



Report
Q2 2024

solar

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



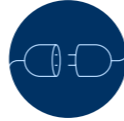
Who we are

We are a leading European sourcing and services company.

solar

Segments

Share of 2023 revenue



Installation

56%



Industry

35%



Trade

9%

Products

Share of 2023 revenue

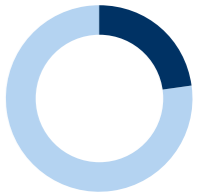
Groups

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



Brands

● Concepts	23%
● Other brands	77%



Markets

Share of 2023 revenue

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



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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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Climate & Energy

The EU green deal is one of the main drivers of the transition towards climate neutrality, a transition that is supported by Solar Industrial Solutions.

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Financial highlights

Consolidated (DKK million)	Q2		H1		Year
	2024	2023	2024	2023	2023
Revenue	3,100	3,250	6,130	6,906	13,031
Earnings before interest, tax, depreciation and amortisation (EBITDA)	137	214	225	494	871
Earnings before interest, tax and amortisation (EBITA)	77	159	103	385	648
Earnings before interest and tax (EBIT)	56	121	66	330	558
Earnings before tax (EBT)	34	101	28	290	468
Net profit for the period	25	77	19	222	348
Balance sheet total	6,219	6,317	6,219	6,317	6,112
Total equity	1,770	1,810	1,770	1,810	1,982
Interest-bearing liabilities, net	1,334	1,558	1,334	1,558	1,157
Cash flow from operating activities	202	78	209	179	855
Net investments in property, plant and equipment	-19	-29	-42	-59	-169
Employees					
Number of employees (FTE's), end of period	2,889	3,063	2,889	3,063	2,990
Average number of employees (FTE's)	2,954	3,058	2,954	3,058	3,036
Financial ratios (% , unless otherwise stated)					
Organic growth adjusted for number of working days	-7.8	-1.0	-11.2	2.8	-2.6
Gross profit margin	20.4	22.7	20.5	22.9	22.5
EBITDA margin	4.4	6.6	3.7	7.2	6.7
EBITA margin	2.5	4.9	1.7	5.6	5.0
Net working capital (end of period NWC)/revenue (LTM)	14.0	16.3	14.0	16.3	14.6
Gearing (net interest-bearing liabilities/EBITDA), no. of times	2.2	1.4	2.2	1.4	1.3
Return on equity (ROE)	8.6	32.7	8.6	32.7	18.0
Equity ratio	27.7	27.9	27.7	27.9	31.6
Share ratios (DKK)					
Earnings per share outstanding (EPS)	3.70	10.54	3.01	30.40	47.51

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

Q2 financial messages

- Q2 EBITDA was on par with expectations.
- Net working capital continued to improve.
- We reconfirm our 2024 EBITDA guidance of DKK 600m.

Business update

Climate & Energy – opportunities ahead

The EU green deal is one of the main drivers of the transition towards climate neutrality, a transition that is supported by Solar Industrial Solutions.

There is a growing focus on CO2 emissions reduction by our customers resulting in an increasing interest in our customisable high-capacity heat pumps and reflected in our order pipeline exceeding DKK 300m.

Solar Industrial Solutions

To meet the increasing interest, we have set up Solar Industrial Solutions - a dedicated sales unit that works with design and sale of energy-efficient solutions.

Solar Industrial Solutions supports our customers by providing expert knowledge within areas such as project management, sales, planning, recording, implementation, technical support, subsidy applications and authority processing. To summarise, Solar Industrial Solutions helps our customers throughout this process, including with technical support.

Extending our services

While retaining our focus on ventilation, batteries, EV chargers, solar panels and heat pumps for the residential market, Solar Industrial Solutions extends our services to also include industry customers.

The high-capacity heat pumps are developed and manufactured by our latest acquisition, ThermoNova. They deliver a new and different type of modular heat

pump, enabling large and energy-efficient heating solutions, especially for industry, warehouses, production facilities and larger office buildings.

Supporting the journey

Thanks to our market leading product, expert knowledge and project management capabilities we can help customers achieve significant emission reductions, by changing their heating solution to a high-capacity heat pump while generating a high return on investment.

We are active in both the residential housing and industry sectors, with access to more than ten million customers across Denmark, the Netherlands, Norway and Sweden.

Solar Industrial Solutions is a central element of our Solve strategy where we aim to maximise the growth potential in Climate & Energy.

Find more information about Solar Industrial Solutions and customer cases here:

www.solar.eu/climate-energy/industrial-solutions



Financial review

Q2 EBITDA was on par with expectations

Revenue amounted to DKK 3.1bn and EBITDA to DKK 137m, which is in line with our expectations. We reconfirm our 2024 EBITDA guidance of DKK 600m.

Q2 2024

Revenue

Our guidance for 2024 assumed that all segments would show negative growth, with recovery gaining ground by the end of the year. Recovery is taking root in Denmark. Solar Danmark is showing the first signs of a slow recovery with adjusted organic growth of -1.9% in Q2 against -10.5% in Q1 2024.

As expected, all segments showed negative growth in Q2 2024. Revenue declined to DKK 3.1bn (DKK 3.3bn). Adjusted organic growth amounted to -7.8% (-1.0%), up from -15% in Q1 2024.

Revenue from Climate & Energy, a strategic focus area, remained at a low level in Q2, amounting to around DKK 234m (DKK 375m). But compared to Q1 2024, this is an improvement of almost 18%.

Heat pump sales remain at a low level. However, as the order pipeline is still increasing and now exceeds DKK 300m, we remain confident of the potential for high-capacity ThermoNova heat pumps despite the current low sales level.

The Industry segment delivered adjusted organic growth of approx. -2%, with MAG45 delivering positive adjusted organic growth of more than 8%.

The Installation and Trade segments delivered adjusted organic growth of approx. -11% and -14% respectively. Around 50% of the decrease in the Installation segment can be accounted for by a reduction in heat pump sales.

Our assessment remains that, in all material respects, we will maintain our market share within the Installation and Industry segments.

Gross profit

Our guidance for 2024 was based on loss in gross profit margin across several product categories during the latter part of 2023, despite the positive impact from Concepts. Our expectation was that this development would continue for the rest of 2024.

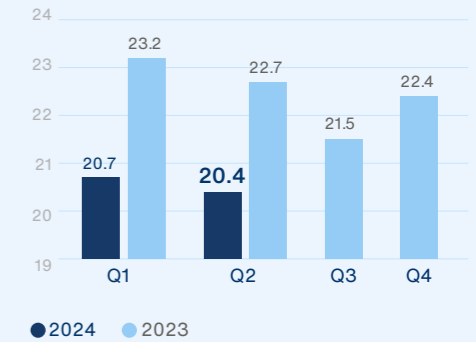
As expected, we saw a loss in gross profit margin across several product categories in Q2.

Gross profit margin at group level amounted to 20.4% (22.7%).

The decline in gross profit margin adjusted for one-off price effects in Q2 2023 amounted to 2.0 percentage points. A substantial part of this is due to a less favourable mix and continued suppressed gross margins, notably relating to Climate & Energy products, as well as increased costs to improve our delivery service.

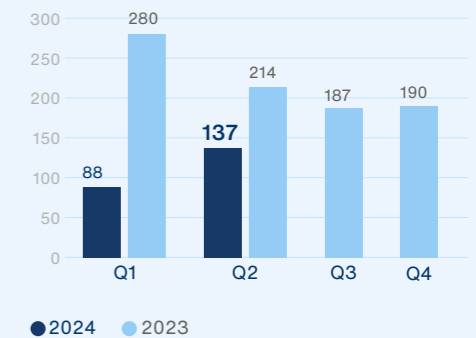
Gross profit margin

Percentage



EBITDA

DKKm



(Data shown in brackets relate to the corresponding period in 2023)

Financial review

External operating costs and staff costs

We continually initiate measures to mitigate the impact of cost inflation and the expected market slowdown. These measures proved effective and in Q2 2024, operating costs and staff costs declined by DKK 29m to 15.7% (15.9%) of revenue.

EBITDA

EBITDA of DKK 137m (DKK 214m) was on par with expectations and we reconfirm our 2024 EBITDA guidance of DKK 600m. When adjusted for one-off price effects in Q2 2023, the underlying EBITDA margin amounted to 4.4% (6.3%).

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

Amortisation and impairment of intangible assets

Amortisation and impairment of intangible assets amounted to DKK -21m (DKK -38m).

Earnings before tax

As reduced costs did not fully compensate for decreased revenue and gross profit margin, earnings before tax amounted to DKK 34m (DKK 101m).

Net profit

Net profit came to DKK 25m (DKK 77m).

H1 2024

Revenue

As expected, we saw a decline in growth in H1 but with Q2 performing better than Q1. Adjusted organic growth at group level amounted to -11.2% (2.8%) while revenue declined to DKK 6.1 bn (DKK 6.9bn).

Gross profit

As expected, we saw a loss in gross profit margin across several product categories in H1.

Gross profit margin at group level amounted to 20.5% (22.9%). The decline in gross profit margin adjusted for one-off price effects in H1 2023 amounted to 1.9 percentage points. A substantial part of this is due to a less favourable mix and continued suppressed gross margins, notably relating to Climate & Energy products, as well as increased costs to improve our delivery service.

External operating costs and staff costs

We continually initiate measures to mitigate the impact of cost inflation and the expected market slowdown.

Consequently, costs in H1 2024 include restructuring costs of approx. DKK 27m. Despite this, external operating costs and staff costs declined by DKK 57m. When adjusted for restructuring costs, external operating costs and staff costs amounted to 16.2% (15.6%) of revenue.

Loss on trade receivables

As we conduct efficient credit management, including in the currently unpredictable market conditions, our loss on trade receivables decreased to DKK 11m (DKK 13m).

EBITDA

EBITDA of DKK 225m (DKK 494m) was as expected. When adjusted for one-off price effects in H1 2023, the underlying EBITDA margin amounted to 3.7% (6.7%). The results of the individual markets are shown on page 25.

Depreciation and write-down

Depreciation and write-down on property, plant and equipment increased to DKK 122m (DKK 109m) as the result of the depreciation of the warehouse extensions and automation measures in Solar Danmark and Solar Nederland.

Amortisation and impairment of intangible assets

Amortisation and impairment of intangible assets amounted to DKK -37m (DKK -55m). In H1 2023, an impairment loss on Højager Belysning of DKK 20m was recognised.

Earnings before tax

As reduced costs did not fully compensate for decreased revenue and gross profit margin, earnings before tax amounted to DKK 28m (DKK 290m).

Net profit

Net profit came to DKK 19m (DKK 222m).

Cash flow

Net working capital as an average of the previous four quarters amounted to 15.8% (16.2%) of revenue. Net working capital at the end of H1 2024 decreased to 14.0% (16.3%) thereby continuing the positive trend which began in 2023.

Cash flow from operating activities totalled DKK 209m (DKK 179m).

We succeeded in reducing inventories through inventory changes, which had a cash flow impact of DKK 107m (DKK -57m). Changes in receivables impacted cash flow by DKK -279m (DKK -125m) while changes in non-interest-bearing liabilities had a cash flow impact of DKK 278m (DKK 3m).

Total cash flow from investing activities amounted to DKK -127m (DKK -216m). The acquisition of ThermoNova impacted by DKK -10m (DKK -111m) and all deferred payments regarding the acquisition have now been paid.

Cash flow from financing activities amounted to DKK -142m (DKK 133m). This was mainly affected by changes in current interest-bearing liabilities, by dividend distribution of DKK 219m (DKK 329m), and by the raising of non-current interest-bearing debt of DKK 150m in H1 2023.

Financial review

As a result, total cash flow amounted to DKK -60m (DKK 96m). Net interest-bearing liabilities were down at DKK 1,334m (DKK 1,558m).

By the end of H1 2024, gearing was 2.2 (1.4) times EBITDA. Our gearing target is 1.0-3.0 times EBITDA.

At the end of H1 2024, Solar had undrawn credit facilities of DKK 697m (DKK 864m).

Invested capital

Invested capital for the Solar Group totalled DKK 3,085m (DKK 3,342m). ROIC amounted to 6.6% (20.5%). 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 includes operating assets and liabilities only.

Key risks and mitigation

The commercial and financial risks in respect of our activities are detailed in Solar's 2023 Annual Report. No additional material risks have been identified and we continue to monitor the situation closely.



Our segments Q2

Q2 saw improvement compared to Q1 despite continued market slowdown

Installation

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

Installation revenue for Q2 amounted to DKK 1,707m (DKK 1,843m), which corresponds to overall adjusted organic growth of around -11% (-3%) for the electrical as well as the heating and plumbing business. Solar Polska saw positive growth while main markets saw negative growth.

Segment profit amounted to DKK 138m (DKK 204m), which corresponds to a segment profit margin of 8.1% (11.1%). This was substantially impacted by Climate & Energy's declining margin.

Industry

This segment covers MRO, OEM, offshore and marine industries as well as utilities and infrastructure. Industry also encompasses MAG45 and ThermoNova.

Industry revenue for Q2 amounted to DKK 1,130m (DKK 1,119m). This corresponds to overall adjusted organic growth of around -2% (1%). Solar Norge and MAG45 saw positive growth while other main markets posted negative growth.

Segment profit amounted to DKK 173m (DKK 188m). This corresponds to a segment profit margin of 15.3% (16.8%).

Trade

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

Revenue from Trade for Q2 amounted to DKK 263m (DKK 288m), which corresponds to overall adjusted organic growth of around -14% (8%). Solar Danmark posted positive growth while other main markets saw negative growth.

Segment profit amounted to DKK 29m (DKK 34m), which corresponds to a segment profit margin of 11.0% (11.8%).

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

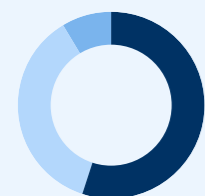
Segment profit does not include non-allocated costs of DKK 203m (DKK 212m) in Q2, which cover income and costs related to joint group functions and to costs that cannot be reliably allocated to the individual segments.

Detailed segment information is given on page 22.

Segment revenue

DKKm

Q2 2024



- Installation
- Industry
- Trade

1,707

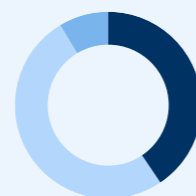
1,130

263

Segment profit

DKKm

Q2 2024



- Installation
- Industry
- Trade

138

173

29

Overview business segments

DKK million	Q2					
	Revenue		Segment profit		Segment margin %	
	2024	2023	2024	2023	2024	2023
Installation	1,707	1,843	138	204	8.1	11.1
Industry	1,130	1,119	173	188	15.3	16.8
Trade	263	288	29	34	11.0	11.8
Solar Group	3,100	3,250	340	426	11.0	13.1

Our segments H1

As expected, market developments impacted negatively on all our main segments

Installation

Installation revenue for H1 amounted to DKK 3,386m (DKK 3,926m), which corresponds to overall adjusted organic growth of around -14% (0%) for the electrical as well as the heating and plumbing business. Solar Polska saw positive growth while other main markets saw negative growth.

Segment profit amounted to DKK 269m (DKK 464m), which corresponds to a segment profit margin of 7.9% (11.8%). This was substantially impacted by Climate & Energy's declining margin.

Industry

Industry revenue for H1 amounted to DKK 2,216m (DKK 2,346m). This corresponds to overall adjusted organic growth of around -6% (6%). MAG45 saw positive growth while main markets posted negative growth.

Segment profit amounted to DKK 337m (DKK 407m). This corresponds to a segment profit margin of 15.2% (17.3%).

Trade

Revenue from Trade for H1 amounted to DKK 528m (DKK 634m), which corresponds to overall adjusted organic growth of around -18% (8%). Solar Danmark posted positive growth while other main markets saw negative growth.

Segment profit amounted to DKK 58m (DKK 83m), which corresponds to a segment profit margin of 11.0% (13.1%).

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

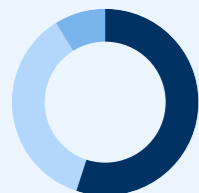
Segment profit does not include non-allocated costs of DKK 439m (DKK 460m) in H1, which cover income and costs related to joint group functions and to costs that cannot be reliably allocated to the individual segments.

Detailed segment information is given on page 23.

Segment revenue

DKKm

H1 2024

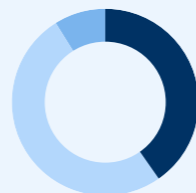


● Installation	3,386
● Industry	2,216
● Trade	528

Segment profit

DKKm

H1 2024



● Installation	269
● Industry	337
● Trade	58

Overview business segments

DKK million	H1					
	Revenue		Segment profit		Segment margin %	
	2024	2023	2024	2023	2024	2023
Installation	3,386	3,926	269	464	7.9	11.8
Industry	2,216	2,346	337	407	15.2	17.3
Trade	528	634	58	83	11.0	13.1
Solar Group	6,130	6,906	664	954	10.8	13.8

Guidance 2024

We reconfirm our EBITDA guidance of DKK 600m for 2024

We reconfirm our revenue guidance of DKK 12,500m and EBITDA guidance of DKK 600m.

Assumptions

Our 2024 guidance is still impacted by an unpredictable market outlook due to macroeconomic uncertainties (ref. page 28 of the annual report 2023). However, we expect a recovery in the macroeconomic situation towards the end of the year.

Revenue

We expect markets to be negative in all countries in 2024, with Denmark edging into positive territory. In general, we also expect all segments to show negative growth in 2024, but to show signs of recovery by 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 and at the start of 2024. We expect the installation market to be negative.

Industry

Our 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 and in H1 2024, we saw a loss in gross profit margin across several product categories despite a positive impact from Concepts. We expect this development to continue for the remainder of 2024.

In addition, we have elevated our delivery service level which has led 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 and in H1 2024. We anticipate this trend to wear off in H2 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.

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 reconfirm our revenue of DKK 12.5bn, corresponding to an organic growth of -5%.

EBITDA guidance

We reconfirm our expectations of an 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 spend DKK 20m in our strategic focus areas - Climate & Energy, Concept strength and Solution sales.

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 2024 - 30 June 2024 was -24.1% including the DKK 30.00 ordinary dividend that was paid out in March 2024.

Audio webcast

The presentation of the Quarterly Report Q2 2024 will be conducted in English on 8 August 2024 at 11:00 CET. The presentation will be transmitted as an audio webcast and will be available at:

[→ www.solar.eu](https://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 June (DKK)	323	323
Market Cap 30 June (DKKm)	291	2,087

Financial calendar 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%

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Statements

Statement of comprehensive income

Income statement

DKK million	Q2		H1		Year
	2024	2023	2024	2023	2023
Revenue	3,100	3,250	6,130	6,906	13,031
Cost of sales	-2,469	-2,513	-4,873	-5,322	-10,101
Gross profit	631	737	1,257	1,584	2,930
Other operating income and costs	0	0	0	1	0
External operating costs	-91	-98	-198	-217	-399
Staff costs	-397	-419	-823	-861	-1,643
Loss on trade receivables	-6	-6	-11	-13	-17
Earnings before interest, tax, depreciation and amortisation (EBITDA)	137	214	225	494	871
Depreciation and write-down on property, plant and equipment	-60	-55	-122	-109	-223
Earnings before interest, tax and amortisation (EBITA)	77	159	103	385	648
Amortisation and impairment of intangible assets	-21	-38	-37	-55	-90
Earnings before interest and tax (EBIT)	56	121	66	330	558
Financial income	10	16	18	31	65
Financial expenses	-32	-36	-56	-71	-155
Earnings before tax (EBT)	34	101	28	290	468
Income tax	-9	-24	-9	-68	-120
Net profit for the period	25	77	19	222	348
Attributable to:					
Shareholders of Solar A/S	27	77	22	222	347
Non-controlling interests	-2	0	-3	0	1
Net profit for the period	25	77	19	222	348
Earnings in DKK per share outstanding (EPS)	3.70	10.54	3.01	30.40	47.51
Diluted earnings in DKK per share outstanding (EPS-D)	3.69	10.52	3.01	30.31	47.34

Other comprehensive income

DKK million	Q2		H1		Year
	2024	2023	2024	2023	2023
Net profit for the period	25	77	19	222	348
Other income and costs recognised:					
Items that can be reclassified for the income statement					
Foreign currency translation adjustments of foreign subsidiaries	18	-27	-15	-63	-13
Fair value adjustments of hedging instruments before tax	2	1	4	0	-5
Tax on fair value adjustments of hedging instruments	-1	0	-1	0	1
Other income and costs recognised after tax	19	-26	-12	-63	-17
Total comprehensive income for the period	44	51	7	159	331
Attributable to:					
Shareholders of Solar A/S	46	51	10	159	330
Non-controlling interests	-2	0	-3	0	1
Total comprehensive income for the period	44	51	7	159	331

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Balance sheet

Consolidated

DKK million	30.06		31.12
	2024	2023	2023
Assets			
Intangible assets	386	328	348
Property, plant and equipment	1,054	967	1,066
Right-of-use assets	401	420	440
Deferred tax asset	7	9	7
Investments in associates	4	5	4
Other non-current assets	28	32	28
Non-current assets	1,880	1,761	1,893
Inventories	1,910	2,276	2,029
Trade receivables	1,896	1,922	1,648
Income tax receivable	54	22	25
Other receivables	26	15	17
Prepayments	72	59	59
Cash at bank and in hand	381	262	441
Current assets	4,339	4,556	4,219
Total assets	6,219	6,317	6,112

DKK million	30.06		31.12
	2024	2023	2023
Equity and liabilities			
Share capital	736	736	736
Reserves	-210	-244	-198
Retained earnings	1,197	1,269	1,175
Proposed dividends for the financial year	0	0	219
Equity attributable to shareholders of Solar A/S	1,723	1,761	1,932
Non-controlling interests	47	49	50
Total equity	1,770	1,810	1,982
Interest-bearing liabilities	430	439	434
Lease liabilities	290	307	320
Provision for deferred tax	150	138	143
Other provisions	11	10	11
Non-current liabilities	881	894	908
Interest-bearing liabilities	871	953	714
Lease liabilities	124	121	130
Trade payables	2,086	1,933	1,770
Income tax payable	6	46	54
Other payables	458	536	520
Prepayments	9	4	13
Other provisions	14	20	21
Current liabilities	3,568	3,613	3,222
Liabilities	4,449	4,507	4,130
Total equity and liabilities	6,219	6,317	6,112

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DKK million	Q2		H1		Year
	2024	2023	2024	2023	2023
Net profit for the period	25	77	19	222	348
Depreciation, write-down and amortisation	81	93	159	164	313
Changes to provisions and other adjustments	-6	-7	-6	-9	5
Financials, net	22	20	38	40	90
Income tax	9	24	9	68	120
Financial income, received	6	5	11	9	30
Financial expenses, settled	-28	-24	-48	-42	-106
Income tax, settled	-36	-51	-79	-94	-138
Cash flow before working capital changes	73	137	103	358	662
Working capital changes					
Inventory changes	-5	65	107	-57	230
Receivables changes	-57	179	-279	-125	182
Non-interest-bearing liabilities changes	191	-303	278	3	-219
Cash flow from operating activities	202	78	209	179	855

DKK million	Q2		H1		Year
	2024	2023	2024	2023	2023
Investing activities					
Purchase of intangible assets	-41	-25	-75	-45	-102
Purchase of property, plant and equipment	-19	-30	-42	-60	-170
Disposal of property, plant and equipment	0	1	0	1	1
Acquisition of subsidiaries and activities	-10	0	-10	-111	-133
Acquisition of associates	0	0	0	-1	-1
Cash flow from investing activities	-70	-54	-127	-216	-405
Financing activities					
Repayment of non-current interest-bearing debt	-3	-3	-5	-5	-9
Raising of non-current interest-bearing liabilities	0	150	0	150	150
Change in current interest-bearing debt	-47	-154	151	381	149
Instalment on lease liabilities	-35	-31	-69	-64	-136
Dividends paid to shareholders of Solar A/S	0	0	-219	-329	-329
Cash flow from financing activities	-85	-38	-142	133	-175
Total cash flow	47	-14	-60	96	275
Cash at bank and in hand at the beginning of period	334	276	441	166	166
Cash at bank and in hand at the end of period	381	262	381	262	441

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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
2024								
Equity as at 1 January	736	-13	-185	1,175	219	1,932	50	1,982
Foreign currency translation adjustments of foreign subsidiaries			-15			-15		-15
Fair value adjustments of hedging instruments before tax		4				4		4
Tax on fair value adjustments		-1				-1		-1
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	3	-15	0	0	-12	0	-12
Net profit or loss for the period				22		22	-3	19
Comprehensive income	0	3	-15	22	0	10	-3	7
Distribution of dividends (DKK 30.00 per share)					-219	-219		-219
Non-controlling interests on acquisition of subsidiary						0		0
Transactions with the owners	0	0	0	0	-219	-219	0	-219
Equity as at 30 June	736	-10	-200	1,197	0	1,723	47	1,770

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
2023								
Equity as at 1 January	736	-9	-172	1,047	329	1,931	0	1,931
Foreign currency translation adjustments of foreign subsidiaries			-63			-63		-63
Fair value adjustments of hedging instruments before tax						0		0
Tax on fair value adjustments						0		0
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	0	-63	0	0	-63	0	-63
Net profit or loss for the period				222		222	0	222
Comprehensive income	0	0	-63	222	0	159	0	159
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 30 June	736	-9	-235	1,269	0	1,761	49	1,810

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.

Apart from the effect of new IAS/IFRS standards implemented during the period, the accounting policies remain unchanged from the Annual Report 2023, 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

IASB has issued a number of amendments and improvements to existing standards which 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

IASB has issued two new standards: IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures. IFRS 18 and IFRS 19 are effective from annual reporting periods beginning on or after 1 January 2027.

IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1. IFRS 18 entails changes in the presentation of primarily the income statement and disclosures on management-defined performance measures (MPMs) in the notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures has no 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 allocated 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
Q2 2024				
Revenue	1,707	1,130	263	3,100
Cost of sales	-1,394	-862	-213	-2,469
Gross profit	313	268	50	631
Direct costs	-69	-39	-10	-118
Earnings before indirect costs	244	229	40	513
Indirect costs	-106	-56	-11	-173
Segment profit	138	173	29	340
Non-allocated costs				-203
Earnings before interest, tax, depreciation and amortisation (EBITDA)				137
Depreciation and amortisation				-81
Earnings before interest and tax (EBIT)				56
Financials, net incl. share of net profit from associates and impairment on associates				-22
Earnings before tax (EBT)				34

DKK million	Installation	Industry	Trade	Total
Q2 2023				
Revenue	1,843	1,119	288	3,250
Cost of sales	-1,451	-831	-231	-2,513
Gross profit	392	288	57	737
Direct costs	-69	-40	-10	-119
Earnings before indirect costs	323	248	47	618
Indirect costs	-119	-60	-13	-192
Segment profit	204	188	34	426
Non-allocated costs				-212
Earnings before interest, tax, depreciation and amortisation (EBITDA)				214
Depreciation and amortisation				-93
Earnings before interest and tax (EBIT)				121
Financials, net incl. share of net profit from associates and impairment on associates				-20
Earnings before tax (EBT)				101

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02 Income statement

2.1 Segment information - continued

DKK million	Installation	Industry	Trade	Total	DKK million	Installation	Industry	Trade	Total
H1 2024					H1 2023				
Revenue	3,386	2,216	528	6,130	Revenue	3,926	2,346	634	6,906
Cost of sales	-2,762	-1,682	-429	-4,873	Cost of sales	-3,076	-1,742	-504	-5,322
Gross profit	624	534	99	1,257	Gross profit	850	604	130	1,584
Direct costs	-136	-80	-18	-234	Direct costs	-139	-76	-19	-234
Earnings before indirect costs	488	454	81	1,023	Earnings before indirect costs	711	528	111	1,350
Indirect costs	-219	-117	-23	-359	Indirect costs	-247	-121	-28	-396
Segment profit or loss	269	337	58	664	Segment profit or loss	464	407	83	954
Non-allocated costs				-439	Non-allocated costs				-460
Earnings before interest, tax, depreciation and amortisation (EBITDA)				225	Earnings before interest, tax, depreciation and amortisation (EBITDA)				494
Depreciation and amortisation				-159	Depreciation and amortisation				-164
Earnings before interest and tax (EBIT)				66	Earnings before interest and tax (EBIT)				330
Financials, net				-38	Financials, net				-40
Earnings before tax (EBT)				28	Earnings before tax (EBT)				290

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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 127 of Annual Report 2023 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	DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
Q2 2024						Q2 2023					
Denmark	1,046	-1.5	75	7.2	903	Denmark	1,009	-5.9	78	7.7	872
Sweden	527	-14.3	15	2.8	207	Sweden	606	-3.6	38	6.3	221
Norway	477	-8.8	18	3.8	211	Norway	500	9.0	39	7.8	212
The Netherlands	687	-15.0	18	2.6	414	The Netherlands	795	-2.4	45	5.7	350
Poland	101	-7.3	-1	-1.0	49	Poland	103	-3.2	2	1.9	47
Other markets	262	8.3	12	4.6	96	Other markets	237	14.0	12	5.1	59
Solar Group	3,100	-7.8	137	4.4	1,880	Solar Group	3,250	-1.0	214	6.6	1,761

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2.1 Segment information - continued

DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets	DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
H1 2024						H1 2023					
Denmark	2,017	-6.2	110	5.5	903	Denmark	2,144	-3.5	177	8.3	872
Sweden	1,066	-16.9	32	3.0	207	Sweden	1,288	0.4	92	7.1	221
Norway	914	-13.3	29	3.2	211	Norway	1,078	13.0	80	7.4	212
The Netherlands	1,413	-17.9	28	2.0	414	The Netherlands	1,719	4.8	113	6.6	350
Poland	199	-5.2	-1	-0.5	49	Poland	197	-10.9	4	2.0	47
Other markets	521	8.5	27	5.2	96	Other markets	480	18.7	28	5.8	59
Solar Group	6,130	-11.2	225	3.7	1,880	Solar Group	6,906	2.8	494	7.2	1,761

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3.1 Acquisition of subsidiaries

H1 2023

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 of DKK 10m.

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.

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	-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
Acquisition price on net debt-free basis	111

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	Q1		Q2		Q3		Q4	
<u>Income statement (DKK million)</u>	2024	2023	2024	2023	2023	2022	2023	2022
Revenue	3,030	3,656	3,100	3,250	2,965	3,266	3,160	3,684
Earnings before interest, tax, depreciation and amortisation (EBITDA)	88	280	137	214	187	301	190	326
Earnings before interest, tax and amortisation (EBITA)	26	226	77	159	132	250	131	274
Earnings before interest and tax (EBIT)	10	209	56	121	114	231	114	254
Financials, net	-16	-20	-22	-20	-21	-6	-29	-31
Earnings before tax (EBT)	-6	189	34	101	93	225	85	223
Net profit or loss for the quarter	-6	145	25	77	71	176	55	169

<u>Balance sheet (DKK million)</u>	2024	2023	2024	2023	2023	2022	2023	2022
Non-current assets	1,877	1,756	1,880	1,761	1,809	1,545	1,893	1,564
Current assets	4,205	4,858	4,339	4,556	4,456	4,392	4,219	4,337
Balance sheet total	6,082	6,614	6,219	6,317	6,265	5,937	6,112	5,901
Total equity	1,726	1,759	1,770	1,810	1,910	1,764	1,982	1,931
Non-current liabilities	891	737	881	894	877	491	908	709
Current liabilities	3,465	4,118	3,568	3,613	3,478	3,682	3,222	3,261
Interest-bearing liabilities, net	1,450	1,530	1,334	1,558	1,480	1,205	1,157	1,074
Invested capital	3,157	3,263	3,085	3,342	3,366	2,923	3,120	2,978
Net working capital, end of period	1,876	2,347	1,720	2,265	2,253	2,186	1,907	2,205
Net working capital, average	2,075	2,149	1,939	2,251	2,268	1,773	2,193	2,010

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Cash flows (DKK million)	Q1		Q2		Q3		Q4	
	2024	2023	2024	2023	2023	2022	2023	2022
Cash flow from operating activities	7	101	202	78	190	-14	486	242
Cash flow from investing activities	-57	-162	-70	-54	-102	-37	-87	-38
Cash flow from financing activities	-57	171	-85	-38	-109	66	-199	-152
Net investments in intangible assets	-34	-20	-41	-25	-26	-12	-31	-17
Net investments in property, plant and equipment	-23	-30	-19	-29	-76	-25	-34	-22
Acquisition and divestment of subsidiaries and operations, net	0	-111	-10	0	0	0	-22	0

Financial ratios (% unless otherwise stated)

Revenue growth	-17.1	5.6	-4.6	-5.8	-9.2	13.7	-14.2	9.0
Organic growth	-17.1	8.3	-5.0	-2.2	-6.2	14.0	-12.5	10.9
Organic growth adjusted for number of working days	-15.4	6.7	-7.8	-1.0	-4.7	14.0	-11.1	12.0
Gross profit margin	20.7	23.2	20.4	22.7	21.5	24.1	22.4	23.6
EBITDA margin	2.9	7.7	4.4	6.6	6.3	9.2	6.0	8.8
EBITA margin	0.9	6.2	2.5	4.9	4.5	7.7	4.1	7.4
EBIT margin	0.3	5.7	1.8	3.7	3.8	7.1	3.6	6.9
Net working capital (end of period NWC)/revenue (LTM)	15.1	16.7	14.0	16.3	16.6	16.1	14.6	15.9
Net working capital (average NWC)/revenue (LTM)	16.7	15.3	15.8	16.2	16.7	13.1	16.8	14.5
Gearing (net interest-bearing liabilities/EBITDA), no. of times	2.1	1.3	2.2	1.4	1.5	1.1	1.3	0.9
Return on equity (ROE)	10.9	35.0	8.6	32.7	25.5	38.6	18.3	35.7
Return on invested capital (ROIC)	8.5	23.2	6.6	20.5	16.9	25.3	13.2	25.5
Enterprise value/earnings before interest, tax and amortisation (EV/EBITA)	8.6	5.7	10.0	5.7	6.2	5.2	7.0	5.7
Equity ratio	27.6	25.9	27.7	27.9	29.7	29.7	31.6	32.7

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	Q1		Q2		Q3		Q4	
Share ratios (DKK unless otherwise stated)	2024	2023	2024	2023	2023	2022	2023	2022
Earnings per share outstanding (EPS)	-0.68	19.85	3.70	10.54	9.72	24.10	7.39	23.14
Intrinsic value per share outstanding	229.63	234.14	235.92	241.13	254.82	241.54	264.54	264.41
Share price	331.37	553.54	325.27	506.42	476.27	492.34	465.71	622.62
Share price/intrinsic value	1.44	2.36	1.38	2.10	1.87	2.04	1.76	2.35

Employees

Number of employees (FTE's), end of period	2,932	3,085	2,889	3,063	3,005	3,042	2,990	3,043
Average number of employees (FTE's)	2,997	3,042	2,954	3,058	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.
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".



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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 six months of 2024.

The financial report for the first six months of 2024, 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 June 2024 as well as of the results of the group's activities and cash flow for the first six months of 2024.

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 six months of 2024 with the file name SOLA-2024-06-30-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Vejen, 8 August 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 Chrono

Denise Goldby

Louise Knauer

Rune Jesper Nielsen

Michael Kærgaard Ravn

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<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 registered office	Industrivej Vest 43 , 6600 Vejen
Principal place of business	Europe
Description of nature of entity's operations and principal activities	Sourcing and services company
Name of parent entity	Solar A/S
Name of ultimate parent of group	Fund of 20th December