



Report
Q3 2023



solar

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Solar A/S
CVR no. 15 90 84 16



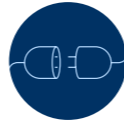
Who we are

We are a leading European sourcing and services company.

solar

Segments

Share of 2022 revenue



Installation

58%



Industry

33%



Trade

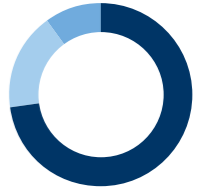
9%

Products

Share of 2022 revenue

Groups

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



Brands

● Concepts	23%
● Other brands	77%



Markets

Share of 2022 revenue

Denmark	33%
The Netherlands	24%
Sweden	20%
Norway	16%
Poland	4%
Other ¹	3%

1) Including eliminations



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.

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Striving for operational excellence

We continually invest in optimising our business including our warehouses. Automation goes hand in hand with improved customer service, improved working environment and not at least reduced climate impact.

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Our 2030 CO₂e targets approved by SBTi

Having our targets approved by SBTi is a great acknowledgement of our ambitions. It endorses how we will contribute to reducing CO₂e and confirms our ambitious commitment to the Paris Agreement.

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Financial highlights

Consolidated (DKK million)	Q3		Q1-Q3		Year
	2023	2022	2023	2022	2022
Revenue	2,965	3,266	9,871	10,179	13,863
Earnings before interest, tax, depreciation and amortisation (EBITDA)	187	301	681	849	1,175
Earnings before interest, tax and amortisation (EBITA)	132	250	517	704	978
Earnings before interest and tax (EBIT)	114	231	444	655	909
Earnings before tax (EBT)	93	225	383	635	858
Net profit for the period	71	176	293	491	660
Balance sheet total	6,265	5,937	6,265	5,937	5,901
Total equity	1,910	1,764	1,910	1,764	1,931
Interest-bearing liabilities, net	1,480	1,205	1,480	1,205	1,074
Cash flow from operating activities	190	-14	369	-226	16
Net investments in property, plant and equipment	-76	-25	-135	-145	-167

Employees

Number of employees (FTE's), end of period	3,005	3,042	3,005	3,042	3,043
Average number of employees (FTE's)	3,049	2,992	3,049	2,992	3,019

Financial ratios (% , unless otherwise stated)

Adjusted organic growth	-4.7	14.0	0.5	13.3	12.9
Gross profit margin	21.5	24.1	22.5	23.3	23.4
EBITDA margin	6.3	9.2	6.9	8.3	8.5
EBITA margin	4.5	7.7	5.2	6.9	7.1
Net working capital (end of period NWC)/revenue (LTM)	16.6	16.1	16.6	16.1	15.9
Gearing (net interest-bearing liabilities/EBITDA), no. of times	1.5	1.1	1.5	1.1	0.9
Return on equity (ROE)	25.5	38.6	25.5	38.6	34.0
Equity ratio	29.7	29.7	29.7	29.7	32.7

Share ratios (DKK)

Earnings per share outstanding (EPS)	9.72	24.10	40.12	67.23	90.37
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In all material aspects financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios".

Q3 Financial Messages

- Q3 EBITDA of DKK 187m is in line with our expectations.
- Our cost containment initiatives continue to deliver.
- We reconfirm our EBITDA guidance of approx. DKK 900m for 2023.
- The revenue development we saw in Q3 was generally in line with our expectations, with residential heat pump sales in Denmark being the only negative deviation.

Business update

Striving for operational excellence

We continually invest in optimising our business including our warehouses. Automation goes hand in hand with improved customer service, improved working environment and not at least reduced climate impact.

Tickets to growth

Over the past five years, we have carried out major investments in our warehouses in Denmark, Norway and the Netherlands. We have:

- Added 18,600 sq.m. of warehouses.
- Merged two warehouses in the Netherlands.
- Installed three AutoStores, totalling 210,000 boxes and 215 robots.
- Installed four automated cable cutters.
- Replaced nine manually-operated forklifts with self-driven AGVs.
- Set up three high-capacity ThermoNova heat pumps.
- Added 2,736 solar panels.

These investments, which include a substantial reduction of the noise level and installing adjustable workstations, have improved the work environment and lowered energy consumption significantly.

Reaping the benefits

In addition, the investments generated increased internal efficiencies and not least significant customer value and even higher quality.

Our merged warehouses have improved our control systems and hourly production has increased. Moreover, by rethinking packaging we also have succeeded in reducing the use of small plastic bags by

80% and our move towards recycling has resulted in more than 90% of materials now being recyclable.

All these improvements have benefited our customers as they are left with significantly less waste and we have almost reached 100% correct packed customer orders.

By installing heat pumps and solar panels, we continue our journey toward net zero emission in 2030.

Future opportunities

We continue to see opportunities for further automation across our markets. We have decided 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. The net investment will amount to approx. DKK 400m.

With these investments we are well-positioned for future growth and reduction of our climate impact.



Sustainability

Our 2030 CO₂e targets approved by SBTi



Having our targets approved by SBTi is a great acknowledgement of our ambitions. It endorses how we will contribute to reducing CO₂e and confirms our ambitious commitment to the Paris Agreement. It also reflects the dedication and hard work of our employees.

We believe that through commitment and collaboration, we can change how we think and act. We want to play a part in driving change and be an enabler in the green transition.

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Mette Bredkjær,
Director Sustainability, Solar



Biodiversity at Solar A/S, Vejle.
Photo by Jacob Schultz, JFM

Solar's target



Solar is committed to the target of becoming net-zero in scope 1 and 2 and to reducing our emissions by 25% across the value chain (scope 3) by 2030. This means that by 2030, Solar's energy consumption and company vehicles will emit zero greenhouse gases into the atmosphere, and our total emissions covering suppliers' and customers' impact on our products will be reduced by 25%.

SBTi

The Science Based Targets initiative (SBTi) is the world's most ambitious sustainability collaboration.

Through this, companies commit to reducing their emissions of greenhouse gases in line with the Paris Agreement.

Financial review

Q3 EBITDA of DKK 187m on par with expectations

Although growth declined in Q3 as expected, our assessment is that we maintain market share overall. Our cost containment initiatives continue to deliver.

(Figures in brackets are figures from the corresponding period in 2022)

Q3 2023

Revenue

As expected, Q3 saw declining growth. Revenue decreased to DKK 3.0bn (DKK 3.3bn) and adjusted organic growth at group level amounted to -4.7% (14.0%). MAG45 delivered positive adjusted organic growth.

Revenue from Climate & Energy, one of our strategic focus areas, amounted to around DKK 295m (DKK 325m) and did not reach the expected growth rates in Q3. 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 in Q3. The new subsidy scheme for residential heat pumps was implemented late Q3.

The Industry and Trade segments delivered adjusted organic growth of 0% and 9% respectively, while the Installation segment delivered adjusted organic growth of -10%, see page 9.

A significant portion of the decrease in the Installation segment can be accounted for by the lack of heat pump sales. Our assessment is that we maintain market share within Installation and Industry.

Gross profit

The gross profit margin decreased to 21.5% (24.1%).

By way of comparison, one-off price effects in Q3 2022 improved the underlying gross profit margin by approx. 2 percentage points while one-off price effects were negligible in Q3 2023. More than half the remaining decline in gross profit margin relates to Climate & Energy products, particularly solar panels.

External operating costs and staff costs

External operating costs and staff costs amounted to 15.2% (14.8%) of revenue.

Several measures were initiated in Q1, including cost containment, process improvements and staff reduction to reduce the impact of cost inflation. These initiatives became effective in Q2 as total external operating costs and staff costs declined. Despite the impact of inflation, costs declined in Q3 compared to previous quarters and last year.

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 7m).

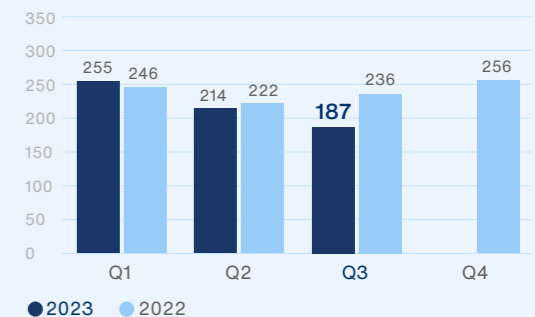
Gross profit margin adj. for one-off price effects*

Percentage



EBITDA adj. for one-off price effects*

DKKm



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

Financial review - continued

EBITDA

EBITDA of DKK 187m (DKK 301m) was on par with expectations. When adjusted for one-off price effects in Q3 2022, the underlying EBITDA margin amounted to 6.3% (7.2%).

The results from the individual markets are given on page 24.

Depreciation and write-down

Depreciation and write-down on property, plant and equipment increased to DKK 55m (DKK 51m). 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 -21m (DKK -6m) and were negatively affected by increased debt and interest rates.

Earnings before tax

Earnings before tax decreased to DKK 93m (DKK 225m) where Q3 2022 was positively affected by one-off price effects of DKK 65m.

Net profit

Net profit totalled DKK 71m (DKK 176m).

Q1-Q3 2023

Revenue

As expected, we saw declining growth in Q1-Q3. Adjusted organic growth at group level amounted to 0.5% (13.3%), and revenue declined to DKK 9.9bn (DKK 10.2bn).

Gross profit

Gross profit amounted to DKK 2.2bn (DKK 2.4bn) and gross profit margin amounted to 22.5% (23.3%). However, adjusted for one-off price effects the underlying gross profit margin improved by approx. 0.2 percentage points.

External operating costs and staff costs

External operating costs and staff costs amounted to 15.6% (15.0%).

Several measures were initiated in Q1-Q3, including cost containment, process improvements and staff reduction to reduce the impact of cost inflation. These initiatives became effective in Q2 as overall external operating costs and staff costs declined. Despite the impact of inflation, costs declined in Q3 compared to previous quarters and last year.

EBITDA

EBITDA of DKK 681m (DKK 849m) was as expected. When adjusted for one-off price effects, the underlying EBITDA amounted to DKK 646m (DKK 704m) corresponding to an underlying EBITDA margin of 6.5% (6.9%).

The results from the individual markets are shown on page 24.

Amortisation and impairment of intangible assets

Amortisation and impairment of intangible assets amounted to DKK -164m (DKK -145m) as an impairment loss on Højager Belysning of DKK 20m was recognised in Q1-Q3 2023.

Financials

Net financials amounted to DKK -61m (DKK -19m) and were negatively affected by increased debt and interest rates.

Earnings before tax

Earnings before tax were down to DKK 383m (DKK 635m) whereas Q1-Q3 2022 was positively impacted by one-off price effects of DKK 145m.

Net profit

Net profit came to DKK 293m (DKK 491m).

Cash flow

Net working capital calculated as an average of the previous four quarters amounted to 16.7% (13.1%) of revenue. Net working capital at the end of Q1-Q3 2023 amounted to 16.6% (16.1%).

Cash flow from operating activities totalled DKK 369m (DKK -226m). Changes in inventories had an impact of DKK 59m (DKK -366m).

Changes in receivables had a DKK -116m (DKK -571m) impact on cash flow affected by lower growth levels in September 2023, while changes in non-interest-bearing liabilities affected cash flow by DKK -90m (DKK -47m).

Total cash flow from investing activities amounted to DKK -318m (DKK -211m). The acquisition of ThermoNova in Q1-Q3 2023, see note 3.1, had an impact of DKK -111m. In Q1-Q3 2022, the investment in the expansion and upgrade of our central warehouse in Denmark affected cash flow by DKK -117m, while the acquisition of Højager Belysning A/S had an impact of DKK -24m.

Cash flow from financing activities amounted to DKK 24m (DKK 70m), mainly affected by dividend distributions of DKK -329m (DKK -658m) and by the change in current interest-bearing debt of DKK 309m (DKK 820m).

As a result, total cash flow amounted to DKK 75m (DKK -367m).

Net interest-bearing liabilities amounted to DKK 1,480m (DKK 1,205m).

As at 30 September 2023, gearing was 1.5 (1.1) times EBITDA. Calculated as an average, our gearing was 1.4 (0.7) times EBITDA. Our gearing target is 1.5-3.0 times EBITDA.

As at 30 September 2023, Solar had undrawn credit facilities of DKK 892m (DKK 605m).

Invested capital

Invested capital for the Solar Group totalled DKK 3,366m (DKK 2,923m). ROIC amounted to 16.9% (25.3%).

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.

Key risks and mitigation

The commercial and financial risks relating to our activities are detailed in Solar's 2022 Annual Report. No additional material risks have been identified but we continue to monitor the situation closely.

Our segments Q3

Our Trade segment saw growth in Q3

Installation

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

Installation revenue for Q3 amounted to DKK 1,603m (DKK 1,883m), which corresponds to overall adjusted organic growth of around -10% (13%) related to the electrical as well as the heating and plumbing business. All main markets saw negative growth.

Segment profit amounted to DKK 157m (DKK 251m), which corresponds to a segment profit margin of 9.8% (13.3%).

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 Q3 amounted to DKK 1,080m (DKK 1,112m). This corresponds to overall adjusted organic growth of around 0% (17%). Solar Norge saw positive growth while MAG45 posted double-digit growth.

Segment profit amounted to DKK 171m (DKK 196m). This corresponds to a segment profit margin of 15.8% (17.6%).

Trade

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

Revenue from Trade for Q3 increased to DKK 282m (DKK 271m), which corresponds to overall adjusted organic growth of around 9% (9%) supported by strong growth for Solar Danmark, and Solar Sverige.

Segment profit amounted to DKK 28m (DKK 36m), which corresponds to a segment profit margin of 9.9% (13.3%).

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

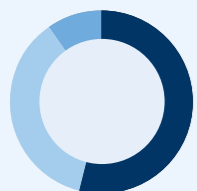
Segment profit does not include non-allocated costs of DKK 169m (DKK 182m) in Q3, which cover income and costs related to joint group functions and to costs that cannot be reliably allocated to the individual segment.

Detailed segment information is given on page 22.

Segment revenue

DKKm

Q3 2023

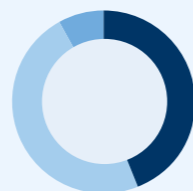


● Installation	1,603
● Industry	1,080
● Trade	282

Segment profit

DKKm

Q3 2023



● Installation	157
● Industry	171
● Trade	28

Overview business segments

DKK million	Q3					
	Revenue		Segment profit		Segment margin %	
	2023	2022	2023	2022	2023	2022
Installation	1,603	1,883	157	251	9.8	13.3
Industry	1,080	1,112	171	196	15.8	17.6
Trade	282	271	28	36	9.9	13.3
Solar Group	2,965	3,266	356	483	12.0	14.8

Our segments Q1-Q3

Positive growth for our Industry and Trade segments in Q1-Q3

Installation

Installation revenue for Q1-Q3 amounted to DKK 5,529m (DKK 5,946m), which corresponds to overall adjusted organic growth of around -3% (11%) related to the electrical business as well as the heating and plumbing business. Solar Norge saw positive growth in the segment.

Segment profit decreased to DKK 621m (DKK 751m), which corresponds to a segment profit margin of 11.2% (12.6%).

Industry

Industry revenue for Q1-Q3 increased to DKK 3,426m (DKK 3,377m). This corresponds to overall adjusted organic growth of around 4% (18%) related primarily to MRO and Marine & Offshore. MAG45 posted double-digit growth and growth was also seen in Solar Norge and Solar Sverige.

Segment profit decreased to DKK 578m (DKK 591m). This corresponds to a segment profit margin of 16.9% (17.5%).

Trade

Revenue from Trade increased to DKK 916m (DKK 856m), which corresponds to overall adjusted organic growth of around 9% (13%) primarily supported by strong growth for Solar Nederland, and Solar Danmark.

Segment profit amounted to DKK 111m (DKK 116m), which corresponds to a segment profit margin of 12.1% (13.6%).

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

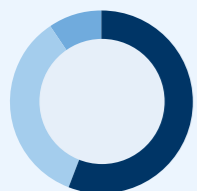
Segment profit does not include non-allocated costs of DKK 629m (DKK 609m) in Q1-Q3, which cover income and costs related to joint group functions and to costs that cannot be reliably allocated to the individual segment.

Detailed segment information is given on page 23.

Segment revenue

DKKm

Q1-Q3 2023

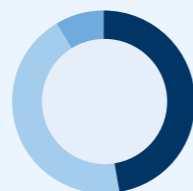


● Installation	5,529
● Industry	3,426
● Trade	916

Segment profit

DKKm

Q1-Q3 2023



● Installation	621
● Industry	578
● Trade	111

Overview business segments

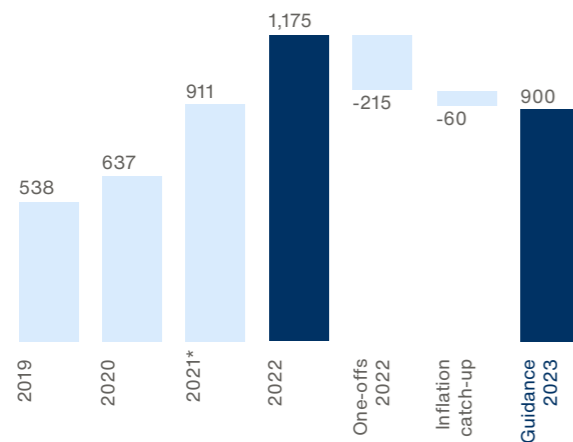
DKK million	Revenue		Segment profit		Segment margin %	
	2023	2022	2023	2022	2023	2022
Installation	5,529	5,946	621	751	11.2	12.6
Industry	3,426	3,377	578	591	16.9	17.5
Trade	916	856	111	116	12.1	13.6
Solar Group	9,871	10,179	1,310	1,458	13.3	14.3

Guidance 2023

We reconfirm our EBITDA guidance of DKK 900m for 2023

We reconfirm our revenue guidance of DKK 13,500m and EBITDA guidance of DKK 900m.

EBITDA DKKm



* Including one-off income of DKK 112m

General assumptions

Due to the heightened geopolitical and macroeconomic uncertainty (ref. page 28 of the Annual Report 2022), our market outlook is characterised by greater unpredictability.

As expected, cost and wage inflation increased during H1. During Q3, we saw, as expected, a slowdown in cost and wage inflation and we anticipate this trend to persist for the rest of 2023.

We have implemented, and will continue to implement, mitigating measures, including cost containment, process improvements and the necessary staff reductions to ensure that the expected impacts from cost and wage inflation remain well below general price increases.

Over the past years, we have experienced substantial price increases from our suppliers. As expected, this has now normalised to pre-Covid levels. Solar panels are the main exception where substantial price reductions have been introduced. Solar, however, has a proven track record of strong price management.

Our 2023 guidance does not include any significant restructuring costs.

Market outlook for Solar's segments

Overall, we expect markets to be negative in all countries for the remainder of 2023. This will become even more evident as the roll-over effects from price increases in 2022 wear off. In general, we expect all segments to show weaker growth in Q4 compared to Q1-Q3 2023.

Installation

We expect negative growth for the new construction sector in 2023. The green transition is still expected to deliver strong growth rates despite the disappointing development in Q3. The newly introduced government support for heat pumps for residential buildings in Denmark is expected to deliver strong growth in the remaining part of 2023. Nevertheless, we still expect the installation market to be stagnant or negative.

Industry

The guidance assumes that sales to Marine/Offshore will continue to grow, albeit at a slower pace, whereas we expect all other sub-segments to be stagnant or negative. Overall, we expect the industry market to be stagnant.

Trade

We expect modest growth for special sales in 2023, which is the Trade segment's primary activity.

Financial outlook 2023

Revenue guidance

We reconfirm our revenue guidance of DKK 13,500m, corresponding to unchanged adjusted organic growth of approx. 0%.

In the wake of substantial price increases in 2022, we delivered positive growth in H1, whereas we expect negative growth in H2.

Adjusted for price increases, mainly roll-over effects from 2022, we expect negative growth in all main segments. This will partly be offset by the expected strong growth within Climate & Energy supported by the Danish subsidy scheme for residential heat pumps.

EBITDA guidance

We reconfirm our EBITDA guidance of approx. DKK 900m, which corresponds to an EBITDA margin of approx. 6.7%.

We saw substantial positive one-off price effects in 2022. We expect this to normalise in 2023, which means that no major one-off price effects are included in our guidance.

Shareholder information

Share and webcast information

Solar's share capital is divided into nominal value DKK 90 million A shares and nominal value DKK 646 million B shares.

Total shareholder return

The total shareholder return of the Solar B share during the holding period 1 January 2023 - 30 September 2023 was -16.1% including the DKK 45.00 ordinary dividend that was paid out in March 2023.

Audio webcast

The presentation of the Quarterly Report Q3 2023 will be conducted in English on 2 November 2023 at 11:00 CET. The presentation will be transmitted as an audio webcast and will be available at:

www.solar.eu

The Solar share

	A share	B share
Shares	900,000	6,460,000
Nominal value (DKK)	100	100
Votes per share	10	1
Treasury shares	-	56,813
Stock Exchange	-	Nasdaq Copenhagen Stock Exchange
Ticker symbol		Solar B
Share price 30 Sep (DKK)	475	475
Market Cap 30 Sep (DKKm)	428	3,069

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

Shareholders with more than 5% of shares or votes

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

Q3 2023

Consolidated financial statements

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Quarterly information

Statement

Statement of comprehensive income

Income statement

DKK million	Q3		Q1-Q3		Year
	2023	2022	2023	2022	2022
Revenue	2,965	3,266	9,871	10,179	13,863
Cost of sales	-2,328	-2,480	-7,650	-7,803	-10,618
Gross profit	637	786	2,221	2,376	3,245
Other operating income and costs	0	0	1	1	0
External operating costs	-81	-89	-298	-276	-386
Staff costs	-367	-389	-1,228	-1,230	-1,656
Loss on trade receivables	-2	-7	-15	-22	-28
Earnings before interest, tax, depreciation and amortisation (EBITDA)	187	301	681	849	1,175
Depreciation and write-down on property, plant and equipment	-55	-51	-164	-145	-197
Earnings before interest, tax and amortisation (EBITA)	132	250	517	704	978
Amortisation and impairment of intangible assets	-18	-19	-73	-49	-69
Earnings before interest and tax (EBIT)	114	231	444	655	909
Share of net profit from associates	0	0	0	-1	-1
Financial income	12	15	43	37	53
Financial expenses	-33	-21	-104	-56	-103
Earnings before tax (EBT)	93	225	383	635	858
Income tax	-22	-49	-90	-144	-198
Net profit for the period	71	176	293	491	660
Attributable to:					
Shareholders of Solar A/S	71	176	293	491	660
Non-controlling interests	0	0	0	0	0
Net profit for the period	71	176	293	491	660
Earnings in DKK per share outstanding (EPS)	9.72	24.10	40.12	67.23	90.37
Diluted earnings in DKK per share outstanding (EPS-D)	9.69	24.03	40.00	67.01	90.05

Other comprehensive income

DKK million	Q3		Q1-Q3		Year
	2023	2022	2023	2022	2022
Net profit for the period	71	176	293	491	660
Other income and costs recognised:					
Items that can be reclassified for the income statement					
Foreign currency translation adjustments of foreign subsidiaries	27	-20	-36	-48	-51
Fair value adjustments of hedging instruments before tax	3	10	3	35	36
Tax on fair value adjustments of hedging instruments	-1	-2	-1	-8	-8
Other income and costs recognised after tax	29	-12	-34	-21	-23
Total comprehensive income for the period	100	164	259	470	637
Attributable to:					
Shareholders of Solar A/S	100	164	259	470	637
Non-controlling interests	0	0	0	0	0
Net profit for the period	100	164	259	470	637

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Statement

Balance sheet

Consolidated

DKK million	30.09		31.12
	2023	2022	2022
Assets			
Intangible assets	335	176	173
Property, plant and equipment	1,027	961	963
Right-of-use assets	400	341	383
Deferred tax asset	9	12	9
Investments in associates	5	4	4
Other non-current assets	33	51	32
Non-current assets	1,809	1,545	1,564
Inventories	2,178	2,184	2,248
Trade receivables	1,939	2,031	1,859
Income tax receivable	33	3	13
Other receivables	14	10	9
Prepayments	51	50	42
Cash at bank and in hand	241	114	166
Current assets	4,456	4,392	4,337
Total assets	6,265	5,937	5,901

DKK million	30.09		31.12
	2023	2022	2022
Equity and liabilities			
Share capital	736	736	736
Reserves	-215	-179	-181
Retained earnings	1,340	1,207	1,047
Proposed dividends for the financial year	0	0	329
Equity attributable to shareholders of Solar A/S	1,861	1,764	1,931
Non-controlling interests	49	0	0
Total equity	1,910	1,764	1,931
Interest-bearing liabilities	437	114	293
Lease liabilities	290	242	274
Provision for deferred tax	140	125	133
Other provisions	10	10	9
Non-current liabilities	877	491	709
Interest-bearing liabilities	875	857	556
Lease liabilities	119	106	117
Trade payables	1,864	2,029	1,902
Income tax payable	65	107	63
Other payables	524	564	604
Prepayments	14	3	2
Other provisions	17	16	17
Current liabilities	3,478	3,682	3,261
Liabilities	4,355	4,173	3,970
Total equity and liabilities	6,265	5,937	5,901

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DKK million	Q3		Q1-Q3		Year
	2023	2022	2023	2022	2022
Net profit for the period	71	176	293	491	660
Depreciation, write-down and amortisation	73	70	237	194	266
Changes to provisions and other adjustments	6	-6	-3	-18	-18
Share of net profit from associates	0	0	0	1	1
Financials, net	21	6	61	19	50
Income tax	22	49	90	144	198
Financial income, received	6	3	15	9	15
Financial expenses, settled	-27	-9	-69	-23	-43
Income tax, settled	-14	-10	-108	-59	-155
Cash flow before working capital changes	158	279	516	758	974
Working capital changes					
Inventory changes	116	-207	59	-366	-433
Receivables changes	9	-76	-116	-571	-394
Non-interest-bearing liabilities changes	-93	-10	-90	-47	-131
Cash flow from operating activities	190	-14	369	-226	16

DKK million	Q3		Q1-Q3		Year
	2023	2022	2023	2022	2022
Investing activities					
Purchase of intangible assets	-26	-12	-71	-42	-59
Purchase of property, plant and equipment	-76	-25	-136	-145	-167
Disposal of property, plant and equipment	0	0	1	0	0
Acquisition of subsidiaries and activities*	0	0	-111	-24	-24
Acquisition of associates	0	0	-1	0	0
Other financial investments	0	0	0	0	1
Cash flow from investing activities	-102	-37	-318	-211	-249
Financing activities					
Repayment of non-current interest-bearing debt	-2	-2	-7	-6	-12
Raising of non-current interest-bearing liabilities	0	0	150	0	185
Change in current interest-bearing debt	-72	97	309	820	519
Instalment on lease liabilities	-35	-29	-99	-86	-116
Dividends paid to shareholders of Solar A/S	0	0	-329	-658	-658
Cash flow from financing activities	-109	66	24	70	-82
Total cash flow	-21	15	75	-367	-315
Cash at bank and in hand at the beginning of period	262	99	166	481	481
Cash at bank and in hand at the end of period	241	114	241	114	166

*In the comparative figures a minor reclassification has been made.

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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			-36			-36		-36
Fair value adjustments of hedging instruments before tax		3				3		3
Tax on fair value adjustments		-1				-1		-1
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	2	-36	0	0	-34	0	-34
Net profit or loss for the period				293		293	0	293
Comprehensive income	0	2	-36	293	0	259	0	259
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
								0
Equity as at 30 September	736	-7	-208	1,340	0	1,861	49	1,910

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

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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			-48			-48		-48
Fair value adjustments of hedging instruments before tax		35				35		35
Tax on fair value adjustments		-8				-8		-8
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	27	-48	0	0	-21	0	-21
Net profit or loss for the period				491		491		491
Comprehensive income	0	27	-48	491	0	470	0	470
Distribution of dividends (DKK 45.00 per share)					-329	-329		-329
Distribution of extraordinary dividends (DKK 45 per share)				-329		-329		-329
Transactions with the owners	0	0	0	-329	-329	-658	0	-658
Equity as at 30 September	736	-10	-169	1,207	0	1,764	0	1,764

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

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01 Basis for preparation

1.1 Accounting policies

The financial report for Solar A/S has been prepared in accordance with IAS 34 “Presentation of interim reports” as approved by the EU and additional Danish disclosure requirements for quarterly reports of listed companies.

On 1 March 2023 Solar acquired 51% of ThermoNova A/S, see note 3.1. 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.

Solar’s segment information is based on the customers’ affiliation with the segments. ThermoNova’s revenue and results are included in the operating segment Industry.

Apart from the above-mentioned addition regarding non-controlling interests and the effect of new IAS/IFRS standards implemented during the period, the accounting policies remain unchanged from the Annual Report 2022, which contains a full description of these on pages 50-52 as well as of relevant, supplementary notes.

In the financial report, income tax has been calculated on the basis of pre-tax profits at the expected average tax rate.

New accounting standards implemented during the period

An additional standard together with amendments and improvements to existing standards have become effective in the period. These changes have no impact on Solar’s accounting policies.

New accounting standards to be implemented in coming accounting periods

New or amended standards issued as at 30 September 2023 and to be implemented in coming accounting periods are not expected to have significant impact on Solar’s accounting policies.

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Section 2 Income statement

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02 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 special sales and 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 allocate to the individual segment. Non-allocated costs refer to income and costs related to joint group functions and costs, which can not be reliably allocated to the individual segment. Assets and liabilities are not included in segment reporting.

DKK million	Installation	Industry	Trade	Total
Q3 2023				
Revenue	1,603	1,080	282	2,965
Cost of sales	-1,282	-815	-231	-2,328
Gross profit	321	265	51	637
Direct costs	-62	-37	-10	-109
Earnings before indirect costs	259	228	41	528
Indirect costs	-102	-57	-13	-172
Segment profit	157	171	28	356
Non-allocated costs				-169
Earnings before interest, tax, depreciation and amortisation (EBITDA)				187
Depreciation and amortisation				-73
Earnings before interest and tax (EBIT)				114
Financials, net incl. share of net profit from associates and impairment on associates				-21
Earnings before tax (EBT)				93

DKK million	Installation	Industry	Trade	Total
Q3 2022				
Revenue	1,883	1,112	271	3,266
Cost of sales	-1,440	-827	-213	-2,480
Gross profit	443	285	58	786
Direct costs	-67	-33	-8	-108
Earnings before indirect costs	376	252	50	678
Indirect costs	-125	-56	-14	-195
Segment profit	251	196	36	483
Non-allocated costs				-182
Earnings before interest, tax, depreciation and amortisation (EBITDA)				301
Depreciation and amortisation				-70
Earnings before interest and tax (EBIT)				231
Financials, net incl. share of net profit from associates and impairment on associates				-6
Earnings before tax (EBT)				225

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02 Income statement

2.1 Segment information – continued

DKK million	Installation	Industry	Trade	Total	DKK million	Installation	Industry	Trade	Total
Q1-Q3 2023					Q1-Q3 2022				
Revenue	5,529	3,426	916	9,871	Revenue	5,946	3,377	856	10,179
Cost of sales	-4,358	-2,557	-735	-7,650	Cost of sales	-4,614	-2,515	-674	-7,803
Gross profit	1,171	869	181	2,221	Gross profit	1,332	862	182	2,376
Direct costs	-201	-113	-29	-343	Direct costs	-203	-98	-27	-328
Earnings before indirect costs	970	756	152	1,878	Earnings before indirect costs	1,129	764	155	2,048
Indirect costs	-349	-178	-41	-568	Indirect costs	-378	-173	-39	-590
Segment profit	621	578	111	1,310	Segment profit	751	591	116	1,458
Non-allocated costs				-629	Non-allocated costs				-609
Earnings before interest, tax, depreciation and amortisation (EBITDA)				681	Earnings before interest, tax, depreciation and amortisation (EBITDA)				849
Depreciation and amortisation				-237	Depreciation and amortisation				-194
Earnings before interest and tax (EBIT)				444	Earnings before interest and tax (EBIT)				655
Financials, net incl. share of net profit from associates and impairment on associates				-61	Financials, net incl. share of net profit from associates and impairment on associates				-20
Earnings before tax (EBT)				383	Earnings before tax (EBT)				635

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02 Income statement

2.1 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 group companies overview available on page 128 of Annual Report 2022 or on www.solar.eu. 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
Q3 2023					
Denmark	974	-9.6	92	9.4	863
Sweden	513	-2.3	28	5.5	217
Norway	468	0.1	30	6.4	216
The Netherlands	668	-8.4	23	3.4	408
Poland	105	-7.9	3	2.9	44
Other markets	237	16.3	11	4.6	61
Solar Group	2,965	-4.7	187	6.3	1,809

DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
Q1-Q3 2023					
Denmark	3,118	-5.5	269	8.6	863
Sweden	1,801	-0.3	120	6.7	217
Norway	1,546	8.8	110	7.1	216
The Netherlands	2,387	0.8	136	5.7	408
Poland	302	-9.9	7	2.3	44
Other markets	717	17.9	39	5.4	61
Solar Group	9,871	0.5	681	6.9	1,809

DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
Q3 2022					
Denmark	1,084	14.6	123	11.3	742
Sweden	590	7.3	66	11.2	172
Norway	536	16.5	45	8.4	217
The Netherlands	739	18.2	52	7.0	325
Poland	110	2.5	6	5.5	36
Other markets	207	14.6	9	4.3	53
Solar Group	3,266	14.0	301	9.2	1,545

DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
Q1-Q3 2022					
Denmark	3,283	12.2	331	10.1	742
Sweden	1,976	9.3	167	8.5	172
Norway	1,617	15.3	136	8.4	217
The Netherlands	2,366	15.5	167	7.1	325
Poland	330	15.8	18	5.5	36
Other markets	607	18.0	30	4.9	53
Solar Group	10,179	13.3	849	8.3	1,545

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3.1 Acquisition of subsidiaries

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 Q3 YTD 2023 revenue and EBITDA and is expected to have an insignificant impact on Solar's full year 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 20 for Solar's accounting policies for business combinations.

2022

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

Fair value at the date of acquisition (DKK million)

Customer-related intangible assets	42
Property, plant and equipment	1
Inventories	19
Trade receivables	12
Cash	53
Provision for deferred tax	-9
Other non-current liabilities, non-interest-bearing	-1
Current liabilities, non-interest-bearing	-16
Net assets	101
Non-controlling interest of acquired new assets	-49
Acquired net assets	52
Goodwill	122
Total consideration	174
Cash acquired	-53
Deferred consideration	-10
Net cash used in acquisition	111

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	Q1		Q2		Q3		Q4	
Income statement (DKK million)	2023	2022	2023	2022	2023	2022	2022	2021
Revenue	3,656	3,462	3,250	3,451	2,965	3,266	3,684	3,380
Earnings before interest, tax, depreciation and amortisation (EBITDA)	280	281	214	267	187	301	326	259
Earnings before interest, tax and amortisation (EBITA)	226	236	159	218	132	250	274	212
Earnings before interest and tax (EBIT)	209	222	121	202	114	231	254	197
Financials, net	-20	-5	-20	-8	-21	-6	-31	-11
Earnings before tax (EBT)	189	217	101	193	93	225	223	184
Net profit or loss for the quarter	145	168	77	147	71	176	169	159

Balance sheet (DKK million)

Non-current assets	1,756	1,487	1,761	1,557	1,809	1,545	1,564	1,415
Current assets	4,858	4,088	4,556	4,122	4,456	4,392	4,337	3,890
Balance sheet total	6,614	5,575	6,317	5,679	6,265	5,937	5,901	5,305
Total equity	1,759	1,808	1,810	1,600	1,910	1,764	1,931	1,952
Non-current liabilities	737	453	894	506	877	491	709	435
Current liabilities	4,118	3,314	3,613	3,573	3,478	3,682	3,261	2,918
Interest-bearing liabilities, net	1,530	617	1,558	1,122	1,480	1,205	1,074	-37
Invested capital	3,263	2,377	3,342	2,675	3,366	2,923	2,978	1,866
Net working capital, end of period	2,347	1,791	2,265	1,856	2,253	2,186	2,205	1,259
Net working capital, average	2,149	1,475	2,251	1,619	2,268	1,773	2,010	1,363

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	Q1		Q2		Q3		Q4	
	2023	2022	2023	2022	2023	2022	2022	2021
Cash flows (DKK million)								
Cash flow from operating activities	101	-202	78	-10	190	-14	242	558
Cash flow from investing activities	-162	-99	-54	-75	-102	-37	-38	-53
Cash flow from financing activities	171	-37	-38	41	-109	66	-152	-250
Net investments in intangible assets	-20	-16	-25	-14	-26	-12	-17	-16
Net investments in property, plant and equipment	-30	-59	-29	-61	-76	-25	-22	-35
Acquisition and divestment of subsidiaries and operations, net	-111	-24	0	0	0	0	0	0

Financial ratios (% unless otherwise stated)

Revenue growth	5.6	15.2	-5.8	11.4	-9.2	13.7	9.0	10.6
Organic growth	8.3	15.4	-2.2	11.7	-6.2	14.0	10.9	9.1
Adjusted organic growth	6.7	13.6	-1.0	12.4	-4.7	14.0	12.0	7.1
Gross profit margin	23.2	23.1	22.7	22.9	21.5	24.1	23.6	22.9
EBITDA margin	7.7	8.1	6.6	7.7	6.3	9.2	8.8	7.7
EBITA margin	6.2	6.8	4.9	6.3	4.5	7.7	7.4	6.3
EBIT margin	5.7	6.4	3.7	5.9	3.8	7.1	6.9	5.8
Net working capital (end of period NWC)/revenue (LTM)	16.7	14.0	16.3	14.1	16.6	16.1	15.9	10.2
Net working capital (average NWC)/revenue (LTM)	15.3	11.5	16.2	12.3	16.7	13.1	14.5	11.0
Gearing (interest-bearing liabilities, net/EBITDA), no. of times	1.3	0.6	1.4	1.1	1.5	1.1	0.9	0.0
Return on equity (ROE)	35.0	31.9	32.7	35.1	25.5	38.6	35.7	28.4
Return on invested capital (ROIC)	23.2	26.5	20.5	25.5	16.9	25.3	25.5	24.6
Enterprise value/earnings before interest, tax and amortisation (EV/EBITA)	5.7	7.5	5.7	6.3	6.2	5.2	5.7	7.8
Equity ratio	25.9	32.4	27.9	28.2	29.7	29.7	32.7	36.8

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	Q1		Q2		Q3		Q4	
Share ratios (DKK unless otherwise stated)	2023	2022	2023	2022	2023	2022	2022	2021
Earnings per share outstanding (EPS)	19.85	23.00	10.54	20.13	9.72	24.10	23.14	21.77
Intrinsic value per share outstanding	234.14	247.56	241.13	219.08	254.82	241.54	264.41	267.28
Share price	553.54	749.19	506.42	597.09	476.27	492.34	622.62	795.05
Share price/intrinsic value	2.36	3.03	2.10	2.73	1.87	2.04	2.35	2.97

Employees

Number of employees (FTE's), end of period	3,085	2,996	3,063	2,995	3,005	3,042	3,043	2,936
Average number of employees (FTE's)	3,042	2,932	3,058	2,956	3,049	2,992	3,019	2,908

Definitions

Adjusted organic growth	Revenue growth adjusted for enterprises acquired and divested and any exchange rate changes. In addition adjustments have been made for number of working days.
Net working capital	Inventories and trade receivables less trade payables.
ROIC	Return on invested capital calculated on the basis of operating profit or loss less tax calculated using the effective tax rate.

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

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- **Statement**

Statement by the Executive Board and the Board of Directors

Today, the group's Board of Directors and Executive Board have discussed and approved the financial report of Solar A/S for the first nine months of 2023.

The financial report for the first nine months of 2023, which has not been audited or reviewed by the company's auditor, is presented in accordance with IAS 34 "Interim Financial Reporting" as approved by the EU and additional Danish disclosure requirements for quarterly reports of listed companies.

In our opinion, the financial report gives a fair presentation of the group's assets, equity and liabilities and financial position as at 30 September 2023 as well as of the results of the group's activities and cash flow for the first nine months of 2023.

Further, in our opinion, the management's review gives a true and fair statement of the development of the group's activities and financial situation, net profit for the period and of the group's overall financial position and describes the most significant risks and uncertainties that the group faces.

In our opinion, the financial report of Solar A/S for the first nine months of 2023 with the file name SOLA-2023-09-30-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Vejen, 2 November 2023

Executive Board

Jens E. Andersen
CEO

Hugo Dorph
CCO

Michael H. Jeppesen
CFO

Board of Directors

Michael Troensegaard Andersen
Chair

Jesper Dalsgaard
Vice chair

Peter Bang

Katrine Borum

Morten Chrono

Denise Goldby

Louise Knauer

Rune Jesper Nielsen

Michael Kærgaard Ravn

solar

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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