



SOLAR LEVEREDE EN STIGNING I EBITDA PÅ DKK 60 MIO I 3. KVARTAL

I oktober opjusterede vi vores forventninger til omsætning og EBITDA med hhv. DKK 200 mio. og DKK 75 mio. til hhv. DKK 12,3 mia. og DKK 900 mio. Se meddelelse nr. 18.

CEO Jens Andersen udtaler:

"Ni måneder inde i 2021 ser vi fortsat fremgang i vores Core+ strategi inden for alle fire strategiske fokusområder – Industri, Koncepter, Trade og Klima & Energi – med stærke finansielle resultater til følge.

I Q3 leverede vi en stigning i EBITDA på DKK 60 mio., som betød en stigning i marginen på 1,5 procentpoint drevet af en stærk efterspørgsel i markedet samt engangseffekter af prisændringer.

Endvidere forbereder vi en opdatering af vores finansielle mål frem mod 2023, da de nuværende allerede er nået.

Jeg vil gerne takke mine kollegaer for deres vedvarende indsats og engagement, som har resulteret i 12 kvartaler i træk med vækst i EBITDA.

Finansielle hovedbudskaber for Q3

- Med 8,8% organisk vækst realiserede vi en stærkere vækst end forventet på alle markeder.
- Engangseffekter af prisændringer påvirkede bruttoresultatet med ca. DKK 50 mio.
- Afkast af investeret kapital (ROIC) blev mere end fordoblet.

| Udvalgte hovedtal (DKK mio.) | Q3 2021 | Q3 2020 | Q1-Q3 2021 | Q1-Q3 2020 |
|---|---------|---------|------------|------------|
| Omsætning | 2.872 | 2.618 | 8.974 | 8.408 |
| EBITDA | 237 | 177 | 652 | 446 |
| Pengestrømme fra driftsaktivitet | -38 | 142 | 225 | 381 |
| Udvalgte nøgletal (%) | | | | |
| Organisk vækst justeret for antal arbejdsdage | 8,8 | -4,8 | 5,4 | -0,8 |
| EBITDA-margin | 8,3 | 6,8 | 7,3 | 5,3 |
| Nettoarbejdskapital, ultimo/omsætning (LTM) | 13,0 | 11,9 | 13,0 | 11,9 |
| Gearing (NIBD/EBITDA), antal gange | 0,5 | 1,2 | 0,5 | 1,2 |
| Afkast på investeret kapital (ROIC) | 23,6 | 11,7 | 23,6 | 11,7 |



Audio webcast og telekonference i dag

Præsentationen af Delårsrapport Q3 2021 foregår på engelsk den 4. november 2021 kl. 11.00. Præsentationen bliver transmitteret som en audio webcast og kan følges på www.solar.eu. Deltagelse er mulig via den tilknyttede telekonference.

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FAKTA OM SOLAR

Solar-koncernen er en førende europæisk sourcing- og servicevirksomhed, der leverer løsninger primært inden for el, vvs samt klima og energi. Vores kerneforretning centrerer sig om sourcing af produkter, værdiskabende services og optimering af vores kunders forretning.

Vi fremmer effektivitetsforbedringer og tilbyder digitale værktøjer, der gør vores kunder til vindere. Vi driver den grønne omstilling og leverer de bedste løsninger, der sikrer bæredygtig brug af ressourcer.

Solar-koncernen har hovedsæde i Danmark, havde i 2020 en omsætning på ca. 11,5 mia. kroner og beskæftiger ca. 2.900 medarbejdere. Solar er noteret på Nasdaq Copenhagen med kortnavn SOLAR B. Flere oplysninger kan findes på: <https://www.solar.eu/>.

Ansvarsfraskrivelse

Selskabsmeddelelsen er offentliggjort dags dato på dansk og engelsk via Nasdaq Copenhagen. I tilfælde af uoverensstemmelse mellem de to versioner er det den danske version, der er gældende.



Q3 2021



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We are a leading European sourcing and services company mainly within electrical, heating & plumbing, ventilation, and climate & energy solutions.

A DIGITAL COMPANY

>60%
e-business share

OUR MARKETS

Denmark, Norway,
Sweden, the Netherlands,
Poland & the Faroe Islands

OUR 2021-2023 STRATEGY IS ENTITLED CORE+
AND HAS FOUR STRATEGIC FOCUS AREAS

CONCEPTS

CLIMATE
& ENERGY

INDUSTRY

TRADE

FINANCIAL HIGHLIGHTS

| Consolidated (DKK million) | Q3 | | Q1-Q3 | | Year |
|---|-------|-------|-------|-------|--------|
| | 2021 | 2020 | 2021 | 2020 | 2020 |
| Revenue | 2,872 | 2,618 | 8,974 | 8,408 | 11,465 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | 237 | 177 | 652 | 446 | 637 |
| Earnings before interest, tax and amortisation (EBITA) | 192 | 132 | 515 | 310 | 455 |
| Earnings before interest and tax (EBIT) | 179 | 115 | 475 | 262 | 248 |
| Earnings before tax (EBT) | 159 | 109 | 438 | 307 | 300 |
| Net profit for the period | 124 | 83 | 372 | 254 | 222 |
| Balance sheet total | 5,117 | 4,922 | 5,117 | 4,922 | 4,607 |
| Equity | 1,784 | 1,688 | 1,784 | 1,688 | 1,696 |
| Interest-bearing liabilities, net | 450 | 726 | 450 | 726 | 128 |
| Cash flow from operating activities | -38 | 142 | 225 | 381 | 813 |
| Net investments in property, plant and equipment | -51 | 1 | -90 | -16 | -25 |

Employees

| | | | | | |
|--|-------|-------|-------|-------|-------|
| Number of employees (FTE), end of period | 2,897 | 2,891 | 2,897 | 2,891 | 2,864 |
| Average number of employees (FTEs) | 2,890 | 2,979 | 2,890 | 2,979 | 2,935 |

Financial ratios (% unless otherwise stated)

| | | | | | |
|---|------|------|------|------|------|
| Organic growth adjusted for number of working days | 8.8 | -4.8 | 5.4 | -0.8 | -2.0 |
| Gross profit margin | 23.0 | 21.5 | 22.3 | 20.8 | 21.0 |
| EBITDA margin | 8.3 | 6.8 | 7.3 | 5.3 | 5.6 |
| EBITA margin | 6.7 | 5.0 | 5.7 | 3.7 | 4.0 |
| Net working capital (end of period NWC)/revenue (LTM) | 13.0 | 11.9 | 13.0 | 11.9 | 9.7 |
| Gearing (net interest-bearing liabilities/EBITDA), no. of times | 0.5 | 1.2 | 0.5 | 1.2 | 0.2 |
| Return on equity (ROE) | 19.7 | 18.9 | 19.7 | 18.9 | 13.5 |
| Equity ratio | 34.9 | 34.3 | 34.9 | 34.3 | 36.8 |

Share ratios (DKK)

| | | | | | |
|--------------------------------------|-------|-------|-------|-------|-------|
| Earnings per share outstanding (EPS) | 16.98 | 11.37 | 50.94 | 34.80 | 30.42 |
|--------------------------------------|-------|-------|-------|-------|-------|

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

Q3 FINANCIAL MESSAGES

- With 8.8% organic growth, we realised stronger growth rates than anticipated in all markets.
- The growth was supported by our four strategic focus areas Concepts, Industry, Climate & Energy and Trade.
- One-off price effects resulted in an impact of approx. DKK 50m on gross profit.
- Return on invested capital (ROIC) increased to 23.6% from 11.7%.

BUSINESS UPDATE - CLIMATE AND ENERGY

CLIMATE & ENERGY IS A GROWING FOCUS AREA

While the two previous quarters centered on the three strategic focus areas Industry, Concepts and Trade, this report will focus on the remaining focus area Climate & Energy.

Caring for the environment is important to Solar and to our customers. Environmental regulations are becoming stricter and national and supranational goals to reduce CO2 emissions have been announced. Our Climate and Energy strategic focus area ensures that our customers have access to the correct assortment and receive the relevant training, guidance and technical support.

Climate & Energy comprises a diverse customer base that includes industrial enterprises, public buildings and private home installations.

We are seeing growth in Climate & Energy and employ many advanced technologies to support energy efficiency, including Solar panels, heat pumps, EV Chargers and ventilation.

Our starting point in 2021 was DKK 600m of our total revenue deriving from Climate and Energy, and our aim is to deliver CAGR of 5% until 2023. In Q3, we are on track to deliver the targets presented in the 2020 Annual Report.

Based on our expertise and customer requirements, we have divided Climate and Energy into four main areas: Solar panels, heat pumps, EV Chargers and ventilation.



**Alongside a wide assortment
of sustainable solutions we
offer training and guidance
to our customers.**

BUSINESS UPDATE - CLIMATE AND ENERGY



SOLAR PANELS

As well as selling solar panels, our subsidiary Solar Polaris provides experts who can advise customers on the new technology and offer customised photovoltaic systems. Part of this area also covers energy storage.

Solar offers innovative technology, such as the SunDryve parking space, which enables vehicles to remain dry. Moreover, solar panels generate electricity for EV chargers. This technology is installed both at Solar locations and at several customers.



HEAT PUMPS

Replacing gas and oil boilers with heat pumps offers customers a substantial reduction in energy consumption along with financial savings. Solar offers a wide range of known brands in addition to our own Solar Plus range.

We offer solutions where the heat pump can be used as both the primary heat source as well as a supplement to already installed solutions - one of our ways to support the transition towards a more sustainable consumption of energy.



EV CHARGERS

The market for electric vehicles and consequently EV chargers continues to grow. This is proving to be an important area for our customers and is high on the political agenda.

There is, therefore, substantial business potential for contractors within this market. To provide our customers with the best assortment, we collaborate with well-known sellers while also continuing to offer our own Solar Plus products.



VENTILATION

Stronger focus on a better indoor climate and energy savings means that ventilation is another key area. Our offering applies to industrial and manufacturing companies as well as schools and private homes.

It has been proved that the right indoor climate can improve sleep, learning ability and alleviate allergies.

BUSINESS UPDATE - CLIMATE AND ENERGY

NEW ROOFTOP WITH INTEGRATED SOLAR PANELS GENERATES GREEN ELECTRICITY

The Swedish Kinds diocese has installed 'Building-Applied Photovoltaics' (BAPV) supplied by Solar. As well as generating electricity, the solar panels also serve as roof tiles.



Kinds diocese
SWEDEN

Situated on the border between the counties of Västra Götaland, Jönköping and Halland, Kinds diocese comprises 30 churches and 120 buildings.



A while ago, the diocese identified the need to replace the roof of the church hall in the parish of Kalv. Instead of opting for the usual concrete roof tiles, it was decided to take an innovative and green approach.

"As part of this project, we wanted to explore our options for installing rooftop solar panels. The aim being to generate energy as opposed to just using it. Investing in solar energy also benefits society and shows that the Church of Sweden is proactive," says Lars Redegard, Property Manager for Kinds diocese.

Lars Redegard and Kinds diocese initiated a feasibility study to determine whether installing solar panels was a realistic option, what the cost might be and the return on the investment over time. The feasibility study produced a positive outcome and it was decided to integrate solar panels (Building-Applied Photovoltaics, BAPV). As well as generating electricity, the solar panels also serve as roof tiles.

"BAPV is an aesthetic solution as this is a good deal more attractive than solar panel add-ons over existing roofing. Plus, as I see it, not having other roofing under the solar panels is a huge advantage. In my opinion, fitting solar panels over an old roof is chasing your tail because you're still going to have to maintain the conventional roof underneath," Lars Redegard explains.

Installing solar panels that look like conventional roof shingles or other roofing material does away with the notion that solar panels make a building less aesthetically appealing. Not surprisingly, demand for building-integrated and building-applied solar

panels has seen a sharp increase in recent years. Lars Redegard, originally an architect himself, is also pleased with the result:

"Our project has undeniably aroused a great deal of interest. Many people have contacted us to ask what the roofing material actually is simply because they see it as attractive. And I'm with them on that", Lars Redegard says.

The next move is to decide if any of the other 120 properties in Kinds diocese are to be retrofitted with building-applied photovoltaics. The district churches are particularly suitable for solar panels as they generally have wide roofs facing south, which is ideal for generating solar power. The diocese is currently looking into this.



Our project has undeniably aroused a great deal of interest. Many people have contacted us to ask what the roofing material actually is simply because they see it as attractive

BUSINESS UPDATE - WAREHOUSE EXPANSION



Warehouse Vejen, DENMARK

The warehouse expansion includes 11,000 sq.m., an AutoStore solution with 125 robots and solar panels that will provide the majority of energy used. Furthermore, we collaborate with Vejen municipality to create biodiversity on our surrounding land.

WAREHOUSE VEJEN EXPANSION WITH A GREEN MINDSET

A major expansion and optimisation of the warehouse at Solar's head office in Vejen is underway, applying a broad portfolio of our Climate & Energy products.

Solar's warehouse expansion in Vejen is beginning to take shape. DKK 250 million has been earmarked for the expansion, automation and improvement of the warehouse at the head office. Some 11,000 sq.m. will be added, and the new halls will comprise a semi-automatic picking system - all with strict focus on reducing energy consumption.

The expansion project will also include a high-bay warehouse for pallet handling and a building for an AutoStore robot-controlled picking system to handle 108,000 boxes. The system is more energy efficient than the previous systems and will mean a significant reduction in electricity consumption. AutoStore has already been installed at Solar's warehouse in Norway and the Netherlands with great success.

"A substantial part of our electricity consumption will be covered by solar cells on the roof," says Lars Goth, Senior Vice-President at Solar. "Additional charging stations for electric cars will be installed in the car parks and we're replacing natural gas with heat pumps to supply the heating."

Solar is also collaborating with Vejen municipality to create biodiversity on the land around the buildings. The result will be untouched nature, wild flowers and space for animals.

Digital improvements for customers

The building project is part of Solar's digital journey whereby customers will be able to access products faster and easier. More than 80% of orders from Danish customers arrive via the webshop - more than 60% at group level.

"The increased capacity and the recent roll-out of the SAP eWM warehouse management system in all Solar's warehouses will ensure that Solar can continue to increase its product range and provide high quality deliveries. It will also provide the opportunity to develop more standard logistics solutions which will increase our customers' productivity and can be ordered digitally," says Lars Goth.

The new warehouse in Vejen is expected to be completed in the spring of 2022.

FINANCIAL REVIEW

Q3 EBITDA INCREASED BY DKK 60M TO DKK 237M AND EXCEEDED OUR EXPECTATIONS

(Figures in brackets are figures from the corresponding period in 2020)

Q3 EBITDA exceeded expectations. We delivered an EBITDA increase of 34%. The main drivers behind the DKK 60m EBITDA increase are adjusted organic growth of 8.8% supported by our four strategic focus areas, combined with one-off price effects, which positively impacted gross profit.

Our comments on core and related business as well as disclosures in the note, Segment information, should be regarded as supplementary information. Information on the following segments - Installation, Industry and Trade - is included in the note, Segment information.

Q3 2021

REVENUE

In Q3, adjusted organic growth at group level amounted to 8.8% (-4.8%). All entities saw positive adjusted organic growth. Revenue increased to DKK 2.9bn (DKK 2.6bn).

Solar's overall adjusted organic growth for Installation amounted to around 4%, driven by Solar Danmark, Solar Sverige, Solar Norge and Solar Polska. Our Core+ strategy continues to focus on the Better Business project, which aims to supply the right products to the right customers.

All entities saw positive growth in the Industry segment, primarily within MRO and OEM. Overall, organic growth within this segment amounted to around 13%.

The Trade segment also delivered two-digit growth rates in Q3.

GROSS PROFIT

Gross profit margin increased to 23.0% (21.5%) which, combined with revenue growth, resulted in a gross profit increase of DKK 97m. One-off price effects resulted in a positive impact of approx. DKK 50m on gross profit compared to DKK 10m in Q3

2020. The net impact of price effects corresponded to a gross profit margin improvement of approx. 1.4 percentage points.

EBITDA

EBITDA increased to DKK 237m (DKK 177m) and exceeded our expectations.

The EBITDA margin increased to 8.3% (6.8%). We succeeded in increasing EBITDA by DKK 60m due to a combination of a high Q3 growth level - supported by our four strategic focus areas Concepts, Industry, Climate & Energy and Trade - and positive one-off price effects.

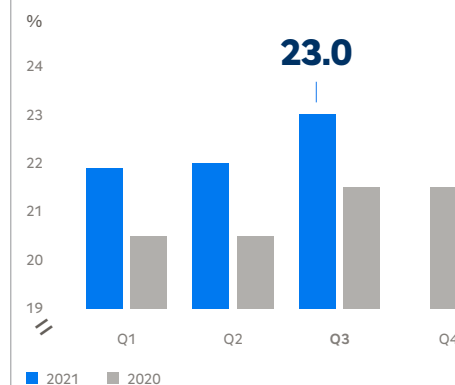
The results of the individual countries are given on page 21.

FINANCIALS

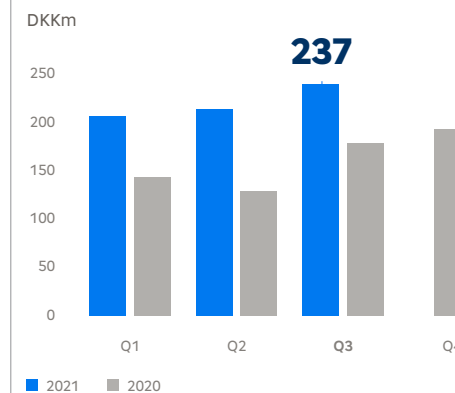
Net financials amounted to DKK -20m (DKK -10m).

In Q3, a previously positive fair value adjustment of DKK 10m on our financial investments was reversed. In addition, a negative fair value adjustment of DKK 9m was performed, amounting to a total negative impact of DKK 19m on net financials.

GROSS PROFIT MARGIN



EBITDA



FINANCIAL REVIEW

EARNINGS BEFORE TAX

Earnings before tax were up at DKK 159m (DKK 109m).

| DKK million | Q3 2021 | Q3 2020 | Year 2020 |
|---|------------|------------|--------------|
| Earnings before tax | 159 | 109 | 300 |
| <i>Impact due to market value changes in BIMObject:</i> | | | |
| Impairment on associates | 0 | -7 | -104 |
| Earnings before tax, adjusted for impact from associates | 159 | 102 | 196 |
| Impairment loss, other intangible assets | 0 | 0 | 10 |
| Impairment loss, goodwill and customer lists | 0 | 0 | 129 |
| Adjusted earnings before tax | 159 | 102 | 335 |

NET PROFIT

Net profit came to DKK 124m (DKK 83m).

Q1-Q3 2021

REVENUE

In Q1-Q3, adjusted organic growth at group level increased to 5.4% (-0.8%) and revenue was up at DKK 9.0bn (DKK 8.4bn). Adjusted for the Better Business impact, the organic growth was approx. 7%.

Solar's overall adjusted organic growth for Installation amounted to around 3% while Industry showed growth of around 8%. The trade segment delivered two-digit growth rates in Q1-Q3. We saw positive adjusted organic growth in all entities apart from Solar Nederland, which, however, showed positive adjusted organic growth in Q3.

GROSS PROFIT

Gross profit increased by DKK 251m with continuous improvement in the gross profit margin, which increased to 22.3% (20.8%) in Q1-Q3 2021.

One-off price effects resulted in a positive impact of approx. DKK 80m on gross profit compared to DKK 10m in Q1-Q3 2020. The net impact corresponded to a gross profit margin improvement of approx. 0.8 percentage points.

In addition, we saw continuous positive development in concept sales. This, together with the Better Business project, is part of the Core+ strategy and focuses on increasing the gross profit margin

EBITDA

EBITDA increased by DKK 206m to DKK 652m, corresponding to an EBITDA margin of 7.3% (5.3%) of revenue. All entities saw substantial improvements in EBITDA, with Solar Danmark making a significant contribution.

The results of the individual countries are shown on page 22.

IMPAIRMENT ON ASSOCIATES

Impairment on associates was DKK 0m (DKK 80m).

In Q1-Q3 2020, this mainly related to reversal of a previously performed BIMObject write-down of DKK 85m as the market value of Solar's shareholding on 30 September 2020 increased to DKK 214m.

In Q4 2020, we divested our shareholding in BIM-object for a total cash consideration of DKK 237m. The shares were acquired at DKK 172m in H1 2017.

FINANCIALS

Net financials amounted to DKK -37m (DKK -24m) negatively affected by DKK 14m due to the early redemption of an interest swap. A similar, positive amount is reported under other comprehensive income.

Net financials were positively affected by DKK 13m owing to interest compensation relating to a ruling by the Danish Tax Authorities, see section on income tax on this page. In addition, net financials were negatively affected by DKK 19m due to a fair value adjustment.

EARNINGS BEFORE TAX

Earnings before tax were up at DKK 438m (DKK 307m) and when adjusted - as illustrated in the table below - earnings before tax were up at DKK 438m (DKK 227m).

| DKK million | Q1-Q3 2021 | Q1-Q3 2020 | FY 2020 |
|---|---------------|---------------|------------|
| Earnings before tax | 438 | 307 | 300 |
| <i>Impact due to market value changes in BIMObject:</i> | | | |
| Impairment on associates | 0 | -80 | -104 |
| Earnings before tax, adjusted for impact from associates | 438 | 227 | 196 |
| Impairment loss, other intangible assets | 0 | 0 | 10 |
| Impairment loss, goodwill and customer lists | 0 | 0 | 129 |
| Adjusted earnings before tax | 438 | 227 | 335 |

INCOME TAX

Income tax amounted to DKK 66m (DKK 53m).

In Q2 2021, we received a ruling from the Danish Tax Authorities approving a reduction in Danish taxable income in 2012 with a tax loss of DKK 74m related to divested activities. The tax value of the loss amounts to approx. DKK 19m, see the 2020 Annual Report, note 19 for additional information.

NET PROFIT

Net profit increased to DKK 372m (DKK 254m).

CASH FLOWS

Net working capital calculated as an average of the previous four quarters amounted to 11.0% (11.9%) of revenue. Net working capital at the end of Q3 2021 was 13.0% (11.9%).

In Q1-Q3, cash flow from operating activities totalled DKK 225m (DKK 381m). Changes in non-interest-bearing liabilities had an impact of DKK 231m (DKK -41m), while changes in inventories and changes in receivables had a DKK -174m (DKK 91m) and a DKK -450m (DKK -62m) impact on cash flow respectively. The inventory level was affected by price increases but also by the decision to ensure delivery performance during a period with potential shortage of goods. Cash flow from receivables was affected by the increased growth level in Q3 2021. As at 30 September 2021, COVID-19 financial support packages amounted to DKK 114m and positively affected cash flow from non-interest-bearing debt.

Cash flow from investing activities totalled DKK -138m (DKK -51m). The disposal of a property in Denmark had a positive impact of DKK 18m while

FINANCIAL REVIEW

DKK -71m related to investment in the expansion and upgrade of our central warehouse in Denmark, cf. page 7 in this report.

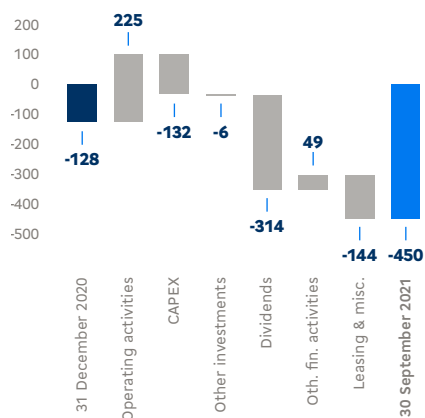
Cash flow from financing activities amounted to DKK -265m (DKK -230m), mainly affected by ordinary and extraordinary dividend distributions totalling DKK 314m (DKK 102m).

Consequently, total cash flow totalled DKK -178m (DKK 100m).

Net interest-bearing liabilities were down at DKK 450m (DKK 726m).

NET INTEREST-BEARING DEBT

DKK m



As at 30 September 2021, gearing was 0.5 (1.2) times EBITDA. Calculated as an average, our gearing was 0.4 (1.5) times EBITDA. Our gearing target is 1.5-3.0 times EBITDA. The Board of Directors continuously assesses the capital structure in relation to our target and the need for capital.

As at 30 September 2021, Solar had undrawn credit facilities of DKK 279m (DKK 520m).

INVESTED CAPITAL

Invested capital for the Solar Group totalled DKK 2,185m (DKK 2,132m). ROIC amounted to 23.6% (11.7%). ROIC for core business amounted to 25.0% (13.4%).

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

KEY RISKS AND MITIGATION

Like other international companies, Solar is affected by both global trends and local conditions in the markets where we operate.

The COVID-19 pandemic has impacted the entire world and Solar is also affected by the challenges this has brought about.

Solar has adopted a range of initiatives to limit the risk of infection, safeguard the health of employees, preserve business continuity and protect earnings.

Commercial and financial risks relating to our activities are detailed in Solar's 2020 Annual Report.

RELATED BUSINESS

Revenue from related business amounts to approx. 5% of our total revenue.

In Q3 2021, we continued to see positive development. MAG45 saw adjusted organic growth of 22.9% (1.5%) and EBITDA of DKK 8m (DKK 1m). MAG45, therefore, delivered adjusted organic growth of 16.6% (-0.2%) and EBITDA of DKK 21m (DKK 8m) for Q1-Q3 2021.

We are continuing the strategic review of MAG45.

Related business (MAG45 and Solar Polaris) showed adjusted organic growth of 15.6% (-0.2%) while EBITDA was up at DKK 21m (DKK 7m) in Q1-Q3 2021.

GUIDANCE 2021

GUIDANCE FOR 2021 WAS REVISED UPWARDS TO REVENUE OF DKK 12.3BN AND EBITDA OF DKK 900M

On 15 October, Solar upgraded its EBITDA guidance for 2021 by DKK 75m to DKK 900m. 2021 revenue was revised upwards to a total of DKK 12.3bn, up by DKK 0.2bn, and corresponding to organic growth of approx. 6%, see announcement no. 18 2021.

MARKET OUTLOOK FOR SOLAR'S SEGMENTS

Overall, we expect Installation, Industry, and Trade to continue to deliver growth in Q4 2021 across all our markets.

Installation

We expect the Installation market to continue to show growth compared to 2020, positively affected by electrification, which is one of the important megatrends.

Industry

The guidance is based on the assumption that sales to OEM and MRO will continue to deliver strong grow rates compared to 2020. Infrastructure and Marine Offshore are expected to remain at least at current levels for the rest of the year.

Trade

We expect continued growth in Special Sales, which is the Trade segment's primary activity.

FINANCIAL OUTLOOK 2021

Revenue guidance

We expect revenue of DKK 12.3bn, corresponding to organic growth of approx. 6%.

The Better Business project is an integral part of the Core+ strategy and is expected to reduce revenue by DKK 200m compared to 2020. Adjusted for this, we expect organic growth of approx. 8%.

EBITDA guidance

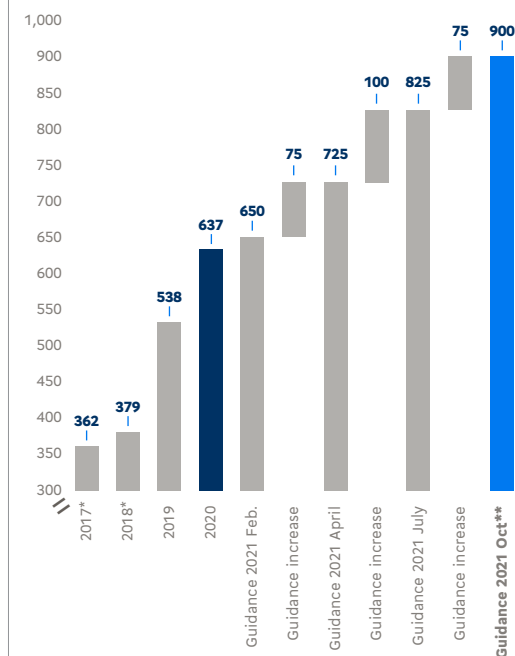
Supported by increased demand, we expect our strategic focus areas to deliver continuous improvements in earnings, resulting in an EBITDA of DKK 900m, of which DKK 100m can be attributed to one-off price effects.

Investments

As announced on 11 February 2021, we have initiated an expansion and upgrade of our central warehouse in Denmark. The investment is expected to total approx. DKK 250m and to be finalised in 2022, see also page 7 in this quarterly report.

EBITDA

DKKm



* not adjusted for IFRS16 impact

** including one-off income of DKK 106m

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.

The A shares are not listed. The B shares are listed on Nasdaq Copenhagen under the ID code DK0010274844, and are designated SOLAR B. They form part of the MidCap index and MidCap on Nasdaq Nordic.

The share capital includes 900,000 A shares and 6,460,000 B shares. Solar's portfolio of treasury shares totals 56,813 B shares or 0.8% of share capital.

A shares have 10 votes per share amount of DKK 100, while B shares have 1 vote per share amount of DKK 100.

TOTAL SHAREHOLDER RETURN

The total shareholder return on the Solar B share during the holding period 1 January 2021 - 30 September 2021 was DKK 314 (87%) as DKK 43.00 was paid out in dividend and the increase in share price amounted to DKK 271 in the first 9 month of 2021.

AUDIO WEBCAST

The presentation of the Q3 2021 Quarterly Report will be conducted in English on 4 November 2021 at 11:00 CET. The presentation will be transmitted as an audio webcast and will be available at :

→ WWW.SOLAR.EU

FINANCIAL CALENDAR 2022

| | |
|-------------------------|--------------------------|
| 1 January - 10 February | IR quiet period |
| 10 February | Annual report 2021 |
| 18 March | Annual General Meeting |
| 1 April - 5 May | IR quiet period |
| 5 May | Quarterly Report Q1 2022 |
| 1 July - 11 August | IR quiet period |
| 11 August | Quarterly Report Q2 2022 |
| 1 October - 3 November | IR quiet period |
| 3 November | Quarterly Report Q3 2022 |

DISTRIBUTION OF SHARE CAPITAL AND VOTES IN % BASED ON THE LATEST PUBLIC INFORMATION*

| Holdings of 5% or more of share capital | Share capital in % | Votes in % |
|---|--------------------|------------|
| The Fund of 20th December, Vejlen, Denmark | 17.0 | 60.5 |
| Nordea Funds Ltd., Helsinki, Finland | 10.4 | 5.0 |
| Investeringsforeningen Nordea Invest, Copenhagen, Denmark | 5.0 | 2.4 |

* Following its sale of Solar shares on 12 October 2021, RWC Asset Management LLP's ownership is below 5%, see announcement no. 17 2021.

CONSOLIDATED FINANCIAL STATEMENTS

Q3 2021

STATEMENT OF COMPREHENSIVE INCOME

Income statement

| DKK million | Q3 | | Q1-Q3 | | Year |
|--|--------------|--------------|--------------|--------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2020 |
| Revenue | 2,872 | 2,618 | 8,974 | 8,408 | 11,465 |
| Cost of sales | -2,212 | -2,055 | -6,975 | -6,660 | -9,060 |
| Gross profit | 660 | 563 | 1,999 | 1,748 | 2,405 |
| Other operating income and costs | 1 | 0 | 7 | 10 | 8 |
| External operating costs | -69 | -60 | -212 | -213 | -288 |
| Staff costs | -351 | -321 | -1,127 | -1,084 | -1,465 |
| Loss on trade receivables | -4 | -5 | -15 | -15 | -23 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | 237 | 177 | 652 | 446 | 637 |
| Depreciation and write-down on property, plant and equipment | -45 | -45 | -137 | -136 | -182 |
| Earnings before interest, tax and amortisation (EBITA) | 192 | 132 | 515 | 310 | 455 |
| Amortisation and impairment of intangible assets | -13 | -17 | -40 | -48 | -207 |
| Earnings before interest and tax (EBIT) | 179 | 115 | 475 | 262 | 248 |
| Share of net profit from associates | 0 | -3 | 0 | -11 | -12 |
| Impairment and gain from divestment of associates | 0 | 7 | 0 | 80 | 104 |
| Financial income | 10 | 4 | 32 | 19 | 24 |
| Financial expenses | -30 | -14 | -69 | -43 | -64 |
| Earnings before tax (EBT) | 159 | 109 | 438 | 307 | 300 |
| Income tax | -35 | -26 | -66 | -53 | -78 |
| Net profit for the period | 124 | 83 | 372 | 254 | 222 |
| Earnings in DKK per share outstanding (EPS) | 16.98 | 11.37 | 50.94 | 34.80 | 30.42 |
| Diluted earnings in DKK per share outstanding (EPS-D) | 16.93 | 11.36 | 50.82 | 34.78 | 30.38 |

Other comprehensive income

| DKK million | Q3 | | Q1-Q3 | | Year |
|--|------------|-----------|------------|------------|------------|
| | 2021 | 2020 | 2021 | 2020 | 2020 |
| Net profit for the period | 124 | 83 | 372 | 254 | 222 |
| Other income and costs recognised: | | | | | |
| Items that can be reclassified for the income statement | | | | | |
| Foreign currency translation adjustments of foreign subsidiaries | -3 | -10 | 8 | -52 | -22 |
| Fair value adjustments of hedging instruments before tax | 3 | 2 | 26 | -5 | 7 |
| Tax on fair value adjustments of hedging instruments | -1 | -1 | -6 | 1 | -1 |
| Other income and costs recognised after tax | -1 | -9 | 28 | -56 | -16 |
| Total comprehensive income for the period | 123 | 74 | 400 | 198 | 206 |

BALANCE SHEET

| DKK million | 30.09 | | 31.12 |
|-------------------------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2020 |
| ASSETS | | | |
| Intangible assets | 159 | 300 | 157 |
| Property, plant and equipment | 865 | 816 | 818 |
| Right-of-use assets | 307 | 276 | 288 |
| Deferred tax asset | 3 | 10 | 3 |
| Investments in associates | 5 | 217 | 2 |
| Other non-current assets | 54 | 76 | 71 |
| Non-current assets | 1,393 | 1,695 | 1,339 |
| Inventories | 1,708 | 1,537 | 1,531 |
| Trade receivables | 1,721 | 1,474 | 1,271 |
| Income tax receivable | 14 | 11 | 13 |
| Other receivables | 9 | 11 | 8 |
| Prepayments | 46 | 39 | 41 |
| Cash at bank and in hand | 226 | 155 | 404 |
| Current assets | 3,724 | 3,227 | 3,268 |
| Total assets | 5,117 | 4,922 | 4,607 |

| DKK million | 30.09 | | 31.12 |
|---|--------------|--------------|--------------|
| | 2021 | 2020 | 2020 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 736 | 736 | 736 |
| Reserves | -167 | -235 | -195 |
| Retained earnings | 1,215 | 1,187 | 951 |
| Proposed dividends for the financial year | 0 | 0 | 204 |
| Equity | 1,784 | 1,688 | 1,696 |
| Interest-bearing liabilities | 122 | 201 | 199 |
| Lease liabilities | 207 | 184 | 189 |
| Provision for pension obligations | 1 | 1 | 0 |
| Provision for deferred tax | 104 | 99 | 98 |
| Other provisions | 12 | 12 | 12 |
| Non-current liabilities | 446 | 497 | 498 |
| Interest-bearing liabilities | 243 | 401 | 41 |
| Lease liabilities | 104 | 95 | 103 |
| Trade payables | 1,861 | 1,648 | 1,693 |
| Income tax payable | 75 | 48 | 21 |
| Other payables | 591 | 537 | 544 |
| Prepayments | 3 | 2 | 2 |
| Other provisions | 10 | 6 | 9 |
| Current liabilities | 2,887 | 2,737 | 2,413 |
| Liabilities | 3,333 | 3,234 | 2,911 |
| Total equity and liabilities | 5,117 | 4,922 | 4,607 |

CASH FLOW STATEMENT

| DKK million | Q3 | | Q1-Q3 | | Year |
|---|------------|------------|------------|------------|------------|
| | 2021 | 2020 | 2021 | 2020 | 2020 |
| Net profit of continuing operations for the period | 124 | 83 | 372 | 254 | 222 |
| Depreciation, write-down and amortisation | 58 | 62 | 177 | 184 | 389 |
| Impairment and gain from divestment of associates | 0 | -7 | 0 | -80 | -104 |
| Changes to provisions and other adjustments | 4 | -4 | 2 | -13 | -3 |
| Share of net profit from associates | 0 | 3 | 0 | 11 | 12 |
| Financials, net | 20 | 11 | 37 | 25 | 40 |
| Income tax | 35 | 26 | 66 | 53 | 78 |
| Financial income, received | 16 | 2 | 19 | 5 | 7 |
| Financial expenses, settled | -8 | -12 | -41 | -30 | -47 |
| Income tax, settled | 12 | 1 | -14 | -16 | -65 |
| Cash flow before working capital changes | 261 | 165 | 618 | 393 | 529 |
| Working capital changes | | | | | |
| Inventory changes | -198 | 6 | -174 | 91 | 126 |
| Receivables changes | -17 | 29 | -450 | -62 | 173 |
| Non-interest-bearing liabilities changes | -84 | -58 | 231 | -41 | -15 |
| Cash flow from operating activities | -38 | 142 | 225 | 381 | 813 |

| DKK million | Q3 | | Q1-Q3 | | Year |
|--|------------|-------------|-------------|-------------|-------------|
| | 2021 | 2020 | 2021 | 2020 | 2020 |
| Investing activities | | | | | |
| Purchase of intangible assets | -14 | -12 | -42 | -36 | -50 |
| Purchase of property, plant and equipment | -51 | -6 | -108 | -24 | -33 |
| Disposal of property, plant and equipment | 0 | 7 | 18 | 8 | 8 |
| Acquisition of associates | 0 | 0 | -3 | -2 | -2 |
| Divestment of associates | 0 | 3 | 0 | 3 | 240 |
| Other financial investments | 0 | 0 | -3 | 0 | -1 |
| Cash flow from investing activities | -65 | -8 | -138 | -51 | 162 |
| Financing activities | | | | | |
| Repayment of non-current interest-bearing debt | -55 | -2 | -77 | -7 | -252 |
| Raising of non-current interest-bearing liabilities | 0 | 53 | 0 | 53 | 53 |
| Change in current interest-bearing debt | 161 | -138 | 210 | -84 | -205 |
| Instalment on lease liabilities | -29 | -29 | -86 | -90 | -121 |
| Dividends distributed | 0 | 0 | -314 | -102 | -102 |
| Sale of treasury shares | 0 | 0 | 2 | 0 | 0 |
| Cash flow from financing activities | 77 | -116 | -265 | -230 | -627 |
| Total cash flow | -26 | 18 | -178 | 100 | 348 |
| Cash at bank and in hand at the beginning of period | 252 | 138 | 404 | 56 | 56 |
| Foreign currency translation adjustments | 0 | -1 | 0 | -1 | 0 |
| Cash at bank and in hand at the end of the period | 226 | 155 | 226 | 155 | 404 |
| Cash at bank and in hand at the end of the period | | | | | |
| Cash at bank and in hand | 226 | 155 | 226 | 155 | 404 |
| Cash at bank and in hand at the end of the period | 226 | 155 | 226 | 155 | 404 |

STATEMENT OF CHANGES IN EQUITY

| DKK million | Share capital | Reserves for hedging transactions ¹ | Reserves for foreign currency translation adjustments ¹ | Retained earnings | Proposed dividends | Total |
|---|---------------|--|--|-------------------|--------------------|--------------|
| 2021 | | | | | | |
| Equity as at 1 January | 736 | -60 | -135 | 951 | 204 | 1,696 |
| Foreign currency translation adjustments of foreign subsidiaries | | | 8 | | | 8 |
| Fair value adjustments of hedging instruments before tax | | 26 | | | | 26 |
| Tax on fair value adjustments | | -6 | | | | -6 |
| Net income recognised in equity via other comprehensive income in the statement of comprehensive income | 0 | 20 | 8 | 0 | 0 | 28 |
| Net profit for the period | | | | 372 | | 372 |
| Comprehensive income | 0 | 20 | 8 | 372 | 0 | 400 |
| Distribution of dividends (DKK 28.00 per share) | | | | | -204 | -204 |
| Distribution of extraordinary dividends (DKK 15.00 per share) | | | | -110 | | -110 |
| Sale of treasury shares | | | | 2 | | 2 |
| Transactions with the owners | 0 | 0 | 0 | -108 | -204 | -312 |
| Equity as at 30 September | 736 | -40 | -127 | 1,215 | 0 | 1,784 |

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

STATEMENT OF CHANGES IN EQUITY

– continued

| DKK million | Share capital | Reserves for hedging transactions ¹ | Reserves for foreign currency translation adjustments ¹ | Retained earnings | Proposed dividends | Total |
|---|---------------|--|--|-------------------|--------------------|--------------|
| 2020 | | | | | | |
| Equity as at 1 January | 736 | -66 | -113 | 933 | 102 | 1,592 |
| Foreign currency translation adjustments of foreign subsidiaries | | | -52 | | | -52 |
| Fair value adjustments of hedging instruments before tax | | -5 | | | | -5 |
| Tax on fair value adjustments | | 1 | | | | 1 |
| Net income recognised in equity via other comprehensive income in the statement of comprehensive income | 0 | -4 | -52 | 0 | 0 | -56 |
| Net profit for the period | | | | 254 | | 254 |
| Comprehensive income | 0 | -4 | -52 | 254 | 0 | 198 |
| Distribution of dividends (DKK 14.00 per share) | | | | | -102 | -102 |
| Transactions with the owners | 0 | 0 | 0 | 0 | -102 | -102 |
| Equity as at 30 September | 736 | -70 | -165 | 1,187 | 0 | 1,688 |

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

NOTES

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. Assets and liabilities are not included in segment reporting.

| DKK million | Installation | Industry | Trade | Total |
|--|--------------|------------|-----------|------------|
| Q3 2021 | | | | |
| Revenue | 1,677 | 953 | 242 | 2,872 |
| Cost of sales | -1,318 | -718 | -176 | -2,212 |
| Gross profit | 359 | 235 | 66 | 660 |
| Direct costs | -62 | -27 | -7 | -96 |
| Earnings before indirect costs | 297 | 208 | 59 | 564 |
| Indirect costs | -112 | -51 | -12 | -175 |
| Segment profit | 185 | 157 | 47 | 389 |
| Non-allocated costs | | | | -152 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | | | | 237 |
| Depreciation and amortisation | | | | -58 |
| Earnings before interest and tax (EBIT) | | | | 179 |
| Financials, net incl. share of net profit from associates and impairment on associates | | | | -20 |
| Earnings before tax (EBT) | | | | 159 |

No single customer makes up more than 10% of the total revenue.

| DKK million | Installation | Industry | Trade | Total |
|--|--------------|------------|-----------|------------|
| Q3 2020 | | | | |
| Revenue | 1,595 | 836 | 187 | 2,618 |
| Cost of sales | -1,272 | -636 | -147 | -2,055 |
| Gross profit | 323 | 200 | 40 | 563 |
| Direct costs | -52 | -22 | -6 | -80 |
| Earnings before indirect costs | 271 | 178 | 34 | 483 |
| Indirect costs | -114 | -38 | -11 | -163 |
| Segment profit | 157 | 140 | 23 | 320 |
| Non-allocated costs | | | | -143 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | | | | 177 |
| Depreciation and amortisation | | | | -62 |
| Earnings before interest and tax (EBIT) | | | | 115 |
| Financials, net incl. share of net profit from associates and impairment on associates | | | | -6 |
| Earnings before tax (EBT) | | | | 109 |

No single customer makes up more than 10% of the total revenue.

NOTES

Segment information – continued

| DKK million | Installation | Industry | Trade | Total |
|--|--------------|------------|------------|--------------|
| Q1-Q3 2021 | | | | |
| Revenue | 5,376 | 2,857 | 741 | 8,974 |
| Cost of sales | -4,266 | -2,164 | -545 | -6,975 |
| Gross profit | 1,110 | 693 | 196 | 1,999 |
| Direct costs | -183 | -87 | -24 | -294 |
| Earnings before indirect costs | 927 | 606 | 172 | 1,705 |
| Indirect costs | -358 | -155 | -37 | -550 |
| Segment profit or loss | 569 | 451 | 135 | 1,155 |
| Non-allocated costs | | | | -503 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | | | | 652 |
| Depreciation and amortisation | | | | -177 |
| Earnings before interest and tax (EBIT) | | | | 475 |
| Financials, net | | | | -37 |
| Earnings before tax (EBT) | | | | 438 |

| DKK million | Installation | Industry | Trade | Total |
|--|--------------|------------|------------|--------------|
| Q1-Q3 2020 | | | | |
| Revenue | 5,151 | 2,609 | 648 | 8,408 |
| Cost of sales | -4,136 | -2,002 | -522 | -6,660 |
| Gross profit | 1,015 | 607 | 126 | 1,748 |
| Direct costs | -176 | -73 | -17 | -266 |
| Earnings before indirect costs | 839 | 534 | 109 | 1,482 |
| Indirect costs | -397 | -125 | -36 | -558 |
| Segment profit | 442 | 409 | 73 | 924 |
| Non-allocated costs | | | | -478 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | | | | 446 |
| Depreciation and amortisation | | | | -184 |
| Earnings before interest and tax (EBIT) | | | | 262 |
| Financials, net | | | | 45 |
| Earnings before tax (EBT) | | | | 307 |

NOTES

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 137 of Annual Report 2020 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 2021 | | | | | |
| Denmark | 970 | 10.0 | 109 | 11.2 | 1,800 |
| Sweden | 589 | 8.4 | 43 | 7.3 | 213 |
| Norway | 462 | 6.4 | 44 | 9.5 | 179 |
| The Netherlands | 635 | 1.2 | 27 | 4.3 | 343 |
| Poland | 125 | 46.6 | 6 | 4.8 | 28 |
| Other markets | 11 | 11.7 | 0 | 0.0 | 4 |
| Eliminations | -87 | - | 0 | 0.0 | -1,220 |
| Core business | 2,705 | 8.1 | 229 | 8.5 | 1,347 |
| Several markets (MAG45) | 164 | 22.9 | 8 | 4.9 | 46 |
| Other markets | 3 | -26.0 | 0 | 0.0 | 0 |
| Related business | 167 | 21.7 | 8 | 4.8 | 46 |
| Solar Group | 2,872 | 8.8 | 237 | 8.3 | 1,393 |

| DKK million | Revenue | Adjusted organic growth % | EBITDA | EBITDA margin % | Non-current assets |
|-------------------------|--------------|---------------------------|------------|-----------------|--------------------|
| Q3 2020 | | | | | |
| Denmark | 872 | 2.1 | 88 | 10.1 | 2,087 |
| Sweden | 537 | -13.5 | 27 | 5.0 | 316 |
| Norway | 419 | -5.5 | 38 | 9.1 | 163 |
| The Netherlands | 624 | -5.1 | 19 | 3.0 | 358 |
| Poland | 90 | -15.9 | 4 | 4.4 | 29 |
| Other markets | 9 | 23.8 | 1 | 11.1 | 5 |
| Eliminations | -69 | - | 0 | 0.0 | -1,315 |
| Core business | 2,482 | -5.1 | 177 | 7.1 | 1,643 |
| Several markets (MAG45) | 133 | 1.5 | 1 | 0.8 | 52 |
| Other markets | 3 | -14.0 | -1 | -33.3 | 0 |
| Related business | 136 | 1.0 | 0 | 0.0 | 52 |
| Solar Group | 2,618 | -4.8 | 177 | 6.8 | 1,695 |

NOTES

Segment information – continued

| DKK million | Revenue | Adjusted organic growth % | EBITDA | EBITDA margin % | Non-current assets |
|-------------------------|--------------|---------------------------|------------|-----------------|--------------------|
| Q1-Q3 2021 | | | | | |
| Denmark | 2,977 | 10.3 | 294 | 9.9 | 1,800 |
| Sweden | 1,918 | 3.8 | 110 | 5.7 | 213 |
| Norway | 1,401 | 2.8 | 117 | 8.4 | 179 |
| The Netherlands | 2,075 | -3.1 | 93 | 4.5 | 343 |
| Poland | 329 | 34.3 | 14 | 4.3 | 28 |
| Other markets | 33 | 16.8 | 3 | 9.1 | 4 |
| Eliminations | -252 | - | 0 | 0.0 | -1,220 |
| Core business | 8,481 | 4.8 | 631 | 7.4 | 1,347 |
| Several markets (MAG45) | 482 | 16.6 | 21 | 4.4 | 46 |
| Other markets | 11 | -15.2 | 0 | 0.0 | 0 |
| Related business | 493 | 15.6 | 21 | 4.3 | 46 |
| Solar Group | 8,974 | 5.4 | 652 | 7.3 | 1,393 |

| DKK million | Revenue | Adjusted organic growth % | EBITDA | EBITDA margin % | Non-current assets |
|-------------------------|--------------|---------------------------|------------|-----------------|--------------------|
| Q1-Q3 2020 | | | | | |
| Denmark | 2,683 | 2.7 | 221 | 8.2 | 2,087 |
| Sweden | 1,786 | -3.3 | 75 | 4.2 | 316 |
| Norway | 1,324 | -4.1 | 78 | 5.9 | 163 |
| The Netherlands | 2,130 | 0.0 | 54 | 2.5 | 358 |
| Poland | 263 | -11.7 | 8 | 3.0 | 29 |
| Other markets | 28 | 22.3 | 3 | 10.7 | 5 |
| Eliminations | -230 | - | 0 | 0.0 | -1,315 |
| Core business | 7,984 | -0.9 | 439 | 5.5 | 1,643 |
| Several markets (MAG45) | 412 | -0.2 | 8 | 1.9 | 52 |
| Other markets | 12 | -0.1 | -1 | -8.3 | 0 |
| Related business | 424 | -0.2 | 7 | 1.7 | 52 |
| Solar Group | 8,408 | -0.8 | 446 | 5.3 | 1,695 |

NOTES

Accounting policies

The quarterly 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 2020, which contains a full description of these on pages 58-60 as well as of relevant, supplementary notes.

In the quarterly 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

No additional standards have become effective in the period, only amendments and improvements to existing standards. 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 2021 and to be implemented in coming accounting periods are not expected to have significant impact on Solar's accounting policies.

QUARTERLY FIGURES

Consolidated

| Income statement (DKK million) | Q1 | | Q2 | | Q3 | | Q4 | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2020 | 2019 |
| Revenue | 3,004 | 3,045 | 3,098 | 2,745 | 2,872 | 2,618 | 3,057 | 3,077 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | 204 | 142 | 211 | 127 | 237 | 177 | 191 | 161 |
| Earnings before interest, tax and amortisation (EBITA) | 157 | 97 | 166 | 81 | 192 | 132 | 145 | 115 |
| Earnings before interest and tax (EBIT) | 143 | 82 | 153 | 65 | 179 | 115 | -14 | 75 |
| Financials, net | -20 | -8 | 3 | -6 | -20 | -10 | -16 | -10 |
| Earnings before tax (EBT) | 123 | 45 | 156 | 153 | 159 | 109 | -7 | 73 |
| Net profit or loss for the quarter | 100 | 30 | 148 | 141 | 124 | 83 | -32 | 58 |
| Balance sheet (DKK million) | | | | | | | | |
| Non-current assets | 1,342 | 1,636 | 1,385 | 1,735 | 1,393 | 1,695 | 1,339 | 1,756 |
| Current assets | 3,500 | 3,349 | 3,569 | 3,267 | 3,724 | 3,227 | 3,268 | 3,234 |
| Balance sheet total | 4,842 | 4,985 | 4,954 | 5,002 | 5,117 | 4,922 | 4,607 | 4,990 |
| Equity | 1,619 | 1,441 | 1,661 | 1,614 | 1,784 | 1,688 | 1,696 | 1,592 |
| Non-current liabilities | 498 | 455 | 457 | 457 | 446 | 497 | 498 | 503 |
| Current liabilities | 2,725 | 3,089 | 2,836 | 2,931 | 2,887 | 2,737 | 2,413 | 2,895 |
| Interest-bearing liabilities, net | 461 | 1,077 | 329 | 845 | 450 | 726 | 128 | 921 |
| Invested capital | 2,011 | 2,332 | 1,921 | 2,178 | 2,185 | 2,132 | 1,760 | 2,297 |
| Net working capital, end of period | 1,344 | 1,432 | 1,280 | 1,383 | 1,568 | 1,363 | 1,109 | 1,280 |
| Net working capital, average | 1,300 | 1,411 | 1,274 | 1,391 | 1,325 | 1,365 | 1,322 | 1,386 |

QUARTERLY FIGURES

Consolidated – continued

| | Q1 | | Q2 | | Q3 | | Q4 | |
|---|------|------|------|------|------|------|------|------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2020 | 2019 |
| Cash flows (DKK million) | | | | | | | | |
| Cash flow from operating activities | -88 | -43 | 351 | 282 | -38 | 142 | 432 | 305 |
| Cash flow from investing activities | -10 | -25 | -63 | -18 | -65 | -8 | 213 | -48 |
| Cash flow from financing activities | -71 | 84 | -271 | -198 | 77 | -116 | -397 | -264 |
| Net investments in intangible assets | -13 | -12 | -15 | -12 | -14 | -12 | -14 | -9 |
| Net investments in property, plant and equipment | 8 | -13 | -47 | -4 | -51 | 1 | -9 | -39 |
| Acquisition and divestment of subsidiaries and operations, net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial ratios (% unless otherwise stated) | | | | | | | | |
| Revenue growth | -1.3 | 3.0 | 12.9 | -4.3 | 9.7 | -5.7 | -0.6 | 2.3 |
| Organic growth | -2.2 | 2.6 | 10.6 | -1.7 | 8.8 | -4.8 | 0.0 | 1.6 |
| Organic growth adjusted for number of working days | -0.6 | 1.4 | 8.6 | -1.6 | 8.8 | -4.8 | -2.1 | 2.6 |
| Gross profit margin | 21.9 | 20.5 | 22.0 | 20.5 | 23.0 | 21.5 | 21.5 | 20.5 |
| EBITDA margin | 6.8 | 4.7 | 6.8 | 4.6 | 8.3 | 6.8 | 6.2 | 5.2 |
| EBITA margin | 5.2 | 3.2 | 5.4 | 3.0 | 6.7 | 5.0 | 4.7 | 3.7 |
| EBIT margin | 4.8 | 2.7 | 4.9 | 2.4 | 6.2 | 4.4 | -0.5 | 2.4 |
| Net working capital (end of period NWC)/revenue (LTM) | 11.8 | 12.2 | 10.9 | 11.9 | 13.0 | 11.9 | 9.7 | 11.0 |
| Net working capital (average NWC)/revenue (LTM) | 11.4 | 12.0 | 10.8 | 11.9 | 11.0 | 11.9 | 11.5 | 11.9 |
| Gearing (net interest-bearing liabilities/EBITDA), no. of times | 0.7 | 1.9 | 0.4 | 1.5 | 0.5 | 1.2 | 0.2 | 1.7 |
| Return on equity (ROE) | 17.6 | 7.5 | 18.2 | 13.6 | 19.7 | 18.9 | 13.1 | 4.1 |
| Return on invested capital (ROIC) | 16.6 | 9.0 | 21.0 | 10.2 | 23.6 | 11.7 | 13.8 | 8.3 |
| Adjusted enterprise value/earnings before interest, tax and amortisation (EV/EBITA) | 7.6 | 6.3 | 7.0 | 6.0 | 7.6 | 6.2 | 5.8 | 7.9 |
| Equity ratio | 33.4 | 28.9 | 33.5 | 32.3 | 34.9 | 34.3 | 36.8 | 31.9 |

QUARTERLY FIGURES

Consolidated – continued

| Share ratios (DKK unless otherwise stated) | Q1 | | Q2 | | Q3 | | Q4 | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2020 | 2019 |
| Earnings per share outstanding (EPS) | 13.70 | 4.11 | 20.27 | 19.32 | 16.98 | 11.37 | -4.38 | 7.95 |
| Intrinsic value per share outstanding | 221.68 | 197.44 | 227.43 | 221.15 | 244.28 | 231.29 | 232.38 | 218.13 |
| Share price | 480.82 | 204.50 | 541.47 | 255.05 | 632.86 | 301.43 | 353.70 | 297.31 |
| Share price/intrinsic value | 2.17 | 1.04 | 2.38 | 1.15 | 2.59 | 1.30 | 1.52 | 1.36 |

Employees

| | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Number of employees (FTE's), end of period | 2,901 | 3,052 | 2,899 | 2,934 | 2,897 | 2,891 | 2,864 | 3,041 |
| Average number of employees (FTE's) | 2,897 | 3,057 | 2,889 | 3,024 | 2,890 | 2,979 | 2,935 | 3,039 |

Definitions

| | |
|---------------------|--|
| Organic growth | Revenue growth adjusted for enterprises acquired and sold off and any exchange rate changes. No adjustments have been made for number of working days. |
| 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 general, financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios".

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 2021.

The financial report for the first nine months of 2021, 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 2021 as well as of the results of the group's activities and cash flow for the first nine months of 2021.

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 2021 with the file name SOLA-2021-09-30.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Vejen, 4 November 2021

EXECUTIVE BOARD

Jens E. Andersen
CEO

Hugo Dorph
CCO

Michael H. Jeppesen
CFO

BOARD OF DIRECTORS

Jens Borum
Chairman

Jesper Dalsgaard
Vice-chairman

Lars Lange Andersen

**Michael Troensegaard
Andersen**

Peter Bang

Morten Chrono

Ulrik Damgaard

Bent H. Frisk

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