareholder, the Fund of 20th December, together with three representatives from the board, including the chair of the company's Board of Directors.

The committee puts forward proposals for both re-election and election of new members of the Board of Directors and the Board's annual evaluation is included as part of the process. The committee can seek assistance from external advisers and shareholders and undertakes a number of preparatory tasks to ensure that the Board of Directors meets the guidelines laid down by the Board of Directors at all times. Emphasis is placed on members representing relevant expertise in relation to the company's requirements. The aim remains to ensure diversity and a balance between continuity and renewal of the Board of Directors.

The Nomination Committee is not a board committee in the same sense as the Audit and Remuneration Committees, and the Board of Directors' tasks in relation to the composition of the board have not changed since its establishment.

A charter determining the guidelines for the composition and tasks of the Nomination Committee is available at:

www.solar.eu

Board of Directors' affiliation with Solar

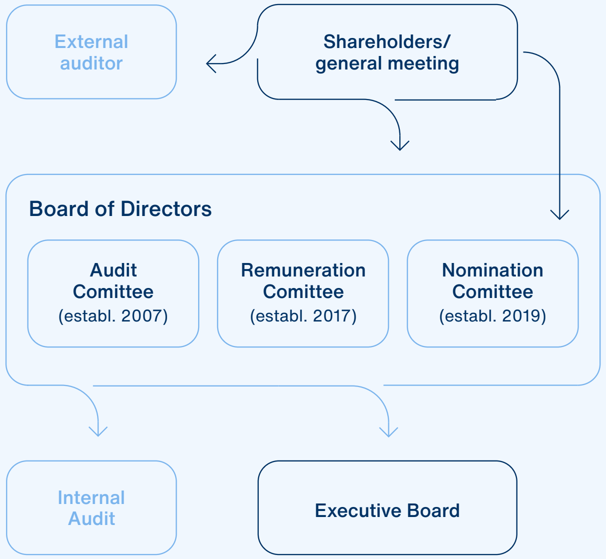
Peter Bang, Morten Chrone, Louise Knauer and Michael Troensegaard Andersen are independent of the company pursuant to the definition in the recommendations on corporate governance in Denmark.

Jesper Dalsgaard and Katrine Borum is affiliated with the Fund of 20th December, Solar's majority shareholder.

In 2023, the Board of Directors reelected Peter Bang, Michael Troensegaard Andersen and Louise Knauer as members of the Audit Committee. Peter Bang chairs the Audit Committee. He and Michael Troensegaard Andersen have special accountancy qualifications.

The Board of Directors reelected Morten Chrone and Louise Knauer as members of the Remuneration Committee together with the Chair of the Board of Directors Michael Troensegaard Andersen. Michael Troensegaard Andersen chairs the Remuneration Committee.

Corporate governance structure



Employee representatives

The most recent ordinary election of employee representatives was held electronically in 2022. Rune Jesper Nielsen, Denise Goldby, and Michael Kærgaard Ravn were elected as members of the Board of Directors.

Under the law, employee representatives have the same rights, duties and responsibilities as the other members of the board. Under Danish law, employees have the right to elect a number of representatives and alternates, corresponding to half the representatives elected by the Annual General Meeting at the time of the announcement of the election of employee representatives.

Election period

All board members elected at the Annual General Meeting stand for election each year, whereas employee representatives are elected by the company's employees for four-year terms.

Activities

A minimum of six ordinary board meetings as well as one Board of Directors' conference are held each year.

In 2023, we had seven board meetings and one conference for the Board of Directors.

Evaluation

During Q4 2023, the Chair facilitated a board evaluation, among others covering the cooperation between the Board of Directors and the Executive Board, the Chair's role, the Board's and Board Committees' work and an assessment of Board capabilities relative to those best supporting Solar's strategy.

All members of the Board of Directors participated in the evaluation and provided input via questionnaires, thus forming the basis of an evaluation report. The 2023 evaluation has been shared with the Nomination Committee and has not given rise to any additional measures.

Meeting attendance in 2023

Board member	Board Meetings	Board Conference	Audit Committee	Remuneration Committee
Michael Troensegaard Andersen	7	1	4	1
Jesper Dalsgaard	7	1	-	–
Peter Bang	6	1	5	–
Katrine Borum	7	1	–	–
Morten Chrone	7	1	–	1
Denise Goldby	7	1	–	–
Louise Knauer	6	1	5	1
Rune Jesper Nielsen	7	1	–	–
Michael Kærgaard Ravn	7	1	–	–

Members of the Board of Directors

Michael Troensegaard Andersen

Born 1961
Joined 2021
Chair

- Master of Science in Mechanical Engineering from Denmark's Technical University (1987) and a Graduate Diploma in Business Administration (Financial and Management Accounting) from Copenhagen Business School (1988).
- Chair of the Board of Directors of Shark Solutions A/S and BE Shark Holding ApS and member of the board of directors of HusCompagniet A/S.
- Possesses experience as CEO in listed companies and of strategic, structural and organizational transformation, sustainability and green transition, together with in-depth knowledge of the European Building and Building Material Industry.
- Remuneration 2023: DKK 840,000.
- Holds 774 Solar B shares. Did not trade Solar shares in 2023.

Jesper Dalsgaard Jensen

Born 1968
Joined 2017
Vice Chair

- Managing Director, Rambøll Environment & Health, Rambøll Group A/S.
- M.Sc. in Law and Business Administration 1993.
- Member of the board of directors of the Fund of 20th December, Mannaz A/S, Rambøll Management Consulting A/S and other international companies in the Rambøll Group.
- Possesses executive management experience of companies managed by foundations and companies within the construction industry, and has experience within strategy, business development, mergers & acquisitions together with in-depth knowledge and experience within sustainability and green transition.
- Remuneration 2023: DKK 450,000.
- Holds 1,550 Solar B shares of which 450 shares were acquired in 2023.

Peter Bang

Born 1969
Joined 2018

- CFO, Salling Group
- Cand.oecon. 1994 from Aarhus University, specialising in business economics and financing.
- Chair of the board of directors of BIMobject AB.
- Experience within construction, climate/energy, sustainability and green transition, digitalisation, organisational development, as well as finance and performance management.
- Remuneration 2023: DKK 487,500.
- Holds 1,200 Solar B shares. Did not trade Solar shares in 2023.

Katrine Borum

Born 1981
Joined 2022

- Chief Physician and Head of Education at Nordsjællands Hospital.
- Cand.med., University of Copenhagen 2010, Orthopedic specialist, 2021.
- Board member and Head of Education in the Danish Orthopedic Society.
- Experience with managing many professions and developing an educational environment.
- Remuneration 2023: DKK 350,000.
- Holds 42,723 Solar B shares. Did not trade Solar shares in 2023.

Morten Chrone

Born 1966
Joined 2019

- Group CEO, Unisport Saltex Oy.
- MBA 2001 and B.Eng. in Civil and Constructional Engineering 1994.
- Chair of the board of Unisport Scandinavia ApS and CEO of Mads ApS.
- Has held management positions within the construction industry/wholesale business in Denmark and abroad for the past 25 years and has significant knowledge of Solar's core business and the markets we operate in.
- Remuneration 2023: DKK 380,000
- Holds 712 Solar B shares. Did not trade Solar shares in 2023.

Members of the Board of Directors

Denise Goldby

Born 1987
Joined 2022
Employee-elected member

- Head of Solar's Copenhagen and Amager customer centres.
- Remuneration 2023: DKK 290,000.
- Holds 25 Solar B shares of which 5 shares were acquired in 2023.

Louise Knauer

Born 1983
Joined 2017

- CED of Lady Invest ApS and It's a club ApS.
- BSc in business administration and commercial law, 2006, and MSc in finance and strategic management, 2008.
- Member of the boards of directors of Rekom Group Holding ApS, Rekom Group A/S, CC Mist NEW Holding II ApS, CC Fly Holding II A/S, CC Globe Holding I ApS, CC Globe Holding II A/S, FERM LIV-ING ApS, NTG Nordic Transport Group A/S, Skako A/S and two subsidiaries hereof.
- Possesses experience as CEO and member of executive committees of listed and family-owned companies. Has experience within strategy, M&A, organisational development, and company turn-arounds. In addition, expertise within tech, innova-tion, digitisation, data/AI/ML and cyber security.
- Remuneration 2023: DKK 425,000.
- Holds 381 Solar B shares. Did not trade Solar shares in 2023.

Rune Jesper Nielsen

Born 1971
Joined 2022
Employee-elected member

- Warehouse employee.
- Remuneration 2023: DKK 290,000.
- Holds no Solar shares.

Michael Kærgaard Ravn

Born 1971
Joined 2022
Employee-elected member

- Account Manager, Industry OEM.
- Remuneration 2023: DKK 290,000.
- Holds 123 Solar B shares. Did not trade Solar shares in 2023.

Executive Board and Solar Group Management

Jens E. Andersen

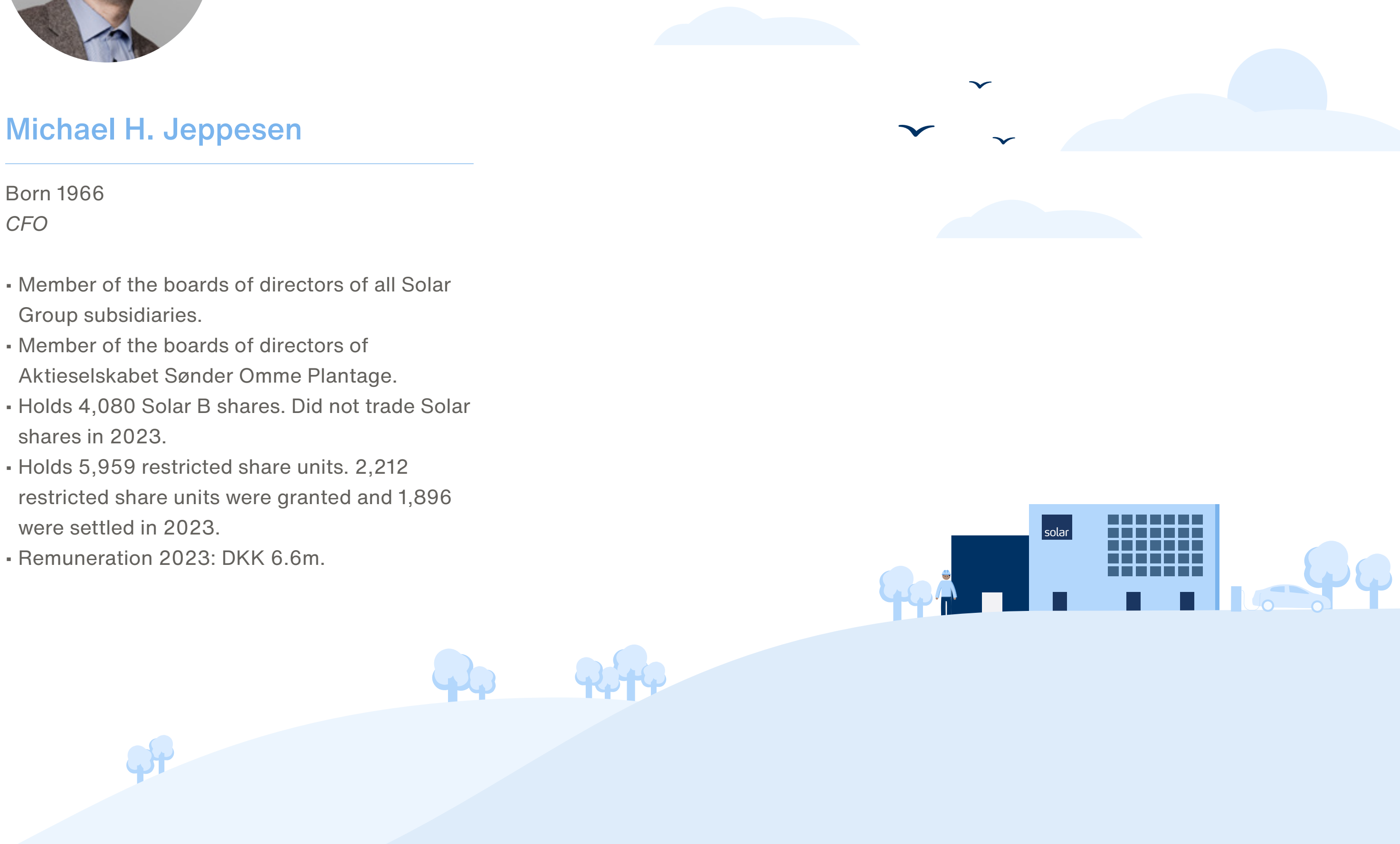
Born 1968
CEO

- Chair of the boards of directors of 7 Solar Group subsidiaries.
- Member of the boards of directors of VELTEK, DI Byggeri, and HF Christiansen Holding A/S and two subsidiaries hereof.
- Holds 10,664 Solar B shares. Did not trade Solar shares in 2023.
- Holds 11,164 restricted share units. 4,007 restricted share units were granted and 3,795 were settled in 2023.
- Remuneration 2023: DKK 12.2m.

Michael H. Jeppesen

Born 1966
CFO

- Member of the boards of directors of all Solar Group subsidiaries.
- Member of the boards of directors of Aktieselskabet Sønder Omme Plantage.
- Holds 4,080 Solar B shares. Did not trade Solar shares in 2023.
- Holds 5,959 restricted share units. 2,212 restricted share units were granted and 1,896 were settled in 2023.
- Remuneration 2023: DKK 6.6m.



Solar Group Management

Solar Group Management comprises the Executive Board, our Senior Vice Presidents and the MDs of the Solar Group subsidiaries.

Carsten L. Antonisen Born 1965,
Senior Vice President & MD Solar Danmark

Jan Willy Fjellvær Born 1961,
Senior Vice President & MD Solar Norge

Lars Goth Born 1961,
Senior Vice President, Group Operations

Anders Koppel Born 1969,
Senior Vice President & MD Solar Sverige

Anders Solberg Odgaard Born 1971,
Senior Vice President, CIO

Peter Pedersen Born 1970,
Senior Vice President, Commercial Market

Michiel Rohrman Born 1967,
Senior Vice President & MD Solar Nederland

Frank Simonsen Born 1978,
Senior Vice President, Finance

Ole Sørensen Born 1971,
Senior Vice President, Industry Sales

Dariusz Targosz Born 1969,
Senior Vice President & MD Solar Polska

Bauke Zeinstra Born 1966,
Senior Vice President & MD MAG45

Shareholder information

In 2023, we had close to 10,000 shareholders. This is a testimony for our ability to include the private investors in our quarterly calls and investor visits.

Dividends

The Board of Directors proposes that the Annual General Meeting approves a dividend of DKK 30.00 per share for a total payout of DKK 219 million for the 2023 financial year. The proposed dividend corresponds to a payout ratio of 63%. The proposal is in line with the previously stated plan to have a payout ratio of at least 35% of profits after tax. If approved, the 2023 dividend will be disbursed on March 20, 2024, with March 15, 2024 as the last trading day with dividend.

The Solar share price development

On 31 December 2023, the price of Solar's B share was DKK 465, down from the 2023 starting price of DKK 620. This is a decrease of approx. 25% over the year. By way of comparison, the MidCap index increased by 3.0% in 2023.

Over a five-year period, Solar's B share has generated a total shareholder return of 266%.

The Solar share

	A share	B share
Shares	900,000	6,460,000
Nominel value (DKK)	100	100
Votes per share	10	1
Treasury shares [1]	-	56,813
Stock Exchange	-	Nasdaq Copenhagen Stock Exchange
Ticker symbol		Solar B
Share price year-end (DKK)	465	465
Market Cap year-end (DKKm)	419	3,004

1) See note 4.2, treasury shares

Dividend payments

DKK million	2023	2022	2021	2020	2019
Ordinary, dividend	329	329	204	102	102
Extraordinary, dividend	–	329	110	–	–
Total, dividend	329	658	314	102	102
Payout ratio in %	50	124	141	159	77

Annual general meeting

Solar's Annual General Meeting will be held on Friday 15 March 2024 at 11.00.

Shareholders can register for the Annual General Meeting at the investor portal accessible via:

www.solar.eu

The Board of Directors will submit the following items for approval by the Annual General Meeting:

- Approval of Annual Report 2023.
- Payment of DKK 30.00 in return per share outstanding of DKK 100.
- Indicative vote for approval of Remuneration Report 2023.
- Approval of the Board of Directors' remuneration of an unchanged DKK 200,000 in 2024 and meeting attendance fees of DKK 15,000 for physical meetings and DKK 7,500 for virtual meetings in 2024.
- Election of members to the Board of Directors.
- Appointment of auditor.
- Authority to potentially pass a resolution to distribute extraordinary dividends of up to DKK 50.00 per share.
- Authority to acquire treasury shares valued at up to 10% of share capital.
- Approval of revised remuneration policy.

A presentation of our Board of Directors can be found on pages 35-36.

Investor relations policy

We strive to maintain an open dialogue with investors and to provide them with accurate and adequate information for making reasoned investment decisions about Solar's shares. We ensure all investors are given fair and equal access to information by publishing relevant information via Nasdaq Copenhagen. We participate in conferences, arrange roadshows and organise meetings with investors and financial analysts following the publication of quarterly and annual reports. Investor meetings and similar events cannot be held during our quiet periods, which start on 1 January, 1 April, 1 July and 1 October and end with the publication of a quarterly or annual report.

Shareholders with more than 5% of shares or votes

Shareholders according to section 55 of the Danish Comapnies Act	Share Capital	Votes
The Fund of 20th December, Vejen, Denmark	17.0%	60.5%
Nordea Funds Ltd., Helsinki, Finland	10.4%	5.0%

Financial calendar 2024

08 Feb	Annual Report 2023
15 Mar	Annual General Meeting
02 May	Quarterly Report Q1 2024
08 Aug	Quarterly Report Q2 2024
31 Oct	Quarterly Report Q3 2024

Analysts

The following financial institutions cover the Solar share:

- Carnegie Bank
- SEB

We are expecting coverage from additional financial institutions during 2024.

Investor contact

Dennis Callesen
Investor Relations Director
Tel.: +45 29 92 18 11
E-mail: deca@solar.dk

07

Financial statements

More than five kilometers of lighting

It was partnership that made the difference when Schou needed proper lighting for their 100,000 m^2 warehouse: lighting that was also energy efficient. Solar provided more than 5 km of motion detector lighting. Employees are therefore assured of a work-friendly environment while Schou benefits from reduced energy consumption.

Consolidated financial statements

Contents

Summary for the Solar Group

2019-2023

Income statement (DKK million)	2023	2022	2021	2020	2019
Revenue	13,031	13,863	12,354	11,465	11,679
Earnings before interest, tax, depreciation and amortisation (EBITDA)	871	1,175	911	637	538
Earnings before interest, tax and amortisation (EBITA)	648	978	727	455	360
Earnings before interest and tax (EBIT)	558	909	672	248	260
Financials, net	-90	-50	-48	-40	-35
Earnings before tax (EBT)	468	858	622	300	120
Net profit for the year	348	660	531	222	64

Balance sheet (DKK million)	2023	2022	2021	2020	2019
Non-current assets	1,893	1,564	1,415	1,339	1,756
Current assets	4,219	4,337	3,890	3,268	3,234
Balance sheet total	6,112	5,901	5,305	4,607	4,990
Total equity	1,982	1,931	1,952	1,696	1,592
Non-current liabilities	908	709	435	498	503
Current liabilities	3,222	3,261	2,918	2,413	2,895
Interest-bearing liabilities, net	1,157	1,074	-37	128	921
Invested capital	3,120	2,978	1,866	1,760	2,297
Net working capital, year-end	1,907	2,205	1,259	1,109	1,280
Net working capital, average	2,193	2,010	1,363	1,322	1,386

Cash flow (DKK million)	2023	2022	2021	2020	2019
Cash flow from operating activities	855	16	783	813	300
Cash flow from investing activities	-405	-259	-191	162	-194
Cash flow from financing activities	-175	-82	-515	-627	-110
Net investments in intangible assets	-102	-59	-58	-50	-35
Net investments in property, plant and equipment	-169	-167	-125	-25	-110
Acquisition and divestment of subsidiaries and operations, net	-133	-34	0	0	-35

Financial ratios (% unless otherwise stated)	2023	2022	2021	2020	2019
Revenue growth	-6.0	12.2	7.8	-1.8	5.2
Organic growth	-3.3	12.9	6.4	-1.2	4.8
Organic growth adjusted for number of working days	-2.6	12.9	5.9	-2.0	4.9
Gross profit margin	22.5	23.4	22.4	21.0	20.1
EBITDA margin	6.7	8.5	7.4	5.6	4.6
EBITA margin	5.0	7.1	5.9	4.0	3.1
EBIT margin	4.3	6.6	5.4	2.2	2.2
Effective tax rate	25.6	23.1	14.6	26.0	45.2
Net working capital (year-end NWC)/revenue	14.6	15.9	10.2	9.7	11.0
Net working capital (average NWC)/revenue	16.8	14.5	11.0	11.5	11.9
Gearing (net interest-bearing liabilities/EBITDA), no. of times	1.3	0.9	0.0	0.2	1.7
Return on equity (ROE)	18.0	34.0	29.1	13.5	4.0
Return on invested capital (ROIC)	13.2	25.5	24.6	13.8	8.3
Enterprise value/earnings before interest, tax and amortisation (EV/EBITA)	7.0	5.7	7.8	5.8	7.9
Equity ratio	31.6	32.7	36.8	36.8	31.9

Contents

Summary for the Solar Group

2019-2023 – continued

Share ratios (DKK unless otherwise stated)	2023	2022	2021	2020	2019
Earnings per share outstanding (EPS)	47.51	90.37	72.72	30.42	8.77
Intrinsic value per share outstanding	264.54	264.41	267.28	232.38	218.13
Cash flow from operating activities per share outstanding	117.07	2.19	107.23	111.40	41.11
Share price	465.71	622.62	795.05	353.70	297.31
Share price/intrinsic value	1.76	2.35	2.97	1.52	1.36
Ordinary dividend per share	30.00	45.00	45.00	28.00	14.00
Extraordinary dividend per share	-	-	45.00	15.00	-
Total dividend in % of net profit for the year (payout ratio)	63.1	49.8	123.8	141.1	159.4
Price Earnings (P/E)	9.8	6.9	10.9	11.6	33.9

Employees	2023	2022	2021	2020	2019
Average number of employees (FTEs)	3,036	3,019	2,908	2,935	3,039

Definitions	
Organic growth	Revenue growth adjusted for enterprises acquired and sold off and any exchange rate changes.No adjustments have been made for number of working days.
Organic growth adjusted for number of working days	Revenue growth adjusted for enterprises acquired and sold off and any exchange rate changes and number of working days.
Net working capital	Inventories and trade receivables less trade payables.
Return on invested capital (ROIC)	Return on invested capital calculated on the basis of EBIT exclusive impairment on goodwill less tax calculated using the effective tax rate adjusted for one-off effects, if any.

In all material aspects financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios".

Contents

Statement of comprehensive income

Income statement

Notes	DKK million	2023	2022
2.1	Revenue	13,031	13,863
	Cost of sales	-10,101	-10,618
	Gross profit	**2,930**	**3,245**
5.4	External operating costs	-399	-386
2.2	Staff costs	-1,643	-1,656
2.3	Loss on trade receivables	-17	-28
	Earnings before interest, tax, depreciation and amortisation (EBITDA)	**871**	**1,175**
2.4	Depreciation and write-down on property, plant and equipment	-223	-197
	Earnings before interest, tax and amortisation (EBITA)	**648**	**978**
2.4	Amortisation and impairment of intangible assets	-90	-69
	Earnings before interest and tax (EBIT)	**558**	**909**
3.4	Share of net profit from associates	0	-1
4.5	Financial income	65	53
4.6	Financial expenses	-155	-103
	Earnings before tax (EBT)	**468**	**858**
2.5	Income tax	-120	-198
2.6	**Net profit for the year**	**348**	**660**
	Attributable to:		
	Shareholders of Solar A/S	347	660
	Non-controlling interests	1	0
	Net profit for the year	**348**	**660**
4.3	Earnings in DKK per share outstanding (EPS) for the year	47.51	90.37
4.3	Diluted earnings in DKK per share outstanding (EPS-D) for the year	47.34	90.05

Other comprehensive income

DKK million	2023	2022
Net profit for the year	**348**	**660**
Other income and costs recognised:		
Items that can be reclassified to the income statement		
Foreign currency translation adjustments of foreign subsidiaries	-13	-51
Fair value adjustments of hedging instruments before tax	-5	36
Tax on fair value adjustments of hedging instruments	1	-8
Other income and costs recognised after tax	**-17**	**-23**
Total comprehensive income for the year	**331**	**637**
Attributable to:		
Shareholders of Solar A/S	330	637
Non-controlling interests	1	0
Total comprehensive income for the year	**331**	**637**

Contents

Balance sheet

As at 31 December

Notes	DKK million	2023	2022
	Assets		
3.1	Intangible assets	348	173
3.2	Property, plant and equipment	1,066	963
3.3	Right-of-use assets	440	383
2.5	Deferred tax assets	7	9
3.4	Investments in associates	4	4
	Other non-current assets	28	32
	Non-current assets	**1,893**	**1,564**
3.5	Inventories	2,029	2,248
3.6	Trade receivables	1,648	1,859
	Income tax receivable	25	13
	Other receivables	17	9
	Prepayments	59	42
	Cash at bank and in hand	441	166
	Current assets	**4,219**	**4,337**
	Total assets	**6,112**	**5,901**

Notes	DKK million	2023	2022
	Equity and liabilities		
4.1	Share capital	736	736
	Reserves	-198	-181
	Retained earnings	1,175	1,047
	Proposed dividends for the financial year	219	329
	Equity attributable to shareholders of Solar A/S	**1,932**	**1,931**
	Non-controlling interests	50	0
	Total equity	**1,982**	**1,931**
4.4	Interest-bearing liabilities	434	293
3.3, 4.4	Lease liabilities	320	274
2.5	Provision for deferred tax	143	133
3.7	Other provisions	11	9
	Non-current liabilities	**908**	**709**
4.4	Interest-bearing liabilities	714	556
3.3, 4.4	Lease liabilities	130	117
	Trade payables	1,770	1,902
	Income tax payable	54	63
3.8	Other payables	520	604
	Prepayments	13	2
3.7	Other provisions	21	17
	Current liabilities	**3,222**	**3,261**
	Liabilities	**4,130**	**3,970**
	Total equity and liabilities	**6,112**	**5,901**

Contents

Cash flow statement

Notes	DKK million	2023	2022
	Net profit for the year	**348**	**660**
2.4	Depreciation, write-down and amortisation	313	266
	Changes to provisions and other adjustments	5	-18
	Share of net profit from associates	0	1
4.5, 4.6	Financials, net	90	50
	Income tax	120	198
4.5	Financial income, received	30	15
4.6	Financial expenses, settled	-106	-43
	Income tax, settled	-138	-155
	Cash flow before working capital changes	**662**	**974**
	Working capital changes		
	Inventory changes	230	-433
	Receivables changes	182	-394
	Non-interest-bearing liabilities changes	-219	-131
	Cash flow from operating activities	**855**	**16**
	Investing activities		
3.1	Purchase of intangible assets	-102	-59
	Purchase of property, plant and equipment	-170	-167
	Disposal of property, plant and equipment	1	0
	Acquisition of associates	-1	0
5.6	Acquisition of subsidiaries and activities[1]	-133	-24
	Other financial investments	0	1
	Cash flow from investing activities	**-405**	**-249**

Notes	DKK million	2023	2022
	Financing activities		
4.6	Repayment of non-current interest-bearing debt	-9	-12
	Raising of non-current interest-bearing liabilities	150	185
	Change in current interest-bearing debt	149	519
3.3	Instalment on lease liabilities	-136	-116
	Dividends paid to shareholders of Solar A/S	-329	-658
	Cash flow from financing activities	**-175**	**-82**
	Total cash flow	**275**	**-315**
	Cash at bank and in hand at the beginning of the year	166	481
	Cash at bank and in hand at the end of the year	**441**	**166**

1) In the comparative figures a minor reclassification has been made.

Contents

Statement of changes in equity

DKK million	Share capital	Reserves for hedging transactions[1]	Reserves for foreign currency translation adjustments[1]	Retained earnings	Proposed dividends	Equity attributable to Shareholders of Solar A/S	Non-controlling interests	Total equity
2023								
Equity as at 1 January	**736**	**-9**	**-172**	**1,047**	**329**	**1,931**	**0**	**1,931**
Foreign currency translation adjustments of foreign subsidiaries			-13			-13		-13
Fair value adjustments of hedging instruments before tax		-5				-5		-5
Tax on fair value adjustments		1				1		1
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	-4	-13	0	0	-17	0	-17
Net profit for the year				128	219	347	1	348
Comprehensive income	**0**	**-4**	**-13**	**128**	**219**	**330**	**1**	**331**
Distribution of dividends (DKK 45.00 per share)					-329	-329		-329
Non-controlling interests on acquisition of subsidiary						0	49	49
Transactions with the owners	**0**	**0**	**0**	**0**	**-329**	**-329**	**49**	**-280**
Equity as at 31 December	**736**	**-13**	**-185**	**1,175**	**219**	**1,932**	**50**	**1,982**

1) Reserves for hedging transactions and reserves for foreign currency translation adjustments are recognised in the balance sheet as a total amount under reserves.

Contents

Statement of changes in equity

– continued

DKK million	Share capital	Reserves for hedging transactions[1]	Reserves for foreign currency translation adjustments[1]	Retained earnings	Proposed dividends	Equity attributable to Shareholders of Solar A/S	Non-controlling interests	Total equity
2022								
Equity as at 1 January	**736**	**-37**	**-121**	**1,045**	**329**	**1,952**	**0**	**1,952**
Foreign currency translation adjustments of foreign subsidiaries			-51			-51		-51
Fair value adjustments of hedging instruments before tax		36				36		36
Tax on fair value adjustments		-8				-8		-8
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	28	-51	0	0	-23	0	-23
Net profit for the year				331	329	660		660
Comprehensive income	**0**	**28**	**-51**	**331**	**329**	**637**	**0**	**637**
Distribution of dividends (DKK 45.00 per share)					-329	-329		-329
Distribution of extraordinary dividends (DKK 45.00 per share)				-329		-329		-329
Transactions with the owners	**0**	**0**	**0**	**-329**	**-329**	**-658**	**0**	**-658**
Equity as at 31 December	**736**	**-9**	**-172**	**1,047**	**329**	**1,931**	**0**	**1,931**

1) Reserves for hedging transactions and reserves for foreign currency translation adjustments are recognised in the balance sheet as a total amount under reserves.

Contents

01

Section 1
Basis for preparation

Contents

1 Basis for preparation

1.1 General accounting policies

The consolidated financial statements of Solar A/S for 2023 are presented in accordance with the International Financial Reporting Standards (IFRSs) as approved by the EU and additional Danish disclosure requirements for annual reports of listed companies and the IFRS executive order issued in accordance with the Danish Financial Statements Act.

The consolidated financial statements have been prepared using the historical cost formula with the exception of derivative financial instruments and investments in equity instruments, which are measured at fair value, as well as non-current assets and groups of assets held for sale, which are measured at the lowest value of the book value before changes in classification or fair value less sales costs.

The accounting policies described below have been applied consistently in the financial year and to the comparative figures.

Implementation of new financial reporting standards

No additional standards have been implemented in 2023 only amendments and improvements to existing standards. These changes have no impact on Solar's accounting policies.

Solar Group has applied the mandatory temporary relief from deferred tax accounting for global minimum taxes introduced by Pillar Two. Due to transitional safe harbour, exposure to Pillar Two was also analysed in all jurisdictions of Solar Group and there is no material top-up tax exposure based on financial year 2023 data.

Presentation currency

The annual report is presented in Danish kroner rounded off to the nearest 1,000,000 Danish kroner. Danish kroner is the parent company's functional currency.

Translation of foreign currency items

A functional currency has been set for each reporting group entity. The functional currencies are the currencies used in the primary economic environments in which each individual reporting entity operates. Transactions in other currencies than the functional currency are considered transactions in foreign currencies.

Transactions in foreign currency are translated at first recognition to the functional currency at the exchange rate prevailing at the date of the transaction. Differences between the exchange rate prevailing on the date of the transaction and the exchange rate on the payment date are recognised in the income statement as items under financial income and expenses.

All monetary items in foreign currencies that have not been settled on the balance sheet date are translated into the functional currencies using the exchange rates on the balance sheet date. Any difference between the exchange rate prevailing on the date of the transaction and the balance sheet date exchange rate are recognised in the income statement as items under financial income and expenses.

When recognising entities with different functional currencies than Danish kroner in the consolidated financial statements, the income statements are translated at the exchange rate prevailing on the date of the transaction and balance sheet items are translated at the balance sheet date exchange rates. The average rate of exchange for the individual months is used as exchange rate prevailing on the date of the transaction when this does not result in a considerably different presentation. Exchange rate differences, from translation of these entities' equity at the beginning of the year at the balance sheet date exchange rates and in connection with the translation of income statements from the exchange rate prevailing at the date of transaction to the balance sheet date exchange rates, are recognised directly in other comprehensive income as a separate reserve for foreign currency translation adjustments.

When translating investments in associates with a functional currency other than Danish kroner in the consolidated financial statement, the group's share of comprehensive income is translated at the average exchange rates and the share of equity, including goodwill, is translated at the exchange rate on the balance sheet date.

The exchange rate difference resulting from the translation of the share of foreign associates' equity at the beginning of the year at the exchange rate on the balance sheet date and the translation of the share of comprehensive income from the average exchange rates to the exchange rate prevailing on the balance sheet date is recognised in other comprehensive income and presented in a separate reserve for foreign currency translation adjustments under equity. The cumulative currency translation adjustment is recycled to the income statement upon disposal of the investment.

Consolidated financial statements

The consolidated financial statements include the financial statements of the parent company Solar A/S and subsidiaries in which Solar A/S has power over the investee, exposure to variable returns and the ability to use its power over the investee to affect the returns.

The consolidated financial statements have been prepared as an aggregation of the parent company and the individual subsidiaries' financial statements and in accordance with the group's accounting policies. Intercompany revenue, other intercompany operating items,

Contents

1 Basis for preparation

1.1 General accounting policies – continued

intercompany balances, profit and loss from transactions between the consolidated entities as well as internal equity investments are eliminated.

On 1 March 2023 Solar acquired 51% of ThermoNova A/S, see note 5.6. Solar recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in ThermoNova A/S, Solar decided to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

The accounting items of subsidiaries are included in full in the consolidated financial statements. Non-controlling interests' share in the results and equity of subsidiaries is included in the Group's profit/loss and equity but an allocation is shown separately in the consolidated income statement statement of other comprehensive income, balance sheet and statement of changes in equity respectively.

Entities over which the group has significant influence but not control over operational and financial decisions are classified as associates. Significant influence typically exists when the group directly or indirectly holds more than 20% of voting rights, but less than 50%. However, for each investment an individual assessment on the classification will be performed. The assessment will be based on our part of the voting rights and our representation on Board of Directors. If such an assessment concludes that we have insignificant influence then the investment is classified as other non-current assets.

The group's share of the associates' earnings after tax and the elimination of the proportional share of internal profit/loss is recognised in the income statement. The group's share of the associates' other comprehensive income is recognised in other comprehensive income.

When obtaining significant influence over an entity in which the group has previously held an interest accounted for as a financial asset, the fair value as of the date when the group obtained significant influence is deemed as cost under the equity method.

Statement of comprehensive income

Solar A/S presents the statement of comprehensive income in two statements. An income statement and a statement of comprehensive income that show the year's results and income that forms part of other comprehensive income. Other comprehensive income includes exchange rate adjustments, adjustments of investments in associates and hedging transactions.

Cash flow statement

The cash flow statement shows cash flow distributed on operating, investing and financing activities for the year, changes in cash and cash equivalents, and cash at bank and in hand at the beginning and end of the year.

The effect of cash flow on the acquisition and divestment of entities is shown separately under cash flow from investing activities. Cash flow from acquired entities is recognised in the cash flow statement from the date of acquisition and cash flow from divested entities is recognised until the time of divestment.

Cash flow from operating activities is determined using the indirect method as earnings before tax adjusted for non-cash operating items, changes in working capital, interest received and paid, and income tax paid. Cash flow from investing activities includes payments in connection with the acquisition and sale of intangibles, property, plant and equipment and investments, and acquisition and divestment of entities. Cash flow from financing activities includes acquisition and sale of treasury shares, dividends distribution, incurrence or repayment of non-current and current interest-bearing liabilities and instalment on lease liabilities. Cash at bank and in hand includes cash holdings and deposits with banks.

Financial ratios

In general, financial ratios are calculated in accordance with the "Recommendations and Ratios" of the Danish Finance Society.

Earnings per share (EPS) and diluted earnings per share (EPS-D) are determined in accordance with IAS 33.

Reporting under the ESEF regulation

The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) has introduced a single electronic reporting format for the annual financial reports of issuers with securities listed on the EU-regulated markets.

The combination of XHTML format and iXBRL tags enables the annual financial reports to be read by both humans and machines, thus enhancing accessibility, analysis and comparability of the information included in the annual financial reports.

The Group's iXBRL tags have been prepared in accordance with the ESEF taxonomy, which is included in the ESEF Regulation and has been developed based on the IFRS taxonomy published by the IFRS Foundation.

The line items in the consolidated financial statements are tagged to elements in the ESEF taxonomy. For financial line items that are not

Contents

1 Basis for preparation

1.1 General accounting policies – continued

directly defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions that are subtotals.

Notes and accounting policies to the consolidated financial statements are block tagged to elements in the ESEF taxonomy included in Annex II of the Regulatory Technical Standards (RTS). If more than one element in the ESEF taxonomy corresponds to a disclosure, then the information has several tags known as multi tagging.

The annual report submitted to the Danish Financial Supervisory Authority (the Officially Appointed Mechanism) consists of the XHTML document together with the technical files, all of which are included in the ZIP file Sola-2023-12-31-en.zip.

Key definitions

XHTML (eXtensible HyperText Markup Language) is a text-based language used to structure and mark up content such as text, images and hyperlinks in documents that are displayed in a web browser. iXBRL tags (or Inline XBRL tags) are hidden metainformation embedded in the source code of an XHTML document that enables the conversion of XHTML-formatted information into a machine-readable XBRL data record using appropriate software.

A financial reporting taxonomy is an electronic dictionary of business reporting elements used to report business data. A taxonomy element is an element defined in a taxonomy that is used for the machine-readable labelling of information in an XBRL data record.

Description of accounting policies in notes
Descriptions of accounting policies in the notes form part of the overall description of accounting policies.

These descriptions are found in the following notes:

Note 2.1 Segment information
Note 2.5 Income tax
Note 2.6 Net profit for the year
Note 3.1 Intangible assets
Note 3.2 Property, plant and equipment
Note 3.3 Leases
Note 3.4 Associates
Note 3.5 Inventories
Note 3.6 Trade receivables
Note 3.7 Other provisions
Note 4.1 Share capital
Note 4.4 Financial instruments
Note 5.1 Share-based payment

1.2 Significant accounting estimates and assessments

When preparing the annual report in accordance with generally applicable principles, management make estimates and assumptions that affect the reported assets and liabilities. Management base their estimates on historic experience and expectations for future events. Therefore, actual results may differ from these estimates.

The following estimates and accompanying assessments are deemed material for the preparation of the financial statements:

- Impairment test of software
- Inventory write-down
- Write-down for loss on doubtful receivables
- Deferred tax assets

These estimates and assessments are described in the following notes:
Note 2.5 Income tax
Note 3.1 Intangible assets
Note 3.5 Inventories
Note 3.6 Trade receivables

1.3 Financial risks

Results and equity are affected by a range of financial risks. All financial transactions are based on commercial activities, and no speculative transactions are made. Derivative financial instruments are solely used for hedging of financial risks.

The financial risks are described in the following notes:

Note 3.6 Trade receivables
Note 4.4 Financial instruments

For description of Solar's other business related risks and our approach to risk management, see the management's review on pages 25-29.

Contents

02

Section 2
Income statement

Contents

2 Income statement

2.1 Segment information

Solar's business segments are Installation, Industry and Trade and are based on the customers' affiliation with the segments. Installation covers installation of electrical, and heating and plumbing products, while Industry covers industry, offshore and marine, and utility and infrastructure. Trade covers other small areas. The three main segments have been identified without aggregation of operating segments. Segment income and costs include any items that are directly attributable to the individual segment and any items that can be reliably allocated to the individual segment. Non-allocated costs refer to income and costs related to joint group functions. Assets and liabilities are not included in segment reporting.

DKK million	Installation	Industry	Trade	Total
2023				
Revenue	7,293	4,522	1,216	13,031
Cost of sales	-5,764	-3,366	-971	-10,101
Gross profit	**1,529**	**1,156**	**245**	**2,930**
Direct costs	-270	-157	-38	-465
Earnings before indirect costs	**1,259**	**999**	**207**	**2,465**
Indirect costs	-465	-235	-54	-754
Segment profit	**794**	**764**	**153**	**1,711**
Non-allocated costs				-840
Earnings before interest, tax, depreciation and amortisation (EBITDA)				**871**
Depreciation and amortisation				-313
Earnings before interest and tax (EBIT)				**558**
Financials, net incl, share of net profit from associates and impairment on associates				-90
Earnings before tax (EBT)				**468**

Accounting policies

The reporting on business segments follows the structure of Solar's internal management reporting to chief operating decision makers, the group Executive Board. The group Executive Board uses business segmentation when allocating resources and following up on results.

Furthermore, Solar presents the geographical distribution of revenue and non-current assets divided on Denmark, Sweden, Norway, the Netherlands, Poland, and Other markets. The geographical distribution is based on the business units operating in these geographical areas.

MAG45 and Thermonova A/S are included in the operating segment Industry, while Højager Belysning and Solar Polaris are included in the operating segment Trade.

Revenue

Revenue includes goods for resale recognised in the income statement if the transfer of control to the customer according to the agreed delivery terms takes place before the end of the year and if revenue can be determined reliably. Revenue is measured exclusive VAT and duties charged on behalf of a third party. All types of discounts allowed are recognised in revenue.

Cost of sales

Cost of sales includes the year's purchases and change in inventory of goods for resale. This includes shrinkage and any write-down resulting from obsolescence.

Contents

2 Income statement

2.1 Segment information – continued

DKK million	Installation	Industry	Trade	Total
2022				
Revenue	8,013	4,543	1,307	13,863
Cost of sales	-6,213	-3,367	-1,038	-10,618
Gross profit	**1,800**	**1,176**	**269**	**3,245**
Direct costs	-272	-133	-37	-442
Earnings before indirect costs	**1,528**	**1,043**	**232**	**2,803**
Indirect costs	-507	-232	-58	-797
Segment profit	**1,021**	**811**	**174**	**2,006**
Non-allocated costs				-831
Earnings before interest, tax, depreciation and amortisation (EBITDA)				**1,175**
Depreciation and amortisation				-266
Earnings before interest and tax (EBIT)				**909**
Financials, net incl. share of net profit from associates and impairment on associates				-51
Earnings before tax (EBT)				**858**

Geographical information

Solar A/S primarily operates on the Danish, Swedish, Norwegian and Dutch markets. In the below table, Other markets covers the remaining markets, which can be seen in the companies overview available on page 127. The below allocation has been made based on the products' place of sale.

DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
2023					
Denmark	4,138	-6.4	366	8.8	899
Sweden	2,400	-2.8	155	6.5	214
Norway	2,010	2.4	135	6.7	225
The Netherlands	3,119	-4.5	156	5.0	421
Poland	405	-8.9	9	2.2	48
Other markets	959	15.2	50	5.2	86
Solar Group	**13,031**	**-2.6**	**871**	**6.7**	**1,893**

DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
2022					
Denmark	4,415	11.2	448	10.1	729
Sweden	2,679	7.9	226	8.4	192
Norway	2,230	17.5	194	8.7	220
The Netherlands	3,274	16.2	237	7.2	333
Poland	431	7.0	22	5.1	36
Other markets	834	18.7	48	5.8	54
Solar Group	**13,863**	**12.9**	**1,175**	**8.5**	**1,564**

Contents

2 Income statement

2.2 Staff costs

DKK million	2023	2022
Salaries and wages etc.	1,351	1,378
Pensions, defined contribution	115	111
Costs related to social security	167	159
Share-based payment	10	8
Total	**1,643**	**1,656**
Average number of employees (FTEs)	3,036	3,019
Number of employees at year-end (FTEs)	2,990	3,043
Remuneration of Board of Directors		
Remuneration of Board of Directors	**4**	**3**
Remuneration of Executive Board		
Salaries and wages etc.	23	22
Share-based payment	3	4
Total	**26**	**26**

Terms of notice for members of the Executive Board is 12 months. When stepping down, the members of the Executive Board are entitled to 6 months' remuneration.

Contents

2 Income statement

2.3 Loss on trade receivables

DKK million	2023	2022
Recognised losses	21	26
Received on trade receivables previously written off	-1	-1
	20	**25**
Change in write-down for bad and doubtful debts	-3	3
Total	**17**	**28**

Relevant accounting policies are described in note 3.6, trade receivables.

2.4 Depreciation, write-down, amortisation and impairment

DKK million	2023	2022
Buildings	30	28
Plant, operating equipment, tools and equipment	51	42
Leasehold improvements	6	5
Tenancy, lease	99	91
Cars, lease	26	23
IT equipment, lease	9	6
Technical equipment, lease	2	2
Total depreciation and write-down on property, plant and equipment	**223**	**197**
Customer-related assets	7	4
Software	61	65
Impairment on intangible assets	22	0
Total amortisation and impairment of intangible assets	**90**	**69**

Relevant accounting policies are described in note 3.1, intangible assets, and note 3.2, property, plant and equipment, and note 3.3, leases.

Contents

2 Income statement

2.5 Income tax

DKK million	2023	2022
Current tax	110	176
Deferred tax	10	25
Tax on profit for the year	120	201
Tax on taxable profit previous year	9	-1
Adjustment of deferred tax for previous years	-9	-2
Total	**120**	**198**
Statement of effective tax rate:		
Danish income tax rate	22.0%	22.0%
Tax base change for non-capitalised loss in subsidiaries	0.0%	-0.1%
Non-taxable/deductible items in parent company	2.2%	0.5%
Non-taxable/deductible items and differing tax rates compared to Danish tax rate in foreign subsidiaries	1.2%	0.8%
Tax for previous years	0.2%	-0.1%
Effective tax rate	**25.6%**	**23.1%**
Income tax settled		
Denmark	36	83
Sweden	23	33
Norway	31	28
The Netherlands	38	3
Poland	5	3
Other countries	5	5
Total	**138**	**155**

Accounting policies

Tax for the year is recognised with the share attributable to results for the year in the income statement and with the share attributable to other recognised income and costs in the statement of comprehensive income. Tax consists of current tax and changes to deferred tax.

Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax on the year's taxable income, adjusted for tax on previous year's taxable income and for tax paid on account.

Contents

2 Income statement

2.5 Income tax – continued

DKK million	2023	2022
Provision for deferred tax		
1/1	124	88
Foreign currency translation adjustments	0	-2
Acquired or divested enterprises	12	5
Recognised in other comprehensive income	-1	8
Ordinary tax recognised in income statement	1	25
Total 31/12	**136**	**124**
Specified as follows:		
Deferred tax liabilities	143	133
Deferred tax assets	-7	-9
Total deferred tax, net	**136**	**124**
Further specified as follows:		
Expected use within 1 year	6	-6
Expected use after 1 year	130	130
Total, net	**136**	**124**
Not recognised in balance sheet:		
Deferred tax assets	29	20

Deferred tax assets not recognised in the balance sheet are the part of tax losses where it is not considered sufficiently certain that the tax losses can be realised within a short time frame. Non-recognised tax assets can in all material respects be attributed to tax losses in the Netherlands, where the non-recognised tax assets may be exercised with no maturity date. In addition, deferred tax assets not recognised in the balance sheet of Claessen ELGB NV (activity divested in 2018) and Solar Deutschland GmbH (activity divested in 2015) amounted to DKK 79m (DKK 80m) at the end of the period.

Accounting policies

Deferred tax is measured in accordance with the balance sheet liability method of all temporary differentials between accounting and tax-related amounts and provisions. Deferred tax is recognised at the local tax rate that any temporary differentials are expected to be realised at based on the adopted or expected adopted tax legislation on the balance sheet date.

Deferred tax assets, including the tax value of tax loss allowed for carryforward, are measured at the value at which the asset is expected to be realised, either by elimination in tax of future earnings or by offsetting against deferred tax liabilities.

Deferred tax assets are assessed annually and only recognised to the extent that it is probable that they will be utilised.

Deferred tax is also recognised for the covering of the retaxation of losses in former foreign subsidiaries participating in joint taxation assessed as becoming current.

Accounting estimates and assessments

Deferred tax assets

Deferred tax assets are not recognised if it is not deemed sufficiently safe that these can reduce future taxable income. In this connection, management assess expected future taxable income.

Contents

2 Income statement

2.5 Income tax – continued

DKK million	2022	Foreign currency translation adjustments	Acquired or divested enterprises	Recognised in other comprehensive income	Ordinary tax recognised in income statement	2023
Provision for deferred tax - continued						
Property, plant and equipment	61	0	3	0	0	64
Inventories	-4	0	0	0	0	-4
Provisions for loss on receivables	-1	0	0	0	-1	-2
Other items[1]	68	0	9	-1	2	78
Total, net	**124**	**0**	**12**	**-1**	**1**	**136**

1) Other items particularly cover intangible assets and loss balances in jointly taxed entities.

Contents

2 Income statement

2.6 Net profit for the year

DKK million	2023	2022
Proposed distribution of net profit for the year:		
Proposed dividend, parent	219	329
Retained earnings	128	331
Net profit for the year	**347**	**660**
Ordinary dividend in DKK per share of DKK 100[1]	30.00	45.00

1) Calculations are based on proposed dividends.

Accounting policies

Dividends

Proposed dividends are recognised as a liability at the time of adoption of the general meeting.

Contents

03

Section 3
Invested capital

3 Invested capital

3.1 Intangible assets

DKK million	Goodwill	Customers-related assets	Software	Total
2023				
Cost 1/1	0	245	733	978
Foreign currency translation adjustment	0	4	-1	3
Acquired enterprises	122	42	0	164
Additions during the year	0	0	102	102
Disposals during the year	0	0	-6	-6
Cost 31/12	**122**	**291**	**828**	**1,241**
Amortisation and impairment 1/1	0	222	583	805
Foreign currency translation adjustment	0	4	0	4
Amortisation during the year	0	7	61	68
Impairments during the year	0	20	2	22
Amortisation of abandoned assets	0	0	-6	-6
Amortisation and impairment 31/12	**0**	**253**	**640**	**893**
Carrying amount 31/12	**122**	**38**	**188**	**348**
Remaining amortisation period in number of years	**-**	**1-7**	**1-8**	**-**

Accounting policies

Customer-related intangible assets

Customer-related intangible assets acquired in connection with business combinations are measured at cost less accumulated amortisation and impairment loss.

Customer-related intangible assets are amortised using the straight-line principle over the expected useful life. Typically, the amortisation period is 5-7 years.

Software

Software is measured at cost less accumulated amortisation and impairment. Cost includes both direct internal and external costs.

Software is amortised using the straight-line principle over 4-8 years. The basis of amortisation is reduced by any impairment.

Contents

3 Invested capital

3.1 Intangible assets – continued

DKK million	Goodwill	Customers-related assets	Software	Total
2022				
Cost 1/1	0	234	726	960
Foreign currency translation adjustment	0	-13	0	-13
Acquired enterprises	0	24	0	24
Additions during the year	0	0	59	59
Disposals during the year	0	0	-52	-52
Cost 31/12	**0**	**245**	**733**	**978**
Amortisation and impairment 1/1	0	231	570	801
Foreign currency translation adjustment	0	-13	0	-13
Amortisation during the year	0	4	65	69
Amortisation of abandoned assets	0	0	-52	-52
Amortisation and impairment 31/12	**0**	**222**	**583**	**805**
Carrying amount 31/12	**0**	**23**	**150**	**173**
Remaining amortisation period in number of years	**0**	**1-7**	**1-8**	**-**

Accounting policies

Impairment of intangible assets

The carrying amount of intangible assets is assessed annually to determine whether there is any indication of impairment.

When such an indication is present, the asset's recoverable amount is calculated, which is the highest of the asset's fair value less expected costs of disposal or value in use. Value in use is calculated as the present value of expected cash flow from the smallest cash-generating unit to which the asset belongs.

Impairment loss is recognised when the carrying amount of an asset exceeds the asset's recoverable amount. Impairment loss is recognised in the income statement.

Impairment loss relating to goodwill is not reversed. Impairment on other intangible assets are reversed to the extent that changes have been made to the assumptions and estimates that led to the write-down.

Accounting estimates and assessments

Software

Software is evaluated annually for indicators of a need for impairment. If a need to perform impairment is identified, an impairment test of the software is performed.

The impairment test is made on the basis of different factors, including the software's future application, the present value of the expected cost saving as well as interest and risks.

Contents

3 Invested capital

3.2 Property, plant and equipment

DKK million	Land and buildings	Plant, operating equipment, tools and equipment	Leasehold improvements	Assets under construction	Total
2023					
Cost 1/1	1,208	561	57	7	1,833
Foreign currency translation adjustment	-5	-3	-1	0	-9
Acquired enterprises	24	0	0	0	24
Additions during the year	23	21	8	134	186
Disposals during the year	-1	-17	-5	-16	-39
Cost 31/12	**1,249**	**562**	**59**	**125**	**1,995**
Write-down and depreciation 1/1	501	333	36	0	870
Foreign currency translation adjustments	-3	-2	-1	0	-6
Write-down and depreciation during the year	30	51	6	0	87
Write-down and depreciation of abandoned assets	-1	-17	-4	0	-22
Write-down and depreciation 31/12	**527**	**365**	**37**	**0**	**929**
Carrying amount 31/12	**722**	**197**	**22**	**125**	**1,066**

Accounting policies

Property, plant and equipment

Land and buildings as well as other plant, operating equipment, and tools and equipment are measured at cost less accumulated depreciation and write-down.

Cost includes the purchase price and costs directly attributable to the acquisition until the time when the asset is ready for use. Cost of a combined asset is disaggregated into separate components which are depreciated separately if the useful lives of the individual components differ.

Subsequent expenditure, for example in connection with the replacement of components of property, plant or equipment, is recognised in the carrying amount of the relevant asset when it is probable that the incurrence will result in future economic benefits for the group. The replaced components cease to be recognised in the balance sheet and the carrying amount is transferred to the income statement. All other general repair and maintenance costs are recognised in the income statement when these are incurred.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives which are:

- Buildings 40 years
- Technical installations 20 years
- Plant, operating equipment, and tools and equipment 2-5 years

There are a few differences from the mentioned depreciation periods in which useful life is estimated as shorter. Leasehold improvements are depreciated over the lease term, however, maximum 5 years.

Land is not depreciated.

Contents

3 Invested capital

3.2 Property, plant and equipment – continued

DKK million	Land and buildings	Plant, operating equipment, tools and equipment	Leasehold improvements	Assets under construction	Total
2022					
Cost 1/1	1,124	580	56	116	1,876
Foreign currency translation adjustment	-20	-17	-1	0	-38
Additions during the year	105	163	8	122	398
Disposals during the year	-1	-165	-6	-231	-403
Cost 31/12	**1,208**	**561**	**57**	**7**	**1,833**
Write-down and depreciation 1/1	482	471	38	0	991
Foreign currency translation adjustments	-8	-15	-1	0	-24
Write-down and depreciation during the year	28	42	5	0	75
Write-down and depreciation of abandoned assets	-1	-165	-6	0	-172
Write-down and depreciation 31/12	**501**	**333**	**36**	**0**	**870**
Carrying amount 31/12	**707**	**228**	**21**	**7**	**963**

Accounting policies – continued

The basis of depreciation is determined in consideration of the asset's residual value and reduced by any impairment. Residual value is determined at the time of acquisition and reassessed annually. If residual value exceeds the asset's carrying amount, depreciation will cease.

By changing the depreciation period or residual value, the effect of future depreciation is recognised as a change to accounting estimates.

Impairment of property, plant and equipment

The carrying amount of property, plant and equipment is assessed annually to determine whether there is any indication of impairment.

When such an indication is present, the asset's recoverable amount is calculated, which is the highest of the asset's fair value less expected costs of disposal or value in use. Value in use is calculated as the present value of expected cash flow from the smallest cash flow-generating unit to which the asset belongs.

Impairment loss is recognised when the carrying amount of an asset exceeds the asset's recoverable amount. Impairment loss is recognised in the income statement. Write-down on property, plant and equipment is reversed to the extent that changes have been made to the assumptions and estimates that led to the write-down.

Contents

3 Invested capital

3.3 Leases

Right-of-use assets

DKK million	Tenancy	Cars	IT equipment	Technical equipment	Other equipment	Total
2023						
Cost 1/1	514	104	23	8	1	650
Foreign currency translation adjustment	-6	1	0	0	0	-5
Additions during the year	140	31	27	3	0	201
Disposals during the year	-28	-16	0	-1	-1	-46
Cost 31/12	**620**	**120**	**50**	**10**	**0**	**800**
Write-down and depreciation 1/1	192	54	16	4	1	267
Write-down and depreciation during the year	99	26	9	2	0	136
Write-down and depreciation of abandoned assets	-27	-14	0	-1	-1	-43
Write-down and depreciation 31/12	**264**	**66**	**25**	**5**	**0**	**360**
Carrying amount 31/12	**356**	**54**	**25**	**5**	**0**	**440**

Accounting policies

Right-of-use assets

Right-of-use assets are lease assets arising from a lease agreement. Lease assets are initially measured at cost consisting of the amount of the initial measurement of the lease liability with addition of lease payments made to the lessor at or before the commencement date less any lease incentives received. Five different types of leases have been identified:

- Tenancy
- Cars
- IT equipment
- Technical equipment
- Other equipment

The lease assets are depreciated on a straight-line basis over the lease term.

The carrying amount of the right-of-use asset can be adjusted due to modifications to the lease agreement or in special cases reassessment of the lease term.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture of a value below DKK 37,000.

3 Invested capital

3.3 Leases – continued

DKK million	Tenancy	Cars	IT equipment	Technical equipment	Other equipment	Total
2022						
Cost 1/1	426	93	21	9	1	550
Foreign currency translation adjustment	-16	-3	-1	-1	0	-21
Acquired enterprises	4	0	0	0	0	4
Additions during the year	182	37	3	2	0	224
Disposals during the year	-82	-23	0	-2	0	-107
Cost 31/12	**514**	**104**	**23**	**8**	**1**	**650**
Write-down and depreciation 1/1	179	55	11	4	1	250
Foreign currency translation adjustments	-7	-1	-1	-1	0	-10
Write-down and depreciation during the year	91	23	6	2	0	122
Write-down and depreciation of abandoned assets	-71	-23	0	-1	0	-95
Write-down and depreciation 31/12	**192**	**54**	**16**	**4**	**1**	**267**
Carrying amount 31/12	**322**	**50**	**7**	**4**	**0**	**383**

3 Invested capital

3.3 Leases – continued

Short-term lease liabilities

DKK million	2023	2022
Maturity < 1 year	130	117
Short-term lease liabilities 31/12	**130**	**117**

Long-term lease liabilities

DKK million	2023	2022
Maturity > 1 year < 5 years, undiscounted	312	259
Maturity > 5 years, undiscounted	28	31
Long-term lease liabilities 31/12, undiscounted	340	290
Discounting on lease liabilities > 1 year < 5 years	-18	-14
Discounting on lease liabilities > 5 years	-2	-2
Long-term lease liabilities 31/12	**320**	**274**
Amounts recognised in the income statement		
Depreciation of right-of-use assets	136	122
Interest expense on lease liabilities	12	8
Expense relating to short-term leases	3	2
Expense relating to leases of low-value items	2	2
Expense relating to variable lease payments not included in the measurement of lease liabilities	7	7
Total	**160**	**141**
Cash outflows for leases		
Instalment on lease liabilities	-136	-116
Interest payments	-12	-8
Total cash outflows for leases	**-148**	**-124**

Future cash outflows not recognised as lease liabilities in the balance sheet amount to DKK 0m (DKK 0m) regarding signed but not yet started lease contracts on rent of premises. Extension options regarding lease contracts on rent of premises, which are not recognised in the balance sheet amount to DKK 43m (DKK 38m).

Accounting policies

Lease liabilities

Lease liabilities arise from a lease agreement. Lease liabilities are initially measured at the present value of the lease payments during the non-cancellable lease period with addition of periods covered by an option to extend the lease if exercise of the option is considered reasonably certain on inception of the lease.

At initial recognition, each contract is assessed individually to assess the likelihood of exercising a potential extension option in the contract. The option to extend the contract period will be included in measuring the lease liability if it is reasonably certain that Solar will exercise the option. When calculating the net present value, a discount rate corresponding to Solar's incremental borrowing rate has been used.

The lease liability will be remeasured when changes occur due to modifications to the contract (extension, termination etc.), indexation or in special cases reassessment of the lease term.

Contents

3 Invested capital

3.4 Investments in associates[1]

Investments in associates, DKK million	2023	2022
Cost 1/1	21	21
Foreign currency translation adjustment	-1	0
Additions during the year	1	0
Disposals during the year	-12	0
Cost 31/12	**9**	**21**
Adjustments 1/1	-17	-16
Profit from associates	0	-1
Disposals during the year	12	0
Value adjustment 31/12	**-5**	**-17**
Carrying amount 31/12	**4**	**4**

1) Associates include the following investments:

- Monterra where Solar owns 30.0%
- Zolw where Solar owns 35.0%
- Edison Data AS in the course of formation where Solar owns 20.0%

Accounting policies

Investment in associates

Investments in associates are accounted for by using the equity method of accounting, by which the investments are measured at the proportional share of the entities' equity determined according to the group's accounting policies reduced by the proportional share of unrealised gains on transaction between the group and the associates and increased by goodwill determined as of the date when the investment became an associate.

Investments in associates are tested for impairment when there is an indication of impairment.

Associates with a negative equity are accounted for at DKK 0. If the group has a legal or actual obligation to cover the negative balance of the associate, this obligation is recognised under liabilities.

Contents

3 Invested capital

3.5 Inventories

DKK million	2023	2022
End products	**2,029**	**2,248**
Recognised write-down	9	21

Accounting policies

Inventories are measured at cost according to the FIFO method or at net realisable value, if this is lower.

Cost of inventories includes purchase price with addition of delivery costs.

The net realisable value of inventories is determined as selling price less costs incurred to make the sale and is determined in consideration of marketability, obsolescence and development of expected selling price.

Accounting estimates and assessments

Write-down of inventories

Write-down of inventories is made due to the obsolescence of products.

Management specifically assess inventories, including the products' turnover rate, current economic trends and product development when deciding whether the write-down is sufficient.

Contents

3 Invested capital

3.6 Trade receivables[1]

DKK million	2023	2022
Maturity statement, trade receivables		
Not due	1,481	1,667
Past due for 1-30 day(s)	165	190
Past due for 31-90 days	24	24
Past due for 91+ days	11	14
	1,681	1,895
Write-down	-33	-36
Total	**1,648**	**1,859**
Write-down based on:		
Age distribution	13	15
Individual assessment	20	21
Total	**33**	**36**
Write-down 1/1	36	33
Write-down for the year	17	23
Losses realised during the year	-11	-12
Reversed for the year	-9	-8
Write-down 31/12	**33**	**36**

1) A factoring arrangement on non-recourse conditions is established with a few major customers. As a result trade receivables is reduced with approx. DKK 113m (DKK 118m).

Accounting policies

Trade receivables are measured at fair value at acquisition and at amortised cost subsequently. Based on an individual assessment of the loss risk, including a statistical based model, write-down to amortised cost less expected credit losses is made, if this is lower.

Accounting estimates and assessments

Write-down for meeting of loss on doubtful trade receivables

The IFRS 9 simplified approach is applied to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past invoicing.

As the vast majority of our group companies generally takes out insurance to hedge against loss to the extent possible, the write-down based on age distribution amounts to less than 0.8% (0.8%) of gross trade receivables. Individual assessment of write-down is performed by management specifically analysing trade receivables, including the customers' credit rating and current economic trends to ensure that write-down is sufficient. Write-down based on individual assessment amounts to 1.2% (1.1%) of gross trade receivables. As the total write-down on trade receivables amounts to less than 2% (2%) of gross trade receivables, no maturity statement of the write-down is included. However, the majority of the provision relates to receivables overdue by more than 30 days (30 days).

Financial risks

Credit risk

Solar is subject to credit risks in respect of trade receivables and cash at bank. No credit risk is deemed to exist in respect of cash as the counterparts are banks with good credit ratings.

As a result of customer diversification, trade receivables are distributed so that there is no significant concentration of risk. Credit granting to customers is regarded as a natural and important element in Solar's business operations. Solar conducts efficient credit management at all times. The vast majority of our group companies generally takes out insurance to hedge against loss to the extent possible. As a result, 70% (68%) of trade receivables is covered by insurance.

Loss due to credit granting is considered a normal business risk and, therefore, will occur.

Contents

3 Invested capital

3.7 Other provisions

DKK million	2023	2022
Non-current		
Other provisions	11	9
Total 31/12	**11**	**9**
Specification, non-current		
1/1	9	11
Reversed during the year	0	-2
Provisions of the year	2	0
Total 31/12	**11**	**9**
Current		
Other provisions	21	17
Total 31/12	**21**	**17**
Specification, current		
1/1	17	21
Reversed during the year	-11	-9
Provisions of the year	15	5
Total 31/12	**21**	**17**

Accounting policies

Provisions are measured in accordance with management's best estimate of the amount required to settle a liability.

Restructuring expenses are recognised as liabilities when a detailed official plan for the restructuring has been published to the parties affected by the plan on the balance sheet date at the latest.

Contents

3 Invested capital

3.8 Other payables

DKK million	2023	2022
Staff costs	260	301
Taxes and charges	137	180
Interest rate swaps	17	12
Other payables	106	111
Total	**520**	**604**

Relevant accounting policies for derivative financial instruments are described in note 4.4 Financial instruments

Contents

04

Section 4

Capital structure and financing costs

Contents

4 Capital structure and financing costs

4.1 Share capital

DKK million	2023	2022
Share capital 1/1	736	736
Change in share capital	0	0
Share capital 31/12	**736**	**736**
Share capital is fully paid in and divided into the following classes:		
A shares, 900,000 at DKK 100, 10 votes per share	90	90
B shares, 6,460,000 at DKK 100, 1 vote per share	646	646
Total	**736**	**736**

	Number of shares		Nominal value (DKK million)	
	2023	2022	2023	2022
A shares outstanding 31/12	**900,000**	**900,000**	**90**	**90**
B shares outstanding				
Outstanding 1/1	6,403,187	6,403,187	640	640
Divestment of treasury shares	0	0	0	0
B shares outstanding 31/12	**6,403,187**	**6,403,187**	**640**	**640**
Total shares outstanding 31/12	**7,303,187**	**7,303,187**	**730**	**730**

4.2 Treasury shares

Treasury shares (B shares)	Number of shares		Nominal value (DKK million)		Cost (DKK million)		Percentage of share capital	
	2023	2022	2023	2022	2023	2022	2023	2022
Holding 1/1	56,813	56,813	6	6	22	22	0.7%	0.7%
Divestment	0	0	0	0	0	0	0.0%	0.0%
Holding 31/12	**56,813**	**56,813**	**6**	**6**	**22**	**22**	**0.7%**	**0.7%**

Accounting policies

Treasury shares

Acquisition and disposal sums related to treasury shares are recognised directly in transactions with the owners.

Contents

4 Capital structure and financing costs

4.3 Earnings per share in DKK per share outstanding for the year

	2023	2022
Net profit for the year in DKK million	**348**	**660**
Average number of shares	7,360,000	7,360,000
Average number of treasury shares	-56,813	-56,813
Average number of shares outstanding	**7,303,187**	**7,303,187**
Dilution effect of restricted share units	26,021	25,972
Diluted number of shares outstanding	**7,329,208**	**7,329,159**
Earnings per share in DKK per share outstanding for the year	47.51	90.37
Diluted earnings per share in DKK per share outstanding for the year	47.34	90.05

Contents

4 Capital structure and financing costs

4.4 Financial instruments

Financial assets and financial liabilities

DKK million	Interest rate	2023	2022
Debt to mortgage credit institutions	Fixed[1]	195	204
Debt to credit institutions	Fixed[1]	250	100
Lease liabilities	Calculated	450	391
Bank loans and overdrafts	Floating	702	545
Interest-bearing liabilities		**1,597**	**1,240**
Trade payables[2]		1,770	1,902
Other payables		520	604
Financial liabilities		**3,887**	**3,746**
Cash at bank and in hand		441	166
Trade receivables		1,648	1,859
Other receivables		101	64
Financial assets		**2,190**	**2,089**
Total, financial balance sheet items, net		**1,697**	**1,657**

1) Interest swaps have been used to hedge floating-rate loans, converting these loans to fixed-rate loans.
2) Solar participates in supplier financing arrangement with a few suppliers. As a result trade payables are increased with approx. DKK 140m (DKK 136m).

Fair value of Solar's respective interest-bearing liabilities is seen as fair value measurement at level 2. Mortgage loans are valued based on underlying securities, while bank debt is calculated based on models for discounting to net present value. Non-observable market data is primarily made up of credit risks, which are seen as insignificant in Solar's case. The fair value of Solar's interest swaps is measured as fair value measurement at level 2, since fair value can be determined directly based on the actual forward rates and instalments on the balance sheet date. Outstanding interest rate swaps for hedging of floating-rate loans expire over the period until 2037 (2037).

Accounting policies

Financial liabilities

Debt to credit institutions is recognised initially at fair value that corresponds to the proceeds received net of transaction costs incurred.

In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method, meaning that the difference between the proceeds and the nominal value is recognised in the income statement under financials for the term of the loan. For information on lease liabilities, see note 3.3.

Fair value measurement

The group uses the fair value concept for recognition of certain financial instruments and in connection with some disclosure requirements. Fair value is defined as the price that can be secured when selling an asset or that must be paid to transfer a liability in a standard transaction between market participants (exit price).

Fair value is a marked-based and not enterprise-specific valuation. The enterprise uses the assumptions that market participants would use when pricing an asset or liability based on existing market conditions, including assumptions relating to risks.

As far as possible, fair value measurement is based on market value in active markets (level 1) or alternatively on values derived from observable market information (level 2). If such observable information is not available or cannot be used without significant modifications, recognised valuation methods and fair estimates are used as the basis of fair values (level 3).

Contents

4 Capital structure and financing costs

4.4 Financial instruments – continued

Reconciliation of development in interest-bearing debt to financing activities in the cash flow statement:

DKK million	Interest rate	2023	2022
Interest bearing liabilities 1/1		1,240	444
Repayment of non-current interest-bearing debt		-9	-12
Raising of non-current interest-bearing liabilities		150	185
Change in current interest-bearing debt		149	519
Installment on lease liabilities		-136	-116
Lease liability raised during the year, non-cash		195	197
Foreign currency translation adjustment		8	23
Interest bearing liabilities 31/12		**1,597**	**1,240**

Financial liabilities, maturity statement

DKK million	2023	2022
Maturity < 1 year		
Debt to mortgage credit institutions	11	11
Lease liabilities	130	117
Bank loans and overdrafts	702	545
Current interest-bearing liabilities	**843**	**673**
Other financial liabilities	2,290	2,506
Current financial liabilities	**3,133**	**3,179**
Current financial assets	**2,190**	**2,089**
Net current financial liabilities	**943**	**1,090**

Contents

4 Capital structure and financing costs

4.4 Financial instruments – continued

Financial liabilities, maturity statement – continued

DKK million	2023	2022
Maturity 1-5 year(s)		
Debt to mortgage credit institutions	45	45
Debt to credit institutions	250	100
Lease liabilities	294	245
Total	**589**	**390**
Maturity > 5 years		
Debt to mortgage credit institutions	139	148
Lease liabilities	26	29
Total	**165**	**177**
Total non-current liabilities	**754**	**567**
Maturity, until year	**2042**	**2042**

The carrying amount of financial liabilities corresponds to fair value, see page 78.

DKK million	2023	2022
Interest-bearing liabilities and maturity statement for expected interest expense for the period		
< 1 year	31	23
1-5 year(s)	54	54
> 5 years	42	49
Total	**127**	**126**

Financial risks

Liquidity risks

Solar has an objective of substantial self-financing to minimise dependence on lenders and thus gain greater freedom of action. Financing is primarily controlled centrally based on the individual subsidiary's operating and investment cash requirements. Solar ensures that there are always sufficient and flexible cash reserves and diversification of maturities of both non-current and current credit facilities.

Contents

4 Capital structure and financing costs

4.4 Financial instruments – continued

Interest rate sensitivity

DKK million	2023	2022
Effect of a 1% interest rate increase at the end of the year		
Effect on equity	**3**	**10**
Of this, earnings impact is	**-5**	**-4**
Undrawn credit facilities 31/12	**955**	**710**

Financial liabilities, foreign currency risk exposure

	Current liabilities		Non-current liabilities	
DKK million	2023	2022	2023	2022
EUR	147	141	106	112
DKK	564	408	328	181
NOK	0	0	0	0
PLN	3	7	0	0
SEK	0	0	0	0
Total	**714**	**556**	**434**	**293**
Interest rate in %	**4.3-6.9**	**3.0-5.5**	**4.3-5.6**	**4.3-5.5**

The group's enterprises have raised loans in their respective functional currencies, while the parent company has also raised loans in euro.

Financial risks – continued

Interest rate risk

Solar monitors and adjusts interest-bearing liabilities on an ongoing basis. Loans are only raised in the functional currencies of the countries where Solar operates. Of total interest-bearing liabilities, Solar endeavours to ensure that a maximum of half is based on variable payment of interest determined in accordance with current money market rates. The remaining interest-bearing liabilities are fixed-rate. Solar Group has no significant non-current interest-bearing assets.

As a result of Solar's policies, a certain interest rate risk exists.

Currency risk

Solar is exposed to currency risks in the form of translation risks since a substantial proportion of activity derives from foreign subsidiaries which has other currencies than DKK as functional currency. The functional currencies applied in the group are euro, Danish kroner, Swedish kroner, Norwegian kroner and, to a lesser extent, Polish zloty, Swiss Franc, US dollar and British pound. Solar has a number of investments in foreign subsidiaries, where the translation of equity into Danish kroner depends on exchange rates. Investments in subsidiaries are not hedged as such investments are regarded as long-term and because hedging is seen as unlikely to create any long-term value.

The individual subsidiaries are not significantly affected by exchange rate fluctuations since revenue and costs in subsidiaries are mainly in the same currencies.

Effect from translation of foreign subsidiaries when the exchange rate increases by 10% (average for the year and at year end)

	Profit of the year		Equity	
DKK million	2023	2022	2023	2022
NOK	9.0	16.0	50.1	48.2
SEK	10.8	15.8	48.0	40.8
PLN	0.2	1.3	8.3	7.8
Total	20.0	33.1	106.4	96.8

Contents

4 Capital structure and financing costs

4.4 Financial instruments – continued

Hedging activities

DKK million	2023	2022
Outstanding interest swaps made for hedging floating-rate loans		
Principal amount	367	222
Interest rate in % for outstanding interest swaps	4.5-5.6	4.6-5.5
Fair value recognised as other payables under current liabilities	-17	-12

Maturity for interest swaps follows the maturity for debt to mortgage credit institutions and credit institutions as stated on previous page.

Amounts recognised in other comprehensive income		
Adjustment to fair value for the year	-10	30
Realised during the year, recognised as financial income/expenses	5	6
Total	**-5**	**36**

Accounting policies

Derivatives

Derivatives are only used to hedge financial risks in the form of interest rate and currency risks.

Derivatives are recognised at fair value. Both realised and unrealised gains and losses are recognised in the income statement unless the derivatives are part of hedging of future transactions. Value adjustments of derivatives for hedging of future transactions are recognised directly in other comprehensive income.

Any non-effective part of the financial instrument in question is recognised in the income statement. Derivatives are recognised under other receivables or other payables.

Contents

4 Capital structure and financing costs

4.5 Financial income

DKK million	2023	2022
Interest income	26	13
Foreign exchange gains	35	38
Other financial income	4	2
Total	**65**	**53**
Financial income, received	**30**	**15**

4.6 Financial expenses

DKK million	2023	2022
Interest expenses	94	25
Foreign exchange losses	41	40
Fair value adjustments, other financial investments	8	20
Interest on lease liabilities	12	8
Other financial expenses	0	10
Total	**155**	**103**
Financial expenses, settled	**106**	**43**

Contents

05

Section 5
Other notes

Contents

5 Other notes

5.1 Share-based payment

Restricted share units

	Executive Board	Others	Total
No. of restricted share units at year-end 2023			
Outstanding at the beginning of 2023	22,361	18,457	40,818
Granted in 2023	6,719	7,930	14,649
Adjustment due to dividend distribution	1,719	1,818	3,537
Exercised	-7,587	-3,416	-11,003
Outstanding at year-end 2023	**23,212**	**24,789**	**48,001**
No. of restricted share units at year-end 2022			
Outstanding at the beginning of 2022	16,449	13,789	30,238
Granted in 2022	5,353	5,757	11,110
Adjustment due to dividend distribution	3,945	3,004	6,949
Exercised	-3,386	-4,093	-7,479
Outstanding at year-end 2022	**22,361**	**18,457**	**40,818**

DKK million	2023	2022
Market value recognised under other liabilities	14	15

Accounting policies

Restricted share units are measured at fair value at the grant date and are recognised in the income statement under staff costs over the period when the final right to the restricted share units is vested. The set-off to this is recognised under other payables, as the employees have the right to choose cash settlement. This liability is regularly adjusted to fair value and fair value adjustments are recognised in financials.

The fair value of the granted restricted share units is estimated using the market price of the company's shares at balance sheet date.

Contents

5 Other notes

5.1 Share-based payment – continued

Specification of restricted share units

	Year of granting			
No. of shares	**2023**	**2022**	**2021**	**2020**
Executive Board				
Granted	6,719	5,353	6,595	4,904
Adjustment due to dividend distribution	483	1,066	2,996	2,683
Exercised	0	0	0	-7,587
Total	**7,202**	**6,419**	**9,591**	**0**
Others				
Granted	7,930	5,757	6,442	2,760
Forfeited on resignation of management employees	0	0	0	-575
Adjustment due to dividend distribution	571	1,154	2,935	1,231
Exercised	0	0	0	-3,416
Total	**8,501**	**6,911**	**9,377**	**0**
Price at time of granting	**629,95**	**722.46**	**456.39**	**319.39**
Vesting year	**2026**	**2025**	**2024**	**2023**

In accordance with Solar's remuneration policy and general guidelines for incentive-based remuneration, the Board of Directors decided to grant restricted shares to the Executive Board and management team in 2023 and 2022. Overall, the grant of shares is covered by the same terms as the previous grants of share options.

Restricted shares are granted for no consideration and provide the holder with a right and an obligation to receive B shares at a nominal value of DKK 100. The price at the time of granting is fixed at DKK 629.95 (722.46) based on the average price on Nasdaq Copenhagen the first 10 business days after publication of Annual Report 2022 (2021). The restricted shares vest three years after the time of granting, meaning that this grant of shares vests in 2026 (2025). At this point, the holder may exercise the restricted share granting.

The number of granted shares was adjusted by +3,537 (+6,949) shares in 2023 (2022) due to dividend distribution.

General information on Solar's incentive scheme is available on our website: https://www.solar.eu/investor/policies.

Contents

5 Other notes

5.2 Contingent liabilities and other financial liabilities

DKK million	2023	2022
Collateral		
Assets have been pledged as collateral for bank arrangements at a carrying amount of:		
Land and buildings	447	452
Current assets	0	1
Total	**447**	**453**

5.3 Related parties

Group and parent Solar A/S are subject to control by the Fund of 20th December (registered as a commercial foundation in Denmark), which owns 17.0% of the shares and holds 60.5% of the voting rights. The remaining shares are owned by a widely combined group of shareholders.

Other related parties include the company's Board of Directors and Executive Board. There have been no transactions in the financial year with members of the Board of Directors and Executive Board other than those which appear from note 2.2 and note 5.1.

Solar invoices the Fund of 20th December for the performance of administrative services at DKK 55,000. Balances with the Fund of 20th December total 0 on balance sheet date.

Contents

5 Other notes

5.4 Auditors' fees

DKK million	2023	2022
Deloitte		
Statutory audit	3	2
Other assurance engagements[1]	1	1
Tax consulting	0	0
Other services[2]	0	1
Total	**4**	**4**
Other auditors		
Statutory audit	2	1
Other services	0	0
Total	**2**	**1**

1) Other assurance engagements mainly consist of ESG assurance. IT Cyber resilience was included in 2022.
2) Other services in 2022 mainly consists of Board effectiveness review and ESG readiness review

5.5 New financial reporting standards

IASB has issued a number of amendments to existing IFRS standards that are effective for financial years beginning on 1 January 2024 or later, some of which are not yet endorsed by the EU. Solar will implement the amendments when they become effective. It is the assessment that none of these amendments will have significant impact on the financial statements of Solar for the coming years.

Contents

5 Other notes

5.6 Acquisitions of subsidiaries and activities

2023

On 7 December 2023, Solar A/S acquired 100% of the shares of Dunduru Plavas SIA in Latvia.

The acquisition price is made up of a fixed amount of DKK 22m.

Fair value at the date of acquisition:

DKK million	ThermoNova A/S	Dunduru Plavas SIA
Customer-related intangible assets	42	-
Property, plant and equipment	1	24
Inventories	19	3
Trade receivables	12	-
Cash	53	1
Provision for deferred tax	-9	-3
Other non-current liabilities, non-interest-bearing	-1	-
Current liabilities	-16	-2
Net assets	**101**	**23**
Non-controlling interest of acquired new assets	-49	-
Acquired net assets	**52**	**23**
Goodwill	122	-
Total consideration	**174**	**23**
Cash acquired	-53	-1
Deferred consideration	-10	-
Acquisition price on net debt-free basis	**111**	**22**

The acquisition had an insignificant impact on Solar's 2023 revenue and EBITDA. If the acquisition had occurred on 1 January 2023 the impact on Solar's full year 2023 revenue and EBITDA would have been insignificant as well.

Transaction costs related to the acquisition totalled DKK 1m. These have been recognised as part of external operating costs in the income statement.

On 1 March 2023, Solar A/S acquired 42.5% of the shares of ThermoNova A/S, a Danish manufacturer of high-capacity heat pumps.

The acquisition price is made up of a fixed amount of DKK 111m and a variable amount, which will total DKK 10m at the most. The variable amount is related to the required expansion of the production capacity.

Simultaneous Solar A/S subscribed new issued shares for DKK 50m in ThermoNova A/S. In total Solar A/S owns 51% of the shares.

The acquisition had an insignificant impact on Solar's 2023 revenue and EBITDA. If the acquisition had occurred on 1 January 2023 the impact on Solar's full year 2023 revenue and EBITDA would have been insignificant as well. Transaction costs related to the acquisition totalled DKK 5m. These have been recognised as part of external operating costs in the income statement.

The fair value of the customer related assets is based on the multi-period excess earningsmethod (MEEM). The fair value has been calculated as the net present value (NPV) of the future net cash-flow derived from the sale to the customers minus a fair return on the assets used to generate the sale. An interest rate of 10% has been applied. The main factors leading to the recognition of goodwill are:

- the presence of certain intangible assets, such as the assembled workforce and knowhow, which do not qualify for separate recognition
- expected synergies within sale which result in Solar being prepared to pay a premium.

The goodwill recognised will not be deductible for tax purposes. For the non-controlling interests in ThermoNova A/S, the group decided to recognise the noncontrolling interests at its proportionate share of the acquired net identifiable assets. See page 51 for Solar's accounting policies for business combinations.

2022

On 1 March 2022, Solar acquired the shares in the lighting company Hojager Belysning A/S in Denmark.

Total acquisition price of 100% of the Hojager Belysning shares amounted to DKK 34m, equal to an enterprise value of DKK 25m.

Separate financial statements

Contents

Statement of comprehensive income

Income statement

Notes	DKK million	2023	2022
	Revenue	4,155	4,511
	Cost of sales	-3,128	-3,365
	Gross profit	**1,027**	**1,146**
	Other operating income	31	29
5.3	External operating costs	-58	-72
2.1	Staff costs	-603	-620
2.2	Loss on trade receivables	-6	-7
	Earnings before interest, tax, depreciation and amortisation (EBITDA)	**391**	**476**
2.3	Depreciation and write-down on property, plant and equipment	-81	-60
	Earnings before interest, tax and amortisation (EBITA)	**310**	**416**
2.3	Amortisation and impairment of intangible assets	-64	-65
	Earnings before interest and tax (EBIT)	**246**	**351**
	Profit from subsidiaries	215	418
	Share of net profit from associates	0	-1
4.4	Financial income	42	25
4.5	Financial expenses	-105	-60
	Earnings before tax (EBT)	**398**	**733**
2.4	Income tax	-51	-73
2.5	**Net profit for the year**	**347**	**660**

Other comprehensive income

DKK million	2023	2022
Net profit for the year	**347**	**660**
Other income and costs recognised:		
Items that can be reclassified to the income statement		
Foreign currency translation adjustments of foreign subsidiaries	-13	-51
Fair value adjustments of hedging instruments before tax, parent company	-5	36
Tax on fair value adjustments of hedging instruments, parent company	1	-8
Other income and costs recognised after tax	**-17**	**-23**
Total comprehensive income for the year	**330**	**637**

Contents

Balance sheet

As at 31 December

Notes	DKK million	2023	2022
	Assets		
3.1	Intangible assets	172	148
3.2	Property, plant and equipment	422	450
3.3	Right-of-use assets	110	76
3.4	Investments measured at equity value	2,168	1,800
3.4	Other non-current assets	24	30
	Non-current assets	**2,896**	**2,504**
3.5	Inventories	623	826
3.6	Trade receivables	520	555
	Receivables from subsidiaries	264	202
	Income tax receivable	0	7
	Other receivables	3	1
	Prepayments	32	13
	Cash at bank and in hand	330	110
	Current assets	**1,772**	**1,714**
	Total assets	**4,668**	**4,218**

Notes	DKK million	2023	2022
	Equity and liabilities		
4.1	Share capital	736	736
	Reserves	-66	-70
	Retained earnings	1,043	936
	Proposed dividends for the financial year	219	329
	Total equity	**1,932**	**1,931**
4.3	Interest-bearing liabilities	434	293
3.3, 4.3	Lease liabilities	80	49
2.4	Provision for deferred tax	79	78
	Non-current liabilities	**593**	**420**
4.3	Interest-bearing liabilities	710	535
3.3, 4.3	Lease liabilities	32	28
	Trade payables	651	756
	Amounts owed to subsidiaries	522	302
	Income tax payable	6	0
3.8	Other payables	210	243
	Prepayments	9	1
3.7	Other provisions	3	2
	Current liabilities	**2,143**	**1,867**
	Liabilities	**2,736**	**2,287**
	Total equity and liabilities	**4,668**	**4,218**

Contents

Cash flow statement

Notes	DKK million	2023	2022
	Net profit for the year	**348**	**660**
2.3	Depreciation, write-down and amortisation	145	125
	Changes to provisions and other adjustments	5	3
	Profit from subsidiaries	-215	-418
	Share of net profit from associates	0	1
4.4, 4.5	Financials, net	63	35
	Income tax	51	73
4.4	Financial income, received	36	17
4.5	Financial expenses, settled	-90	-32
	Income tax, settled	-36	-83
	Cash flow before working capital changes	**307**	**381**
	Working capital changes		
	Inventory changes	202	-163
	Receivables changes	12	-114
	Non-interest-bearing liabilities changes	-151	-225
	Cash flow from operating activities	**370**	**-121**

Notes	DKK million	2023	2022
	Investing activities		
3.1	Purchase of intangible assets	-88	-56
	Purchase of property, plant and equipment	-17	-151
	Disposal of property, plant and equipment	1	0
	Changes to loans to subsidaries	159	75
	Dividends from subsidiaries	7	6
	Acquistion of subsidiaries and activities	-164	-34
	Capital increase subsidiaries	0	-33
	Other financial investments	0	1
	Cash flow from investing activities	**-102**	**-192**
	Financing activities		
4.3	Repayment of non-current interest-bearing debt	-9	-12
	Raising of non-current interest-bearing liabilities	150	185
	Change in current interest-bearing liabilities	176	526
	Instalment on lease liabilities	-36	-26
	Dividends paid to shareholders of Solar A/S	-329	-658
	Cash flow from financing activities	**-48**	**15**
	Total cash flow	**220**	**-298**
	Cash at bank and in hand at the beginning of the year	110	408
	Cash at bank and in hand at the end of the year	**330**	**110**

Contents

Statement of changes in equity

DKK million	Share capital	Reserves for hedging transactions[1]	Reserves for foreign currency translation adjustments[1]	Reserves for development costs[1]	Retained earnings	Proposed dividends	Total equity
2023							
Equity as at 1 January	**736**	**-9**	**-172**	**111**	**936**	**329**	**1,931**
Foreign currency translation adjustments of foreign subsidiaries			-13				-13
Fair value adjustments of hedging instruments before tax		-5					-5
Tax on fair value adjustments		1					1
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	-4	-13	0	0	0	-17
Net profit for the year				21	107	219	347
Comprehensive income	**0**	**-4**	**-13**	**21**	**107**	**219**	**330**
Distribution of dividends (DKK 45.00 per share)						-329	-329
Non-controlling interests on acquisition of subsidiary							0
Transactions with the owners	**0**	**0**	**0**	**0**	**0**	**-329**	**-329**
Equity as at 31 December	**736**	**-13**	**-185**	**132**	**1,043**	**219**	**1,932**

1) Reserves for hedging transactions, reserves for foreign currency translation adjustments and reserves for development costs are recognised in the balance sheet as a total amount under reserves.

Contents

Statement of changes in equity

– continued

DKK million	Share capital	Reserves for hedging transactions[1]	Reserves for foreign currency translation adjustments[1]	Reserves for development costs[1]	Retained earnings	Proposed dividends	Total equity
2022							
Equity as at 1 January	**736**	**-37**	**-121**	**119**	**926**	**329**	**1,952**
Foreign currency translation adjustments of foreign subsidiaries			-51				-51
Fair value adjustments of hedging instruments before tax		36					36
Tax on fair value adjustments		-8					-8
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	28	-51	0	0	0	-23
Net profit for the year				-8	339	329	660
Comprehensive income	**0**	**28**	**-51**	**-8**	**339**	**329**	**637**
Distribution of dividends (DKK 45.00 per share)						-329	-329
Distribution of extraordinary dividend (DKK 45.00 per share)					-329		-329
Transactions with the owners	**0**	**0**	**0**	**0**	**-329**	**-329**	**-658**
Equity as at 31 December	**736**	**-9**	**-172**	**111**	**936**	**329**	**1,931**

1) Reserves for hedging transactions, reserves for foreign currency translation adjustments and reserves for development costs are recognised in the balance sheet as a total amount under reserves.

Contents

01

Section 1
Basis for preparation

Contents

1 Basis for preparation

1.1 General accounting policies

The separate financial statements of the parent company for 2023 are presented in accordance with the International Financial Reporting Standards (IFRSs) as approved by the EU and additional Danish disclosure requirements for annual reports of listed companies and the IFRS executive order issued in accordance with the Danish Financial Statements Act.

A general description of accounting policies can be found in the consolidated financial statements on pages 50-52 note 1.1, Accounting policies.

Descriptions of accounting policies in notes
Descriptions of accounting policies in the notes form part of the overall description of accounting policies. Parent-specific descriptions are found in the following notes:

Note 2.4 Income tax
Note 2.5 Net profit for the year
Note 3.1 Intangible assets
Note 3.2 Property, plant and equipment
Note 3.3 Leases
Note 3.4 Investments measured at equity value and other non-current assets
Note 3.5 Inventories
Note 3.6 Trade receivables
Note 3.7 Other provisions
Note 4.1 Share capital
Note 4.3 Financial instruments
Note 5.1 Contingent liabilities and other financial liabilities

1.2 Significant accounting estimates and assessments

When preparing the annual report in accordance with generally applicable principles, management make estimates and assumptions that affect the reported assets and liabilities. Management base their estimates on historic experience and expectations for future events. Therefore, actual results may differ from these estimates.

The following estimates and accompanying assessments are deemed material for the preparation of the financial statements:

- Impairment test of equity investments
- Impairment test of software
- Inventory write-down
- Write-down for loss on doubtful receivables

These estimates and assessments are described in the following notes:
Note 3.1 Intangible assets
Note 3.5 Inventories
Note 3.6 Trade receivables

Contents

02

Section 2
Income statement

Contents

2 Income statement

2.1 Staff costs

DKK million	2023	2022
Salaries and wages etc.	538	561
Pensions, defined contribution	43	40
Costs related to social security	14	13
Share-based payment	8	6
Total	**603**	**620**
Average number of employees (FTEs)	861	869
Number of employees at year-end (FTEs)	834	886
Remuneration of Board of Directors		
Remuneration of Board of Directors	4	3
Remuneration of Executive Board		
Salaries and wages etc.	23	22
Share-based payment	3	4
Total	**26**	**26**

Terms of notice for members of the Executive Board is 12 months. When stepping down, the members of the Executive Board are entitled to 6 months' remuneration.

Contents

2 Income statement

2.2 Loss on trade receivables

DKK million	2023	2022
Recognised losses	4	6
Received on trade receivables previously written off	0	0
	4	**6**
Change in write-down for bad and doubtful debts	2	1
Total	**6**	**7**

Relevant accounting policies are described in note 3.6 trade receivables.

2.3 Depreciation, write-down and amortisation

DKK million	2023	2022
Buildings	16	14
Plant, operating equipment, tools and equipment	26	17
Leasehold improvements	2	2
Tenancy, lease	19	14
Cars, lease	9	8
IT equipment, lease	9	5
Total depreciation and write-down on property, plant and equipment	**81**	**60**
Customer-related assets	1	0
Software	61	65
Impairment of intangible assets	2	0
Total amortisation and impairment of intangible assets	**64**	**65**

Relevant accounting policies are described in note 3.1, intangible assets, and note 3.2, property, plant and equipment, and note 3.3, leases.

Contents

2 Income statement

2.4 Income tax

DKK million	2023	2022
Current tax	40	78
Deferred tax	11	-4
Tax on profit for the year	**51**	**74**
Tax on taxable profit previous year	9	-1
Change in deferred tax previous year	-9	0
Total	**51**	**73**
Statement of effective tax rate:		
Danish income tax rate	22.0%	22.0%
Profit/loss from subsidiaries	-11.9%	-12.6%
Impairment on / gain from sale of / reversal of impairment on associates	0.3%	0.5%
Non-taxable/deductible items in parent	2.2%	0.1%
Tax regarding prevoius year	0.2%	0.0%
Effective tax rate	**12.8%**	**10.0%**

Accounting policies

Tax for the year is recognised with the share attributable to results for the year in the income statement and with the share attributable to other recognised income and costs in the statement of comprehensive income. Tax consists of current tax and changes to deferred tax.

Contents

2 Income statement

2.4 Income tax – continued

DKK million	2023	2022
Deferred tax 1/1	78	74
Recognised in other comprehensive income	-1	8
Ordinary tax recognised in income statement	2	-4
Other items	0	0
Deferred tax 31/12	**79**	**78**
Specified as follows:		
Deferred tax	79	78
Deferred tax assets	0	0
Total deferred tax, net	**79**	**78**
Further specified as follows:		
Expected use within 1 year	0	0
Expected use after 1 year	79	78
Total, net	**79**	**78**

Specification by balance sheet items

DKK million	2022	Recognised in other comprehensive income	Ordinary tax recognised in income statement	2023
Property, plant and equipment	28	0	-4	24
Provisions for loss on recievables	0	0	-1	-1
Other items[1]	50	-1	7	56
Total, net	**78**	**-1**	**2**	**79**

1) Other items particularly cover intangible assets and loss balances in jointly taxed entities.

Accounting policies

Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax on the year's taxable income, adjusted for tax on previous year's taxable income and for tax paid on account.

Deferred tax is measured in accordance with the balance sheet liability method of all temporary differentials between accounting and tax-related amounts and provisions. Deferred tax is recognised at the local tax rate that any temporary differentials are expected to be realised at based on the adopted or expected adopted tax legislation on the balance sheet date.

Deferred tax assets, including the tax value of tax loss allowed for carryforward, are measured at the value at which the asset is expected to be realised, either by elimination in tax of future earnings or by offsetting against deferred tax liabilities.

Deferred tax assets are assessed annually and only recognised to the extent that it is probable that they will be utilised.

Deferred tax is also recognised for the covering of retaxation of losses in former foreign subsidiaries participating in joint taxation assessed as becoming current.

Contents

2 Income statement

2.5 Net profit for the year

DKK million	2023	2022
Proposed distribution of net profit for the year:		
Proposed dividend	219	329
Reserves for development costs	21	-8
Retained earnings	107	339
Net profit for the year	**347**	**660**
Ordinary dividend in DKK per share of DKK 100[1]	30.00	45.00

1) Calculations are based on proposed dividends.

Accounting policies

Dividends

Proposed dividends are recognised as a liability at the time of adoption of the general meeting.

Contents

03

Section 3
Invested capital

Contents

3 Invested capital

3.1 Intangible assets

DKK million	Customer-related assets	Software	Total
2023			
Cost 1/1	5	701	706
Additions during the year	0	88	88
Disposals during the year	0	-6	-6
Cost 31/12	**5**	**783**	**788**
Amortisation and impairment 1/1	3	555	558
Amortisation during the year	1	61	62
Impairment during the year	0	2	2
Amortisation of abandoned assets	0	-6	-6
Amortisation and impairment 31/12	**4**	**612**	**616**
Carrying amount 31/12	**1**	**171**	**172**
Remaining amortisation period in number of years	**2**	**1-8**	**-**

Accounting policies

Customer-related intangible assets

Customer-related intangible assets acquired in connection with business combinations are measured at cost less accumulated amortisation and impairment loss.

Customer-related intangible assets are amortised using the straight-line principle over the expected useful life. Typically, the amortisation period is 5-7 years.

Software

Software is measured at cost less accumulated amortisation and impairment. Cost includes both direct internal and external costs. Software is amortised using the straight-line principle over 4-8 years. The basis of amortisation is reduced by any impairment.

Contents

3 Invested capital

3.1 Intangible assets – continued

DKK million	Customer-related assets	Software	Total
2022			
Cost 1/1	5	691	696
Additions during the year	0	56	56
Disposals during the year	0	-46	-46
Cost 31/12	**5**	**701**	**706**
Amortisation and impairment 1/1	3	536	539
Amortisation during the year	0	65	65
Amortisation of abandoned assets	0	-46	-46
Amortisation and impairment 31/12	**3**	**555**	**558**
Carrying amount 31/12	**2**	**146**	**148**
Remaining amortisation period in number of years	**3**	**1-8**	**-**

Accounting policies – continued

Impairment of intangible assets

The carrying amount of intangible assets is assessed annually to determine whether there is any indication of impairment.

When such an indication is present, the asset's recoverable amount is calculated, which is the highest of the asset's fair value less expected costs of disposal or value in use. Value in use is calculated as the present value of expected cash flow from the smallest cash-generating unit to which the asset belongs.

Impairment loss is recognised when the carrying amount of an asset exceeds the asset's recoverable amount. Impairment loss is recognised in the income statement.

Impairment loss on intangible assets is reversed if changes have been made to the assumptions and estimates that led to the impairment loss.

Accounting estimates and assessments

Software

Software is evaluated annually for indicators of a need for impairment. If a need to perform impairment is identified, an impairment test for the software is performed.

The impairment test is made on the basis of different factors, including the software's future application, the present value of the expected cost saving as well as interest and risks.

Contents

3 Invested capital

3.2 Property, plant and equipment

DKK million	Land and buildings	Plant, operating equipment, tools and equipment	Leasehold improvements	Assets under construction	Total
2023					
Cost 1/1	481	254	14	3	752
Additions during the year	6	8	0	3	17
Disposals during the year	-1	-12	0	0	-13
Cost 31/12	**486**	**250**	**14**	**6**	**756**
Write-down and depreciation 1/1	203	91	8	0	302
Write-down and depreciation during the year	16	26	2	0	44
Write-down and depreciation of abandoned assets	-1	-11	0	0	-12
Write-down and depreciation 31/12	**218**	**106**	**10**	**0**	**334**
Carrying amount 31/12	**268**	**144**	**4**	**6**	**422**

Accounting policies

Property, plant and equipment

Land and buildings as well as other plant, operating equipment, and tools and equipment are measured at cost less accumulated depreciation and write-down.

Cost includes the purchase price and costs directly attributable to the acquisition until the time when the asset is ready for use. Cost of a combined asset is disaggregated into separate components which are depreciated separately if the useful lives of the individual components differ.

Subsequent expenditure, for example in connection with the replacement of components of property, plant or equipment, is recognised in the carrying amount of the relevant asset when it is probable that the incurrence will result in future economic benefits for the group.
The replaced components cease to be recognised in the balance sheet and the carrying amount is transferred to the income statement. All other general repair and maintenance costs are recognised in the income statement when these are incurred.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives which are:

- Buildings 40 years
- Technical installations 20 years
- Plant, operating equipment, and tools and equipment 2-5 years

There are a few differences from the mentioned depreciation periods in which useful life is estimated as shorter. Leasehold improvements are depreciated over the lease term, however, maximum 5 years.

Land is not depreciated.

Contents

3 Invested capital

3.2 Property, plant and equipment – continued

DKK million	Land and buildings	Plant, operating equipment, tools and equipment	Leasehold improvements	Assets under construction	Total
2022					
Cost 1/1	377	219	10	115	721
Additions during the year	105	154	4	117	380
Disposals during the year	-1	-119	0	-229	-349
Cost 31/12	**481**	**254**	**14**	**3**	**752**
Write-down and depreciation 1/1	190	193	6	0	389
Write-down and depreciation during the year	14	17	2	0	33
Write-down and depreciation of abandoned assets	-1	-119	0	0	-120
Write-down and depreciation 31/12	**203**	**91**	**8**	**0**	**302**
Carrying amount 31/12	**278**	**163**	**6**	**3**	**450**

Accounting policies – continued

The basis of depreciation is determined in consideration of the asset's residual value and reduced by any impairment. Residual value is determined at the time of acquisition and reassessed annually. If residual value exceeds the asset's carrying amount, depreciation will cease.

By changing the depreciation period or residual value, the effect of future depreciation is recognised as a change to accounting estimates.

Impairment of property, plant and equipment

The carrying amount of property, plant and equipment is assessed annually to determine whether there is any indication of impairment.

When such an indication is present, the asset's recoverable amount is calculated, which is the highest of the asset's fair value less expected costs of disposal or value in use. Value in use is calculated as the present value of expected cash flow from the smallest cash-generating unit to which the asset belongs.

Impairment loss is recognised when the carrying amount of an asset exceeds the asset's recoverable amount. Impairment loss is recognised in the income statement.

Write-down on property, plant and equipment is reversed to the extent that changes have been made to the assumptions and estimates that led to the write-down.

Contents

3 Invested capital

3.3 Leases

Right-of-use assets

DKK million	Tenancy	Cars	IT equipment	Total
2023				
Cost 1/1	98	34	24	156
Additions during the year	34	10	27	71
Disposals during the year	0	-4	0	-4
Cost 31/12	**132**	**40**	**51**	**223**
Write-down and depreciation 1/1	45	20	15	80
Write-down and depreciation during the year	19	9	9	37
Write-down and depreciation of abandoned assets	0	-4	0	-4
Write-down and depreciation 31/12	**64**	**25**	**24**	**113**
Carrying amount 31/12	**68**	**15**	**27**	**110**

DKK million	Tenancy	Cars	IT equipment	Total
2022				
Cost 1/1	91	28	21	140
Additions during the year	11	13	3	27
Disposals during the year	-4	-7	0	-11
Cost 31/12	**98**	**34**	**24**	**156**
Write-down and depreciation 1/1	35	19	10	64
Write-down and depreciation during the year	14	8	5	27
Write-down and depreciation of abandoned assets	-4	-7	0	-11
Write-down and depreciation 31/12	**45**	**20**	**15**	**80**
Carrying amount 31/12	**53**	**14**	**9**	**76**

Accounting policies – continued

Right-of-use assets

Right-of-use assets are lease assets arising from a lease agreement. Lease assets are initially measured at cost consisting of the amount of the initial measurement of the lease liability with addition of lease payments made to the lessor at or before the commencement date less any lease incentives received. Three different types of leases have been identified:

- Tenancy
- Cars
- IT equipment

The lease assets are depreciated on a straight-line basis over the lease term. The carrying amount of the right-of-use asset can be adjusted due to modifications to the lease agreement or in special cases reassessment of the lease term.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture of a value below DKK 37,000.

Contents

3 Invested capital

3.3 Leases – continued

Short-term lease liabilities

DKK million	2023	2022
Maturity < 1 year	32	28
Short-term lease liabilities 31/12	**32**	**28**

Long-term lease liabilities

DKK million	2023	2022
Maturity > 1 year < 5 years, undiscounted	78	42
Maturity > 5 years, undiscounted	7	8
Long-term lease liabilities 31/12, undiscounted	85	50
Discounting on lease liabilities > 1 year < 5 years	-5	-1
Discounting on lease liabilities > 5 years	0	0
Long-term lease liabilities 31/12	**80**	**49**

Amounts recognised in the income statement

DKK million	2023	2022
Depreciation of Right-of-use assets	36	26
Interest expense on lease liabilities	2	1
Expense relating to short-term leases	0	0
Expense relating to leases of low-value items	0	0
Expense relating to variable lease payments not included in the measurement of lease liabilities	2	1
Total	**40**	**28**

Cash outflows for leases

Instalment on lease liabilities	-36	-26
Interest payments	-2	-1
Total cash outflows for leases	**-38**	**-27**

Accounting policies

Lease liabilities

Lease liabilities arise from a lease agreement. Lease liabilities are initially measured at the present value of the lease payments during the non-cancellable lease period with addition of periods covered by an option to extend the lease if exercise of the option is considered reasonably certain on inception of the lease.

At initial recognition, each contract is assessed individually to assess the likelihood of exercising a potential extension option in the contract. The option to extend the contract period will be included in measuring the lease liability if it is reasonably certain that Solar will exercise the option. When calculating the net present value, a discount rate corresponding to Solar's incremental borrowing rate has been used.

The lease liability will be remeasured when changes occur due to modifications to the contract (extension, termination etc.), indexation or in special cases reassessment of the lease term.

Contents

3 Invested capital

3.4 Investments measured at equity value and other non-current assets

DKK million	Equity investments	Investments in associates	Other investments	Other recievables	Total
2023					
Cost 1/1	2,591	16	60	15	2,682
Additions during the year	174	0	0	2	176
Disposals during the year	0	-11	0	0	-11
Cost 31/12	**2,755**	**5**	**60**	**17**	**2,847**
Value adjustment 1/1	-791	-16	-37	-8	-852
Foreign currency translation adjustments	-14	0	0	0	-14
Dividends from subsidiaries	-7	0	0	0	-7
Profit from subsidiaries	215	0	0	0	215
Fair value adjustment recognised under financial expenses	0	0	-8	0	-8
Other adjustments	0	11	0	0	11
Value adjustment 31/12	**-597**	**-5**	**-45**	**-8**	**-655**
Carrying amount 31/12	**2,168**	**0**	**15**	**9**	**2,192**

At the acquisition of ThermoNova as at 1 March 2023, DKK 122m was allocated to goodwill.

Accounting policies

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the parent company's share of the post-acquisition profits or losses of the subsidiary in profit or loss statement, and the parent company's share of movements in other comprehensive income of the investee in other comprehensive income.

Dividends received or receivable from subsidiaries are recognised as a reduction in the carrying amount of the investment.

Unrealised gains on transactions between the parent company and its subsidiaries are eliminated to the extent of the parent company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the parent company.

The carrying amount of equity-accounted investments is tested for impairment.

Other investments are measured at fair value.

Contents

3 Invested capital

3.4 Investments measured at equity value and other non-current assets – continued

DKK million	Equity investments	Investments in associates	Other investments	Other recievables	Total
2022					
Cost 1/1	2,624	16	59	19	2,718
Additions during the year	67	0	0	1	68
Transferred from other receivables to other investments	0	0	5	-5	0
Disposals during the year	-100	0	-4	0	-104
Cost 31/12	**2,591**	**16**	**60**	**15**	**2,682**
Value adjustment 1/1	-1,253	-15	-23	-4	-1,295
Foreign currency translation adjustments	-50	0	0	0	-50
Dividends from subsidiaries	-6	0	0	0	-6
Profit from subsidiaries	418	-1	0	0	417
Fair value adjustment recognised under financial expenses	0	0	-16	-4	-20
Other adjustments	100	0	2	0	102
Value adjustment 31/12	**-791**	**-16**	**-37**	**-8**	**-852**
Carrying amount 31/12	**1,800**	**0**	**23**	**7**	**1,830**

Contents

3 Invested capital

3.5 Inventories

DKK million	2023	2022
End products	**623**	**826**
Recognised write-down	1	8

Accounting policies

Inventories are measured at cost according to the FIFO method or at net realisable value, if this is lower.

Cost of inventories includes purchase price with addition of delivery costs.

The net realisable value of inventories is determined as selling price less costs incurred to make the sale and is determined in consideration of marketability, obsolescence and development of expected selling price.

Accounting estimates and assessments

Write-down of inventories

Write-down of inventories is made due to the obsolescence of products.

Management specifically assess inventories, including the products' turnover rate, current economic trends and product development when deciding whether the write-down is sufficient.

Contents

3 Invested capital

3.6 Trade receivables[1]

DKK million	2023	2022
Maturity statement, trade receivables		
Not due	488	520
Past due for 1-30 day(s)	33	36
Past due for 31-90 days	6	7
Past due for 91+ days	3	0
	530	563
Write-down	-10	-8
Total	**520**	**555**
Write-down based on:		
Age distribution	3	2
Individual assessment	7	6
Total	**10**	**8**
Write-down 1/1	8	6
Write-down for the year	6	5
Losses realised during the year	-1	-2
Reversed for the year	-3	-1
Write-down 31/12	**10**	**8**

1) A factoring arrangement on non-recourse conditions is established with a few major customers. As a result trade receivables is reduced with approx. DKK 93m (DKK 97m).

We refer to the consolidated accounts, note 3.6, trade receivables, for information on credit risk.

Accounting policies

Trade receivables are measured at fair value at acquisition and at amortised cost subsequently. Based on an individual assessment of the loss risk, including a statistical based model, write-down to amortised cost less expected credit losses is made, if this is lower.

Accounting estimates and assessments

Write-down for meeting of loss on doubtful trade receivables

The IFRS 9 simplified approach is applied to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the day past invoicing.

As the vast majority of our group companies generally takes out insurance to hedge against loss to the extent possible, the write-down based on age distribution amounts to less than 0.6% (0.4%) of gross trade receivables.

Individual assessment of write-down is performed by management specifically analysing trade receivables, including the customers' credit rating and current economic trends to ensure that write-down is sufficient. Write-down based on individual assessment amounts to 1.3% (1.4%) of gross trade receivables. As the total write-down on trade receivables amounts to 2% (1%) of gross trade receivables, no maturity statement of the write-down is included. However, the majority of the provision relates to receivables overdue by more than 31 days (31 days).

Contents

3 Invested capital

3.7 Other provisions

DKK million	2023	2022
Non-current		
Others	0	0
Total 31/12	**0**	**0**
Specification, non-current		
1/1	0	1
Reversed during the year	0	-1
Provisions of the year	0	0
Total 31/12	**0**	**0**
Current		
Restructuring costs	3	2
Total 31/12	**3**	**2**
Specification, current		
1/1	2	0
Reversed during the year	-2	0
Provisions of the year	3	2
Total 31/12	**3**	**2**

Accounting policies

Provisions are measured in accordance with management's best estimate of the amount required to settle a liability.

Restructuring expenses are recognised as liabilities when a detailed official plan for the restructuring has been published to the parties affected by the plan on the balance sheet date at the latest.

Contents

3 Invested capital

3.8 Other payables

DKK million	2023	2022
Staff costs	109	139
Taxes and charges	30	52
Interest rate swaps	17	12
Other payables and amounts payable	54	40
Total	**210**	**243**

Accounting policies for hedging instruments are described in note 4.3 Financial instruments

Contents

04

Section 4
Capital structure and financing costs

Contents

4 Capital structure and financing costs

4.1 Share capital

DKK million	2023	2022
Share capital 1/1	736	736
Change in share capital	0	0
Share capital 31/12	**736**	**736**
Share capital is fully paid in and divided into the following classes:		
A shares 900,000 at DKK 100, 10 votes per share	90	90
B shares 6,460,000 at DKK 100, 1 vote per share	646	646
Total	**736**	**736**

	Number of shares		Nominal value	
	2023	2022	2023	2022
A shares outstanding 31/12	**900,000**	**900,000**	**90**	**90**
B shares outstanding				
Outstanding 1/1	6,403,187	6,403,187	640	640
Divestment of treasury shares	0	0	0	0
B shares outstanding 31/12	**6,403,187**	**6,403,187**	**640**	**640**
Total shares outstanding 31/12	**7,303,187**	**7,303,187**	**730**	**730**

4.2 Treasury shares

Treasury shares (B shares)	Number of shares		Nominal value (DKK million)		Cost (DKK million)		Percentage of share capital	
	2023	2022	2023	2022	2023	2022	2023	2022
Holding 1/1	56,813	56,813	6	6	22	22	0.7%	0.7%
Divestment	0	0	0	0	0	0	0.0%	0.0%
Holding 31/12	**56,813**	**56,813**	**6**	**6**	**22**	**22**	**0.7%**	**0.7%**

Accounting policies

Treasury shares

Acquisition and disposal sums related to treasury shares are recognised directly in transactions with the owners.

Contents

4 Capital structure and financing costs

4.3 Financial instruments

Financial assets and financial liabilities

DKK million	Interest rate	2023	2022
Debt to mortgage credit institutions	Fixed[1]	195	204
Debt to credit institutions	Fixed[1]	250	100
Lease liabilities	Calculated	112	77
Bank loans and overdrafts	Floating	699	524
Interest-bearing liabilities		**1,256**	**905**
Trade payables[2]		651	756
Other payables		210	243
Financial liabilities		**2,117**	**1,904**
Cash at bank and in hand		330	110
Trade receivables		520	555
Other receivables		299	223
Financial assets		**1,149**	**888**
Total, financial balance sheet items, net		**968**	**1,016**

1) Interest swaps have been used to hedge floating-rate loans, converting these loans to fixed-rate loans.
2) Solar participates in supplier financing arrangement with a few suppliers. As a result trade payables are increased with approx. DKK 140m (DKK 136m).

Fair value of Solar's respective interest-bearing liabilities is seen as fair value measurement at level 2. Mortgage loans are valued based on underlying securities, while bank debt is calculated based on models for discounting to net present value. Non-observable market data is primarily made up of credit risks, which are seen as insignificant in Solar's case.

The fair value of Solar's interest swaps is measured as fair value measurement at level 2, since fair value can be determined directly based on the actual forward rates and instalments on the balance sheet date. Outstanding interest rate swaps for hedging of floating-rate loans expire over the period until 2037 (2037).

Accounting policies

Financial liabilities

Debt to credit institutions is recognised initially at fair value that corresponds to the proceeds received net of transaction costs incurred.

In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method, meaning that the difference between the proceeds and the nominal value is recognised in the income statement under financials for the term of the loan. For information on lease liabilities, see note 3.3.

Fair value measurement

The group uses the fair value concept for recognition of certain financial instruments and in connection with some disclosure requirements. Fair value is defined as the price that can be secured when selling an asset or that must be paid to transfer a liability in a standard transaction between market participants (exit price).

Fair value is a market-based and not enterprise-specific valuation. The enterprise uses the assumptions that market participants would use when pricing an asset or liability based on existing market conditions, including assumptions relating to risks.

As far as possible, fair value measurement is based on market value in active markets (level 1) or alternatively on values derived from observable market information (level 2).

If such observable information is not available or cannot be used without significant modifications, recognised valuation methods and fair estimates are used as the basis of fair values (level 3).

Contents

4 Capital structure and financing costs

4.3 Financial instruments – continued

Financial liabilities, maturity statement

DKK million	2023	2022
Current interest-bearing liabilities		
Maturity < 1 year		
Debt to mortgage credit institutions	11	11
Lease liabilities	31	28
Bank loans and overdrafts	699	524
Current interest-bearing liabilities	**741**	**563**
Other financial liabilities	861	999
Financial liabilities	**1,602**	**1,562**
Current financial assets	**1,149**	**888**
Net current financial liabilities	**453**	**674**
Maturity 1-5 year(s)		
Debt to mortgage credit institutions	45	45
Debt to credit institutions	250	100
Lease liabilities	74	41
Total	**369**	**186**
Maturity > 5 years		
Debt to mortgage credit institutions	139	148
Lease liabilities	7	8
Total	**146**	**156**
Total non-current liabilities	**515**	**342**
Maturity, until year	**2042**	**2042**

The carrying amount of financial liabilities corresponds to fair value, see page 119.

Financial liabilities, maturity statement –continued

DKK million	2023	2022
Interest-bearing liabilities and maturity statement for expected interest expense for the period		
< 1 year	23	16
1-5 year(s)	41	41
> 5 years	40	47
Total	**104**	**104**

Interest rate sensitivity

DKK million	2023	2022
Effect of a 1% interest rate increase at the end of the year		
Effect on equity	**3**	**10**
Of this, earnings impact is	**-5**	**-4**
Undrawn credit facilities 31/12	**863**	**638**

Financial liabilities, foreign currency risk exposure

Distribution on currencies	Current liabilities		Non-current liabilities	
DKK million	2023	2022	2023	2022
EUR	147	127	106	111
DKK	563	408	328	182
SEK	0	0	0	0
Total	**710**	**535**	**434**	**293**
Interest rate in %	**4.3-5.7**	**3.0-5.5**	**4.3-5.6**	**4.3-5.5**

The parent company has raised loans in Danish kroner and euro. We refer to the consolidated accounts, note 4.4, Financial instruments, for more information on liquidity risk, interest rate and currency risk management.

Contents

4 Capital structure and financing costs

4.3 Financial instruments – continued

Hedging activities

DKK million	2023	2022
Outstanding interest swaps made for hedging floating-rate loans		
Principal amount	367	122
Interest rate in % for outstanding swaps	4.5-5.6	5.5
Fair value	-17	-12

Maturity for interest swaps follows the maturity for debt to mortgage credit institutions as stated on previous page.

DKK million	2023	2022
Amounts recognised in other comprehensive income		
Adjustment to fair value for the year	-10	30
Realised during the year, recognised as financial income/expenses	5	6
Total	**-5**	**36**

Reconciliation of development in interest-bearing debt to financing activities in the cash flow statement:

DKK million	2023	2022
Interest-bearing liabilities 1/1	905	207
Repayment of non-current interest-bearing debt	-9	-12
Raising of non-current interest-bearing liabilities	150	185
Change in current interest-bearing debt	176	525
Instalment on lease liabilities	-36	-26
Lease liability raised during the year, non-cash	71	27
Foreign currency translation adjustment	-1	-1
Interest-bearing liabilities 31/12	**1,256**	**905**

Accounting policies

Derivatives

Derivatives are only used to hedge financial risks in the form of interest rate and currency risks.

Derivatives are recognised at fair value. Both realised and unrealised gains and losses are recognised in the income statement unless the derivatives are part of hedging of future transactions. Value adjustments of derivatives for hedging of future transactions are recognised directly in other comprehensive income. Any non-effective part of the financial instrument in question is recognised in the income statement. Derivatives are recognised under other receivables or other payables.

Contents

4 Capital structure and financing costs

4.4 Financial income

DKK million	2023	2022
Interest income	15	9
Foreign exchange gains	6	8
Other financial income	21	8
Total	**42**	**25**
Financial income, received	**36**	**17**

4.5 Financial expenses

DKK million	2023	2022
Interest expenses	82	28
Foreign exchange losses	7	8
Interest on lease liabilities	2	1
Fair value adjustments, other financial investments	8	20
Other financial expenses	6	3
Total	**105**	**60**
Financial expenses, settled	**90**	**32**

Contents

05

Section 5
Other notes

Contents

5 Other notes

5.1 Contingent liabilities and other financial liabilities

DKK million	2023	2022
Collateral		
Assets have been pledged as collateral for bank arrangements at a carrying amount of:		
Land and buildings	262	274
Total	**262**	**274**
Mortgaging and guarantees		
As security of subsidiaries' bank arrangements, guarantees have been issued for:		
Total	**92**	**93**
As security of subsidiaries' liabilites, guarantees have been issued for:		
Total	**561**	**654**

Contents

5 Other notes

5.2 Related parties

Group and parent Solar A/S are subject to control by the Fund of 20th December (registered as a commercial foundation in Denmark), which owns 17.0% of the shares and holds 60.5% of the voting rights. The remaining shares are owned by a widely combined group of shareholders.

Other related parties include the company's Board of Directors and Executive Board. There have been no transactions in the financial year with members of the Board of Directors and Executive Board other than those which appear from note 2.1.

The parent company has had the following significant transactions with related parties:

DKK million	2023	2022
Sale of services to subsidiaries	**169**	**162**
Sale of goods to subsidiaries	**150**	**165**
Interest income from subsidiaries	**17**	**7**
Interest expense from subsidiaries	**6**	**2**

On the balance sheet date, the usual product balances derived from these transactions exist. These appear from the parent company's balance sheet.

Solar also invoices the Fund of 20th December for the performance of administrative services at DKK 55,000 (DKK 20,000). Balances with the Fund of 20th December total 0 on balance sheet date.

5.3 Auditors' fees

DKK million	2023	2022
Deloitte		
Statutory audit	2	1
Other assurance engagements[1]	1	1
Other services[2]	0	1
Total	**3**	**3**
Other auditors		
Other services	0	0
Total	**0**	**0**

1) Other assurance engagements mainly consists of IT Cyber resilience and ESG assurance.
2) Other services in 2022 mainly consists of Board effectiveness review.

Group companies overview

Contents

Group companies overview

Companies fully owned by Solar A/S

Name	Reg. no.	Currency	Share capital	Country
Solar A/S	**15908416**	**DKK**	**736,000,000**	**DK**
Solar Sverige AB	**5562410406**	**SEK**	**100,000,000**	**SE**
Solar Norge AS	**980672891**	**NOK**	**70,000,000**	**NO**
Solar Nederland B.V.	**09013687**	**€**	**67,000,500**	**NL**
Eltechna B.V.	KvK 23066336	€	18,151	NL
MAG45 Holding B.V.	**17213145**	**€**	**28,544**	**NL**
MAG45 B.V.	17168649	€	18,000	NL
MAG45 Sp.z.oo	277409	PLN	50,000	PL
MAG45 GmbH	32297	€	25,000	DE
MAG45 Ltd	311859	€	152	IE
MAG45 (UK) Ltd	4092664	£	301	UK
MAG45 S.a.r.l.	CHE-265.557.148	CHF	20,000	CH
MAG45 INC	35-2568242	$	1,457	USA
MAG45 S.R.O	27697690	CZK	200,000	CZ
MAG45 Iss Co. Ltd	91320594693364287L	$	80,000	CN
MAG45 Ltd	39740334	EUR	1	HK
MAG45 Pte Ltd.	201709959H	SG$	100,000	SG
MAG45 Kft	09-09-029346	HUF	3,000,000	HU
MAG45 Srl	10053890967	€	20,000	IT
MAG45 Sarl	919450692	€	100,000	FR
Solar Polska Sp.z.oo	**0000003924**	**PLN**	**65,050,000**	**PL**
P/F Solar Føroyar	**P/F 104**	**DKK**	**12,000,000**	**FO**
SD of 16 March GmbH	**HRB 516 NM**	**€**	**51,400,000**	**DE**
SD of 17 March Gesellschaft für Vermögensverwaltung mbH	HRB 16642 KI	€	25,000	DE
SD of 16 March Gesellschaft für Vermögensverwaltung mbH	HRB 16638 KI	€	2,556,500	DE
SD of 16 March Immobilienverwaltung GmbH	HRB 16616 KI	€	25,000	DE

Companies fully owned by Solar A/S – continued

Name	Reg. no.	Currency	Share capital	Country
Solar Invest A/S	**73316111**	**DKK**	**500,000**	**DK**
Solar Polaris A/S	**38378171**	**DKK**	**5,000,000**	**DK**
Højager Belysning A/S	**74111416**	**DKK**	**1,450,500**	**DK**
Letskog SIA	**40203326011**	**EUR**	**2,800**	**LV**
Dunduru Plavas SIA	41503039257	EUR	426,800	LV

Companies, where Solar's equity interest is less than 100%

Subsidiaries, where Solar's equity interest is more than 50%

Name	Reg. no.	Currency	Share capital	Country
ThermoNova A/S, 51.00%	**38132369**	**DKK**	**468,687**	**DK**

Companies, where Solar's equity interest is less than 50%

Name	Reg. no.	Currency	Share capital	Country
Associates				
Monterra AB, 30.00%	**559103-4847**	**SEK**	**50,000**	**SE**
Zolw AS, 35.00%	**925 003 328**	**NOK**	**48,000**	**NO**
Edison Data AS, 20.00%	**928 651 150**	**NOK**	**1.800.000**	**NO**
Other financial investments				
LetsBuild Holding SA, 8.07%	**0656.613.388**	**EUR**	**30,457,207**	**BE**
Minuba ApS, 19.98%	**33259336**	**DKK**	**100,771**	**DK**
SiteHub ApS, 20.00%	**41823194**	**DKK**	**50,000**	**DK**

Statements and reports

Contents

Statement by the Executive Board and the Board of Directors

The group's Board of Directors and Executive Board have today discussed and approved Annual Report for the financial year 1 January – 31 December 2023.

The consolidated financial statements and the separate financial statements have been presented in accordance with International Financial Reporting Standards as approved by the EU. Moreover, the consolidated financial statements and the separate financial statements have been prepared in accordance with additional Danish disclosure requirements of listed companies. Management's review was also prepared in accordance with Danish disclosure requirements of listed companies.

In our opinion, the consolidated financial statements and the separate financial statements give a fair presentation of the group and parent company's assets, liabilities and equity, and financial position as at 31 December 2023 as well as the results of the group and parent company's activities and cash flow for the financial year 1 January – 31 December 2023.

Further, in our opinion, Management review gives a true and fair statement of the development of the group and parent company's activities and financial situation, net profit for the year and of the group and parent company's financial positions and describes the most significant risks and uncertainties pertaining to the group and parent company.

In our opinion, the annual report of Solar A/S for the financial year 1 January to 31 December 2023 with the file name SOLA-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

The annual report is recommended for approval by the annual general meeting.

Vejen, 8 February 2024

EXECUTIVE BOARD

Jens E. Andersen
CEO

Michael H. Jeppesen
CFO

BOARD OF DIRECTORS

Michael Troensegaard Andersen
Chair

Jesper Dalsgaard
Vice-chair

Peter Bang

Katrine Borum

Morten Chrone

Denise Goldby

Louise Knauer

Rune Jesper Nielsen

Michael Kærgaard Ravn

Contents

Independent auditors' report

To the shareholders of Solar A/S

Report on the consolidated financial statements and the parent financial statements Opinion

We have audited the consolidated financial statements and the parent financial statements of for the financial year 01.01.2203 – 31.12.2023, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group as well as for the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023, and of the results of their operations and cash flows for the financial year 01.01.2023 – 31.12.2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of for the first time on 19.03.2021 for the financial year 2021. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 3 years up to and including the financial year 2023.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 01.01.2023 – 31.12.2023. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue

Recognition of revenue is complex due to the volume of transactions and the variety of revenue streams within the different segments. We focused on this area due to the large number of transactions involved and because recognition of revenue involves accounting policy decisions and judgements made by Management, originating from different customer behavior, market conditions and customer agreements. Further, the number of transactions and extent of revenue streams require various IT setups to ensure correct revenue recognition, which are complex and involve an inherent risk to the revenue recognition process. Reference is made to note 2.1 in the consolidated financial statements.

How the identified key audit matter was addressed in our audit

We assessed and tested the design, implementation, and operating effectiveness of relevant internal controls, including test of relevant IT controls, for the different revenue streams primarily relating to 3-way-match of revenue and authorization for manual revenue journals.

In addition, we sample tested revenue transactions, including manual revenue journals and customer bonuses throughout 2023 to underlying documentation. We have focused our sample selection on transactions which were considered unusual by nature or were generated outside the normal billing and revenue recognition process.

We also tested cut-off on revenue recognized around the balance sheet date and performed

Contents

retrospective reviews of returned goods and sample test on credit notes to test the accuracy and completeness of revenue recognition for the year.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant laws and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the information required by relevant laws and regulations. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is suffcient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 and the Parent's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Contents

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, 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 and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain suffcient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, safeguards put in place and measures taken to eliminate 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 and the parent 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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the consolidated financial statements and the parent financial statements of we performed procedures to express an opinion on whether the annual report for the financial year 01.01.2023 – 31.12.2023, with the file name SOLA-2023-12-31-en.zip, is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;

- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;

- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format; and

- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;

- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;

Contents

- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements including notes;

- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;

- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and

- Reconciling the iXBRL tagged data with the audited consolidated financial statements.

In our opinion, the annual report of Solar A/S for the financial year 01.01.2023 – 31.12.2023, with the file name SOLA-2023-12-31-en.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

Aarhus, 8 February 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33963556

Henrik Vedel
State Authorized Public Accountant
Identification No (MNE) mne10052

Søren Marquart Alsen
State Authorized Public Accountant
Identification No (MNE) mne40040

Q4 2023

The quarterly information has neither been audited nor reviewed

Contents

Quarterly figures

Consolidated

	Q1		Q2		Q3		Q4	
Income statement (DKK million)	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	3,656	3,462	3,250	3,451	2,965	3,266	3,160	3,684
Earnings before interest, tax, depreciation and amortisation (EBITDA)	280	281	214	267	187	301	190	326
Earnings before interest, tax and amortisation (EBITA)	226	236	159	218	132	250	131	274
Earnings before interest and tax (EBIT)	209	222	121	202	114	231	114	254
Financials, net	-20	-5	-20	-8	-21	-6	-29	-31
Earnings before tax (EBT)	189	217	101	193	93	225	85	223
Net profit or loss for the quarter	145	168	77	147	71	176	55	169

	Q1		Q2		Q3		Q4	
Balance sheet (DKK million)	2023	2022	2023	2022	2023	2022	2023	2022
Non-current assets	1,756	1,487	1,761	1,557	1,809	1,545	1,893	1,564
Current assets	4,858	4,088	4,556	4,122	4,456	4,392	4,219	4,337
Balance sheet total	6,614	5,575	6,317	5,679	6,265	5,937	6,112	5,901
Total equity	1,759	1,808	1,810	1,600	1,910	1,764	1,982	1,931
Non-current liabilities	737	453	894	506	877	491	908	709
Current liabilities	4,118	3,314	3,613	3,573	3,478	3,682	3,222	3,261
Interest-bearing liabilities, net	1,530	617	1,558	1,122	1,480	1,205	1,157	1,074
Invested capital	3,263	2,377	3,342	2,675	3,366	2,923	3,120	2,978
Net working capital, end of period	2,347	1,791	2,265	1,856	2,253	2,186	1,907	2,205
Net working capital, average	2,149	1,475	2,251	1,619	2,268	1,773	2,193	2,010

Contents

Quarterly figures

Consolidated – continued

	Q1		Q2		Q3		Q4	
Cash flows (DKK million)	2023	2022	2023	2022	2023	2022	2023	2022
Cash flow from operating activities	101	-202	78	-10	190	-14	486	242
Cash flow from investing activities	-162	-99	-54	-75	-102	-37	-87	-38
Cash flow from financing activities	171	-37	-38	41	-109	66	-199	-152
Net investments in intangible assets	-20	-16	-25	-14	-26	-12	-31	-17
Net investments in property, plant and equipment	-30	-59	-29	-61	-76	-25	-34	-22
Acquisition and disposal of subsidiaries, net	-111	-24	0	0	0	0	-22	0

	Q1		Q2		Q3		Q4	
Financial ratios (% unless otherwise stated)	2023	2022	2023	2022	2023	2022	2023	2022
Revenue growth	5.6	15.2	-5.8	11.4	-9.2	13.7	-14.2	9.0
Organic growth	8.3	15.4	-2.2	11.7	-6.2	14.0	-12.5	10.9
Organic growth adjusted for number of working days	6.7	13.6	-1.0	12.4	-4.7	14.0	-11.1	12.0
Gross profit margin	23.2	23.1	22.7	22.9	21.5	24.1	22.4	23.6
EBITDA margin	7.7	8.1	6.6	7.7	6.3	9.2	6.0	8.8
EBITA margin	6.2	6.8	4.9	6.3	4.5	7.7	4.1	7.4
EBIT margin	5.7	6.4	3.7	5,9	3.8	7.1	3.6	6.9
Net working capital (NWC end of period)/revenue	16.7	14.0	16.3	14.1	16.6	16.1	14.6	15.9
Net working capital (NWC average)/revenue	15.3	11.5	16.2	12.3	16.7	13.1	16.8	14.5
Gearing (interest-bearing liabilities,net/EBITDA), no. of times	1.3	0.6	1.4	1.1	1.5	1.1	1.3	0.9
Return on equity (ROE)	35.0	31.9	32.7	35.1	25.5	38.6	18.3	35.7
Return on invested capital (ROIC)	23.2	26.5	20.5	25.5	16.9	25.3	13.2	25.5
Enterprise value/earnings before interest, tax and amortisation (EV/EBITA)	5.7	7.5	5.7	6.3	6.2	5.2	7.0	5.7
Equity ratio	25.9	32.4	27.9	28.2	29.7	29.7	31.6	32.7

Contents

Quarterly figures

Consolidated – continued

	Q1		Q2		Q3		Q4	
Share ratios (DKK unless otherwise stated)	2023	2022	2023	2022	2023	2022	2023	2022
Earnings per share outstanding (EPS)	19.85	23.00	10.54	20.13	9.72	24.10	7.39	23.14
Intrinsic value per share outstanding	234.14	247.56	241.13	219.08	254.82	241.54	264.54	264.41
Share price	553.54	749.19	506.42	597.09	476.27	492.34	465.71	622.62
Share price/intrinsic value	2.36	3.03	2.10	2.73	1.87	2.04	1.76	2.35

	Q1		Q2		Q3		Q4	
Employees	2023	2022	2023	2022	2023	2022	2023	2022
Average number of employees (FTE's) continuing operations	3,042	2,932	3,058	2,956	3,049	2,992	3,036	3,019

Definitions	
Organic growth	Revenue growth adjusted for enterprises acquired and sold off and any exchange rate changes. No adjustments have been made for number of working days.
Organic growth adjusted for number of working days	Revenue growth adjusted for enterprises acquired and sold off and any exchange rate changes and number of working days.
Net working capital	Inventories and trade receivables less trade payables.
ROIC	Return on invested capital calculated on the basis of EBIT exclusive impairment on goodwill less tax calculated using the effective tax rate adjusted for one-off effects, if any.

In all material aspects financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios".

Contents

Financial review

Q4 EBITDA amounted to DKK 190m

(Data shown in brackets relate to the corresponding period in 2022)

Market developments had a negative impact on all Solar's main segments in Q4. Adjusted organic growth amounted to -11.1% (12.0%).

Revenue

Revenue amounted to DKK 3.2bn (DKK 3.7bn). Adjusted organic growth decreased to -11.1% (12.0%) with November and December underperforming October.

Revenue from Climate & Energy, one of our strategic focus areas, did not reach the expected growth rates in Q4 and amounted to around DKK 256m (DKK 438m).

Sales of high-capacity ThermoNova industrial heat pumps delivered the expected growth rates while heat pump sales for the residential market were disappointing. The slowdown in Denmark seen in March continued for the remainder of 2023. The subsidy scheme for residential heat pumps implemented in late Q3 did not lead to the expected growth rates for Q4.

The Installation and Trade segments delivered adjusted organic growth of approx.-11% and approx. -30%, respectively.

Approx. 75% of the decrease in the Installation segment can be accounted for by the lack of heat pump sales. The Industry segment delivered adjusted organic growth of approx. -4%, with MAG45 delivering positive adjusted organic growth of more than 8% (see page 140).

Our assessment is that we will maintain market share within Installation and Industry.

Gross profit

Gross profit margin amounted to 22.4% (23.6%),

By way of comparison, one-off price effects in Q4 2022 improved the underlying gross profit margin by approx. 1.9 percentage points while one-off price effects were negligible in Q4 2023.

The gross profit margin for Climate & Energy products remained substantially below that for last year.

Freight costs were lower than normal which, combined with a strong performance from year-end activities, increased the gross profit margin.

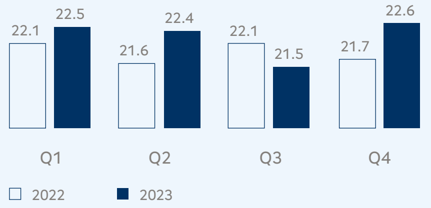
External operating costs and staff costs

External operating costs and staff costs amounted 16.3% (14.5%) of revenue.

Several measures were initiated in 2023, including cost containment, process

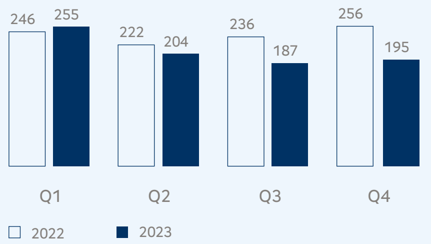
Gross profit margin adj. for one-off effects*

%



EBITDAadj. for one-off price effects*

DKKm



*Price effects: Price increases above normal level related to goods on stock

Financial review - continued

improvements and staff reduction, to reduce the impact of cost inflation. These initiatives became effective in Q2 and despite the impact of inflation, costs declined in Q4 compared to Q4 2022.

Loss on trade receivables

We conduct efficient credit management, including in the currently unpredictable market conditions. As a result, our loss on trade receivables decreased to DKK 2m (DKK 6m).

EBITDA

EBITDA of DKK 190m (DKK 326m) was on par with expectations. When adjusted for one-off price effects in Q4 2022, the underlying EBITDA margin amounted to 6.2% (6.9%).

The results from the individual markets are given on pages 144-145.

Depreciation and write-down

Depreciation and write-down on property, plant and equipment increased to DKK 59m (DKK 52m). The expansion of the central warehouse in Vejen, Denmark, and the implementation of AutoStore were completed in Q4 2022 and the investment is now being depreciated.

Financials

Net financials amounted to DKK -29m (DKK -31m) and were affected by increased debt and interest rates.

Earnings before tax

Earnings before tax amounted to DKK 85m (DKK 223m).

Income tax

Income tax amounted to DKK 30m (DKK 54m).

Net profit

Net profit amounted to DKK 55m (DKK 169m).

Cash flows

Net working capital calculated as an average of the previous four quarters amounted to 16.8% (14.5%) of revenue. Net working capital at the end of 2023 decreased to 14.6% (15.9%).

Cash flow from operating activities totalled DKK 486m (DKK 242m).

We succeeded in decreasing inventories with inventory changes having a cash flow impact of DKK 171m (DKK -67m)

Changes in receivables had an impact of DKK 298m (DKK 177m) on cash flow mainly due to a lower growth level in December 2023 compared to December 2022.

Changes in non-interest-bearing liabilities had a cash flow impact of DKK -129m (DKK -84m).

Total cash flow from investing activities amounted to DKK -87m (DKK -38m). DKK -22m related to the acquisition of an additional 677 hectares of land in Latvia.

Cash flow from financing activities amounted to DKK -199m (DKK -152m), mainly due to a change in current interest-bearing liabilities.

Consequently, total cash flow amounted to DKK 200m (DKK 52m).

Net interest-bearing liabilities were up at DKK 1,157m (DKK 1,074m).

By the end of 2023, gearing was 1.3 (0.9) times EBITDA. Our gearing target was 1.5-3.0 times EBITDA. The Board of Directors assesses the capital structure in relation to our target and capital requirements on an ongoing basis.

At the end of 2023, Solar had undrawn credit facilities of DKK 955m (DKK 710m).

Invested capital

Invested capital for the Solar Group totalled DKK 3,120m (DKK 2,978m). ROIC amounted to 13.2% (25.5%).

Activities with a Solar equity interest of less than 50% and activities attributable to non-controlling interests are not included in the ROIC calculation. Invested capital only includes operating assets and liabilities.

Contents

Financial review - continued

Market developments had a negative impact on all our main segments

Installation

Our Installation segment covers the installation of electrical, heating and plumbing products.

Installation revenue for Q4 amounted to DKK 1,764m (DKK 2,067m), which corresponds to overall adjusted organic growth of around -11% (6%) related to the electrical as well as the heating and plumbing business. All main markets saw negative growth.

Segment profit amounted to DKK 173m (DKK 270m), which corresponds to a segment profit margin of 9.8% (13.1%).

Industry

This segment covers the industry, offshore and marine industries as well as utilities and infrastructure. Industry also includes MAG45 and ThermoNova.

Industry revenue for Q4 amounted to DKK 1,096m (DKK 1,166m). This corresponds to overall adjusted organic growth of around -4% (13%). MAG45 saw positive growth while main markets posted negative growth.

Segment profit amounted to DKK 186m (DKK 220m). This corresponds to a segment profit margin of 17.0% (18.9%).

Trade

Our Trade segment covers special sales and other small areas. It also includes Solar Polaris and Højager Belysning.

Revenue from Trade for Q4 amounted to DKK 300m (DKK 451m), which corresponds to overall adjusted organic growth of around -30% (50%). Especially Solar Nederland saw significant negative growth affected by loss of a major customer and by the fact that revenue in Q4 2022 was exceptional as supply chain issues eased and sale of PV reached its peak. Solar Danmark, and Solar Sverige posted positive growth. Segment profit amounted to DKK 42m (DKK 58m), which corresponds to a segment profit margin of 14.0% (12.9%).

Segment profit includes items that are directly attributable to the individual segment and items that can be reliably allocated to the individual segment.

Segment profit does not include non-allocated costs of DKK 211m (DKK 222m) in Q4, which cover income and costs related to joint group functions and to costs that cannot be reliably allocated to the individual segment.

Detailed segment information is given on page 144.

Segment revenue

DKKm

Installation	1,764
Industry	1,096
Trade	300

Segment profit

DKKm

Installation	173
Industry	186
Trade	42

	Revenue		Segment profit		Segment margin %	
DKK million	2023	2022	2023	2022	2023	2022
Installation	1,764	2,067	173	270	9.8	13.1
Industry	1,096	1,166	186	220	17.0	18.9
Trade	300	451	42	58	14.0	12.9
Solar Group	**3,160**	**3,684**	**401**	**548**	**12.7**	**14.9**

Contents

Statement of comprehensive income

Income statement

DKK million	Q4 2023	Q4 2022
Revenue	**3,160**	**3,684**
Cost of sales	-2,451	-2,815
Gross profit	**709**	**869**
Other operating income and costs	-1	-1
External operating costs	-101	-110
Staff costs	-415	-426
Loss on trade receivables	-2	-6
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**190**	**326**
Depreciation and write-down on property, plant and equipment	-59	-52
Earnings before interest, tax and amortisation (EBITA)	**131**	**274**
Amortisation and impairment of intangible assets	-17	-20
Earnings before interest and tax (EBIT)	**114**	**254**
Share of net profit from associates	0	0
Financial income	22	16
Financial expenses	-51	-47
Earnings before tax (EBT)	**85**	**223**
Income tax	-30	-54
Net profit for the period	**55**	**169**
Earnings in DKK per share outstanding (EPS)	7.39	23.14
Diluted earnings in DKK per share outstanding (EPS-D)	7.37	23.07
Attributable to:		
Shareholders of Solar A/S	54	169
Non-controlling interests	1	0
Net profit for the period	**55**	**169**

Other comprehensive income

DKK million	Q4 2023	Q4 2022
Net profit for the period	**55**	**169**
Other income and costs recognised:		
Items that can be reclassified for the income statement		
Foreign currency translation adjustment of foreign subsidiaries	23	-3
Fair value adjustment of hedging instruments before tax	-8	1
Tax on fair value adjustments of hedging instruments	2	0
Other income and costs recognised after tax	**17**	**-2**
Total comprehensive income for the period	**72**	**167**
Attributable to:		
Shareholders of Solar A/S	71	167
Non-controlling interests	1	0
Total comprehensive income for the period	**72**	**167**

Contents

Balance sheet

Consolidated

DKK million	31.12 2023	31.12 2022
Assets		
Intangible assets	348	173
Property, plant and equipment	1,066	963
Right-of-use assets	440	383
Deferred tax assets	7	9
Investments in associates	4	4
Other non-current assets	28	32
Non-current assets	**1,893**	**1,564**
Inventories	2,029	2,248
Trade receivables	1,648	1,859
Income tax receivable	25	13
Other receivables	17	9
Prepayments	59	42
Cash at bank and in hand	441	166
Current assets	**4,219**	**4,337**
Total assets	**6,112**	**5,901**

DKK million	31.12 2023	31.12 2022
Equity and liabilities		
Share capital	736	736
Reserves	-198	-181
Retained earnings	1,043	1,047
Proposed dividend for the financial year	219	329
Equity attributable to shareholders of Solar A/S	**1,932**	**1,931**
Non-controlling interests	**50**	**0**
Total equity	**1,982**	**1,931**
Interest-bearing liabilities	434	293
Lease liabilities	320	274
Provision for deferred tax	143	133
Other provisions	11	9
Non-current liabilities	**908**	**709**
Interest-bearing liabilities	714	556
Lease liabilities	130	117
Trade payables	1,770	1,902
Income tax payable	54	63
Other payables	520	604
Prepayments	13	2
Other provisions	21	17
Current liabilities	**3,222**	**3,261**
Liabilities	**4,130**	**3,970**
Total equity and liabilities	**6,112**	**5,901**

Contents

Cash flow statement

Consolidated

DKK million	Q4 2023	Q4 2022
Net profit for the period from continuing operations	**55**	**169**
Depreciation, write-down and amortisation	76	72
Changes to provisions and other adjustments	8	0
Financials, net	29	31
Income tax	30	54
Financial income, received	15	6
Financial expenses, settled	-37	-20
Income tax, settled	-30	-96
Cash flow before working capital changes	**146**	**216**
Working capital changes		
Inventory changes	171	-67
Receivables changes	298	177
Non-interest-bearing liabilities changes	-129	-84
Cash flow from operating activities	**486**	**242**
Investing activities		
Purchase of intangible assets	-31	-17
Purchase of property, plant and equipment	-34	-22
Acquisition of subsidaries and activities	-22	0
Other financial investments	0	1
Cash flow from investing activities	**-87**	**-38**

DKK million	Q4 2023	Q4 2022
Financing activities		
Repayment of non-current, interest-bearing debt	-2	-6
Raising of non-current interest-bearing liabilities	0	185
Change in current interest-bearing debt	-160	-301
Instalment on lease liabilities	-37	-30
Cash flow from financing activities	**-199**	**-152**
Total cash flow	**200**	**52**
Cash at bank and in hand at the beginning of period	241	114
Cash at bank and in hand at the end of period	**441**	**166**

Contents

Segment information

Solar's business segments are Installation, Industry and Trade and are based on the customers' affiliation with the segments. Installation covers installation of electrical, and heating and plumbing products, while Industry covers industry, offshore and marine, and utility and infrastructure.Trade covers other small areas. The three main segments have been identified without aggregation of operating segments.

Segment income and costs include any items that are directly attributable to the individual segment and any items that can be reliably allocated to the individual segment. Non-allocated costs refer to income and costs related to joint group functions. Assets and liabilities are not included in segment reporting.

Income statement (DKK million)	Installation	Industry	Trade	Total
Q4 2023				
Revenue	1,764	1,096	300	3,160
Cost of sales	-1,406	-809	-236	-2,451
Gross profit	**358**	**287**	**64**	**709**
Direct costs	-69	-44	-9	-122
Earnings before indirect costs	**289**	**243**	**55**	**587**
Indirect costs	-116	-57	-13	-186
Segment profit	**173**	**186**	**42**	**401**
Non-allocated costs				-211
Earnings before interest, tax, depreciation and amortisation (EBITDA)				**190**
Depreciation and amortisation				-76
Earnings before interst and tax (EBIT)				**114**
Financials, net including share of net profit from associates and impairment on associates				-29
Earnings before tax (EBT)				**85**

Income statement (DKK million)	Installation	Industry	Trade	Total
Q4 2022				
Revenue	2,067	1,166	451	3,684
Cost of sales	-1,599	-852	-364	-2,815
Gross profit	**468**	**314**	**87**	**869**
Direct costs	-69	-35	-10	-114
Earnings before indirect costs	**399**	**279**	**77**	**755**
Indirect costs	-129	-59	-19	-207
Segment profit	**270**	**220**	**58**	**548**
Non-allocated costs				-222
Earnings before interest, tax, depreciation and amortisation (EBITDA)				**326**
Depreciation and amortisation				-72
Earnings before interst and tax (EBIT)				**254**
Financials, net including share of net profit from associates and impairment on associates				-31
Earnings before tax (EBT)				**223**

Contents

Segment information

– continued

Geographical information

Solar A/S primarily operates on the Danish, Swedish, Norwegian and Dutch markets. In the below table, Other markets covers the remaining markets, which can be seen in the companies overview available on page 127.

The below allocation has been made based on the products' place of sale.

			Q4		
DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
2023					
Denmark	1,020	-9.2	97	9.5	899
Sweden	599	-9.6	35	5.8	214
Norway	464	-13.8	25	5.4	225
The Netherlands	732	-18.4	20	2.7	421
Poland	103	-5.6	2	1.9	48
Other markets	242	8.1	11	4.5	86
Solar Group	**3,160**	**-11.1**	**190**	**6.0**	**1,893**

			Q4		
DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
2022					
Denmark	1,132	8.3	117	10.3	729
Sweden	703	4.1	59	8.4	192
Norway	613	23.4	58	9.5	220
The Netherlands	908	18.4	70	7.7	333
Poland	101	-13.9	4	4.0	36
Other markets	227	21.1	18	7.9	54
Solar Group	**3,684**	**12.0**	**326**	**8.8**	**1,564**

Solar A/S
Industrivej Vest 43
DK 6600 Vejen
Denmark
Tel. +45 79 30 00 00
CVR no. 15908416
LEI 21380031XTLI9X5MTY92

www.solar.eu
http://www.linkedin.com/company/solar-as

ESEF data

Name of reporting entity or other means of identification	Solar A/S
Domicile of entity	Denmark
Legal form of entity	A/S
Country of incorporation	Denmark
Address of entity's registered office	Industrivej Vest 43, 6600 Vejen
Principal place of business	Europe
Description of nature of entity's operations and principal business	Sourcing and services company
Name of parent entity	Solar A/S
Name of ultimate parent of group	Fund of 20th December