



SOLAR DELIVERED AN EBITDA INCREASE OF DKK 60M IN Q3

In October, revenue and EBITDA guidance were revised upwards by DKK 200m and DKK 75m to DKK 12.3bn and DKK 900m, respectively, see announcement no. 18.

CEO Jens Andersen says:

"Nine months into 2021, we continue to see progress in our Core+ strategy with all four strategic focus areas – Industry, Concepts, Trade and Climate & Energy – delivering strong financial results.

In Q3, we delivered an EBITDA increase of DKK 60m, leading to a margin increase of 1.5 percentage points driven by strong market demand and one-off price effects.

Furthermore, we are preparing an update of our 2023 financial targets as these have already been met.

I want to thank my colleagues for their continued efforts and dedication that have resulted in 12 straight quarters of EBITDA growth."

Q3 key financial messages

- With 8.8% organic growth, we realised stronger growth rates than anticipated in all markets.
- One-off price effects resulted in an impact of approx. DKK 50m on gross profit.
- Return on invested capital (ROIC) more than doubled.

Financial highlights (DKK million)	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020
Revenue	2,872	2,618	8,974	8,408
EBITDA	237	177	652	446
Cash flow from operating activities	-38	142	225	381
Financial ratios (%)				
Organic growth adj. for number of working days	8.8	-4.8	5.4	-0.8
EBITDA margin	8.3	6.8	7.3	5.3
Net working capital, end of period/revenue (LTM)	13.0	11.9	13.0	11.9
Gearing (NIBD/EBITDA), no. of times	0.5	1.2	0.5	1.2
Return on invested capital (ROIC)	23.6	11.7	23.6	11.7



Audio webcast and teleconference today

The presentation of Quarterly Report Q3 2021 will be made 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. Participation will be possible via a teleconference.

Teleconference call-in numbers:

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FACTS ABOUT SOLAR

Solar is a leading European sourcing and services company mainly within electrical, heating & plumbing and climate & energy solutions. Our core business centres on product sourcing, value-adding services and optimisation of our customers' businesses.

We facilitate efficiency improvement and provide digital tools that turn our customers into winners. We drive the green transition and provide best in class solutions to ensure sustainable use of resources.

Solar Group is headquartered in Denmark, generated revenue of approx. DKK 11.5bn in 2020 and has approx. 2,900 employees. Solar is listed on Nasdaq Copenhagen and operates under the short designation SOLAR B. For more information, please visit www.solar.eu.

Disclaimer

This announcement was published in Danish and English today via Nasdaq Copenhagen. In the event of any inconsistency between the two versions, the Danish version shall prevail.



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
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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.



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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.

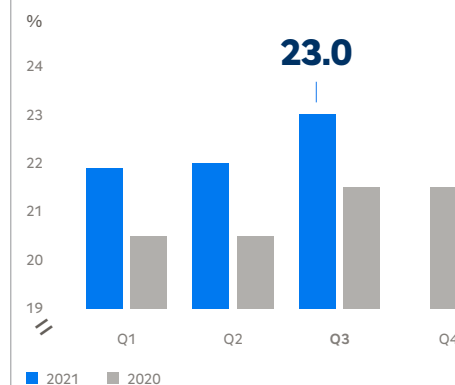
The results of the individual countries are given on page 21.

FINANCIALS

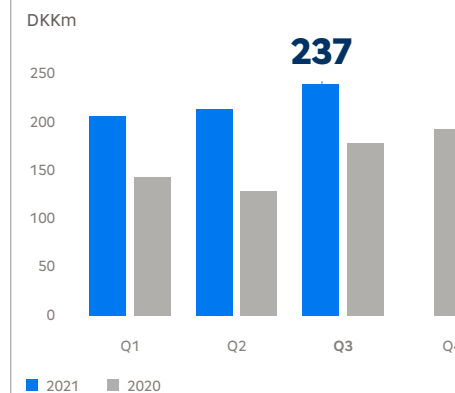
Net financials amounted to DKK -20m (DKK -10m).

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.

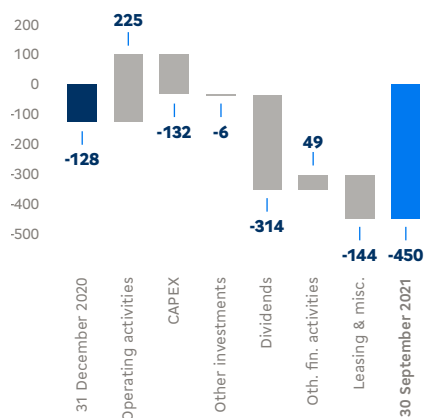
Cash flow from financing activities amounted to DKK -265m (DKK -230m), mainly affected by ordinary and extraordinary dividend distributions totalling DKK 314m (DKK 102m).

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

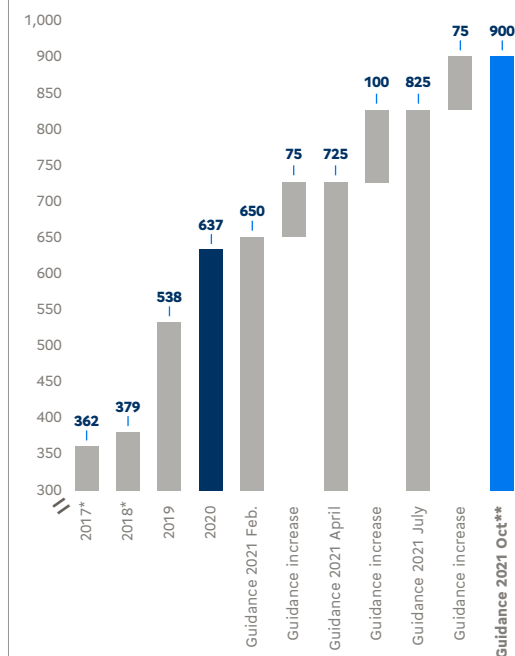
Supported by increased demand, we expect our strategic focus areas to deliver continuous improvements in earnings, resulting in an EBITDA of DKK 900m, of which DKK 100m can be attributed to one-off price effects.

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, Vejen, 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

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Jens Borum
Chairman

Jesper Dalsgaard
Vice-chairman

Lars Lange Andersen

**Michael Troensegaard
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