



Report
Q1 2024

solar

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



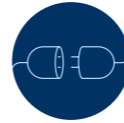
Who we are

We are a leading European sourcing and services company.

solar

Segments

Share of 2023 revenue



Installation

56%



Industry

35%



Trade

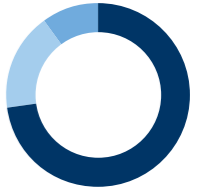
9%

Products

Share of 2023 revenue

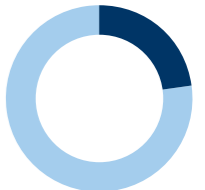
Groups

● 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%



Contents

Our purpose

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

Management review

Financial highlights	4
Business update	5
Financial review	7
Our segments	10
Guidance 2024	11
Shareholder information	12

Consolidated financial statements Q1

Statement of comprehensive income	14
Balance sheet	15
Cash flow statement	16
Statement of changes in equity	17
Notes	19
Section 1 – Basis for preparation	19
Section 2 – Income statement	21
Section 3 – Invested capital	24
Quarterly information	26
Statements	30

Solution sales

Solution sales is one of three focus areas in our new Solve strategy. With Solution sales we will move closer to decision-makers, supporting project delivery with best-in-class solutions.

→ Page 5



Financial highlights

Consolidated (DKK million)	Q1		Year
	2024	2023	2023
Revenue	3,030	3,656	13,031
Earnings before interest, tax, depreciation and amortisation (EBITDA)	88	280	871
Earnings before interest, tax and amortisation (EBITA)	26	226	648
Earnings before interest and tax (EBIT)	10	209	558
Earnings before tax (EBT)	-6	189	468
Net profit for the period	-6	145	348
Balance sheet total	6,082	6,614	6,112
Total equity	1,726	1,759	1,982
Interest-bearing liabilities, net	1,450	1,530	1,157
Cash flow from operating activities	7	101	855
Net investments in property, plant and equipment	-23	-30	-169
Employees			
Number of employees (FTE's), end of period	2,932	3,085	2,990
Average number of employees (FTE's)	2,997	3,042	3,036
Financial ratios (% , unless otherwise stated)			
Adjusted organic growth	-15.4	6.7	-2.6
Gross profit margin	20.7	23.2	22.5
EBITDA margin	2.9	7.7	6.7
EBITA margin	0.9	6.2	5.0
Net working capital (end of period NWC)/revenue (LTM)	15.1	16.7	14.6
Gearing (net interest-bearing liabilities/EBITDA), no. of times	2.1	1.3	1.3
Return on equity (ROE)	10.9	35.0	18.0
Equity ratio	27.6	25.9	31.6
Share ratios (DKK)			
Earnings per share outstanding (EPS)	-0.68	19.85	47.51

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

Q1 Financial messages

- Q1 EBITDA was on par with our expectations.
- Net working capital at the end of the quarter continued to fall.
- We confirm our 2024 EBITDA guidance of DKK 600m.

Business update

Solutions sales – one step closer to our customers

Solution sales is one of three focus areas in our new Solve strategy.

Solution sales, a well-known approach

Our focus remains on having strong partnerships with our customers. With Solution sales we will move closer to decision-makers, supporting project delivery with best-in-class solutions. This approach will be enabled through the expertise of our specialists using a 360-degree project perspective, ensuring that customer requirements are met.

Solution sales covers a diverse range of customers including architects, advisers, builders etc. Customers who are specialists in their fields but who can nonetheless benefit greatly from Solar's competences.

Solution sales currently operates within the areas of Tools, Fastening & Consumables, Light, Climate & Energy, Security, Data & Communication, and Cables.

Solution sales has been established as a separate organisational unit outside the Installation, Industry and Trade verticals. Thereby, Solution sales has the ability to drive customer support with its specialist competences across verticals while increasing Solar's share of wallet.

With Solution sales we aim to increase our share of revenue to 20%. Denmark is the guiding star, with Solution sales already having reached this benchmark



SOLVE

Our ambition for the three strategic focus areas under our 2024-26 strategy are:



Solution sales

Increase market share by delivering Solution sales where we aim to increase the share of wallet with existing customers and attract new B2B customers.



Concept strength

Increase profitability by focusing on Concept strength which also will enhance our position in the value chain.



Climate & energy

Maximise the growth potential in Climate & Energy. With the newly established Solar Industrial Solutions we offer Climate & Energy turnkey solutions for industry customers.

Business update

as a starting point. Norway, Sweden and the Netherlands will therefore be our main focus, with progress having already been made in selected areas. Solution sales will continue to develop in these countries while leveraging learnings from Denmark to provide additional benefits.

Our approach

Moving closer to our customers enables us to a better understanding of their needs and to identify the right solutions. By combining a 360-degree view with specialist knowledge across each area we can develop tailor-made approaches involving a significant share of Concept materials, ensuring high value solutions for projects.

A newly-built padel center offers a glimpse of this approach in action – an example of a project where Solar would previously be considered for light and cables amid a much larger project scope. By moving closer to the customer, however, we can help identify additional solutions for light control, digital door locks, fire alarms, solar panels, heat pumps as well as cameras for streaming future tournaments. This way we enable the customer to define product requirements, ensuring a successful outcome, while also increasing our share of wallet.

Stronger together

Moving even closer towards our customers underpins our firm belief that “we are stronger together”. Our customers will benefit from access to Solar product specialists during project decision-making – ensuring that requirements are delivered with best-in-class solutions.



Financial review

Q1 EBITDA was on par with expectations

In line with expectations revenue amounted to DKK 3.0bn and EBITDA to DKK 88m. We confirm our 2024 EBITDA guidance of DKK 600m.

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

Q1 2024

Revenue

Our guidance for 2024 assumed that all segments would show negative growth in 2024, with recovery gaining ground at the end of the year. Recovery is now potentially taking root in Denmark.

As expected, all segments showed negative growth in Q1 2024. Revenue declined to DKK 3.0bn (DKK 3.7bn). Adjusted organic growth amounted to -15.4% (6.7%) with March performing slightly better than January and February.

Adjusted organic growth reflects an adjustment for the early timing of Easter when compared to Q1 2023. However, the effect from the working days leading up to Easter, which traditionally see lower business activities, has not been adjusted in the organic growth.

Revenue from Climate & Energy, a strategic focus area, remained at a low level in Q1 and amounted to around DKK 199m (DKK 389m).

Heat pump sales to the residential market remain at a low level. Furthermore, sales of high-capacity ThermoNova heat pumps proved disappointing in Q1 2024. However, during the first four months of 2024 ThermoNova concluded new orders with a total value

of approx. DKK 25m for delivery in H2 2024. The potential order pipeline exceeded DKK 250m so despite the current low sales level we remain confident of the potential.

The Industry segment delivered adjusted organic growth of approx. -10%, with MAG45 delivering positive adjusted organic growth of more than 6%.

The Installation and Trade segments delivered adjusted organic growth of approx. -17% and -22% respectively. Around 50% of the decrease in the Installation segment can be accounted for by lowered heat pump sales.

Our assessment is unchanged in that we will maintain market share within Installation and Industry in all material aspects.

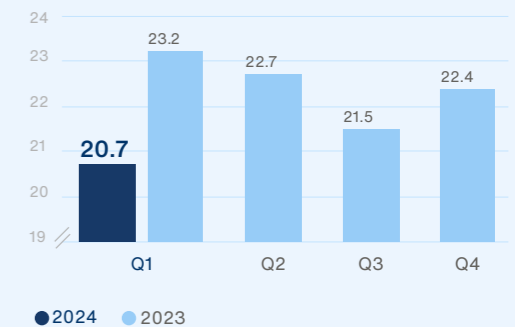
Gross profit

Our guidance for 2024 referred to the loss in gross profit margin in several product categories during the latter part of 2023. This is despite the positive impact from Concepts and our expectation that this development will continue for the rest of 2024.

As expected, we saw a loss in gross profit margin across several product categories in Q1.

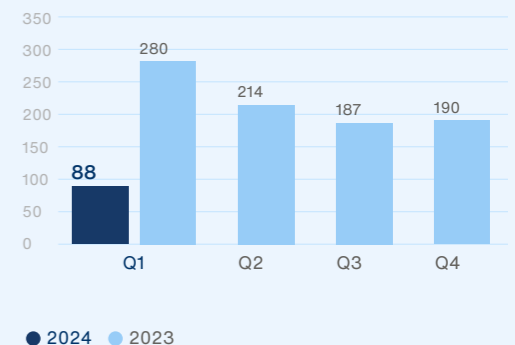
Gross profit margin

Percentage



EBITDA

DKKm



Financial review

Gross profit margin at group level amounted to 20.7% (23.2%).

The decline in gross profit margin adjusted for one-off price effects in Q1 2023 amounted to 1.8 percentage points. A substantial part of this is due to a less favourable mix, but also continued suppressed gross margins among other relating to Climate & Energy products, coupled with increased costs to improve our delivery service.

External operating costs and staff costs

In 2023 and in Q1 2024, several measures were initiated to reduce the impact of cost inflation and the expected negative market developments.

Consequently, costs in Q1 2024 include restructuring costs of approx. DKK 25m. Despite this, external operating costs and staff costs declined by DKK 28m. When adjusted for restructuring costs, external operating costs and staff costs amounted to 16.8% (15.3%) 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 5m (DKK 7m).

EBITDA

EBITDA of DKK 88m (DKK 280m) was on par with expectations and we confirm our 2024 EBITDA guidance of DKK 600m. When adjusted for one-off price effects in Q1 2023, the underlying EBITDA margin amounted to 2.9% (7.0%).

The results from the individual markets are given on page 23.

Depreciation and write-down

Depreciation and write-down on property, plant and equipment increased to DKK 62m (DKK 54m) as the result of the warehouse extensions and automation measures in Solar Danmark and Solar Nederland now being depreciated.

Earnings before tax

As reduced costs did not compensate for decreased revenue and gross profit margin, earnings before tax amounted to DKK -6m (DKK 189m).

Net profit

Net profit amounted to DKK -6m (DKK 145m).

Cash flows

Net working capital as an average of the previous four quarters amounted to 16.7% (15.3%) of revenue. Net working capital at the end of Q1 2024 decreased to 15.1% (16.7%) thereby continuing the positive trend which began in 2023.

Cash flow from operating activities totalled DKK 7m (DKK 101m).

We succeeded in reducing inventories through inventory changes, which had a cash flow impact of DKK 112m (DKK -122m).

Changes in receivables impacted cash flow by DKK -222m (DKK -304m) mainly due to the normal seasonal factors.

Changes in non-interest-bearing liabilities had a cash flow impact of DKK 87m (DKK 306m).

Total cash flow from investing activities amounted to DKK -57m (DKK -162m). In Q1 2023, DKK -111m related to the acquisition of ThermoNova.

Cash flow from financing activities amounted to DKK -57m (DKK 171m). This was affected mainly by changes in current interest-bearing liabilities and by

dividend distribution of DKK 219m (DKK 329m).

As a result, total cash flow amounted to DKK -107m (DKK 110m). Net interest-bearing liabilities were down at DKK 1,450m (DKK 1,530m).

By the end of Q1 2024, gearing was 2.1 (1.3) times EBITDA. Our gearing target was 1.0-3.0 times EBITDA.

At the end of Q1 2024, Solar had undrawn credit facilities of DKK 743m (DKK 715m).

Invested capital

Invested capital for the Solar Group totalled DKK 3,157m (DKK 3,263m). ROIC amounted to 8.5% (23.2%). 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.

Financial review

Developments after the end of the reporting period

In Q2 2023, the Danish market was among the first to be affected by negative market developments. Solar Danmark is now showing the first signs of a slow recovery. In April 2024, Solar Danmark's growth almost edged into positive territory. As a result of Solar Danmark winning more projects compared to the same period last year, we expect this development to continue. Regardless, organic growth at group level remained negative as expected.

In April 2024, Solar Sverige embarked on the process of selling its warehouses in Örebro and Halmstad. The transaction is expected to be finalised by the time the new warehouse in Kumla comes on stream in late 2026 (ref. page 4 of the 2023 Annual Report). The projected financial impact from the sale is a capital gain of approx. DKK 100m, which will be recognised in the income statement when the transaction is finalised.



Our segments

As expected, market developments negatively impacted all our main segments

Installation

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

Installation revenue for Q1 amounted to DKK 1,679m (DKK 2,083m), which corresponds to overall adjusted organic growth of around -17% (4%) for the electrical as well as the heating and plumbing business. All main markets saw negative growth.

Segment profit amounted to DKK 131m (DKK 260m), which corresponds to a segment profit margin of 7.8% (12.5%). This was substantially impacted by Climate & Energy's declining margin.

Industry

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

Industry revenue for Q1 amounted to DKK 1,086m (DKK 1,227m). This corresponds to overall adjusted organic growth of around -10% (11%). MAG45 saw positive growth while main markets posted negative growth.

Segment profit amounted to DKK 164m (DKK 219m). This corresponds to a segment profit margin of 15.1% (17.8%).

Trade

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

Revenue from Trade for Q1 amounted to DKK 265m (DKK 346m), which corresponds to overall adjusted organic growth of around -22% (9%). Solar Danmark posted positive growth while other main markets saw negative growth.

Segment profit amounted to DKK 29m (DKK 49m), which corresponds to a segment profit margin of 10.9% (14.2%).

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

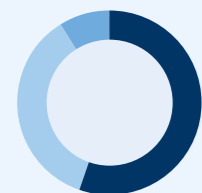
Segment profit does not include non-allocated costs of DKK 236m (DKK 248m) in Q1, which cover income and costs related to joint group functions and to costs that cannot be reliably allocated to it.

Detailed segment information is given on page 22.

Segment revenue

DKKm

Q1 2024

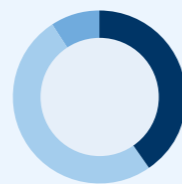


● Installation	1,679
● Industry	1,086
● Trade	265

Segment profit

DKKm

Q1 2024



● Installation	131
● Industry	164
● Trade	29

Overview business segments

DKK million	Q1					
	Revenue		Segment profit		Segment margin %	
	2024	2023	2024	2023	2024	2023
Installation	1,679	2,083	131	260	7.8	12.5
Industry	1,086	1,227	164	219	15.1	17.8
Trade	265	346	29	49	10.9	14.2
Solar Group	3,030	3,656	324	528	10.7	14.4

Guidance 2024

We confirm our EBITDA guidance of DKK 600m for 2024

We confirm 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 heightened geopolitical and macroeconomic tension (ref. page 28 of the 2023 Annual Report). 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 almost 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, 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. We anticipate this trend to persist throughout H1 2024 whereafter it is expected to wear off. 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 confirm our revenue of DKK 12.5bn, corresponding to an organic growth of -5%.

EBITDA guidance

We confirm 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 - 31 March 2024 was -22.0% including the DKK 30.00 ordinary dividend that was paid out in March 2024.

Audio webcast

The presentation of the Quarterly Report Q1 2024 will be conducted in English on 2 May 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 31 March (DKK)	332.50	332.50
Market Cap 31 March (DKKm)	299	2,148

Financial calendar 2024

02 May	Quarterly Report Q1 2024
08 Aug	Quarterly Report Q2 2024
31 Oct	Quarterly Report Q3 2024

Shareholders with more than 5% of shares or votes

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

Q1 2024

Consolidated financial statements

Contents

Consolidated financial statements Q1

- Statement of comprehensive income

- Balance sheet

- Cash flow statement

- Statement of changes in equity

- Notes

- Section 1 – Basis for preparation

- Section 2 – Income statement

- Section 3 – Invested capital

- Q1 Quarterly information

- Statements

Statement of comprehensive income

Income statement

DKK million	Q1		Year
	2024	2023	2023
Revenue	3,030	3,656	13,031
Cost of sales	-2,404	-2,809	-10,101
Gross profit	626	847	2,930
Other operating income and costs	0	1	0
External operating costs	-107	-119	-399
Staff costs	-426	-442	-1,643
Loss on trade receivables	-5	-7	-17
Earnings before interest, tax, depreciation and amortisation (EBITDA)	88	280	871
Depreciation and write-down on property, plant and equipment	-62	-54	-223
Earnings before interest, tax and amortisation (EBITA)	26	226	648
Amortisation and impairment of intangible assets	-16	-17	-90
Earnings before interest and tax (EBIT)	10	209	558
Financial income	8	15	65
Financial expenses	-24	-35	-155
Earnings before tax (EBT)	-6	189	468
Income tax	0	-44	-120
Net profit for the period	-6	145	348
Attributable to:			
Shareholders of Solar A/S	-5	145	347
Non-controlling interests	-1	0	1
Net profit for the period	-6	145	348
Earnings in DKK per share outstanding (EPS)	-0.68	19.85	47.51
Diluted earnings in DKK per share outstanding (EPS-D)	-0.68	19.81	47.34

Other comprehensive income

DKK million	Q1		Year
	2024	2023	2023
Net profit for the period	-6	145	348
Other income and costs recognised:			
Items that can be reclassified for the income statement			
Foreign currency translation adjustments of foreign subsidiaries	-33	-36	-13
Fair value adjustments of hedging instruments before tax	2	-1	-5
Tax on fair value adjustments of hedging instruments	0	0	1
Other comprehensive income	-31	-37	-17
Total comprehensive income for the period	-37	108	331
Attributable to:			
Shareholders of Solar A/S	-36	108	330
Non-controlling interests	-1	0	1
Total comprehensive income for the period	-37	108	331

Contents

Consolidated financial statements Q1

Statement of comprehensive income

- Balance sheet

Cash flow statement

Statement of changes in equity

Notes

Section 1 – Basis for preparation

Section 2 – Income statement

Section 3 – Invested capital

Q1 Quarterly information

Statements

Balance sheet

Consolidated

DKK million	31.03		31.12
	2024	2023	2023
Assets			
Intangible assets	366	340	348
Property, plant and equipment	1,057	963	1,066
Right-of-use assets	415	407	440
Deferred tax asset	7	9	7
Investments in associates	4	5	4
Other non-current assets	28	32	28
Non-current assets	1,877	1,756	1,893
Inventories	1,893	2,362	2,029
Trade receivables	1,846	2,134	1,648
Income tax receivable	52	24	25
Other receivables	20	11	17
Prepayments	60	51	59
Cash at bank and in hand	334	276	441
Current assets	4,205	4,858	4,219
Total assets	6,082	6,614	6,112

DKK million	31.03		31.12
	2024	2023	2023
Equity and liabilities			
Share capital	736	736	736
Reserves	-229	-218	-198
Retained earnings	1,170	1,192	1,175
Proposed dividends for the financial year	0	0	219
Equity attributable to shareholders of Solar A/S	1,677	1,710	1,932
Non-controlling interests	49	49	50
Total equity	1,726	1,759	1,982
Interest-bearing liabilities	432	291	434
Lease liabilities	303	293	320
Provision for deferred tax	145	142	143
Other provisions	11	11	11
Non-current liabilities	891	737	908
Interest-bearing liabilities	925	1,101	714
Lease liabilities	124	121	130
Trade payables	1,863	2,149	1,770
Income tax payable	35	71	54
Other payables	486	651	520
Prepayments	9	4	13
Other provisions	23	21	21
Current liabilities	3,465	4,118	3,222
Liabilities	4,356	4,855	4,130
Total equity and liabilities	6,082	6,614	6,112

Contents

Consolidated financial statements Q1

Statement of comprehensive income

Balance sheet

- Cash flow statement

Statement of changes in equity

Notes

Section 1 – Basis for preparation

Section 2 – Income statement

Section 3 – Invested capital

Q1 Quarterly information

Statements

Cash flow statement

Consolidated

DKK million	Q1		Year	DKK million	Q1		Year
	2024	2023	2023		2024	2023	2023
Net profit of continuing operations for the period	-6	145	348	Investing activities			
Depreciation, write-down and amortisation	78	71	313	Purchase of intangible assets	-34	-20	-102
Changes to provisions and other adjustments	0	-2	5	Purchase of property, plant and equipment	-23	-30	-170
Financials, net	16	20	90	Disposal of property, plant and equipment	0	0	1
Income tax	0	44	120	Aquisition of subsidiaries and activities	0	-111	-133
Financial income, received	5	4	30	Acquisition of associates	0	-1	-1
Financial expenses, settled	-20	-18	-106	Cash flow from investing activities	-57	-162	-405
Income tax, settled	-43	-43	-138				
Cash flow before working capital changes	30	221	662	Financing activities			
Working capital changes				Repayment of non-current interest-bearing debt	-2	-2	-9
Inventory changes	112	-122	230	Raising of non-current interest-bearing liabilities	0	0	150
Receivables changes	-222	-304	182	Change in current interest-bearing debt	198	535	149
Non-interest-bearing liabilities changes	87	306	-219	Instalment on lease liabilities	-34	-33	-136
Cash flow from operating activities	7	101	855	Dividends paid to shareholders of Solar A/S	-219	-329	-329
				Cash flow from financing activities	-57	171	-175
				Total cash flow	-107	110	275
				Cash at bank and in hand at the beginning of period	441	166	166
				Cash at bank and in hand at the end of period	334	276	441

Contents

Consolidated financial statements Q1

Statement of comprehensive income

Balance sheet

Cash flow statement

- Statement of changes in equity

Notes

Section 1 – Basis for preparation

Section 2 – Income statement

Section 3 – Invested capital

Q1 Quarterly information

Statements

Statement of changes in equity

Consolidated

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			-33			-33		-33
Fair value adjustments of hedging instruments before tax		2				2		2
Tax on fair value adjustments		0				0		0
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	2	-33	0	0	-31	0	-31
Net profit or loss for the period				-5		-5	-1	-6
Comprehensive income	0	2	-33	-5	0	-36	-1	-37
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 31 March	736	-11	-218	1,170	0	1,677	49	1,726

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

Contents

Consolidated financial statements Q1

Statement of comprehensive income

Balance sheet

Cash flow statement

- Statement of changes in equity

Notes

Section 1 – Basis for preparation

Section 2 – Income statement

Section 3 – Invested capital

Q1 Quarterly information

Statements

Statement of changes in equity

– Continued

DKK million	Share capital	Reserves for hedging transactions ¹	Reserves for foreign currency translation adjustments ¹	Retained earnings	Proposed dividends	Equity attributable to Shareholders of Solar A/S	Non-controlling interests	Total equity
2023								
Equity as at 1 January	736	-9	-172	1,047	329	1,931	0	1,931
Foreign currency translation adjustments of foreign subsidiaries			-36			-36		-36
Fair value adjustments of hedging instruments before tax		-1				-1		-1
Tax on fair value adjustments		0				0		0
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	-1	-36	0	0	-37	0	-37
Net profit or loss for the period				145		145	0	145
Comprehensive income	0	-1	-36	145	0	108	0	108
Distribution of dividends (DKK 45.00 per share)					-329	-329		-329
Non-controlling interests on acquisition of subsidiary						0	49	49
Transactions with the owners	0	0	0	0	-329	-329	49	-280
Equity as at 31 March	736	-10	-208	1,192	0	1,710	49	1,759

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

Contents

Consolidated financial statements Q1

Statement of comprehensive income

Balance sheet

Cash flow statement

Statement of changes in equity

Notes

- Section 1 – Basis for preparation

- 1.1 Accounting policies

- Section 2 – Income statement

- Section 3 – Invested capital

Q1 Quarterly information

Statements



Section 1 Basis for preparation

Contents

Consolidated financial statements Q1

Statement of comprehensive income

Balance sheet

Cash flow statement

Statement of changes in equity

Notes

Section 1 – Basis for preparation

● **1.1 Accounting policies**

Section 2 – Income statement

Section 3 – Invested capital

Q1 Quarterly information

Statements

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

New or amended standards issued as at 31 March 2024 and to be implemented in coming accounting periods are not expected to have significant impact on Solar’s accounting policies.

Contents

Consolidated financial statements Q1

Statement of comprehensive income

Balance sheet

Cash flow statement

Statement of changes in equity

Notes

Section 1 – Basis for preparation

● **Section 2 – Income statement**

2.1 Segment information

Section 3 – Invested capital

Q1 Quarterly information

Statements



02

Section 2 Income statement

Contents

Consolidated financial statements Q1

Statement of comprehensive income

Balance sheet

Cash flow statement

Statement of changes in equity

Notes

Section 1 – Basis for preparation

Section 2 – Income statement

● 2.1 Segment information

Section 3 – Invested capital

Q1 Quarterly information

Statements

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.

DKK million	Installation	Industry	Trade	Total
Q1 2024				
Revenue	1,679	1,086	265	3,030
Cost of sales	-1,368	-820	-216	-2,404
Gross profit	311	266	49	626
Direct costs	-67	-41	-8	-116
Earnings before indirect costs	244	225	41	510
Indirect costs	-113	-61	-12	-186
Segment profit	131	164	29	324
Non-allocated costs				-236
Earnings before interest, tax, depreciation and amortisation (EBITDA)				88
Depreciation and amortisation				-78
Earnings before interest and tax (EBIT)				10
Financials, net incl. share of net profit from associates and impairment on associates				-16
Earnings before tax (EBT)				-6

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
Q1 2023				
Revenue	2,083	1,227	346	3,656
Cost of sales	-1,625	-911	-273	-2,809
Gross profit	458	316	73	847
Direct costs	-70	-36	-9	-115
Earnings before indirect costs	388	280	64	732
Indirect costs	-128	-61	-15	-204
Segment profit	260	219	49	528
Non-allocated costs				-248
Earnings before interest, tax, depreciation and amortisation (EBITDA)				280
Depreciation and amortisation				-71
Earnings before interest and tax (EBIT)				209
Financials, net incl. share of net profit from associates and impairment on associates				-20
Earnings before tax (EBT)				189

Contents

Consolidated financial statements Q1

Statement of comprehensive income

Balance sheet

Cash flow statement

Statement of changes in equity

Notes

Section 1 – Basis for preparation

Section 2 – Income statement

● 2.1 Segment information

Section 3 – Invested capital

Q1 Quarterly information

Statements

02 Income statement

2.1 Segment information - continued

Geographical information

Solar A/S primarily operates on the Danish, Swedish, Norwegian and Dutch markets. In the below table, Other markets covers the remaining markets, which can be seen in the group companies overview available on page 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
Q1 2024						Q1 2023					
Denmark	971	-10.9	35	3.6	896	Denmark	1,135	-1.2	99	8.7	895
Sweden	539	-20.6	17	3.2	210	Sweden	682	4.4	54	7.9	215
Norway	437	-19.0	11	2.5	211	Norway	578	17.1	41	7.1	207
The Netherlands	726	-21.6	10	1.4	417	The Netherlands	924	11.9	68	7.4	339
Poland	98	-4.5	0	0.0	49	Poland	94	-17.8	2	2.1	45
Other markets	259	6.8	15	5.8	94	Other markets	243	23.9	16	6.6	55
Solar Group	3,030	-15.4	88	2.9	1,877	Solar Group	3,656	6.7	280	7.7	1,756

Contents

Consolidated financial statements Q1

Statement of comprehensive income

Balance sheet

Cash flow statement

Statement of changes in equity

Notes

Section 1 – Basis for preparation

Section 2 – Income statement

- **Section 3 – Invested capital**

- 3.1 Acquisition of subsidiaries

Q1 Quarterly information

Statements



03

Section 3 Invested capital

Contents

Consolidated financial statements Q1

Statement of comprehensive income

Balance sheet

Cash flow statement

Statement of changes in equity

Notes

Section 1 – Basis for preparation

Section 2 – Income statement

Section 3 – Invested capital

● 3.1 Acquisition of subsidiaries

Q1 Quarterly information

Statements

03 Invested capital

3.1 Acquisition of subsidiaries

Q1 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, which will total DKK 10m at the most.

The variable amount is related to the required expansion of the production capacity.

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

The acquisition had an insignificant impact on Solar's 2023 revenue and EBITDA.

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

Transaction costs related to the acquisition totalled DKK 5m. These have been recognised as part of external operating costs in the income statement.

Fair value at the date of acquisition (DKK million)

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

Q1 2024

Quarterly information

Contents

Consolidated financial statements Q1

Statement of comprehensive income

Balance sheet

Cash flow statement

Statement of changes in equity

Notes

Section 1 – Basis for preparation

Section 2 – Income statement

Section 3 – Invested capital

- Q1 Quarterly information

Statements

Quarterly figures

Consolidated

	Q1		Q2		Q3		Q4	
<u>Income statement (DKK million)</u>	2024	2023	2023	2022	2023	2022	2023	2022
Revenue	3,030	3,656	3,250	3,451	2,965	3,266	3,160	3,684
Earnings before interest, tax, depreciation and amortisation (EBITDA)	88	280	214	267	187	301	190	326
Earnings before interest, tax and amortisation (EBITA)	26	226	159	218	132	250	131	274
Earnings before interest and tax (EBIT)	10	209	121	202	114	231	114	254
Financials, net	-16	-20	-20	-8	-21	-6	-29	-31
Earnings before tax (EBT)	-6	189	101	193	93	225	85	223
Net profit or loss for the quarter	-6	145	77	147	71	176	55	169

<u>Balance sheet (DKK million)</u>	2024	2023	2023	2022	2023	2022	2023	2022
Non-current assets	1,877	1,756	1,761	1,557	1,809	1,545	1,893	1,564
Current assets	4,205	4,858	4,556	4,122	4,456	4,392	4,219	4,337
Balance sheet total	6,082	6,614	6,317	5,679	6,265	5,937	6,112	5,901
Total equity	1,726	1,759	1,810	1,600	1,910	1,764	1,982	1,931
Non-current liabilities	891	737	894	506	877	491	908	709
Current liabilities	3,465	4,118	3,613	3,573	3,478	3,682	3,222	3,261
Interest-bearing liabilities, net	1,450	1,530	1,558	1,122	1,480	1,205	1,157	1,074
Invested capital	3,157	3,263	3,342	2,675	3,366	2,923	3,120	2,978
Net working capital, end of period	1,876	2,347	2,265	1,856	2,253	2,186	1,907	2,205
Net working capital, average	2,075	2,149	2,251	1,619	2,268	1,773	2,193	2,010

Contents

Consolidated financial statements Q1

Statement of comprehensive income
Balance sheet
Cash flow statement
Statement of changes in equity
Notes
Section 1 – Basis for preparation
Section 2 – Income statement
Section 3 – Invested capital

• Q1 Quarterly information

Statements

Quarterly figures

Consolidated – Continued

	Q1		Q2		Q3		Q4	
	2024	2023	2023	2022	2023	2022	2023	2022
Cash flows (DKK million)								
Cash flow from operating activities	7	101	78	-10	190	-14	486	242
Cash flow from investing activities	-57	-162	-54	-75	-102	-37	-87	-38
Cash flow from financing activities	-57	171	-38	41	-109	66	-199	-152
Net investments in intangible assets	-34	-20	-25	-14	-26	-12	-31	-17
Net investments in property, plant and equipment	-23	-30	-29	-61	-76	-25	-34	-22
Acquisition and divestment of subsidiaries and operations, net	0	-111	0	0	0	0	-22	0

Financial ratios (% unless otherwise stated)

Revenue growth	-17.1	5.6	-5.8	11.4	-9.2	13.7	-14.2	9.0
Organic growth	-17.1	8.3	-2.2	11.7	-6.2	14.0	-12.5	10.9
Organic growth adjusted for number of working days	-15.4	6.7	-1.0	12.4	-4.7	14.0	-11.1	12.0
Gross profit margin	20.7	23.2	22.7	22.9	21.5	24.1	22.4	23.6
EBITDA margin	2.9	7.7	6.6	7.7	6.3	9.2	6.0	8.8
EBITA margin	0.9	6.2	4.9	6.3	4.5	7.7	4.1	7.4
EBIT margin	0.3	5.7	3.7	5.9	3.8	7.1	3.6	6.9
Net working capital (end of period NWC)/revenue (LTM)	15.1	16.7	16.3	14.1	16.6	16.1	14.6	15.9
Net working capital (average NWC)/revenue (LTM)	16.7	15.3	16.2	12.3	16.7	13.1	16.8	14.5
Gearing (interest-bearing liabilities, net/EBITDA), no. of times	2.1	1.3	1.4	1.1	1.5	1.1	1.3	0.9
Return on equity (ROE)	10.9	35.0	32.7	35.1	25.5	38.6	18.3	35.7
Return on invested capital (ROIC)	8.5	23.2	20.5	25.5	16.9	25.3	13.2	25.5
Enterprise value/earnings before interest, tax and amortisation (EV/EBITA)	8.6	5.7	5.7	6.3	6.2	5.2	7.0	5.7
Equity ratio	27.6	25.9	27.9	28.2	29.7	29.7	31.6	32.7

Contents

Consolidated financial statements Q1

Statement of comprehensive income

Balance sheet

Cash flow statement

Statement of changes in equity

Notes

Section 1 – Basis for preparation

Section 2 – Income statement

Section 3 – Invested capital

- Q1 Quarterly information

Statements

Quarterly figures

Consolidated – Continued

	Q1		Q2		Q3		Q4	
Share ratios (DKK unless otherwise stated)	2024	2023	2023	2022	2023	2022	2023	2022
Earnings per share outstanding (EPS)	-0.68	19.85	10.54	20.13	9.72	24.10	7.39	23.14
Intrinsic value per share outstanding	229.63	234.14	241.13	219.08	254.82	241.54	264.54	264.41
Share price	331.37	553.54	506.42	597.09	476.27	492.34	465.71	622.62
Share price/intrinsic value	1.44	2.36	2.10	2.73	1.87	2.04	1.76	2.35

Employees

Number of employees (FTE's), end of period	2,932	3,085	3,063	2,995	3,005	3,042	2,990	3,043
Average number of employees (FTE's)	2,997	3,042	3,058	2,956	3,049	2,992	3,036	3,019

Definitions

Organic growth	Revenue growth adjusted for enterprises acquired and sold off and any exchange rate changes. No adjustments have been made for number of working days.
Organic growth adjusted for number of working days	Revenue growth adjusted for enterprises acquired and sold off and any exchange rate changes and number of working days.
Net working capital	Inventories and trade receivables less trade payables.
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".

Q1 2024
Statements

Contents

Consolidated financial statements Q1

Statement of comprehensive income

Balance sheet

Cash flow statement

Statement of changes in equity

Notes

Section 1 – Basis for preparation

Section 2 – Income statement

Section 3 – Invested capital

Q1 Quarterly information

- Statements

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 three months of 2024.

The financial report for the first three 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 31 March 2024 as well as of the results of the group's activities and cash flow for the first three 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 three months of 2024 with the file name SOLA-2024-03-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Vejen, 2 May 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

solar

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

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

ESEF data

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