Annual report 2024

solar

Solar A/S
CVR no. 15 90 84 16

This is Solar

We are a leading sourcing and services company. We combine excellent product sourcing, superior distribution, and value-adding services to support professionals and businesses in the electrical, heating & plumbing, and industrial sectors across five key European markets.

Empowering greater productivity

We provide products, technical know-how, and qualified services to more than 49,000 customers, supported by valuable market knowledge and the expertise of 2,899 committed employees, driving greater productivity.

Driving the green transition

As a driver of the green transition we are supporting our customers in achieving their CO_2 emission reduction targets through our Climate & energy products, which generate revenue exceeding DKK 1bn. Our CO_2 reduction targets are approved by the SBTi, and we operate and report in accordance with the CSRD.

Enhancing service through digitalisation

With 65% of order lines made digitally, our digital engagement has become a key driver of customer satisfaction, raising our service offering to the next level and supporting our best in class digital customer journey.

Driven by 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.

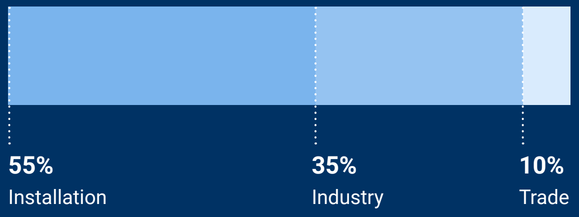
Markets

% of revenue

33% Denmark
23% The Netherlands
17% Sweden
15% Norway
3% Poland
9% Other

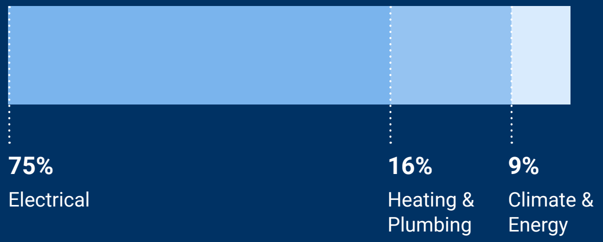
Segments

% of revenue



Products

% of revenue



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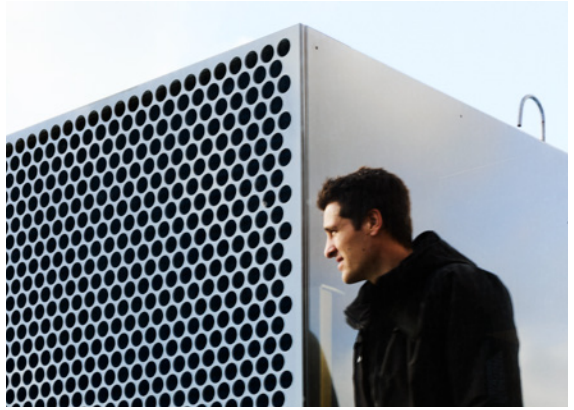


Additional reports

Together with the Annual Report, the following publications constitute Solar's reporting for the year 2024:

Statutory report on corporate governance 2024 cf. § 107b of the Danish Financial Statements Act

www.solar.eu/investor/shareholders/corporate-governance/

Statutory report on data ethics 2024 cf. § 99d of the Danish Financial Statements Act

www.solar.eu/legal/

Managing volatility

In 2024, we navigated market challenges by adapting our business. We exceeded our EBITDA guidance and further reduced emissions.

We believe that the green transition and financial performance are intrinsically linked. We recognise electrification as a mega trend and aim to harness its market demand. This will not only support our environmental goals but also help us to capitalise it and enhance our long-term financial resilience and growth potential.

A year into our Solve strategy, we have launched several initiatives to drive progress and enhance future performance. These initiatives include securing the right resources for our Climate & Energy and Solution sales focus areas, investing in digitalisation to support a continued increase in the conversion rate for Concepts, and introducing Solar Industrial Solutions to the Norwegian, Swedish, and Dutch markets to support sales of high-capacity heat pumps. Additionally, we have formed new partnerships for Solar Polaris, enabling the construction of even larger solar parks (also see Strategy execution, page 12).

Investing in digitalisation
We have invested heavily in our main markets, implementing AutoStore in Solar Norge, Solar Nederland, and Solar Danmark, and are currently investing in Solar Sverige. Sweden is a strategic market for us, with investments laying the groundwork for major automation and digitalisation, significantly contributing to future growth. The Swedish warehouse will be operational in late 2026 and, thus, completes implementation of AutoStore in all our main markets.

Due to the substantial investments in the Swedish market, the Board of Directors proposes a dividend payment of DKK 15.00 per share.

Guidance and ambitions
As our markets also appear challenging and unpredictable in 2025, we expect a revenue between DKK 12.3bn and 12.8bn and an EBITDA between DKK 530m and 600m.

The market development prompts us to adapt our strategic ambition for EBITDA margin for 2026 to >5.0% down from >6%. However, we remain confident that we, over time, will strengthen the margin even further.

> "We believe that the green transition and financial performance are intrinsically linked.

From ambition to action
We continue to witness how climate-related events, such as record heat, droughts, floods, and forest fires, impact the world. We recognise our responsibilities and have support among our stakeholders and in legislation to help drive decarbonisation in the sourcing and services sector.

In 2024, we took important steps to deliver on this responsibility. With an emissions reduction of 50% compared to baseline year 2020, we continue as planned towards our mid-term target of reducing emissions for scope 1+2 by 65% in 2026.

We have introduced several initiatives to further our journey towards net zero in scope 1+2 by 2030. These include afforestation, replacement of traditional heat sources with heat pumps running on renewable energy, transitioning our vehicle fleet towards electric vehicles and reducing the use of plastic in relation to customer deliveries.

Gratitude for dedication
A challenging year has come to an end. Once again, I have been impressed by our employees and their ability to adapt and deliver quality services. They have performed beyond expectations even in times of uncertainty. I would like to extend my thanks and appreciation to them all.

I would also like to thank our customers and suppliers for their support and cooperation in 2024.

Jens Andersen
CEO

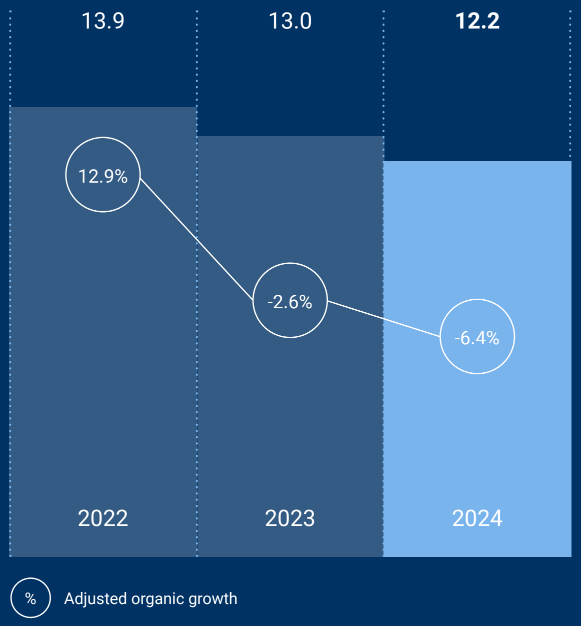
Management's review

Financial highlights 2024

Revenue (DKKbn)

12.2bn

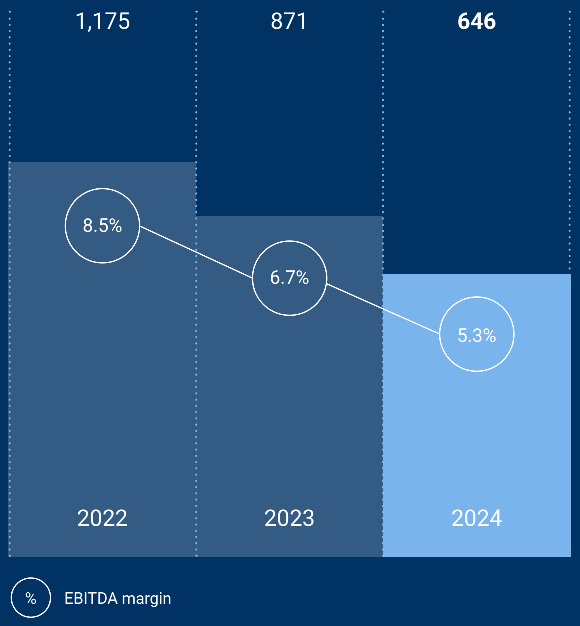
Market recovery came slower and with less strength than we expected. Consequently, revenue was below expectations. Adjusted organic growth at group level amounted to -6.4% (-2.6%) for 2024. Group revenue amounted to DKK 12.2bn (DKK 13.0bn).



EBITDA (DKKm)

646m

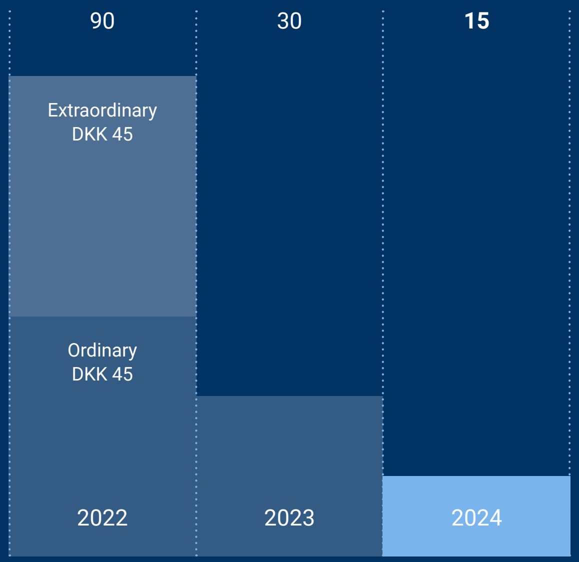
EBITDA amounted to DKK 646m (DKK 871m) which was above our guidance. Non-recurring items supported EBITDA by net DKK 81m (DKK 30m).



Dividend per share (DKK)

15.00

The Board of Directors will submit a proposal to the Annual General Meeting for an ordinary dividend payout of DKK 15.00 per share. The proposed dividend reflects our major investments in further automatisation and digitalisation of our business.



Key events

Swedish warehouse under construction

Embarked on the construction of the 44,000 sqm warehouse in Kumla, Sweden. The warehouse will be BREEAM certified to demonstrate our commitment to sustainable solutions. Finally, the sale of Örebro warehouse has been finalised for proceeds of DKK 61m with a gain of DKK 49m.

Solar Industrial Solutions

Solar Industrial Solutions was launched in Denmark in mid-2023. By the end of 2024, the organisation had been fully established, covering every Solar market with its team of 30 employees, including sales representatives, technical specialists, and project managers.

Polaris - first delivery to solar park

We successfully started delivering equipment to a 70MW solar park. We provided the screening, planning, products, and delivery services, while our partner built the solar park.

Duiven sale completed

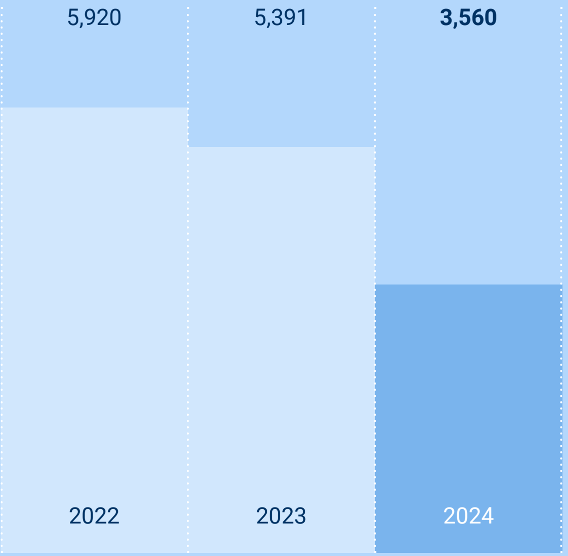
The addition of a 7,600 sqm warehouse and 20,000 bins for the AutoStore system at the Alkmaar warehouse resulted in the Duiven warehouse becoming redundant. Consequently, the sale of our warehouse in Duiven was completed with the proceeds of DKK 75m released in January 2025. The gain from the sale amounted to DKK 39m.

Sustainability highlights 2024

Scope 1 and 2 emissions

3,560 tCO_2e

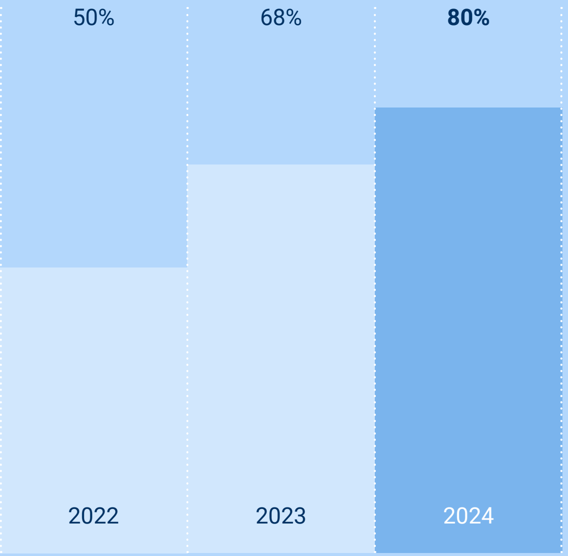
Since our SBTi baseline year in 2020, we have reduced our CO_2e emissions by 50% and our mid-term target is a 65% reduction in scope 1 and 2 emissions by 2026. Our official commitment to SBTi is a 42% reduction by 2030, which we have now superseded with our own target to reach net-zero/0 emissions for scope 1 and 2 by 2030.



Spend undergoing risk assessment

80%

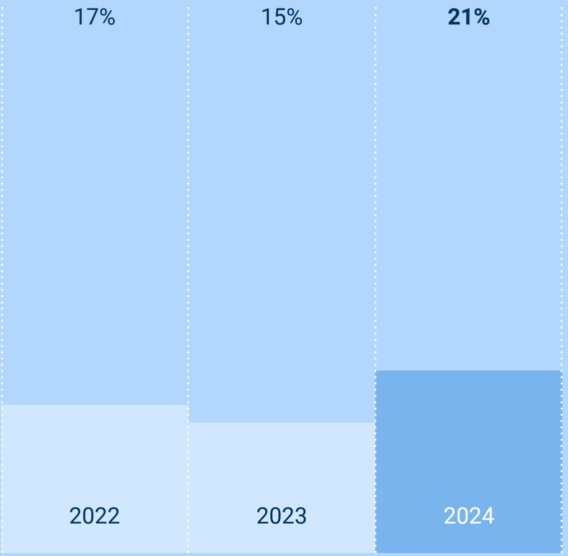
We engage with our suppliers to increase transparency in our value chain. We expect 82% of our spend to have undergone due diligence risk assessment by 2026.



Women in senior management[1]

21%

We are focused on diversifying our senior management team and have a target of 25% women in senior management by 2026. In 2024, we saw an increase from 15% to 21% compared to 2023.



1) Calculated according to the Danish Financial Act § 99b

Key events

Afforestation, Latvia

We have initiated the afforestation at our property in Latvia. We have planted approximately 360,000 trees in 2024 and have an ambition of afforesting a total of 470 HA within the next three years.

SBTi targets

Based on a more accurate methodology, we have recalculated our scope 3 emissions. Our calculations show an increase in 2024 of 7% compared to our 2020 baseline. Our target of a total 25% reduction in category 1 and 11 by 2030 remains unchanged.

Code of Conduct

We met our 2024 target for 93% of our spend to be covered by our Supplier Code of Conduct, covering more than 90% of the strategic/preferred spend. By 2026, our target is 95% spend coverage at group level. Locally, we expect to reach the same level.

Entry level of women

In 2024, the entry level of women increased from 31% in 2023 to 34% in 2024. We are committed to promote gender diversity and to unbiased recruitment. It is our ambition that we shall reach 40% by 2026.

Why invest

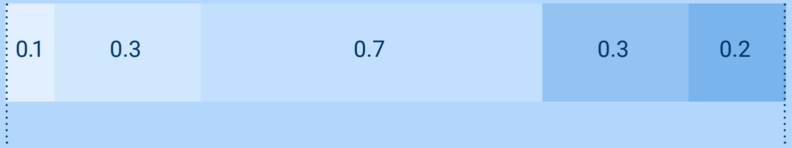
High payout ratio

Our efficient operating model yields strong cash flow, laying the foundations for a target payout ratio of at least 35% of profit after tax. During 2020-24 we distributed more than DKK 1.6bn to our shareholders equalling 89% of the total profit after tax in the same period.

Dividend paid in 2020-24

DKK billion

1.6bn

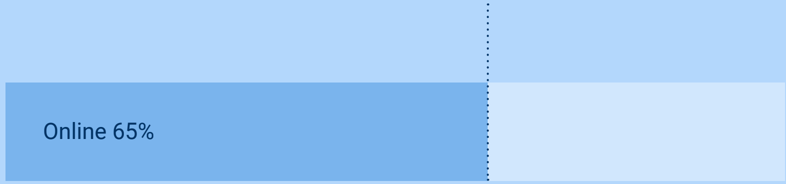


Digital business

Since our founding in 1919, we have continuously transformed our business. Today, we are one of the most digitalized companies in the sector, with 65% of order lines or more than DKK 6bn in revenue made digital.

Online order lines in 2024

65%



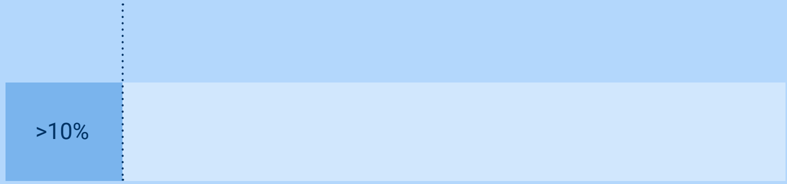
Driving the green transition

Our Climate & Energy products enhance energy efficiency and support a fully electrified system, driving significant reductions in energy consumption for our customers and the countries they operate in. We deliver internally green transition and aid our customers to deliver on global electrification trends.

Climate & Energy target

Share of revenue in 2026

>10%



EBITDA guidance of between DKK 530m and DKK 600m for 2025

Our 2025 guidance ranges between DKK 12.3bn and 12.8bn for revenue and between DKK 530m and 600m for EBITDA. The EBITDA guidance is negatively impacted by an expected lower gross profit margin combined with higher salary inflation than normal.

Assumptions

On a macroeconomic level, we expect to see a recovery in 2025. Although we expect to see improvement in all our markets, the timing and strength of the recovery are unpredictable.

Revenue
We expect all markets to post stagnant growth or experience positive trends in all countries in 2025, resulting in an anticipation of overall growth across all segments.

Installation
We expect to see growth in the new construction sector in 2025. The green transition is expected to deliver slightly better growth rates. We expect the installation market to show positive growth.

Industry
The guidance assumes stagnant sales to Marine/Offshore and Utility, whereas we expect all other sub-segments to show positive growth. Overall, we expect the industry market to show positive trends.

Trade
We expect positive growth in special sales in 2025, which is the Trade segment's primary activity.

Gross profit margin
Throughout 2024, we saw a loss in gross profit margin in all main product categories. We expect this downward trend to taper off in 2025. Our outlook is for a slightly lower gross profit margin in 2025, mainly due to continued price pressure combined with lower price increases.

Costs
Contrary to what we initially expected, salary inflation continues to have an impact, in part, due to carry-over effects and, in part, due to collective labour agreements. We anticipate this trend to continue into 2025.

We have implemented - and will continue to implement - mitigating measures, including cost containment, process improvements and staff reductions where necessary.

Our 2025 guidance includes restructuring costs but below the 2024 level.

Financial outlook 2025

Revenue guidance
We expect revenue to range between DKK 12.3bn and 12.8bn, corresponding to organic growth of between approx. 1% and 5%.

EBITDA guidance
We expect EBITDA in the range of DKK 530-600m.

Management's review

Revised 2026 ambitions

Due to recent market developments and our expectations for the remaining period, we have revised our ambitions.

For our strategic focus area Climate & Energy, we expect slower growth, reducing our ambition for share of revenue to >10%, down from >15%.

Due to a lower-than-expected effect in 2024, we have reduced our ambition for the strategic focus area Concept strength to >0.5 percentage points, down from >0.7 percentage points.

Consequently, we are also lowering our financial ambition for EBITDA margin to >5.0% from >6.0%.

2026 is assumed to be characterised by:

- Average annual GDP growth of at least 1.5%
- Low cost and salary inflation
- Pick-up in industry and building activities
- Continued governmental support for the green transition.

Financial ambitions

EBITDA margin

>5.0

by 2026

Gearing

1.0-3.0x

Strategic focus areas

Climate & energy

>10%

Share of revenue

Concept strength

>0.5 Percentage points

Gross profit margin improvement

Solution sales

>20%

Share of revenue

Sustainability

Climate impact

65%

Scope 1 & 2 emission:
Reduction compared to base year 2020

Sustainable supply chain

>95%

Spend covered by Code of Conduct

Diversity and inclusion

>25%

Women in senior management*

* Calculated according to the Danish Financial Statements Act §99b

Management's review

Strategy and business

Our strategy

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.

SOLVE

As a leading sourcing and services partner, we will use our strong core to combine products, services and specialist competence to deliver value-adding solutions solving business challenges sustainably.

With Solve, it is our ambition to create additional value at an earlier stage of our customers' decision-making process.

Strategic focus areas

Climate & energy

We maximise the growth potential in climate and energy solutions, such as heat pumps, solar panels, EV charging and ventilation. The newly established Solar Industrial Solutions offers combined solutions for both existing and new industry customers based on our product technology and know-how.

Concept strength

Our concepts will drive overall profitability and enhance our position in the value chain. We aim to further develop value adding concept assortments powered by logistical services and specialist competences to increase the ease and effectiveness of our customers' daily operations.

Solution sales

We create new opportunities in selected areas by leading with solution selling, specialist competence and a 360-degree view on the future needs of our customers' business. We aim to increase the share of wallet with existing customers and open new doors to new customer groups.

Sustainability

Climate impact

We work to become carbon neutral in our own operation and to enable our customers to decarbonize in their part of the value chain.

Sustainable supply chain

We source energy efficient products complying to the latest standards, from suppliers characterized by respect for human rights, environment, and society.

Diversity and inclusion

We foster a workplace and culture that promotes diversity and inclusion to attract, develop, and retain employees, while respecting human rights.

Powered by our **Dedicated people**, **Digital leadership** and **Superior logistics**

Strategy execution

Climate & energy

Our target is to maximise the growth potential of Climate & energy solutions.

To this aim, we have launched the following initiatives:

- Roll out of Solar Industrial Solutions to all of our markets, driving Industrial heat pump sales.
- Added more specialists to our Zero concept in preparation for including Thermonova in our product range for Sweden, Norway, and the Netherlands.
- We successfully started delivering equipment to a 70MW solar park. We provided the screening, planning, products, and delivery services while our partner built the facility.

Share of revenue

Current	Target 2026
9%	>10%

Concept strength

Our objective is to increase overall profitability by increasing concept share.

To this aim, we have launched the following initiatives:

- Aligned our product portfolio across markets, strengthening our sourcing abilities and refining knowledge.
- Increased conversion rates on our digital platforms by introducing more digital tools.
- Added product categories to our Concepts and driving sales in Marine & Offshore.

Gross profit margin improvement

Current	Target 2026
0.0 Percentage points	>0.5 Percentage points

Solution sales

Our aim is to increase our business among new and existing customers with Solutions sales.

To this aim, we have launched the following initiatives:

- Raised the competence level across markets, with Solar Danmark being the guiding star.
- Added specialist employees to our sub-categories, laying the foundation for our Tools, Fastening & Consumables organisation.
- Prepared the introduction of Solar Industrial Solutions for sale in Norway, Sweden, and the Netherlands.

Share of revenue

Current	Target 2026
18%	>20%

How we create value

Key ressources

People
Around 2,899 employees use market knowledge to develop new business areas and move our business forward.

Technological know-how
Our extensive know-ledge of products and technologies.

Partnerships
Our trusted partnerships with over +50,000 customers and suppliers.

Financials
Our strong financial platform enables continuing business development.

Business activities

Excellent sourcing

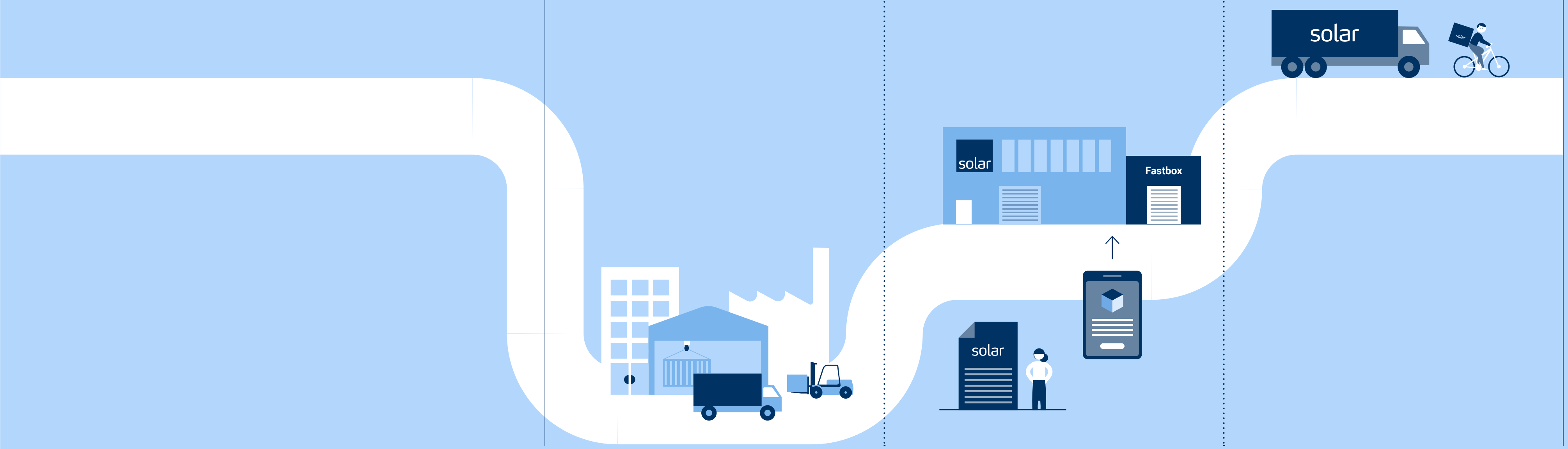
- Efficient supply chain
- Consolidating customer sourcing
- Strategic suppliers
- Product availability
- Supporting the green transition

Qualified sales and services

- Digital platform
- Solution sales
- Product documentation
- Customer education

Superior distribution

- Day-to-day delivery
- On site delivery
- Fastbox – within the hour
- Automated warehouses



Value creation

Improving productivity for customers
Increasing customer productivity by enabling our customers to run their businesses more efficiently.

Driving sustainability for the planet
Committed to achieving our ultimate targets of net-zero emissions / 0 emissions in scopes 1 & 2 and a 25% reduction in scope 3 emissions by 2030.

Developing our people
Providing career opportunities in an engaging work environment based on our values of 'glow', 'courage' & 'smartfun'.

Maximising our value for our shareholders
We constantly optimise our business to increase the value of Solar for the benefit of our shareholders.

Other stakeholders
We actively support local projects, fostering community development and sustainability. Our commitment extends to having direct representation on boards and networks, ensuring our voice and values are well-represented.

We create value for our customers, employees, other stakeholders and the planet.

Our business model

ESRS 2 SBM-1 Strategy, business model and value chain

We are committed to addressing the challenges faced by our industry and customers, particularly in driving the green transition. We empower our 2,899 employees and support over 49,000 customers with advanced technological know-how and strategic partnerships. Our ambition is to decarbonise our own operation, grow productivity and ensure a positive impact on both the environment and our stakeholders.

Accessibility and availability are the cornerstone for delivering customer satisfaction

ESRS2 SBM-1 39

Our Solve strategy aims to further strengthen Solar's position as a leading sourcing and services partner, providing comprehensive solutions that advance the green transition.

We are committed to addressing the challenges our customers face, particularly in driving the green transition. Key strategic focus areas include: Maximising the growth potential of Climate & Energy, increasing profitability via Concept strength and a strong value proposition via Solution sales. See Our strategy, page 11 for a description of Climate & Energy, Concept strength and Solution sales.

Delivering from a strong foundation
Our 2,899 employees and their extensive knowledge of products and technologies, digitalisation, automatisation, and superior distribution is our greatest leverage. It supports our 49,000 customers, thereby creating trusted relationships that enable us to become stronger together. Our strong financial platform drives our continuous development and our investment in further digitalisation & automatisation.

Sustainability is key
Sustainability is the vital component that shapes our operational practices and the solutions and products we bring to market. Our sustainability focus covers:

- Reducing our carbon footprint: Measures have been initiatied to minimise environmental impact. Our climate reduction targets have been approved by the Science Based Targets initiative and are aligned with the Paris Agreement.
- Responsible sourcing: Ensuring materials and products are sourced responsibly. We require our suppliers to comply with the same ethical and social standards that we demand of ourselves and that are stated in our Code of Conduct.
- Promoting equality: Addressing societal inequalities and creating a transparent, respectful workplace.
  See Sustainability statements, page 76.

We believe these factors are crucial for the successful execution of our Solve strategy, ensuring that we create additional value at an earlier stage of our customers' decision-making process and actively promoting products and solutions that accelerate the green transition.

This comprehensive approach ensures that Solar remains resilient, competitive, and aligned with global sustainability goals.

How we do it

ESRS2 SBM-1 40

Solar has a strong market position in five main markets. As a sourcing & services company, our focus is on maximising the value of our product mix, which means that we focus on our supply chains and the products they offer as well as the add-on services we provide to our customers. Creating value for our customers, shareholders, and the environment is a priority.

Suppliers and products
Our 3,500 suppliers deliver more than 93,879 unique electrical and heating & plumbing products on an annual basis. In 2024, Solar phased in 10,639 products and phased out 4,895 products. Revenue is divided as follows: electrical products (75%), heating and plumbing products (16%), and Climate & Energy (9%). Our suppliers aspire to produce high quality and sought-after products for our customer groups. Our add-on services include among others delivery services, logistic solutions, inventory management, technical support, education etc.

Markets and customers
Our sales are mainly distributed across Denmark (33%), Norway (15%), Sweden (17%), the Netherlands (23%) and Poland (3%). Our customers operate within the B2B segment, which can be divided further into three sub-segments: Installation, Industry and Trade. Revenue by segment is included in the Consolidated Financial Statements, note 2.2, page 109.

The key to our success lies in fostering strong collaboration with suppliers and customers, thereby providing the right products and services to ensure an excellent experience.

Employees
Our 2,899 employees are based in Denmark (869), Sweden (520), Norway (389), the Netherlands (643), Poland (369) and others (109). We offer safe and secure working conditions, with fair pay that is in line with the market.

See Our workforce, page 76.

Segment information

ESRS2 SBM-1 41

For a breakdown of segments see note 2.2 in the consolidated financial statements. Revenue from significant ESRS sectors is non-material to Solar. No significant ESRS sectors are material to Solar and no group of products/services or customer accounts for more than 10% of our revenue. See note 2.2. on page 109-110.

From cradle to grave

ESRS2 SBM-1 42

As a sourcing and services company, Solar's key activities include responsible product sourcing, managing an efficient supply chain, a digital sales platform, sales, services and ensuring efficient order distribution. Our business is founded upon a strong resource foundation where the knowledge of our 2,899 employees about our customers, their planning expertise and their ability continuously enhance our sales opportunities.

Our employees are based in offices, drive-ins and at our automated warehouse, where 80% of orders are packed using automated picking systems. Orders are then shipped out by lorry or electric vehicle.

Our operation is targeted at a broad group of customers within the Installation, Industry and Trade segments.

Our value creation
Our key resources are deployed to support our surroundings – customers, employees, the planet, our shareholders, and meeting other stakeholders.

Improving productivity
Our business model supports our customers in their daily operations by ensuring their access to the right product assortment, prompt delivery and value-added services, such as installation guidance and product delivery on site – all targetted at improved productivity.

Developing our people
Our organisation takes pride in developing our people by providing career opportunities at every level, providing training, ensuring safe work condition and offering fair pay.

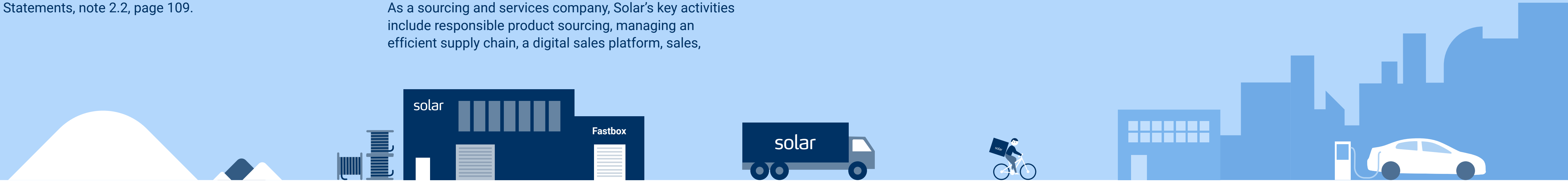
Driving sustainability
We are committed to achieving our ultimate targets of net-zero emissions / 0 emissions in scopes 1 & 2 and a 25% reduction in scope 3 emissions by 2030.

Maximising our value for investors
We strive to optimise our business to increase the value of our company for the benefit of our shareholders. We do this by maintaining a strict cost culture, sourcing the right assortment of products and boosting the digitalisation and automatisation of the company.

Meeting other stakeholders
We actively support local projects, fostering community development and sustainability. Our commitment extends to having direct representation on boards and networks, ensuring our voice and values are well-represented. See stakeholder engagement section, page 43.

Our cost structure
Our cost structure and revenue from our business segments can be seen in our consolidated financial statements, note 2.2, page 109.

Impacts, risk and opportunities
For impacts, risks and opportunities, see our double materiality assessment, page 44.



Risk management

Solar's risk management is based on Enterprise Risk Management (ERM) and the Board of Directors' rules of procedure, which place the responsibility for risk management with the Executive Board.

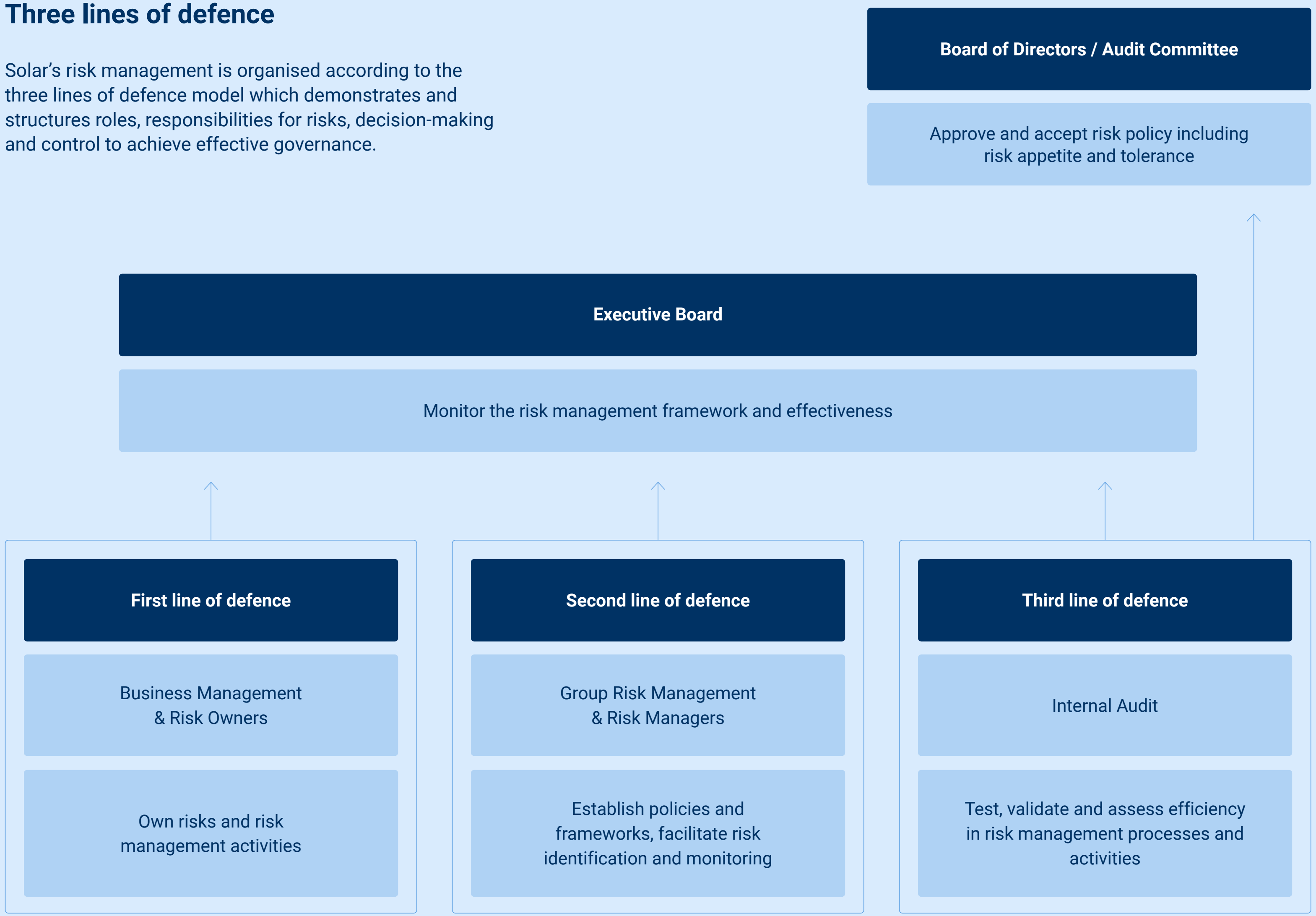
The Executive Board is responsible for ensuring that the necessary policies and procedures are in place, that efficient risk management systems have been established for all relevant areas and are improved continuously. The overall purpose of risk management is to support a robust business that is able to react quickly and flexibly when conditions change.

Solar's risk management encompasses the relevant entities in Denmark, Norway, Sweden, the Netherlands, Poland, and MAG45. The process supports local management teams by taking a structured approach towards risk management, with risk self-assessments anchored in an annual cycle. Data is consolidated at group level, and the findings are presented to the Board of Directors for approval.

The individual risk owners are responsible for mitigating risks to a level within Solar's risk appetite and tolerance. Throughout the year, Solar's Group Risk Management and local risk managers actively monitor the progress of the mitigation to ensure that risks are at the acceptable level.

Three lines of defence

Solar's risk management is organised according to the three lines of defence model which demonstrates and structures roles, responsibilities for risks, decision-making and control to achieve effective governance.



Risk definition
The focus of Solar's risk management is to identify and assess operational risks and operational aspects of strategic risks throughout the Solar Group. Solar defines these risks as events or developments that could significantly reduce Solar's ability to:

1. Meet profit expectations,
2. Execute the strategy, and/or
3. Maintain a licence to operate.

Solar works with the concepts of gross risk (inherent risk) and net risk (residual risk).

The gross risk effect is defined as the product of the impact and the probability of the risk materialising without any change to current risk mitigation.

The net risk effect is defined as the risk level when considering current as well as planned mitigation activities with regard to both impact and probability.

Risk appetite and tolerance
Solar's risk appetite and risk tolerance articulate the extent to which Solar is willing to accept risks in three overarching categories: Governance & Compliance, Strategy & Planning, and Operation & Infrastructure.

Accordingly, the risk appetite outlines Solar's strategic outlook towards risk and defines the degree to which Solar is risk-seeking or risk-avoiding, while the risk tolerance, as an indicative parameter, outlines the level of net risk that Solar is willing to accept for a given measure of reward.

Risk appetite and risk tolerance are set by the Board of Directors and are reviewed annually.

Risk self-assessment
Solar evaluates the effect of a risk based on the product of the probability of the risk materialising and the gross impact if the risk does materialise. In detail, the probability of the risk is defined as the expected frequency of the risk occuring, while the impact is divided into four dimensions:

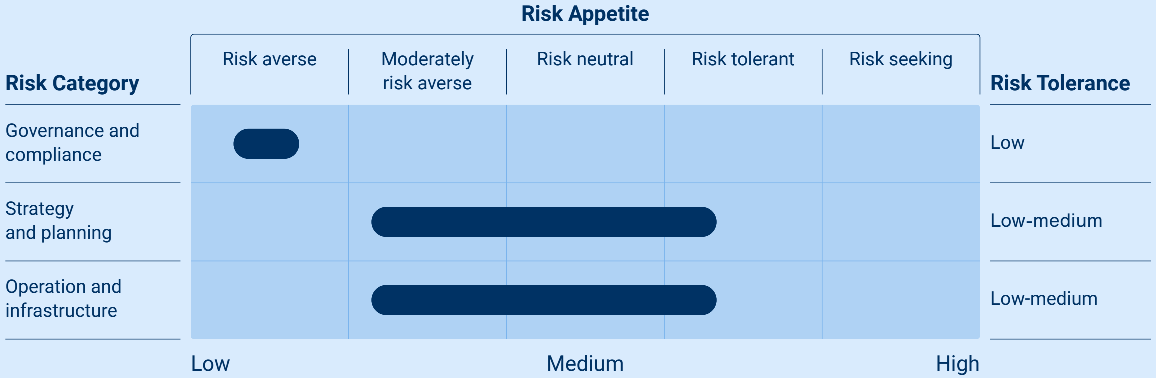
1. Effect on earnings
2. Reputational damage
3. Compliance (licence to operate)
4. Business continuity

Risk handling
The purpose of identifying and then handling risk is to reduce it to an acceptable level, which is in line with risk appetite and tolerance. In Solar, we work with four different risk treatment strategies when handling risks.

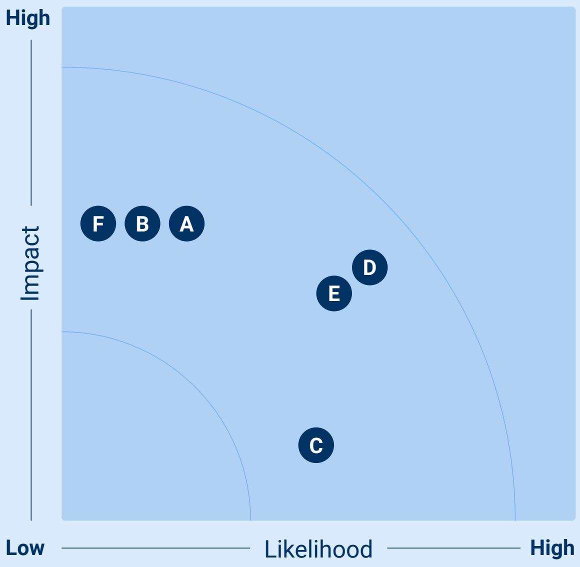
- **Avoid** – seeks to eliminate uncertainty by changing circumstances.
- **Transfer** – seeks to transfer ownership of and/or liability for the risk to a third party.
- **Accept** – recognises net risks and monitors risk exposure.
- **Mitigate** – seeks to minimise risk exposure to below the acceptable threshold.

To ensure an understanding of the philosophy and the risk management preferences, Solar provides structured criteria for risk attitude and a catalogue of mitigating activities.

Risk appetite and tolerance per risk category



Solar Risk Map 2025



Solar's top risks are mapped out in terms of likelihood and impact in the risk map.

- A Cyberattack
- B IT interruption
- C Product documentation
- D Macroeconomic uncertainty
- E Market and competition dynamics
- F Central warehouse breakdown

Exposure to risk mitigation

A list of the Group's top risks for 2025 is similar to that from last year.

In relation to risk A, "Cyberattack", Solar has, over the past 7 years, highly prioritised cybersecurity and made significant investments in this area. As a result, the risk of potential cyberattacks has been significantly reduced. We continue to monitor developments and make the necessary investments to ensure ongoing protection.

As circumstances continuously evolve, certain risk descriptions required minor adjustments to address emerging trends and natural risk developments. Risk D, previously headlined "Geopolitical and macroeconomic uncertainty", is now limited to "Macroeconomic uncertainty".

Additionally, "Credit management" – risk E in the 2023 Annual Report – has been removed from the list of the Group's top risks this year, although we continue to monitor the risk exposure.

Emerging risks related to environmental, social and governance matters (ESG) have been included in interviews and local risk assessments. They were also thoroughly analysed in the double materiality assessment conducted during the year (see our Sustainability Statements, page 44). The consolidated risk score has not yet triggered immediate risk mitigation at the Group level, although the associated risks are monitored closely.

With several risk factors increasing beyond Solar's influence, it should be noted that mitigation measures are often ongoing, and with gradual results.

	A Cyberattack	B IT interruption
Risk	The risk has decreased.	The risk is unchanged.
Scenario	Risk of IT breakdown and/or data breach due to a cyberattack.	Risk of business interruption caused by unforeseen but inherent events that affect IT operation, such as power outage, network outage, or system failure.
Impact	Business interruptions in the form of compromised data, denial of service, intellectual property theft, and regulatory investigations are some of the consequences of various cyber incidents and would ultimately lead to financial losses and inability to run daily operation. The likelihood of the risk materialising is between low and medium, while the potential impact is assessed as slightly above medium.	Solar makes every effort to strengthen its IT infrastructure, but it also depends on the robustness of many service providers. Potential IT may have a significant impact on earnings and reputation, depending on the nature and scale of the event. The likelihood of the risk materialising is between low and medium, while the potential impact is assessed as slightly above medium.
Mitigation	Preventive and corrective measures focus on strengthening cyber resilience. This includes 24-hour monitoring of the network for unusual behaviour, ensuring adequate solutions, or upgrading the existing ones. Advanced security analytics tools support the evaluation of the organisation's security measures and the implementation of recommended actions. Penetration tests as well as disaster recovery tests are performed on a regular basis, which strengthens the reliability of the IT infrastructure in the case of a successful attack. Business continuity plans and scenario analyses are assessed routinely to identify potential areas for improvement. Additionally, Solar continues to maintain organisational awareness to reduce the likelihood of an unwanted event caused by the human factor. With the implementation of relevant frameworks, risk controls, and technology, both impact and likelihood of a potential successful cyberattack are reduced. To reinforce confidence in our cybersecurity strategies, Solar's cyber resilience is subject to regular external evaluation.	The IT area is continuously monitored and evaluated. Business-critical applications are mirrored at several data centres to safeguard IT operations so that the business can continue to run if one centre experiences downtime. A root cause analysis is carried out in case of any incident to ensure adequate mitigation, and to reduce the likelihood of a similar incident occurring again. Solar ensures that all service providers are certified and audited, which enhances confidence in the stability and quality of digital operations.

	C Product documentation	D Macroeconomic uncertainty	E Market and competition dynamics
Risk	The risk has decreased.	The risk has decreased.	The risk is unchanged.
Scenario	Risk of a loss of business opportunities caused by the need to keep abreast of regulatory requirements and dynamic customer demand for product documentation (environmental, climate impact, country of origin, etc.).	Risk of challenging business conditions or a change to industry trends caused by the effects of an economic downturn.	Risk of new entrants and continued consolidation in the market giving rise to increased competition and/or price pressure with a negative impact on Solar's business.
Impact	Inadequate product documentation can lead to a lack of product transparency, which may cause difficulties for customers to make informed choices about a product's suitability. This can result in lost business opportunities as customers may decide to work with suppliers who can provide more comprehensive information. At the same time, processing the data required for documentation presents challenges in terms of data collection, organisation, analysis, and registration. The likelihood of such a risk materialising is assessed as medium, while the potential impact is assessed as between low and medium.	Recent macroeconomic adversities as well as dynamic customer requirements may continue to impact markets, shift demand, and affect stock availability. In light of the upward trends in the market, the risk is not considered as significant as last year, although it is still among the top risks. The likelihood of the risk materialising is slightly above medium, while the potential impact is assessed as medium.	The current commercial risk of strong new entrants or significant acquisitions in the market combined with the potential slowdown in the green transition may result in reduced competitiveness, lost revenue, and decreased earnings. The likelihood of the risk materialising is assessed as slightly above medium, while the potential impact is assessed as medium.
Mitigation	To address current and future priorities in terms of legal and regulatory compliance, Solar continues to build internal competence and actively obtain the information required. Raising awareness of external requirements as regards certification, packaging, or end-of-life product handling, reinforces product data governance. The continuous development of our webshop across the Group aims to ensure better visibility and clarity of product information, such as EPD (Environmental Product Documentation). EcoVadis – a leading provider of due diligence supplier assessment – supports the company in sourcing responsible vendors, which increases the likelihood of adequate documentation.	Solar draws up appropriate risk indicators and mitigation measures for specific parts of the business. These are monitored on a regular basis in anticipation of an event requiring a rapid response. Sudden imbalances between supply and demand have encouraged greater focus on selling the right products (i.e., climate & energy) or growing the concept share or solution sales to achieve the projected results.	Solar seeks to engage in active and regular cross-border dialogue to share experience. A dedicated cross-functional team is in place to monitor potential new players' strategies and/or recent market developments as well as to understand customers' current and future buying criteria. Commercial market and sales organisations monitor this for early indicators, but also proactively engage with customers. Based on observations and feedback, Solar continues to invest in digital tools, reallocation of resources and value-adding services to adapt to new trends.

Management's review

F Central warehouse breakdown

Risk	The risk is unchanged.
Scenario	Risk of business interruption at central warehouses caused by unforeseen but inherent events, such as fire, power outage, flooding, and other natural or man-made hazards.
Impact	The potential interruption to central warehouse operations may have a significant impact on earnings and reputation, depending on the nature and scale of the event. The likelihood of the risk materialising is low, while the potential impact is assessed as slightly above medium.
Mitigation	A contingency plan is regularly updated and tested at all central warehouses. It clarifies roles and responsibilities and sets out the measures required from staff in case of possible force majeure events. Solar arranges for regular warehouse audits in order to verify the level of preventive and detective security measures to protect its facilities. Thanks to the automated storage and retrieval systems in Denmark, Norway and the Netherlands, the risk of a man-made hazard is limited.

Results

Management's review

Five-year summary

Income statement (DKK million)	2024	2023	2022	2021	2020
Revenue	12,223	13,031	13,863	12,354	11,465
Earnings before interest, tax, depreciation and amortisation (EBITDA)	646	871	1,175	911	637
Earnings before interest, tax and amortisation (EBITA)	400	648	978	727	455
Earnings before interest and tax (EBIT)	278	558	909	672	248
Earnings before tax (EBT)	192	468	858	622	300
Net profit for the year	148	348	660	531	222
Balance sheet total	6,108	6,112	5,901	5,305	4,607
Total equity	1,874	1,982	1,931	1,952	1,696
Interest-bearing liabilities, net	1,232	1,157	1,074	-37	128
Cash flow from operating activities	538	855	16	783	813
Net investments in property, plant and equipment	-101	-169	-167	-125	-25

Financial ratios (% unless otherwise stated)	2024	2023	2022	2021	2020
Organic growth adjusted for number of working days	-6.4	-2.6	12.9	5.9	-2.0
Gross profit margin	20.6	22.5	23.4	22.4	21.0
EBITDA margin	5.3	6.7	8.5	7.4	5.6
EBITA margin	3.3	5.0	7.1	5.9	4.0
Effective tax rate	22.7	25.6	23.1	14.6	26.0
Net working capital (year-end NWC)/revenue	13.9	14.6	15.9	10.2	9.7
Gearing (net interest-bearing liabilities/EBITDA), no. of times	1.9	1.3	0.9	0.0	0.2
Return on equity (ROE)	8.0	18.0	34.0	29.1	13.5
Return on invested capital (ROIC)	8.3	13.2	25.5	24.6	13.8
Equity ratio	29.9	31.6	32.7	36.8	36.8

Share ratios (DKK unless otherwise stated)	2024	2023	2022	2021	2020
Earnings per share outstanding (EPS)	20.68	47.51	90.37	72.72	30.42
Ordinary dividend per share	15.00	30.00	45.00	45.00	28.00
Extraordinary dividend per share	-	-	-	45.00	15.00
Total dividend in % of net profit for the year (payout ratio)	72.1	63.1	49.8	123.8	141.1

Employees	2024	2023	2022	2021	2020
Average number of employees (FTEs)	2,899	3,036	3,019	2,908	2,935

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

Guidance follow-up 2024

Stronger than expected

Sale of our central warehouse in Örebro, Sweden
As announced in the 2023 Annual Report, we have embarked on the process of selling our two central warehouses in Sweden prior to the finalisation of the new logistics centre in Kumla. The sale of the central warehouse in Örebro was successfully concluded in Q4 2024.

Cost initiatives
Measures to reduce the impact of cost and salary inflation delivered more savings than were projected in our initial guidance.

As expected

Improved delivery services
We made a conscious decision to improve the quality and performance of our delivery services. This elevation of our delivery service level led to an increase in freight costs, but customer satisfaction increased. As expected, gross profit margin declined by approx. 0.3 percentage points due to our improved delivery services.

Less than expected

Revenue
Due to the slower-than-expected recovery, we revised our revenue guidance downwards from the initial DKK 12,500m to DKK 12,300m in Q3. Growth rates for Installation, Industry and Trade did not meet expectations. Consequently, revenue was down by DKK 300m relative to our initial expectations.

Gross profit margin
Gross profit margin declined as our continued focus on concept sales did not result in the expected gross profit margin improvements combined with a general decline across all other main categories in 2024.

Guidance follow-up 2024

Despite slower-than-expected recovery, EBITDA amounted to DKK 646m

	Initial	October update	Actual
Revenue, DKKm	12,500	12,300	**12,223**
Organic growth,%	-5.0	-6.0	**-6.4**
EBITDA, DKKm	600	600	**646**
EBITDA margin, %	4.8	4.9	**5.3**

Management's review

Financial performance

EBITDA amounted to DKK 646m

2024 was a year with difficult market conditions, which resulted in disappointing revenue of DKK 12.2bn. EBITDA of DKK 646m, however, was above our expectations.

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

Revenue

Our guidance for 2024 assumed that all segments would show negative growth, with recovery gaining ground by the end of the year. However, recovery was slower and less robust than expected. Consequently, revenue was below projections.

As expected, 2024 saw a decline in growth, but with Q4 performing better than Q1-Q3. Q4's organic growth of 3% was largely accounted for by Solar Polaris' deliveries to a major solar park project.

Adjusted organic growth at group level amounted to -6.4% (-2.6%) while revenue declined to DKK 12.2bn (DKK 13.0bn).

Revenue from Climate & Energy, a strategic focus area, declined during the year under review and amounted to around DKK 1.1bn (DKK 1.3bn). Q4 posted an increase in residential sales, confirming the long-term potential of heat pumps.

The Industry segment delivered adjusted organic growth of approximately -4%, with MAG45 showing positive adjusted organic growth of almost 6%.

The Installation and Trade segments posted adjusted organic growth of approximately -8% and -6% respectively.

Around 50% of the decline in the Installation segment can be accounted for by the fall in residential sales.

Gross profit

Gross profit margin declined as our continued focus on concept sales did not result in the expected gross profit margin improvements combined with a general decline across all other main categories in 2024 - even though we received around DKK 20m in one-off supplier bonus in Q4.

Moreover, improvements of our delivery service to our customers increased freight costs.

Gross profit margin at group level amounted to 20.6% (22.5%). The decline in gross profit margin, adjusted for one-off supplier bonus in 2024 and one-off price effects in 2023, amounted to 1.8 percentage points. Most of this can be attributed to the decline in margin across all main product categories and, to a lesser extent, a negative mix effect.

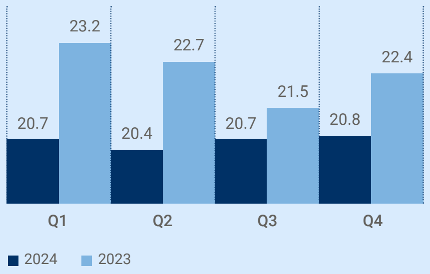
Other operating income

Other operating income of DKK 88m is accounted for by non-recurring income that relates to the completion of the sale of our warehouse in Duiven and the sale of our warehouse in Örebro. An announcement of the sale of the two warehouses in Sweden, prior to the finalisation of our new logistics centre in Kumla, was made in the 2023 Annual Report.

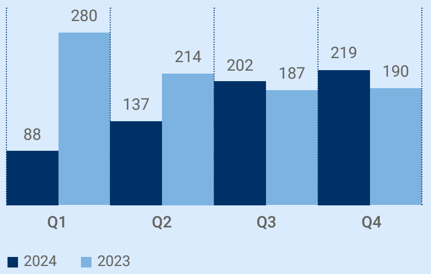
External operating costs and staff costs

We initiated measures to mitigate the impact of cost inflation and the slowdown in the market. As a result, costs in 2024 include restructuring costs of approximately DKK 27m as average full-time equivalent (FTE) is down by 137 or 4.5% to 2,899. Despite salary inflation, external operating and staff costs declined by DKK 93m. Adjusted for restructuring costs, external operating and staff costs were unchanged at 15.7% (15.7%) of revenue.

Gross profit margin
%



EBITDA
DKKm



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 14m (DKK 17m).

EBITDA
EBITDA of DKK 646m (DKK 871m) was above our expectations.

When adjusted for non-recurring income and restructuring costs in 2024 and one-off price effects in 2023, the underlying EBITDA margin amounted to approx. 4.6% (6.5%).

EBITDA declined in all main markets in 2024. The results from the individual markets are shown on pages 109-110.

Depreciation and write-down
Depreciation and write-down on property, plant and equipment increased to DKK 246m (DKK 223m) mainly as the result of the depreciation of the warehouse extensions and automatisation measures in Solar Danmark and Solar Nederland.

Amortisation and impairment of intangible assets
Amortisation and impairment of intangible assets amounted to DKK 122m (DKK 90m). The-slower-than-anticipated growth in sales was the main factor behind the impairment loss on Thermonova of DKK 47m in 2024. However, we remain confident in the potential of high-capacity Thermonova heat pumps. There was an impairment loss on Højager Belysning of DKK 20m in 2023.

Financials
Net financials amounted to DKK -85m (DKK -90m). Fair value adjustments impacted net financials by DKK -1m (DKK -8m).

Earnings before tax
Earnings before tax were down to DKK 192m (DKK 468m).

Income tax
Income tax amounted to DKK -44m (DKK -120m). The posted income tax corresponds to an effective tax rate of 22.7% (25.6%).

Net profit
Net profit came to DKK 148m (DKK 348m).

Cash flow
Net working capital as an average of the previous four quarters declined to 15.0% (16.8%) of revenue. Net working capital at the end of 2024 amounted to 13.9% (14.6%).

Cash flow from operating activities totalled DKK 538m (DKK 855m). We succeeded in reducing inventories, which resulted in a cash flow impact of DKK 113m (DKK 230m). Changes in receivables impacted cash flow by DKK -64m (DKK 182m) while changes in non-interest-bearing liabilities had a cash flow impact of DKK 96m (DKK -219m).

Total cash flow from investing activities amounted to DKK -265m (DKK -405m). The new logistics centre in Kumla is under construction and impacted cash flow by DKK -112m. The sale of our warehouse in Örebro had a positive impact of DKK 61m. The acquisition of Thermonova impacted cash flow by DKK -10m (DKK -111m). All deferred payments relating to the acquisition have been paid.

Cash flow from financing activities amounted to DKK -255m (DKK -175m). This was mainly affected by changes in current interest-bearing liabilities, by dividend distribution of DKK 219m (DKK 329m), and by the raising of non-current interest-bearing liabilities of DKK 100m (DKK 150m).
As a result, total cash flow amounted to DKK 18m (DKK 275m).

Net interest-bearing liabilities amounted to DKK 1,232m (DKK 1,157m).

By the end of 2024, gearing was 1.9 (1.3) times EBITDA. Our gearing target was 1.5-3.0 times EBITDA. The Board of Directors evaluates the capital structure on an ongoing basis in relation to our target and capital requirements.

At the end of 2024, Solar had undrawn credit facilities of DKK 1,028m (DKK 955m).

Invested capital
Solar Group's invested capital totalled DKK 3,089m (DKK 3,120m). ROIC amounted to 8.3% (13.2%).

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.

Segment performance

Installation

(Data shown in brackets relate to 2023)

Today's installers require more than just a product

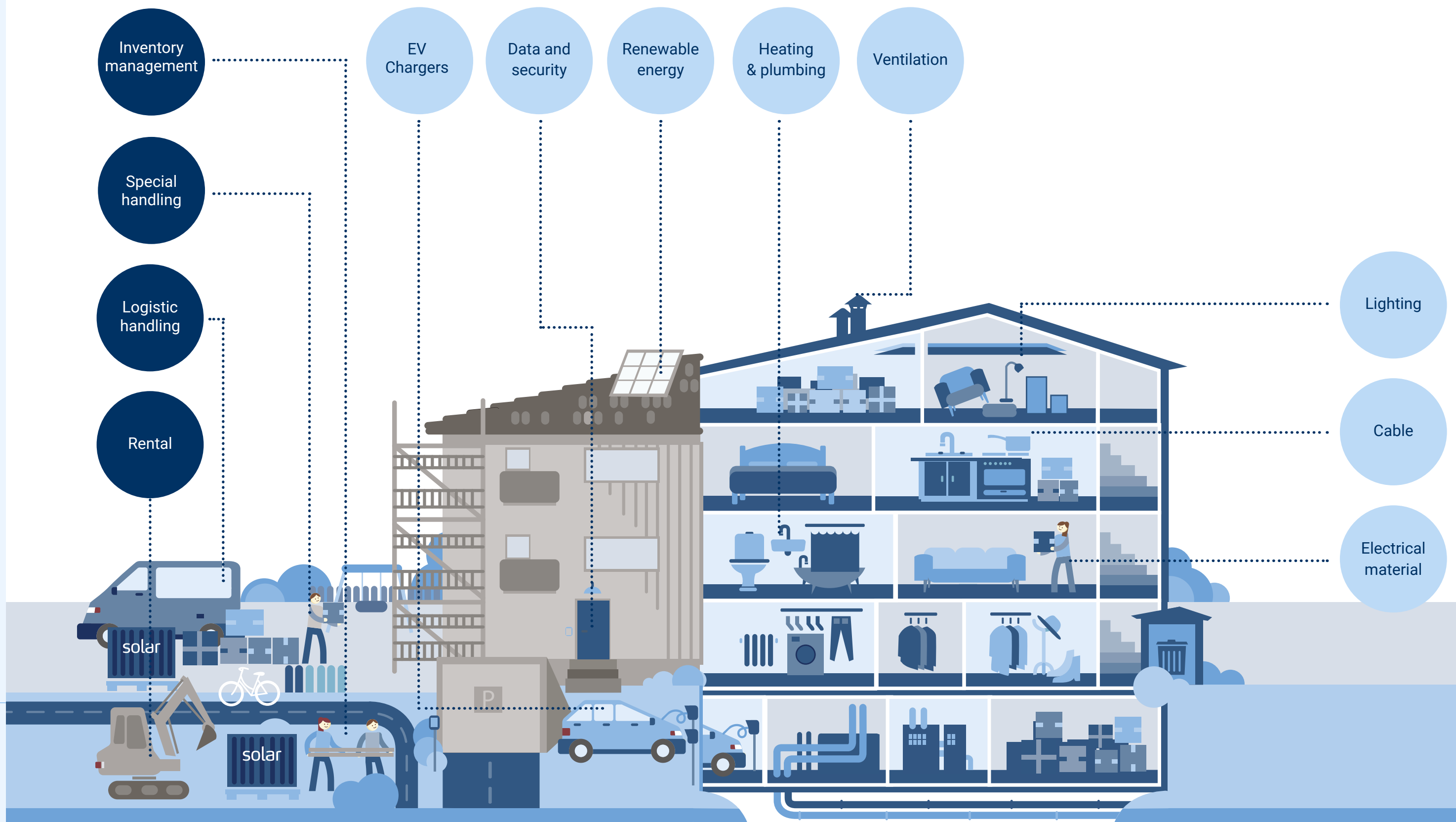
Our 20,000 plus installation customers range from sole installation contractors to large installation companies. Irrespective of their size, they value both our expertise and our extensive range, which covers electrical, heating & plumbing installations as well as climate & energy products.

Installation revenue totalled DKK 6,722m (DKK 7,293m), which corresponds to overall adjusted organic growth of around -8.0% (-4.9%). Solar Polska posted positive growth while negative growth was seen in all other main markets.

Segment profit* amounted to DKK 545m (DKK 794m) which corresponds to a segment profit margin of 8.1% (10.9%).

Detailed segment information is given on pages 109-110.

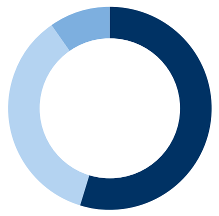
Services
Products



2024 Segment revenue

DKKm

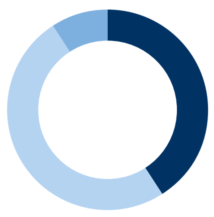
Installation	6,722
Industry	4,336
Trade	1,165



2024 Segment profit

DKKm

Installation	545
Industry	669
Trade	120



* Segment profit does not include non-allocated costs, which cover income and costs related to joint group functions and to costs which cannot be reliably allocated to the individual segment.

Segment performance

Industry

(Data shown in brackets relate to 2023)

Expertise and insights creates value for our industry customers

Our 20,000 plus Industry customers cover the following sub-segments: OEM (Original Equipment Manufacturers), MRO (Maintenance, Repair & Operations), Infrastructure and Offshore & Marine. They all share one common factor in that they rely on our insight and ability to deliver the right products at the right time.

Industry revenue amounted to DKK 4,336m (DKK 4,522m). This corresponds to overall adjusted organic growth of around -4.0% (2.0%). MAG45 posted solid growth, with growth also seen in Solar Norge. Other main markets posted negative growth.

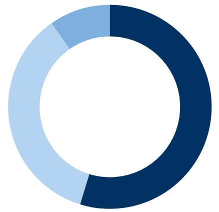
Segment profit* amounted to DKK 669m (DKK 764m), which corresponds to a segment profit margin of 15.4% (16.9%).

Detailed segment information is given on pages 109-110.

2024 Segment revenue

DKKm

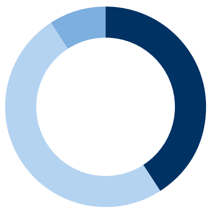
Installation	6,722
Industry	4,336
Trade	1,165



2024 Segment profit

DKKm

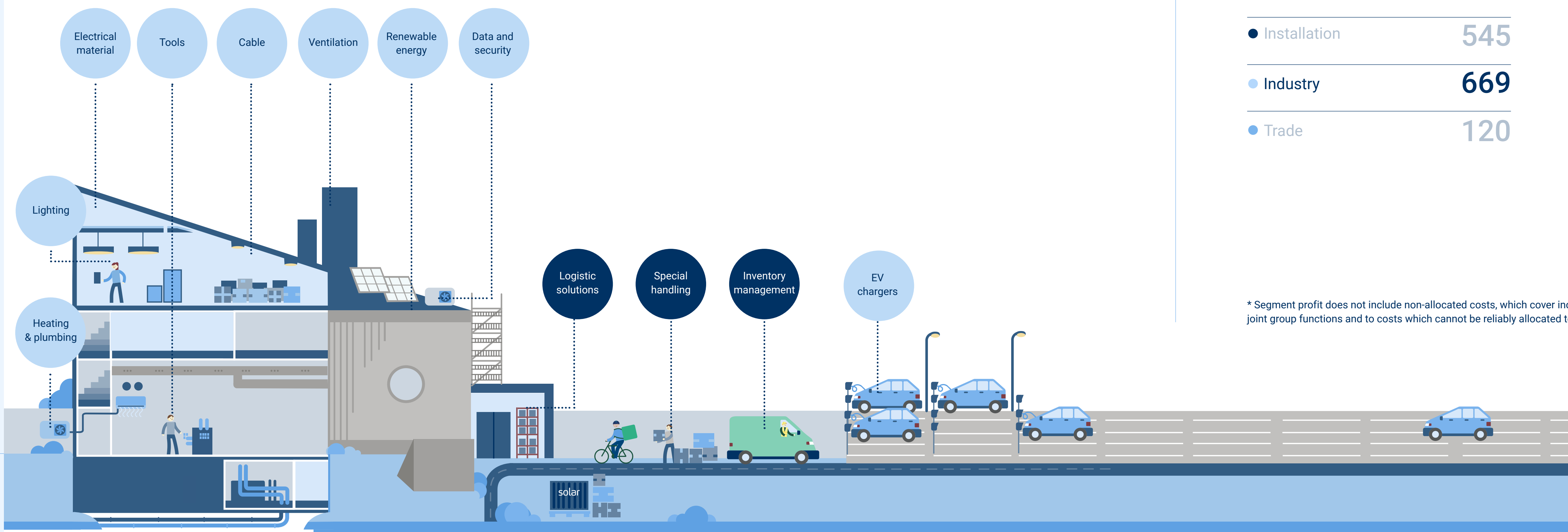
Installation	545
Industry	669
Trade	120



* Segment profit does not include non-allocated costs, which cover income and costs related to joint group functions and to costs which cannot be reliably allocated to the individual segment.

Services

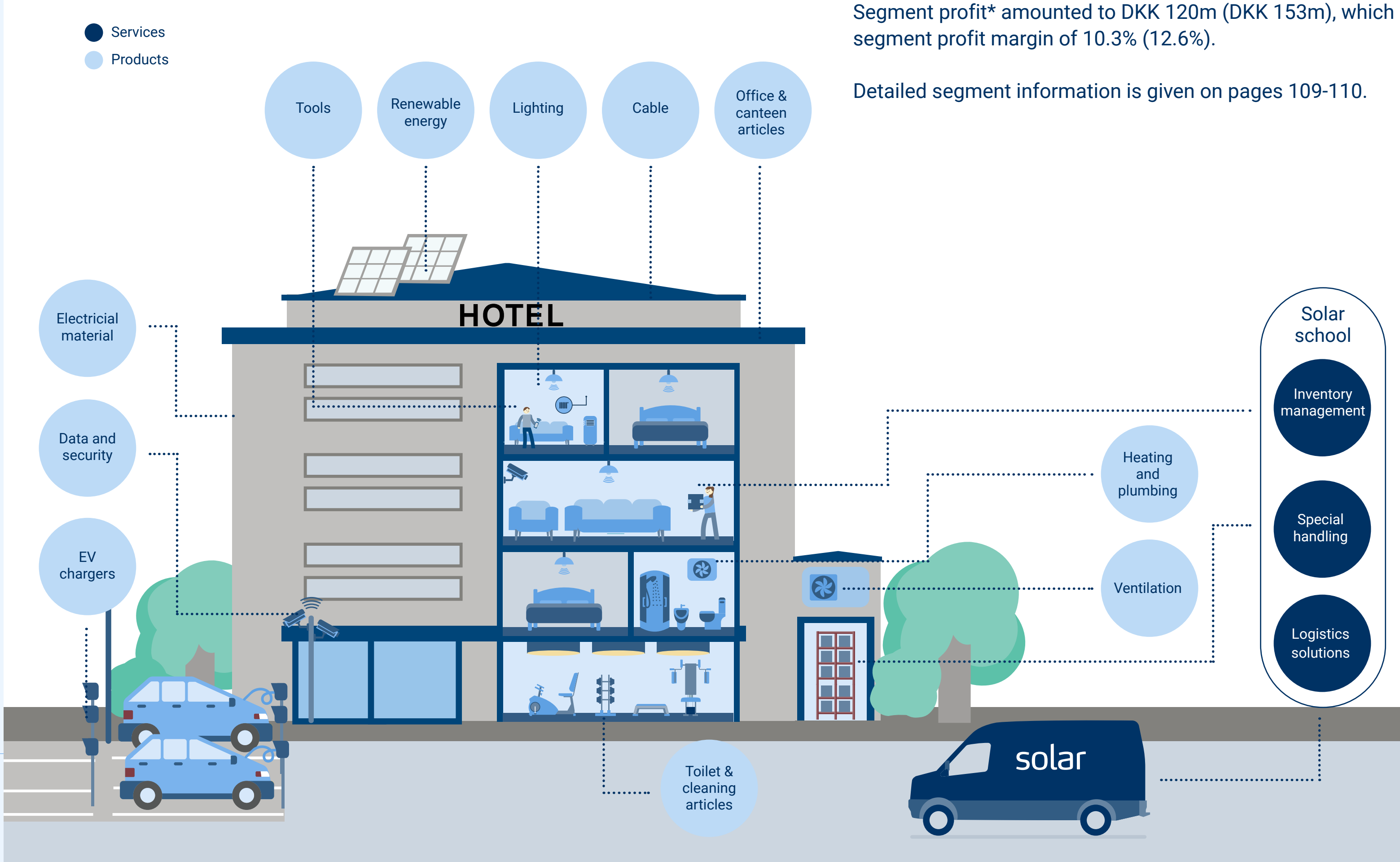
Products



Segment performance

Trade

(Data shown in brackets relate to 2023)



Dedicated local teams support Trade customers with specialised services

Our 9,000 plus trade customers' requirements and buying preferences differ from those of our Installation and Industry segments. Each of our segments comprises unique services. For Trade, these include storage solutions, logistics and shelf cleaning for DIY shops. Such services and solutions support our Trade customers in their daily business and allow them to focus on what they do best. We prioritise the ongoing development of our Trade services by engaging with our customers.

Revenue from Trade amounted to DKK 1,165m (DKK 1,216m), which corresponds to overall adjusted organic growth of -6.3% (-4.6%). Organic growth was positively impacted by Solar Polaris' deliveries to a major solar park project.

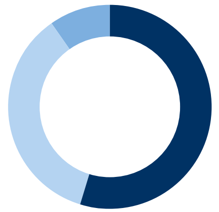
Segment profit* amounted to DKK 120m (DKK 153m), which corresponds to a segment profit margin of 10.3% (12.6%).

Detailed segment information is given on pages 109-110.

2024 Segment revenue

DKKm

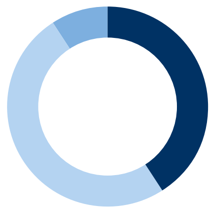
Installation	6,722
Industry	4,336
Trade	1,165



2024 Segment profit

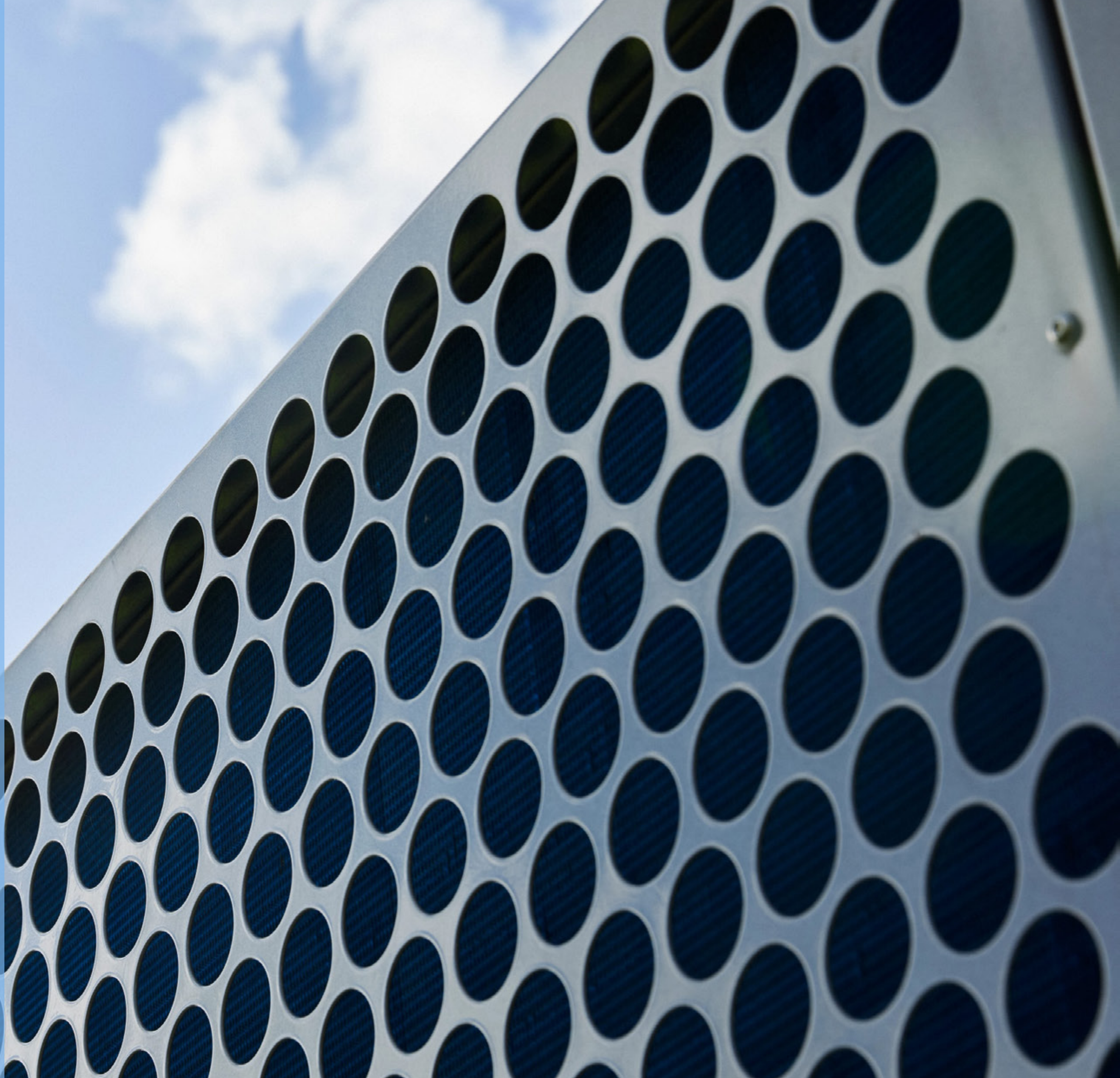
DKKm

Installation	545
Industry	669
Trade	120



* Segment profit does not include non-allocated costs, which cover income and costs related to joint group functions and to costs which cannot be reliably allocated to the individual segment.

Corporate governance



The administrative, management and supervisory bodies

Solar's governance system consists of two tiers. The Board of Directors is tier one and the Executive Board is tier two. Together they are our administrative, management and supervisory bodies.

Composition and diversity

ESRS2 GOV-1 21

The Board of Directors comprises six members elected by the Annual General Meeting and three members elected by the employees. The nine members of the Board of Directors are the non-executive members of the administrative, management and supervisory bodies. All board members elected at the Annual General Meeting stand for election each year, whereas employee representatives are elected by the company's employees for four-year terms.

The Executive Board comprises the CEO and CFO, who are the two executive members of the administrative, management and supervisory bodies.

The relevant experience of the nine members of the Board of Directors is described on page 35.

The Board of Directors strives for equal gender representation while ensuring that it has a broad portfolio of skills and experience. Our aim is to ensure that women are not underrepresented. According to ERSR2 GOV-1, Solar has three (27.3%) female members and eight (72.7%) male members on the administrative, management and supervisory bodies, which corresponds to an average gender ratio of 0.38. Female board members constitute two of the six board members elected at the Annual General Meeting which, according to Danish law, is considered an even distribution.

Peter Bang, Morten Chrone, Louise Knauer and Michael Troensegaard Andersen are independent board members pursuant to the definition in ESRS and corporate governance. Jesper Dalsgaard and Katrine Borum are affiliated to Fonden af 20. December, Solar's majority shareholder, while the three employee-elected members have a contractual commitment to Solar. Independent board members count for 44.4% of the total board members and 66.7% of members are elected by the Annual General Meeting.

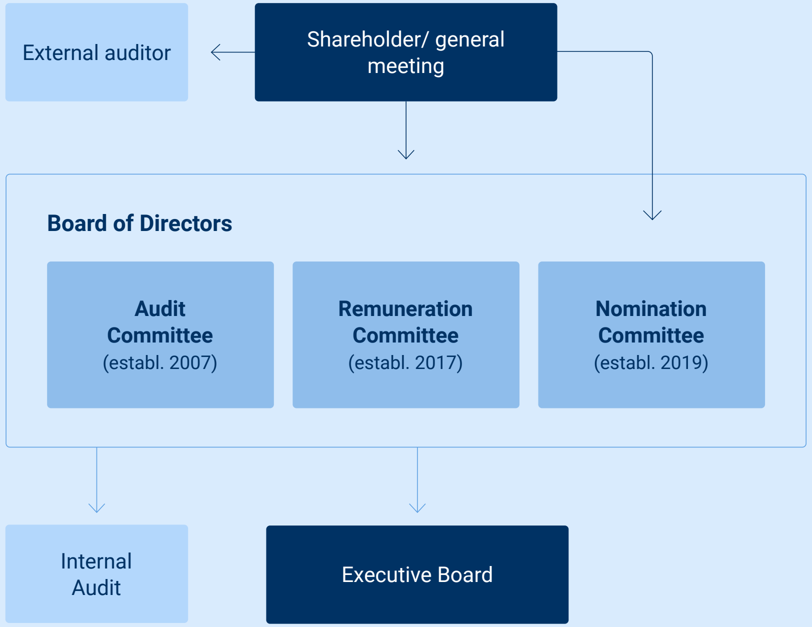
Roles and responsibilities

ESRS2 GOV-1 22

The Board of Directors and the Executive Board are jointly responsible for the overall and strategic management of the Solar Group.

The Board of Directors has established three committees. The Nomination Committee includes a representative from Solar's majority shareholder, Fonden af 20. December, and

Corporate governance structure



See Charters for:

Audit Committee

Remuneration Committee

Nomination Committee

three members of the Board of Directors, including the Chair. Members of the Remuneration Committee and the Audit Committees are appointed by, and from among, the members of the Board of Directors.

In 2024, the Board of Directors re-elected Peter Bang, Michael Troensegaard Andersen and Louise Knauer as members of the Audit Committee. Peter Bang chairs the Audit Committee. He and Michael Troensegaard Andersen have special accountancy qualifications.

The Board of Directors re-elected Morten Chrone and Louise Knauer as members of the Remuneration Committee, together with the Chair of the Board of Directors Michael Troensegaard Andersen. Michael Troensegaard Andersen chairs the Remuneration Committee.

The Board of Directors lays down the company's strategy and decides on major investments and divestments, the capital base, key policies, control and audit matters, risk management, and significant operational issues.

The duties of the Board of Directors are set out in the Rules of Procedure, which include the handling of sustainability and other non-financial matters. The Board of Directors monitors and approves sustainability reporting in accordance with CSRD and ESRS, the sustainability policies and targets, and the management of material impacts, risks and opportunities (IRO). The Audit Committee undertakes the preparatory work for the above-mentioned sustainability matters and recommends proposals to the Board of Directors.

As regards sustainability matters, the Executive Board is responsible for the preparation of Solar's sustainability reporting in accordance with CSRD and ESRS, proposals for sustainability targets, Solar's sustainability policies, and the management of materiality of IRO.

Solar's risk management, sustainability processes, procedures and controls are organised according to the three lines of defence model which demonstrates and structures roles, responsibilities for managing IRO, decision-making and control to achieve effective governance, see section below on risk management and internal controls for sustainability reporting.

Skills and Expertise

ESRS2 GOV-1 23

To perform its management duties, the Board of Directors annually determines the expertise needed for the strategic management of Solar A/S. This also covers knowledge and experience of sustainability matters and the green transition.

As a whole, the Board of Directors and the Executive Board possess in-depth knowledge of Solar's markets, segments, products, value chain, strategy and business model and related IRO.

In addition, Vice Chair of the Board of Directors Jesper Dalsgaard, CEO in Combineering Group and previously Managing Director of Environment & Health at Rambøll Group, has in-depth knowledge and experience of sustainability. Chair of the Board of Directors Michael Troensegaard Andersen, previously CEO of H+H, and Chair of the Audit Committee Peter Bang, previously CFO at Velux and currently CFO of Salling Group, possess a high level of knowledge and experience of sustainability from their current and previous positions. In addition, employee-elected board member Denise Goldby, Head of Sustainability, Solar Danmark, completed her Executive MBA focused on corporate governance and sustainability in 2024.

On the Executive Board, CFO Michael H. Jeppesen is a State Authorised Public Accountant and qualified as a Sustainability Accountant in 2024.

Information provided to and sustainability matters addressed by our administrative, management and supervisory bodies

ESRS2 GOV-2 26

In 2023-24, Solar prepared for CSRD and ESRS requirements, with the implementation of due diligence processes having double materiality assessment (DMA) and IRO as key elements. The objective of the due diligence process is to ensure that Solar identifies, assesses, and manages material sustainability IRO effectively. This process is integral to the governance framework and supports informed decision-making. Solar conducted a materiality assessment to identify and prioritise sustainability IRO. This involves engaging with stakeholders and considering both internal and external factors. A comprehensive risk assessment is performed to evaluate the likelihood and potential impact of identified risks. This includes both qualitative and quantitative analyses.

As part of the preparation for CSRD reporting and the duties of the Board of Directors and the Executive Board, our external advisor, Nordic Sustainability, and Solar's Head of Sustainability presented the methodology, process, progress and performance for CSRD, ESRS, DMA, IRO and targets at audit committee meetings, the Board of Directors' conference and board meetings. Our DMA and IRO are included on page 44-46 and have all been presented and addressed by the Audit Committee and the Board of Directors.

Sustainability matters and IRO are an integral part of Solar's Solve strategy. When undertaking major investments or projects, assessment of impact, risk and opportunities is a standard part of the decision making process.

From 2025, the annual cycle for the Board of Directors and for the Audit Committee will include addressing material sustainability matters at every ordinary meeting while the due diligence process will be evaluated annually to reflect changes in the operating environment, stakeholder expectations, and regulatory requirements. In 2024, eight board meetings and one conference for the Board of Directors were held. The Audit Committee held five meetings.

The Sustainability Steering Committee, which monitors the progress of Solar's sustainability targets, meets at least quarterly. See matrix on sustainability due dilligence statement in appendix page 90.

Meeting attendance in 2024

Board member	Board meetings	Board conference	Audit Committee	Remuneration Committee
Michael Troensegaard Andersen	8	1	5	2
Jesper Dalsgaard	8	1	-	-
Peter Bang	7	1	5	-
Katrine Borum	8	1	-	-
Morten Chrone	8	1	-	2
Denise Goldby	8	1	-	-
Louise Knauer	8	1	5	2
Rune Jesper Nielsen	7	1	-	-
Michael Kærsgaard Ravn	8	1	-	-

Management's review

Integration of sustainability-related performance in incentive schemes

ESRS2 GOV-3 29

Members of the Executive Board are entitled to an annual remuneration in accordance with the remuneration policy, which may consist of the following fixed and variable remuneration components:

- a fixed remuneration
- employee benefits
- variable remuneration, including non-share-based incentives to optimise the Executive Board's incentive in the short and/or long term
- share-based incentives to optimise the Executive Board's incentive in the long term, and
- extraordinary incentives that can be both share-based and non-share-based.

The remuneration policy was amended at the Annual General Meeting in 2024. ESG targets were included in variable remuneration, and long-term targets were introduced for share-based incentives by replacing restricted shares with performance share units.

Under the current remuneration policy, the Board of Directors may allocate share-based incentives to the Executive Board, such as Solar A/S performance share units, where vesting is dependent on an assessment of the degree of achievement of the long-term targets. The objective of the allocation is to safeguard value creation and to achieve Solar's long-term objectives. The value of share-based remuneration at the time of granting equals 50% of the annual fixed remuneration for each member. Allocation takes place annually following publication of the Annual Report.

In 2024, the Board of Directors granted performance share units for 2024, in line with the remuneration policy for long-term incentives. Performance share units are granted for no consideration and provide the holder with the right and obligation to receive Solar B shares, dependent on the achievement of certain forward-looking performance targets proportionally based on Solution Sales, the EBITDA margin, and 7-15% based on CO_2 reduction within scope 1 and 2 targets on 65% reduction by 2026 compared to baseline 2020. The share of total variable expense for the year is 1.4% and share of total expensed for the year is 0.5%.

Negotiations regarding changes to the Executive Board's remuneration are conducted by the Remuneration Committee with a mandate from the Board of Directors.

There are no incentive schemes for the members of the Board of Directors.

Risk management and internal controls over sustainability reporting

ESRS2 GOV-5 36

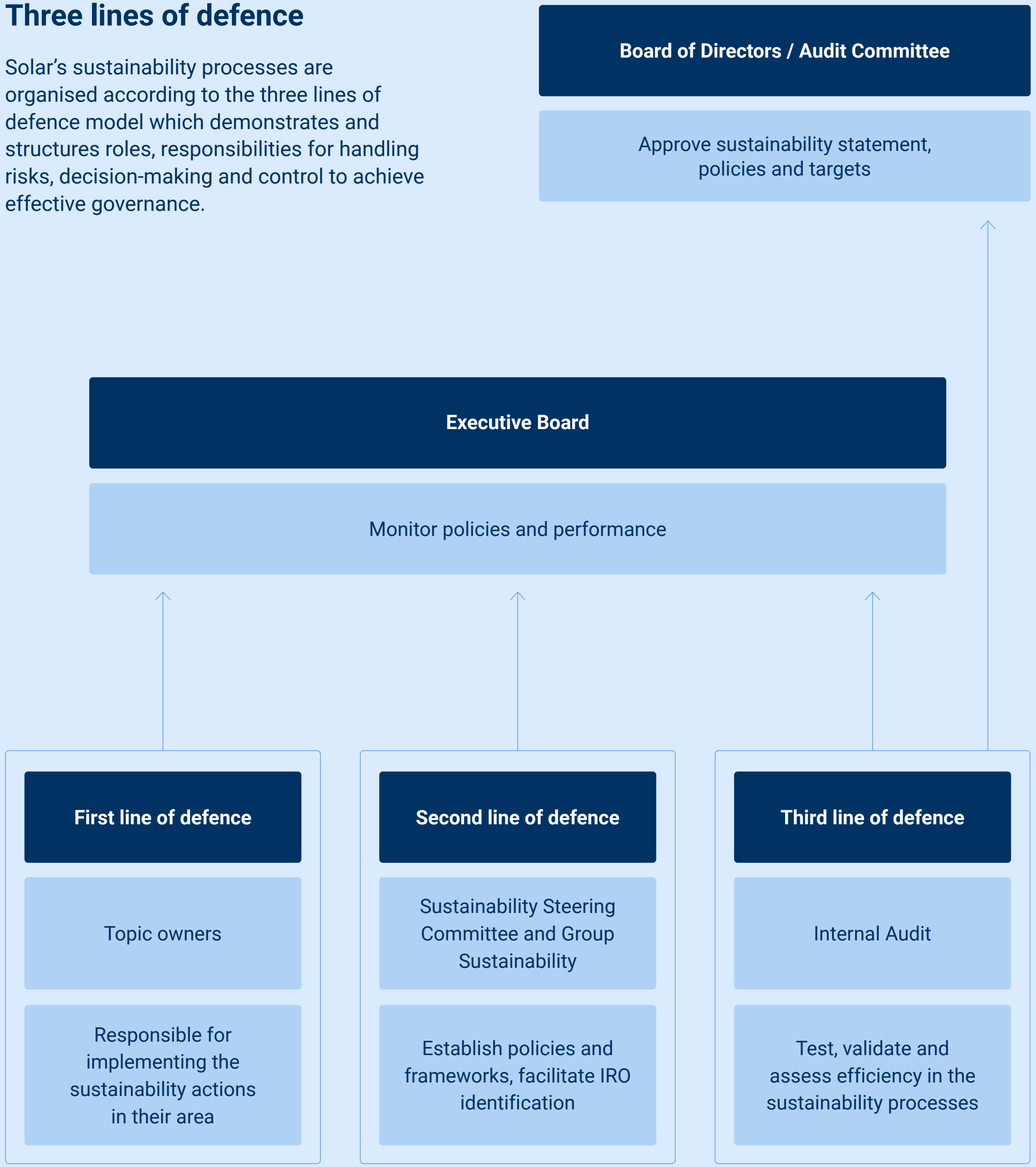
Solar's risk management, sustainability processes, procedures and controls are organised according to the three lines of defence model which demonstrates and structures roles, responsibilities for managing IRO, decision-making and control to achieve effective governance.

The first line of defence are those responsible for implementing the sustainability targets, policies, procedures and processes in their area.

The second line of defence is the Sustainability Steering Committee established by the Executive Board. The Sustainability Steering Committee is chaired by CFO Michael H. Jeppesen and comprises four members of senior management and the Head of Sustainability. It is the Sustainability Steering Committee's duty to advise the Executive Board on overall sustainability ambitions and direction, to facilitate IRO identification, to establish policies and framework, and monitor progress towards Solar's sustainability targets. The Sustainability Steering Committee is obliged to meet at least quarterly.

Three lines of defence

Solar's sustainability processes are organised according to the three lines of defence model which demonstrates and structures roles, responsibilities for handling risks, decision-making and control to achieve effective governance.



Management's review

The third line of defence is Solar's Internal Audit team who test, validate and assess the efficiency of our sustainability processes.

We have implemented internal control systems to identify and mitigate risks related to both financial and sustainability reporting. This includes setting targets, policies, manuals, procedures, and internal controls. We continuously monitor and optimise our financial and sustainability reporting processes and controls as needed.

Each year, we conduct a risk assessment to identify potential material misstatements in financial and sustainability reporting, considering factors such as materiality, process complexity, and the likelihood of errors and omissions.

In relation to our sustainability reporting, it is our plan in 2025 to evaluate processes in all material areas, reassessing existing controls, and identifying additional controls as necessary. Internal Audit continuously monitor and test these internal controls to ensure the efficiency of our sustainability processes.

We have established consistent governance for both financial and sustainability reporting. The Audit Committee oversees our reporting processes, including reviewing risk assessments, internal controls, and their effectiveness.

Our financial reports are audited by an independent audit firm elected at the annual general meeting, while our sustainability data undergoes limited assurance by the same auditor. Any observations from both Internal Audit and the external auditor's reports and management letter are addressed through action plans with assigned responsibilities and deadlines, which we regularly review and follow up on.

In addition, see page 44, double materiality assessment (DMA) for our DMA methodology and processes, including IRO assessment.

ESRS2 GOV-1 Composition and diversity metrics

	Unit	2024
Executive members	Headcount	2
Non-executive members	Headcount	9
Female members of administrative, management and supervisory bodies	%	27.3
Board's gender diversity ratio	Times	0.38
Independent board members	%	44.4

ESRS2 GOV-Integration of sustainability-realted performance in incentive schemes metrics

	Unit	2024
Variable remuneration dependent on sustainability-related targets and (or) impacts	%	7-15

Accounting policies

Executive members
ESRS2 GOV-1 21a

The executive members of the administrative, management and supervisory bodies are the members of The Executive Board in Solar A/S.

Non-executive members
ESRS2 GOV-1 21a

The nine members of the Board of Directors are the non-executive members of the administrative, management and supervisory bodies.

Gender diversity, administrative, management and supervisory bodies
ESRS2 GOV-1 21d

Gender diversity in administrative, management and supervisory bodies is expressed as a percentage and as an average ratio.

The gender diversity in percentage is the total number of female members of the Board of Directors and the Executive Board to the total number of all members of the Board of Directors and the Executive Board.

The gender diversity average ratio is calculated as total number of female members of the Board of Directors and the Executive Board to total number of male members of the Board of Directors and the Executive Board.

Independent board member
ESRS2 GOV-1 21e

Board members that exercise independent judgment free from any external influence or conflicts of interest. Independence generally means the exercise of objective, unfettered judgement. When used as the measure by which to judge the appearance of independence, or to categorise a non-executive member of the administrative, management and supervisory bodies or their committees as independent, it means the absence of an interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.

Percentage of independent board members
ESRS2 GOV-1 21e

As Solar has a two tiers governance system, the percentage of independent board members are the independent board members in the Board of Directors to the total number of members of the Board of Directors.

Proportion of variable remuneration dependent on sustainability-related targets and (or) impacts.
ESRS2 GOV-3 29d

Proportion of variable remuneration dependent on sustainability-related targets and (or) impacts is the annual variable remuneration dependent on sustainability-related targets and (or) impacts for the Executive Board to the total annual variable remuneration for the Executive Board.

Corporate governance

The Danish Financial Statements Act 107b

As a listed company, Solar must provide a statement on how the Corporate Governance recommendations issued by the Danish Committee on Corporate Governance are addressed. Solar complies with 39 of the 40 recommendations but deviates from recommendation 4.1.3. Recommendation on the variable part of remuneration. As Solar applies a simple model for the allocation of variable remuneration, the Board of Directors does not deem it relevant to assess the value of this under different scenarios.

Evaluation
During Q4 2024, the Chair initiated a board evaluation that included cooperation between the Board of Directors and the Executive Board, the Chair's role, the work of the Board and Board Committees and an assessment of the Board capabilities relative to those that best support Solar's strategy.

All members of the Board of Directors participated in the evaluation and provided input via questionnaires, which formed the basis of an evaluation report. The 2024 evaluation was shared with the Nomination Committee and did not give rise to any additional measures.

See our:

Statutory report

www.solar.eu/legal/

Full description of corporate governance

www.solar.eu/investor/shareholders/corporate-governance/

Board of Directors

Michael Troensegaard Andersen

Born 1961 **Joined** 2021
Chair

- Master of Science in Mechanical Engineering from Denmark's Technical University (1987) and a Graduate Diploma in Business Administration (Financial and Management Accounting) from Copenhagen Business School (1988).
- Chair of the Board of Directors of Shark Solutions A/S and BE Shark Holding ApS and member of the board of directors of HusCompagniet A/S.
- Possesses experience as CEO in listed companies and of strategic, structural and organizational transformation, sustainability and green transition, together with in-depth knowledge of the European Building and Building Material Industry.
- Remuneration 2024: DKK 855,000.
- Holds 2,174 Solar B shares of which 1,400 shares were acquired in 2024.

Jesper Dalsgaard Jensen

Born 1968 **Joined** 2017
Vice Chair

- CEO, Combineering Group A/S
- M.Sc. in Law and Business Administration 1993.
- Member of the board of directors of Fonden af 20. December, Mannaz A/S and other Danish and international companies in Combineering Group.
- Possesses executive management experience of companies managed by foundations and companies within the construction and the logistics industries, and has experience within strategy, business development, mergers & acquisitions together with in-depth knowledge and experience within sustainability, circular economy and the green transition.
- Remuneration 2024: DKK 450,000.
- Holds 1,550 Solar B shares. Did not trade Solar shares in 2024.

Peter Bang

Born 1969 **Joined** 2018

- CFO, Salling Group
- Cand.oecon. 1994 from Aarhus University, specialising in business economics and financing.
- Board Member Skagenfood A/S
- Managing Director, Netto Supermarkt GmbH
- Chair of the board of directors of Dansk Netto Deutschland ApS
- Experience within construction, climate/ energy, sustainability and green transition, digitalisation, organisational development, as well as finance and performance management.
- Remuneration 2024: DKK 495,000.
- Holds 1,200 Solar B shares. Did not trade Solar shares in 2024.

Katrine Borum

Born 1981 **Joined** 2022

- Chief Physician and Head of Education at Nordsjællands Hospital.
- Cand.med., University of Copenhagen 2010, Orthopedic specialist, 2021.
- Board member and Head of Education in the Danish Orthopedic Society.
- Experience with managing many professions and developing an educational environment.
- Remuneration 2024: DKK 350,000.
- Holds 42,723 Solar B shares. Did not trade Solar shares in 2024.

Morten Chrone

Born 1966 **Joined** 2019

- Group CEO, Unisport Saltex Oy.
- MBA 2001 and B.Eng. in Civil and Constructional Engineering 1994.
- Chair of the board of Unisport Scandinavia ApS and CEO of Mads ApS.
- Has held management positions within the construction industry/wholesale business in Denmark and abroad for the past 25 years and has significant knowledge of Solar's core business and the markets we operate in.
- Remuneration 2024: DKK 380,000
- Holds 712 Solar B shares. Did not trade Solar shares in 2024.

Management's review

Board of Directors

Denise Goldby

Born 1987 **Joined** 2022
Employee-elected member

- Head of Sustainability, Solar Danmark
- Executive MBA with focus on corporate governance and sustainability, CBS (2024). Graduate Diploma in Business Administration (Organisation and Management), CBS (2018).
- Experience in the operations of a sourcing and services company as previously Head of Solar's Copenhagen and Amager customer centres. Knowledge and experience in the green transition, stakeholder engagement, and implementing innovative solutions to drive business growth and operational efficiency.
- Remuneration 2024: DKK 335,000.
- Holds 25 Solar B shares. Did not trade Solar shares in 2024.

Louise Knauer

Born 1983 **Joined** 2017

- CED of Lady Invest ApS and It's a club ApS.
- BSc in business administration and commercial law, 2006, and MSc in finance and strategic management, 2008.
- Member of the boards of directors of Rekom Group Holding ApS, Rekom Group A/S, CC Mist NEW Holding II ApS, CC Fly Holding II A/S, CC Globe Holding I ApS, CC Globe Holding II A/S, FERM LIV- ING ApS, NTG Nordic Transport Group A/S, Skako A/S and two subsidiaries hereof.
- Possesses experience as CEO and member of executive committees of listed and family-owned companies. Has experience within strategy, M&A, organisational development, and company turnarounds. In addition, expertise within tech, innovation, digitisation, data/AI/ML and cyber security.
- Remuneration 2024: DKK 417,500.
- Holds 381 Solar B shares. Did not trade Solar shares in 2024.

Rune Jesper Nielsen

Born 1971 **Joined** 2022
Employee-elected member

- Warehouse employee.
- Possesses experience within daily operation of a sourcing and services company and managing teams from being employed at Warehouse Vejen for many years.
- Remuneration 2024: DKK 320,000.
- Holds no Solar shares. Did not trade shares in 2024.

Michael Kærgaard Ravn

Born 1971 **Joined** 2022
Employee-elected member

- Account Manager, Industry OEM.
- Possesses knowledge and experience of the industry segment and the operation of a sourcing and services company from being Account Manager, Industry OEM at Solar Danmark for many years.
- Remuneration 2024: DKK 335,000.
- Holds 123 Solar B shares. Did not trade Solar shares in 2024.

Management's review

Executive Board

Jens E. Andersen

Born 1968
CEO

- Graduate Diploma in Business Administration (Financial and Management Accounting), MBA.
- Experience as CEO in International and Danish companies together with experience within strategy, leadership, and transformation of organisations. In-depth knowledge of the European Wholesale industry.
- Chair of the boards of directors of 7 Solar Group subsidiaries.
- Member of the boards of directors of VELTEK, DI Byggeri, and HF Christiansen Holding A/S and two subsidiaries hereof.
- Holds 10,664 Solar B shares. Did not trade Solar shares in 2024.
- Holds 6,654 restricted share units and 9,937 performance share units. 9,937 performance share units were granted in 2024. 285 restricted share units were granted and 4,795 were settled in 2024.
- Remuneration 2024: DKK 11.1m

Michael H. Jeppesen

Born 1966
CFO

- Master of science in Business Economics and Auditing (1990), State Authorised Public Accountant, E-MBA, certified sustainability accountant.
- Experience within strategy, financing, digitalization, mergers & acquisitions, and investor relations together with in-depth knowledge on reporting (IFRS/CSRD) for listed companies.
- Member of the boards of directors of all Solar Group subsidiaries.
- Member of the boards of directors of Aktieselskabet Sønder Omme Plantage.
- Holds 4,080 Solar B shares. Did not trade Solar shares in 2024.
- Holds 3,720 restricted share units and 5,639 performance share units. 5,639 performance share units were granted in 2024. 159 restricted share units were granted and 2,398 were settled in 2024.
- Remuneration 2024: DKK 6.7m.

Management's review

Shareholder information

In 2024, we had close to 13,000 shareholders. This is a testimony for our ability to include the private investors in our quarterly calls and investor visits.

Dividends

The Board of Directors proposes that the Annual General Meeting approves a dividend of DKK 15.00 per share for a total payout of DKK 110 million for the 2024 financial year. The proposed dividend corresponds to a payout ratio of 72%. The proposal is in line with the previously stated plan to have a payout ratio of at least 35% of profits after tax. If approved, the 2024 dividend will be disbursed on March 19, 2025, with March 14, 2025 as the last trading day with dividend.

Dividend payments

DKK million	2024	2023	2022	2021	2020
Ordinary, dividend	219	329	329	204	102
Extraordinary, dividend	-	-	329	110	-
Total dividend	219	329	658	314	102
Payout ratio in %	63	50	124	141	159

The Solar share price development

On 31 December 2024, the price of Solar's B share was DKK 299.50, down from the 2023 starting price of DKK 465.

The Solar share

	A share	B share
Shares	900,000	6,460,000
Nominel value (DKK)	100	100
Votes per share	10	1
Treasury shares[1]	-	56,813
Stock Exchange	-	Nasdaq Copenhagen Stock Exchange
Ticker symbol		Solar B
Share price year-end (DKK)	299.50	299.50
Market Cap year-end (DKK)	270	1,935

1) See note 4.2, treasury shares

Investor relations policy

We strive to maintain an open dialogue with investors and to provide them with accurate and adequate information for making reasoned investment decisions about Solar's shares. We ensure all investors are given fair and equal access to information by publishing relevant information via Nasdaq Copenhagen. We participate in conferences, arrange roadshows and organise meetings with investors and financial analysts following the publication of quarterly and annual reports. Investor meetings and similar events cannot be held during our quiet periods, which start on 1 January, 1 April, 1 July and 1 October and end with the publication of a quarterly or annual report.

Shareholder with more than 5% of share or votes

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

Annual General Meeting

Solar's Annual General Meeting will be held on Friday 14 March 2025 at 11.00.

Shareholders can register for the Annual General Meeting at the investor portal accessible via: www.solar.eu

The Board of Directors will submit the following items for approval by the Annual General Meeting:

- Payment of DKK 15.00 in return per share outstanding of DKK 100.
- Authority to potentially pass a resolution to distribute extraordinary dividends of up to DKK 50.00 per share.
- Authority to acquire treasury shares valued at up to 10% of share capital.
- Approval of Remuneration Report 2024.
- Approval of the Board of Directors' remuneration of unchanged DKK 200,000 in 2025 and meeting attendance fees of DKK 15,000 for physical meetings and DKK 7,500 for digital meetings in 2025.

A presentation of our Board of Directors can be found on pages 35-36.

Financial calendar 2025

6 Feb	Annual Report 2024
14 Mar	Annual General Meeting
9 May	Quarterly Report Q1 2025
14 Aug	Quarterly Report Q2 2025
6 Nov	Quarterly Report Q3 2025

Analysts

The following financial institutions cover the Solar share:

- Carnegie Bank
- SEB

Investor contact

Dennis Callesen
Investor Relations Director
Tel.: +45 29 92 18 11
E-mail: deca@solar.dk

Sustainability statements

General information

General basis for preparation

BP-1 General basis for preparation of the sustainability statement

Frameworks and data selection
The sustainability statement is prepared with reference to the Corporate Sustainability Reporting Directive (hereafter CSRD) and the underlying European Sustainability Reporting Standards (hereafter ESRS) requirements.

All the data points included in the E, S, and G sections have been assessed as material according to our double materiality assessment (DMA).

Consolidation
Our annual report is a consolidated report.
The data in the sustainability statement covers the Solar Group and all our subsidiaries and has been prepared on the same consolidated basis as the Solar Group's 2024 financial statements.

Value chain
The sustainability statement covers Solar's upstream and downstream value chain activities. Please see page 47.

Omitting information
No options for omitting information regarding intellectual property, know-how, or the results of innovation, disclosure of impending developments, or matters in the course of negotiation have been used.

Specific circumstances

BP-2 Disclosures in relation to specific circumstances

Measurement basis
The accounting policies have been applied consistently in the financial year and for comparative figures. All greenhouse gas data points (GHG scope 1-3) are reported based on the Greenhouse Gas Protocol.

Accounting estimates and judgements
We use assessments and estimates for the reporting of some data points, e.g. our taxonomy KPIs and scope 3 emissions. We regularly reassess our use of estimates and judgements based on experience, the development of ESG reporting, and several other factors. Changes in estimates are recognised in the period in which the estimate in question is revised.

Threshold for restatements
For adjustments to financial numbers, we follow the financial statements. For adjustments to ESG data, we make a judgement as to whether we should restate numbers. We clearly indicate where we have restated data.

External review
All quantitative data points in the tables in sections E, S, G, has undergone limited assurance unless otherwise stated.

Changes in the preparation
For the 2024 reporting period, we have changed the structure of our sustainability disclosure to comply with the CSRD.

The changes include:

- The inclusion of a sustainability statement in Solar's annual report.
- An update of the preliminary double materiality assessment conducted in 2023 to also contain material impacts, risks, and opportunities across our value chain.
- New disclosures and metrics as required by the ESRS.

How to read the Sustainability statement
Our Sustainability statement addresses specific disclosure requirements from the ESRS and is organized into four main sections: General, Environment, Social, and Governance. Each chapter follows the structure of the ESRS requirements and includes direct references to the sections and paragraphs in the ESRS standard.

In the first section, we take you through our general preparation for the sustainability report and value chain, our stakeholder engagement, and an introduction to our DMA and the outcome of this, including methodology and listed material matters. Our strategy, business model, and corporate governance disclosures from the cross-cutting standard ESRS 2 are placed in the Management review, as we believe this information is best understood in conjunction with the Management review and an overview of our activities. See Management review pages 11-15 and 30-37.

Hereafter, we deep dive into the environmental information, including the EU taxonomy, climate change, pollution, biodiversity and ecosystems, and resource use and circular economy.

The third section covers the social information, including our own workforce and workers in the value chain.

Creating value through sustainability

SBM-1 Strategy, business model, and value chain

Sustainability is embedded in our Group strategy and business model (please see Management Review) and is considered a strategic enabler for how we operate as a business. We want to partner with our customers in the green transition and create value for both business and society.

We have three strategic sustainability focus areas – climate impact, sustainable supply chain, and diversity, equity, and inclusion – each with underlying actions and targets. The three areas correspond to our material sustainability impacts, risks, and opportunities.

They support our ambition to deliver climate and energy solutions, such as heat pumps and solar panels, thereby advancing the green transition in our industry and creating a resilient value chain that respects both planet and people.

In the sustainability statement section, we set out the impacts, risks, and opportunities identified through our double materiality assessment. Information on policies, actions, targets, and ESG performance data can be seen under the relevant sections.

Environment

Climate impact

Approach
In alignment with the standards of the Science Based Target initiative, we aim to become carbon neutral in our own operation and to enable our customers to decarbonize in their part of the value chain.

Priorities
- Net-zero in our own operations by 2030
- 25% reduction in emissions from our supply chain by 2030 (scope 3)
- Deployment of renewable energy solutions by installing heat pumps and solar panels
- Conversion to an EV fleet by 2030
- Transition to circular resource use
- Continuation of our afforestation projects

Read more
- EU Taxonomy, page 56-60
- ESRS E1 Climate change, page 61-68
- ESRS E2 Pollution, page 69
- ESRS E4 Biodiversity and ecosystems, page 70-71
- ESRS E5 Resource use and circular economy, page 72-74

Social

Diversity, equity, and inclusion

Approach
We foster a workplace and culture that promotes diversity, equity, and inclusion to attract, develop, and retain employees, while respecting human rights in a fast changing environment.

Priorities
- Respect human rights and labour across the value chain
- Focus on recruiting and developing a diverse workforce
- Retention and development as well as focus on employee satisfaction
- Ensure a healthy and safe working environment
- 25% women in senior management by 2026

Read more
- ESRS S1 Own workforce, page 76-80
- ESRS S2 Workers in the value chain, page 81-82

Governance

Sustainable supply chain

Approach
We are committed to deliver on our sustainability goals and continue to work to integrate our sustainability Supplier Engagement Programme into our daily business.

Priorities
- Enable our employees to perform according to responsible business conduct
- Conduct supplier risk management due diligence of 82% of our spend by 2026
- Demand that 95% of our spend be covered by a signed Supplier Code of Conduct by 2026
- Embed sustainability compliance in our business

Read more
- ESRS G1 Business conduct, page 84-85

Sustainability statements

Stakeholder engagement

SMB-2 - Interests and views of stakeholders

Engaging with affected stakeholders helps us to understand their expectations and to respond accordingly. Regular dialogue with our employees - either directly or as a team - promotes open and credible communication.

Guided by our Employee Code of Conduct and the UN Global Compact ten principles, we uphold open and trustworthy communication to help us understand our external stakeholders' priorities and to respond accordingly. External stakeholders regularly engage with Solar's employees, either directly or in a team setting.

The insight gained from these regular engagements serve to ensure general due diligence and serve as a source of information for our double materiality assessment.

We strive to ensure that the views and interests of affected stakeholders as regards sustainability are communicated to the Sustainability Steering Committee.

Stakeholder	How we engage	Purpose of engagement	Outcome examples
Employees	• Surveys and workplace assessments • Personal development dialogues • Dialogue and contact meetings with management • Social gatherings • Employee elected board members	• Contribution to an inclusive work culture • Open and honest dialogue across organisation levels • Compliance with our Employee Code of Conduct • Inclusion of employee perception and experience • Employee retention • Input on strategy and business model	• Employee handbook and guidelines • Communication from management • Employee and management development programmes • Fair treatment and pay
Customers	• Customer support and guidance • Competence training at Solar School • Partnership programmes • Events and seminars	• Creation of customer loyalty • Delivery on our promises • To make our customers productive and successful • To provide sustainable products and solutions • To enable customers to run responsible business practices with a reduced carbon footprint	• Our assortment and documentation kept up to date • Development of new logistics services • Adaptation to market expectations • Contribution to Solar's strategic direction • Improve market share
Suppliers	• Dialogue and guidance • Contract negotiations • Supplier due dilligence • Business development meetings	• Compliance with our Supplier Code of Conduct • Risk assessment due dilligence • Engagement with our Supplier Engagement Programme • Protection of labour and human rights • To decarbonise our supplier chain	• Streamlining of supplier expectations • Supplier improvement plans • Greater focus on compliance and documention • Supplier days and events • Security of supplies
Investors	• Investor calls and dialogue • Periodic investor updates • Capital market days • Annual General Meeting	• Understanding the sustainability agenda related to our industry • Retain and attract investors • Enhanced transparency • Financial and ESG ratings	• ESG ratings and improvements • Financial and ESG disclosure and reports • Adaptive response to investors • Fair valuation
Industry associations	• Knowledge sharing • Input into strategic directions • Collaboration and representation	• To enable the green transition of our industry • Industry alignment and development • To enable industry representatives to engage with policymakers	• Direct representation on boards and networks • Joint initiatives and programmes
Civic and non-profit organisations	• Partnerships with NGOs • Collaboration and representation	• Contribution to local initiatives • Decarbonisation programmes	• Site specific initiatives e.g. afforestation programmes • Direct representation on boards and networks
Local communities	• Dialogue with local authorities • Participation and support in local initiatives	• Collaboration and dialogue	• Support for local projects • Hosting events at our premises

Sustainability statements

Double materiality assessment introduction

SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model

The purpose of the DMA is to assess the materiality of sustainability-related matters that may pose a potential significant risk or opportunity for Solar.

The DMA has been instrumental in identifying the material topics where we are compliant and topics where optimisation and improvement are needed to secure overall compliance with the ESRS.

As a key element in preparing for the Corporate Sustainability Reporting Directive (CSRD) and the underlying European Sustainability Reporting Standards (ESRS) requirements, a preliminary double materiality assessment was drawn up in 2023 with reference to the draft ESRS.

Although the DMA has been slightly refined in 2024, it is still based on the approach and tools applied in 2023 and the following ESRS. The learnings captured in 2023 helped us to refine our methodology and processes in 2024.

All data has been captured in our DMA and gap assessment tools where the effects have been quantified and supplemented by qualitative assessments.

We are convinced that the outcome presented offers a fair picture of our impacts, risks, and opportunities, but we also acknowledge that the picture will probably change as we move forward. Consequently, we will conduct a review of the DMA and the gap analysis following our strategy periods, provided no major changes to our strategy and business model occur.

DMA outcome

SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model

We have identified our impacts on the environment and society (impact materiality) as well as the sustainability-related risks that we are exposed to (financial materiality) and their interaction with the strategy and business model.

Seven out of the ten ESRS topical standards are material to Solar. 22 sustainability sub-topics have been identified and found material.

The outcome is displayed per sub-topic and shows that the sub-topic E1 Energy is our most material sustainability topic.

The environmental impacts and risks we have as regards E1 are closely linked to our sustainability focus areas Climate impact and Sustainability supply, focusing on longevity and end-of-life, as well as delivering according to scientific targets in our own operations.

S1-1 sub-topics related to our own operation are topics with which we are familiar.

Due to the nature of our business as a sourcing and services company, the suppliers and the products we source are reflected under the topics S2, E5, and G1. We focus on responsible sourcing and respect the labour and human rights of people in our value chain. We endeavour to minimise our impact on the environment to the extent possible.

One entity specific topic has been identified: E1 Sales of products and solutions enhancing the shift to renewable energy (electricity). This is in line with our strategic focus area, Climate and energy.

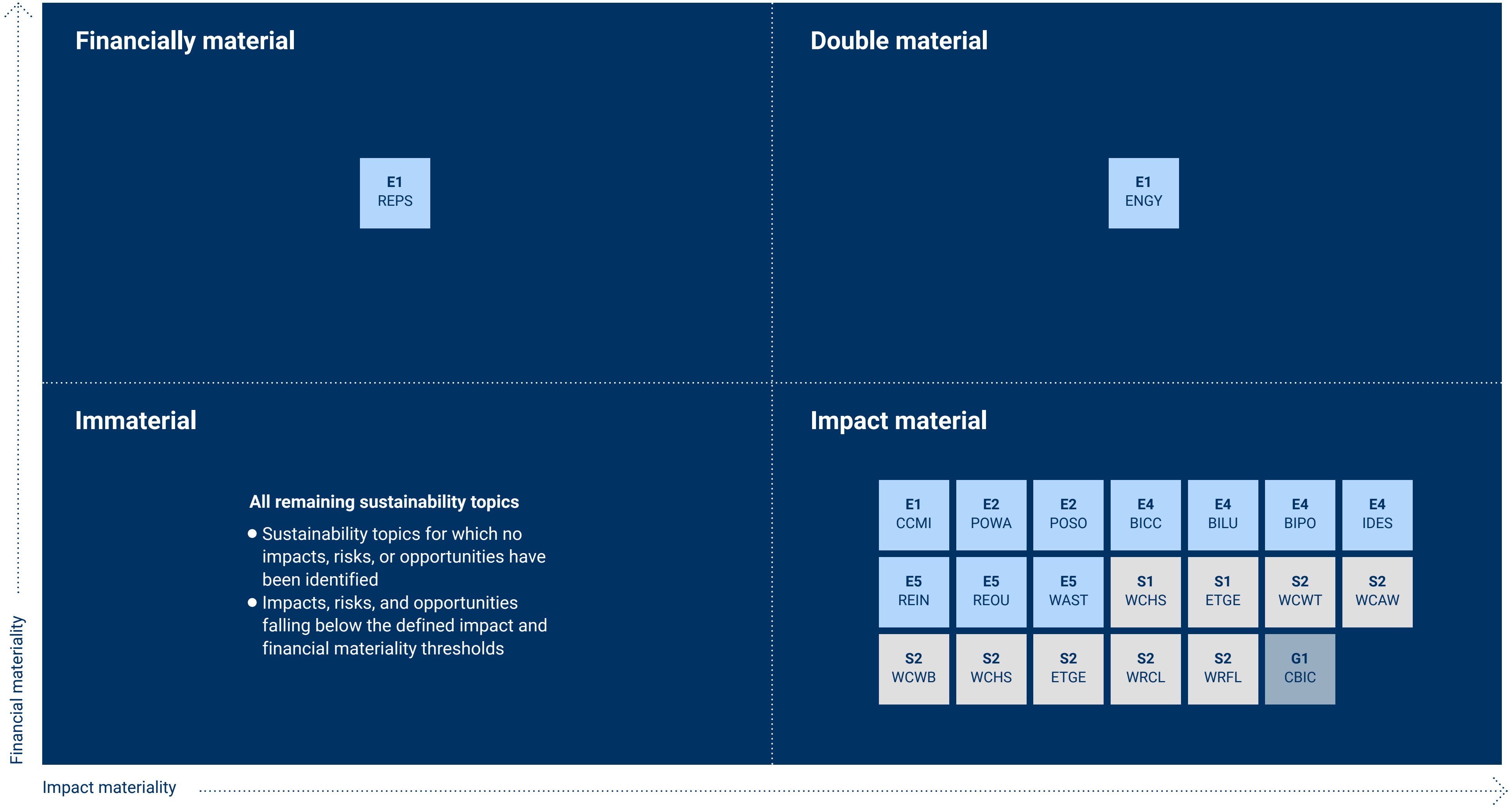
All activities and ESRS topics and entity specific topics have been screened as part of the DMA. The topical standards E3 Water and Marine Resources, S3 Affected Communities, and S4 Consumers and end-users have been omitted due to the nature of our business as a local sourcing and services company servicing the business-to-business market.

Overall DMA approach

- All assessed impacts and financially material topics have been mapped to their relevant topical ESRS standard.
- In total, Solar reports on 22 sustainability topics, with material impacts, risks, and opportunities.
- Impacts, risks, and opportunities that are material have been assessed.
- Both sustainability-related risks and opportunities have been assessed.
- Impacts and risks have been assessed for our own operations (OO) and those of the value chain.
- Impacts have been identified as potential or actual. Most impacts assessed were actual.
- One entity topic in E1 has been identified as financially material.
- The impacts, risks, and opportunities are either impact-material (bottom right), financially material (top left) or double-material (top right).
- The identified material sustainability topics and impacts, risks, and opportunities form the basis of Solar's CSRD reporting.
- The classification and numbering of the sub-topics are listed in chronological order.

Material impacts, risks, and opportunities (IRO)

SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model



Seven out of the ten ESRS topical standards are material to Solar. 22 sustainability sub-topics have been identified and found material and are displayed in the DMA matrix.

The classification and numbering of the sub-topics are listed in chronological order.

Environment

E1: REPS Sales of renewable energy products and solutions (entity specific)
E1: CCMI Climate change mitigation
E1: ENGY Energy
E2: POWA Pollution of water
E2: POSO Pollution of soil
E4: BICC Direct impact drivers of biodiversity loss, climate change
E4: BILU Direct impact drivers of biodiversity loss, land-use
E4: BIPO Direct impact drivers of biodiversity loss, pollution
E4: IDES Impacts and dependencies on ecosystem services
E5: REIN Resource inflows/use
E5: REOU Resource outflows (products and services)
E5: WAST Waste

Social

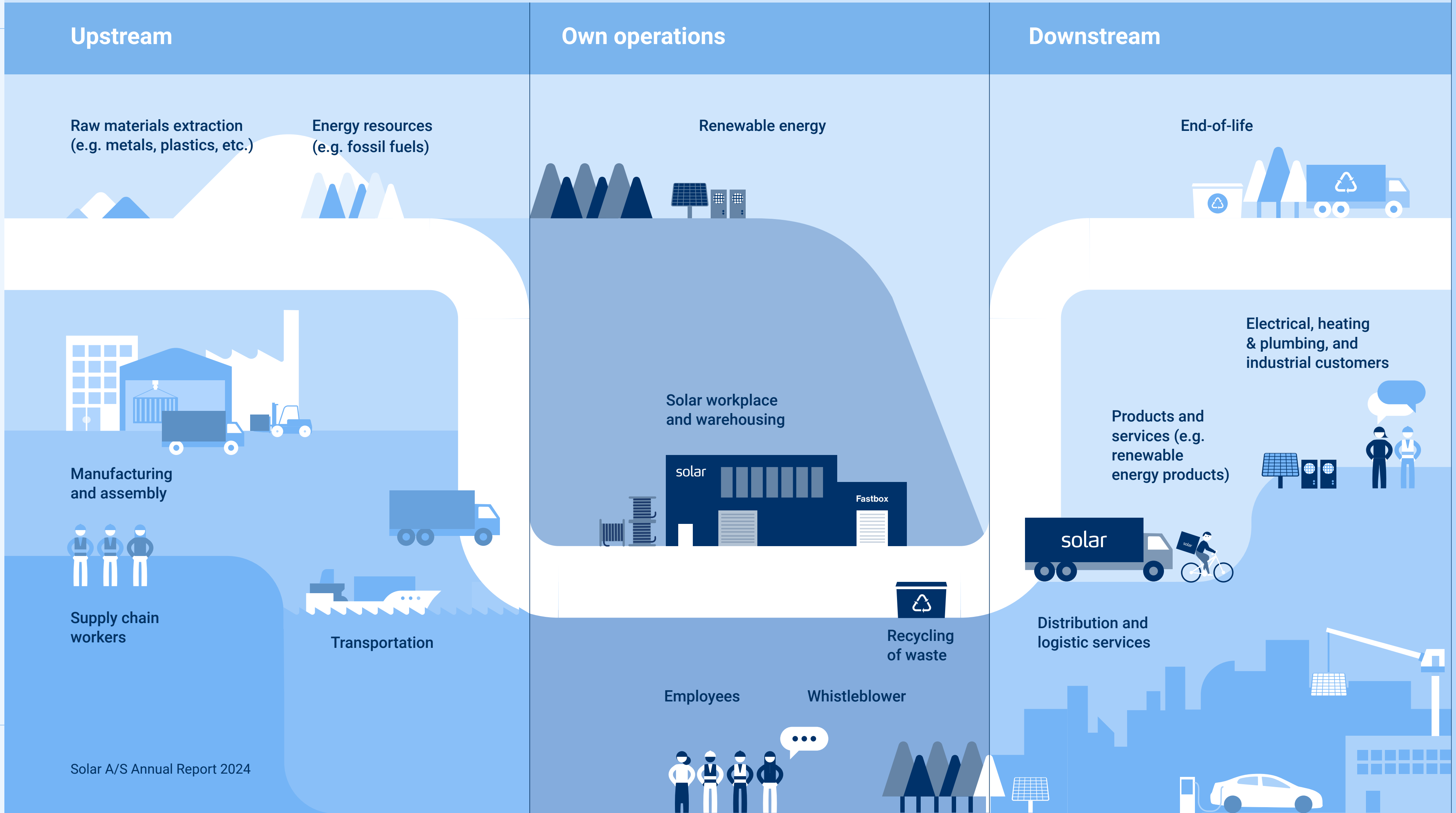
S1: WCHS Working conditions, health and safety
S1: ETGE Equal treatment and opportunities, gender equality
S2: WCWT Working conditions, working time
S2: WCAW Working conditions, adequate wages
S2: WCWB Working conditions, work-life balance
S2: WCHS Working conditions, health and safety
S2: ETGE Equal treatment and opportunities,gender equality
S2: WRCL Other work-related rights, child labour
S2: WRFL Other work-related rights, forced labour

Governance

G1: CBIC Corruption and bribery, incidents

Value chain

SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model



Impacts and risks

Upstream

We source our products from tier one suppliers who distribute the products to our warehouses. Identified material negative impacts on the environment and people are primarily driven by our upstream activities and are related to raw-material extraction and manufacturing. Geographically, impacts are largely concentrated outside Europe, while tier one is largely concentrated inside Europe.

Own operations

We source from tier one suppliers, stock, pack, and distribute products and support our customers' day-to-day business by ensuring their access to products. Identified material negative impacts on the environment and people are primarily driven by our energy consumption and matters related to own workforce. Geographically, the negative impacts are concentrated in the markets in which we operate.

Downstream

Providing products and solutions that enhance the green transition gives us an opportunity to support our customers in their efforts to decarbonise. This is identified as a positive impact. Resource use and circularity are upcoming topics in our industry. Geographically, the negative and positive impacts are concentrated on the markets on which we operate.

For an overview of our strategy and business model, see page 11-15 of the Management review. An overview of our cost structure can be found in the financial statement.

Sustainability statements

Material sustainability-related impacts, risks, and opportunities

SBM-3 Material impacts, risks, and opportunities and their interaction with the strategy and business model

As a result of our double materiality assessment, several impacts, risks, and opportunities have been identified and assessed as material.

As stated in the DMA matrix on page 46, seven out of the ten ESRS topical standards are material to Solar along with 22 sub-topics. Several sub-topics have been identified for each material topic.

The adjacent tables show whether the impacts are positive or negative as well as whether they are related to our own operations (OO) or the value chain (VC). Impacts are actual impacts unless stated as potential. Brief descriptions of the material risks or opportunities are included in the table.

Our scoring of risks and opportunities may include mitigation actions that are already part of our daily operations. Actions addressed as material impacts, risks, and opportunities (IROs) have not impacted our strategy and business model, and we do not foresee an impact during the strategy period 2024-2026.

Sustainability risks are prioritized like other risks, meaning both Enterprise Risk Management (ERM) and DMA tools are used. In general, focus is always directed towards the upper right corner in the risk matrix for all risks. All risks, including mitigating activities, are presented by the Executive Board to the Audit Committee/Board of Directors for approval. The Board of Directors approves the risk appetite and tolerance per risk category and the used methodology. It is the responsibility of the Executive Board to implement the decisions made by the Board of Directors.

All risks follow a three-line defense model which structures roles, responsibilities for risks, structure roles, decision-making, and control to achieve effective governance. Quarterly reports are prepared for the Executive Board to ensure progress and in parallel, internal audit reports are sent directly to the Board of Directors on the progress.

Information on how we respond to the effects of our impacts, risks, and opportunities is included in the topical sections.

E1 Climate change

Topic	Description	IRO description	How we respond	Value chain impact: Upstream	Value chain impact: Operations	Value chain impact: Downstream	Time horizon: Short	Time horizon: Medium	Time horizon: Long
Sales of renewable energy products and solutions (entity specific)	Products and solutions advancing the green transition.	Heat pumps and solar panels are some of the key technologies needed in the transition to renewable energy.	Through our strategic focus area, Climate and energy, we sell products and solutions necessary to the widespread adoption of renewable energy as a key solution to mitigate climate change.		●	●	●	●	●
	Supporting the green transition	Solar distributes and sells products necessary to the widespread adoption of renewable energy as a key solution to mitigate climate change.	Via our product portfolio, we contribute to customers adopting products and solutions necessary to facilitate the renewable energy transition, hence creating a positive impact. Climate and energy is a strategic focus area with growth potential.		○	○	●	●	
Climate change mitigation	GHG emission from the energy supply chain and downstream GHG emissions deriving from products consuming energy in its use phase.	Supply chain emissions from extracting raw materials, manufacturing and transportation from the products we bring to the market consuming energy in its use-phase.	We respond to this impact through our Supplier Engagement Programme, our own climate reduction targets for scope 1, 2, and 3 and own controlled afforestation projects. We actively work with our suppliers towards managing our value chain impacts.	●	●	●	●	●	●
Energy	Energy consumption deriving primarily from the value chain but also from our own operation	Energy used in our own operations and energy including energy deriving from fossil fuels leading to GHG emissions.	We respond to this impact by having a climate mitigation plan and a target to be net-zero by 2030. Through our Supplier Engagement Programme, we ask our suppliers to start decarbonising their operations, implementing renewable energy and documenting progress that benefits the value chain.	●	●	●	●	●	●
	Risks related to potential lack of energy and potential regulatory risks and environmental compliance.	Risks of energy failure is decreased by continously increasing the share of self-generated energy making up approx. 30% of our total electricity consumption in 2024. Customers continue to pay more attention to sustainability due to regulation and market demands. Together with rising energy prices and/or heavy reliance on fossil fuels in our upstream value chain, Solar's financial performance and reputation might be impacted by not focusing on renewable energy.	Through our Supplier Engagement Programme, we ask our suppliers to start decarbonising their operations, implementing renewable energy and documenting progress. We actively work with our suppliers towards managing our value chain impacts.	○	○	○	●	●	●

● Positive impact ○ Opportunity ● Negative impact ○ Risk ● Time horizon: Short: 1 year, Medium: 2-5 years, Long: more than 6 years

E2 Pollution

Topic	Description	IRO description	How we respond	Value chain impact: Upstream	Value chain impact: Operations	Value chain impact: Downstream	Time horizon: Short	Time horizon: Medium	Time horizon: Long
Pollution of water	Impacts resulting from pollution of water through indirect or direct contamination and leakage.	Excavating materials and minerals as well as in in the production phase can cause significant harm to ecosystems, particularly e.g. if hazardous wastewater is not treated properly and leaks into the natural environment.	We respond to this impact through our Supplier Engagement Programme and our Code of Conduct by encouraging our suppliers to implement a water management programme and report on wastewater. We actively work with our suppliers towards managing our value chain impacts.	●			●	●	●
Pollution of soil	Impacts resulting from soil pollution at the site of or surrounding areas and operations.	Many products in our supply chain contain metals and minerals excavated from mines leading to potential soil pollution at various stages of the mining.	Through our Supplier Engagement Programme we demand our suppliers to sign our Code of Conduct and encourage them to minimise and/or eliminate any sources of pollutants and document progress. We actively work with our suppliers towards managing our value chain impacts.	●			●	●	●

E4 Biodiversity and ecosystems

Topic	Description	IRO description	How we respond	Upstream	Operations	Downstream	Short	Medium	Long
Drivers of biodiversity loss: Climate change	Material impacts related to biodiversity and ecosystems change arising from climate change.	Although relatively small, carbon footprint in our own operations contributes to do some harm of the environment. Many of the materials used in our supply chain are mined and subject to energy intensity , in the form of GHG, of manufacturing which may cause signficant harm and impact biodiversity loss as a result of climate change.	We actively work with our suppliers towards managing our value chain impacts and take appropriate actions via our Supplier Engagement Programme. Our Environment Policy guide us in our daily operation to minimise potetial negative impact to nature.	●	●		●	●	●
Drivers of biodiversity loss: Land-use change, freshwater use, and sea-use change	Disruption of ecosystems and habitat loss caused by extraction of metal and minerals.	Extractive activities can result in clearing large areas of land, the creation of open pits or mountain top removal, and disruption of local ecosystems, which may result in an indirect or direct impact on biodiversity loss, causing potential decrease in species and introduction of invasive species. Ecosystem/land that is converted could be restored, however it would take a significant amount of years until it would be restored back to its original state.	We actively work with our suppliers towards managing our value chain impacts and take appropriate actions via our Supplier Engagement Programme.	●			●	●	●
Drivers of biodiversity loss: Pollution	Biodiversity loss as a result of pollution in areas where the value chain operates.	Impacts resulting from suppliers' direct effect on changes in nature, anthropogenic assets, and nature's contributions to people and pollution, whether these be from mechanical, chemical, noise, or light contributions. In case the event occurs, soil and water would be polluted close to the manufacturing sites. However, air pollution stemming from e.g. transportation by diesel/gas powered trucks would be present throughout all logistics routes.	We actively work with our suppliers towards managing our value chain impacts and take appropriate actions via our Supplier Engagement Programme.	●			●	●	●
Impacts and dependencies on ecosystem services	Biodiversity-sensitive areas with activities negatively affecting the provision of ecosystem services.	Significant harm caused to ecosystem by upstream value chain activities located in biodiversity sensitive areas may result in partial destruction of ecosystems. It can be assumed that isolated or widespread ecosystem collapse due to biodiversity loss where Solar's value chain potentially operates.	We actively work with our suppliers towards managing our value chain impacts and take appropriate actions via our Supplier Engagement Programme.	●				●	●

● Positive impact ○ Opportunity ● Negative impact ○ Risk ● Time horizon: Short: 1 year, Medium: 2-5 years, Long: more than 6 years

E5 Resource use and circular economy

Topic	Description	IRO description	How we respond	Value chain impact: Upstream	Value chain impact: Operations	Value chain impact: Downstream	Time horizon: Short	Time horizon: Medium	Time horizon: Long
Resource inflows/use	Use of virgin resources.	Although relatively small, we have a dependency on virgin resources in our packaging and distribution materials. Moreover products in our supply chain are likely to be produced using virgin materials that are extracted from mines or natural areas. Extraction of these materials can pose significant environmental threats.	We encouraging our business partners to reuse and recycle through appropriate circularity levers.	●		●	●	●	●
Resource outflows (products and services)	Waste generation and end-of-life handling.	Electronic waste is one of the fastest growing global waste stream. The products we sell have various expected lifetime with many products still not designed with circularity (durability, repair, reuse, dissasembly, recycling) in mind generating general waste and e-waste that potentially cause indirect or direct harm to nature.	We encourage our business partners to sort their waste. We are committed to collective end-of-life programmes complying to EU directives inclusive WEEE standard (waste electrical and electronic equipment).	●		●	●	●	●
Waste	Risks resulting from harmful or inadequate disposal of waste, in accordance with laws in operational regions.	Waste in our operations and downstream is mainly consisting of packaging waste from inbound product supply. There is a slight risk of inadequate waste management results from behavioral patterns at Solars premises or downstream, or from leakage and/or inadequate waste management in Solars upstream value chain, in relation to product manufacturing.	We sort our own waste and encourage our business partners to do the same. We are committed to collective end-of-life programmes complying to EU directives inclusive WEEE standard (waste electrical and electronic equipment).	●	●	●	●	●	●

S1 Own workforce

Topic	Description	IRO description	How we respond	Upstream	Operations	Downstream	Short	Medium	Long
Working conditions Health and safety	Providing an attractive and safe workplace	We have initiated several measures to increase safety at Solar. A set of cardinal rules, laying out core safety rules, a safety standard for visitors and a Health, safety and work environment policy are all measures taken to prevent work incidents.	Through a continuous dialogue with our internal stakeholders we monitor and track work-related accidents. Our Health, safety and work environment policy is our guidance to help secure a safe work environment.		●		●	●	●
Equal treatment and opportunities for all	Secure equal treatment and opportunities	We commit to provide equal opportunities. We have an open and inclusive culture where all employees have regulary development appraisals.	Our Employee Handbook, Code of Conduct and policies on diversity, equity and inclusion and non-bias in recruitment is our foundation to secure a just and inclusive work environment.		●		●	●	●

● Positive impact ○ Opportunity ● Negative impact ○ Risk ● Time horizon: Short: 1 year, Medium: 2-5 years, Long: more than 6 years

S2 Workers in the supply chain

Topic	Description	IRO description	How we respond	Value chain impact: Upstream	Value chain impact: Operations	Value chain impact: Downstream	Time horizon: Short	Time horizon: Medium	Time horizon: Long
Working conditions									
Working time	Excessive working hours.	Excessive working hours for workers in the supply chain may cause physical and mental health issues and their safety and work-life balance.	Through our Supplier Code of Conduct we ask our suppliers to take measures to secure a healthy work environment.	●			●	●	●
Adequate wages	Waste generation and end-of-life handling.	A wage that provides for the satisfaction of the needs of the worker and his / her family in the light of national economic and social conditions.	Through our Supplier Code of Conduct we ask our suppliers to respect national and international working condition regulations.	●			●	●	●
Work-life balance	Balance between work and private life.	Satisfactory state of equilibrium between an individual's work and private life to secure time allocation between time spent at work and in private life beyond family responsibilities.	Through our Supplier Code of Conduct we ask our suppliers to take measures to secure a safe work environment.	●			●	●	●
Health and safety	Suppliers' commitment to secure health and safety.	Healthy and safe work conditions involve both prevention of physical and mental harm and the promotion of workers' health by the undertaking.	Through our Supplier Code of Conduct we ask our suppliers to take measures to secure a safe work environment.	●			●	●	●
Equal treatment and opportunities for all									
Gender equality and equal pay for work of equal value	Secure equal treatment and opportunities.	Workers' access to equal opportunities, pay, and treatment, including freedom from discrimination.	Through our Supplier Engagement Programme we monitor and set a minimum threshold score on labour and human rights.	●			●	●	●
Other work-related rights									
Child labour	Deprive children of their childhood.	Work that deprives children of their childhood, their potential, and their dignity, and that is harmful to physical and mental development.	Through our Supplier Engagement Programme we monitor and set a minimum threshold score on labour and human rights.	●			●	●	●
Forced labour	Deprive workers from freely accepting working conditions.	All work or service which is extracted from any person under the threat of penalty and for which the person has not offered himself or herself voluntarily.	Through our Supplier Engagement Programme we monitor and set a minimum threshold score on labour and human rights.	●			●	●	●

G1 Business Conduct

Topic	Description	IRO description	How we respond	Upstream	Operations	Downstream	Short	Medium	Long
Corruption and bribery									
Incidents	Whistleblower protection through procedures and policies	Corruption and bribery incidents may have significant risks for our business and cause reputational damage. Our protection of whistle-blowers encourages and enables all stakeholders to speak up if they experience any irregularities or illegalities on the part of Solar.	Through our whistleblower portal, we take a proactive approach to mitigating risks and negative impacts throughout the value chain.	●	●	●	●	●	●

● Positive impact ○ Opportunity ● Negative impact ○ Risk ● Time horizon: Short: 1 year, Medium: 2-5 years, Long: more than 6 years

Sustainability statements

Methodology and process

IRO-1 - Description of the process to identify and assess material impacts, risks, and opportunities

We developed the methodology with reference to the draft principles of the ESRS and available guidelines from 2023. Learnings and outcomes from the 2023 process have been instrumental in this year's process to comply with the final guidelines of ESRS.

Methodology

Scope
The ten ESRS topics were analysed and relevant documentation prepared in line with our strategy and business model.

As regards to our own operations, we identified and assessed impacts on people and the environment as well as the potential risks to our business.

As regards our value chain impacts and risk assessment, both upstream tier one suppliers and downstream activities were assessed.

The value chain assessments were based on internal stakeholder interviews and knowledge and documentation collected. These were assessed and validated by the Executive Management.

We considered both positive and negative impacts as well as actual and potential impacts in relation to sustainability matters and potential financial risks and opportunities.

All activities and ESRS topics and entity specific topics have been screened as part of the DMA. The topical standards E3 Water and Marine Resources, S3 Affected Communities and S4 Consumers and end-users have been omitted due the nature of our business as a local sourcing and services company servicing the business-to-business market.

Stakeholder engagement
As required, a stakeholder engagement analysis was conducted with the purpose of analysing material impacts across the value chain. We engaged with stakeholders of Solar's sustainability reporting and other affected stakeholders.

In 2023, we identified four stakeholder groups and interviews were conducted among 18 external stakeholders and more than 25 employees.

Given the nature of Solar's business and the fact that we do not operate in high impact zones, only B2B customers and tier one suppliers were engaged. For future stakeholder engagement, we will consider engaging other tier suppliers and 'silent' stakeholders such as selected NGOs, industry associations, authorities, etc.

This year, new stakeholders were not included. However, we have remained in continuous dialogue with our colleagues and have obtained an insight into the views and interests of our stakeholders across the value chain.

Scoring
As per the ESRS guidelines, we followed the predefined scoring parameters.

Impacts
Impact materiality is identified according to the following two scenarios:

- Actual: For each sustainability topic, actual impacts are identified based on primary data.
- Potential: For each sustainability topic, potential impacts are identified based on secondary data when no primary data is available.

The impact materiality is scored based on four parameters.

- Scale
- Scope
- Irremediable character
- Likelihood (only applies to potential impact)

To score and assess impact materiality, the score is from 0-3 and the materiality threshold is set at 3, which equates to approx. one-third of the maximum score (maximum possible score: 3 for severity x 3 for likelihood = 9).

Financial risks and opportunities
Financial materiality is identified according to whether:

- An impact is identified that could trigger a risk/ opportunity, or
- A dependency on natural, social, and human resources exists

For financial materiality, Solar's Enterprise Risk Management Board approved the methodology used to assess the magnitude of potential financial risks or opportunities. The score ranged between 0 and 5. Scoring of the IRO is assessed based on a three-step output:

- Value chain mapping
- See value chain process
- Gathering of primary and secondary data (where primary data is not available).

All findings are collected in a DMA data tool, wherein the consolidated data is collected and uploaded.

Thresholds
Our Executive Management, in collaboration with our DMA core team, has set the materiality at 3. This means that impacts and risks scored at 3 or above are deemed material.

If a sustainability matter is above the threshold, either as an impact or financial risk or opportunity for our own operation, supply chain or both (cross-cutting occurrence), it is included as a material topic in the DMA analysis.

The reporting requirement in accordance with the ESRS will be different whatever sustainability topic is deemed material in either Solar's own operation or value chain.

Materiality governance
Going forward, the Sustainability Steering Committee will have decision-making responsibilities and will ensure effective execution and coordination for the installation of

several working tracks designed to address specific targets and topics within the CSRD.

Process

We have defined four core process steps for conducting the DMA for both impact and financial materiality.

Our starting point was the impact assessment (inside-out) of Solar's impact on the environment and society. Secondly, we conducted a financial assessment (outside-in) of the sustainability-related risks to which we as a business are exposed.

All data has been captured in our DMA tool where the effects have been quantified and supplemented with qualitative assessments.

To prepare and conduct the DMA, a 'Solar DMA core team' was established, consisting of the Sustainability Director and three subject-matter experts.

The assessment, scoring process, keys, structure, and the logic behind the assessment are aligned with the ESRS 2 requirements.

The following steps have been conducted:

1. Scoping of impacts
2. Stakeholder engagement
3. Materiality scoring and findings
4. Management review and conclusion

Process steps
Impact materiality
The mapping of our sustainability-related impacts builds on the approach from 2023 as well as recent documentation and knowledge.

The following steps were conducted:

1. Scoping of impacts
As preparation for the workshops and as part of the value chain process, a thorough desk research was conducted to guide us in pre-defining relevant sub and sub sub-topics.

2. Stakeholder engagement
The internal stakeholders engaged were subject-matter experts from the business lines, group functions, and management - all with a broad insight into our business and our value chain. All stakeholders were invited to a collective workshop, where they were engaged via a digital dialogue tool.

3. Materiality scoring and findings
Impact and scoring rationales from the workshops were documented and all input transferred to our DMA tool to calculate the degree of materiality. Results were discussed and evaluated between the management and the core team and selected workshop participants were consulted for validation.

4. Management review and conclusion
The consolidated overview was presented and discussed between Executive Management and the DMA core team. The scoring and the respective materiality threshold generated a final list of material impacts.

Process steps
Financial materiality
As part of the preparation for the financial materiality assessment, we also consulted the enterprise risk management section as well as recent documentation and the processes related to the subject.

1. Scoping of risks
Results from the impact materiality assessment formed the basis for scoping the sustainability risks related to financial risks and opportunities.

2. Stakeholder engagement
In line with ESRS, external stakeholder groups were selected from among users of Solar's sustainability report and affected stakeholders. Customers and tier one suppliers were selected based on spend/revenue while investors were selected randomly. Prior to a one-to-one interview, all stakeholders received a pre-read to provide an understanding of the purpose of the interview.

3. Materiality scoring and findings
Impact and scoring rationales from the interviews were documented and all input transferred to our DMA tool to calculate and assess the degree of materiality in relation to risks and opportunities. Results were discussed and evaluated between the management and the core team.

4. Management review and conclusion
The consolidated overview was presented and discussed between Executive Management and the DMA core team. The scoring and the respective materiality threshold generated a final list of financial material risks and entity specific opportunities.

Sustainability statements

Environmental information

EU Taxonomy Reporting

EU taxonomy
The EU taxonomy is the classification system identifying environmentally sustainable economic activities.

The EU taxonomy framework (EU Taxonomy Regulation 2020/852) is part of the EU Green Deal and serves as a core enabler to deliver on the EU's ambitious climate goals about carbon neutrality in 2050. The goal is to redirect investments towards sustainable projects. Our assessment below is in compliance with Regulation EU 2020/852 and the associated amendments to the annexes of the Disclosure Delegated Act as issued on 27 June 2023.

Eligibility screening
Solar performed a screening of the technical annexes of the Climate Delegated Act to identify any potentially eligible economic activities for the Revenue KPI and for the CapEx and OpEx KPIs. Identified areas, where there were any eligible economic activities in the reporting period, were subject to further assessment for alignment. Solar does not claim alignment for 2024, because there is not sufficient documentation within the relevant areas.

For the calculation of the denominator of the Revenue, CapEx, and OpEx KPIs, we have extracted the figures directly from the ERP system and therefore ensure that the figures are only counted once in each KPI. For the allocation of the numerator for CapEx, we have first identified the relevant figures and then we have allocated the primary related economic activity in the Climate Delegated Act. In this way, we ensure that no CapEx is considered more than once.

See EU taxonomy tables for the full overview on page 58-60.

Solar activities
Solar has reviewed all six taxonomy-eligible economic activities listed in the Climate Delegated Act. Based on the current interpretation of the eligible economic activities, we have concluded that sourcing of electrical and heating and plumbing equipment is not included in the list of eligible sectors. Consequently, our economic activities are not yet in scope for assessment.

However, it is our understanding that sourcing of electrical and heating and plumbing equipment plays a pivotal role in climate change mitigations. By providing our customers with product documentation containing environmental data, it enables them to reduce their environmental strain and carbon footprint. We closely monitor the development.

Thermonova, a 51% owned subsidiary, has eligible economic activities listed in the Climate Delegated Act with activities within manufacture of energy efficiency equipment for buildings (NACE 43.22) (activity code 3.5).

Solar Polaris, a fully owned subsidiary, has eligible economic activities listed in the Climate Delegated Act with activities within installation, maintenance, and repair of renewable energy technologies (NACE 43.21) (activity code 7.6).

Eligible OpEx activities
Eligible OpEx include any of the following types of spend:

Related to assets or processes that are associated with Taxonomy-eligible economic activities
- 7.3 Installation, maintenance, and repair of energy efficiency equipment
- 7.4 Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

Eligible CapEx activities
Eligible CapEx are investments related to the following EU taxonomy activities:

- 1.1 Afforestation, establishment of forest through planting, deliberate seeding or natural regeneration on and that, until then, was under a different land use or not used
- 7.3 Installation, maintenance, and repair of energy efficiency equipment
- 7.6 Installation, maintenance, and repair of renewable energy technologies

Turnover
The activity of Solar as a sourcing and services company within electrical and heating and plumbing equipment is not included in the list of eligible sectors. However, Solar owns two companies that are on the list of eligible sectors.

- Thermonova: Manufacture heat pumps and the products disclosed in activity 3.5 k[1]
- Solar Polaris: Design solar photovoltaic solutions disclosed in activity 7.6

The share of taxonomy-eligible economic activities in the two companies are not significant. For 2024, it amounts to DKK 191m. and represents 1.6% of Solar Group's total turnover.

Operating costs (OpEx)
OpEx consists of direct non-capitalized costs that relate to research and development, building renovation, short-term lease, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of PPE, right-of-use assets as well as intangible assets. The OpEx KPI is defined as Taxonomy eligible OpEx (numerator) divided by total OpEx (denominator).

The denominator of the OpEx KPI is a subset of DIRECT non-capitalised costs relating to:

- Individual measures enabling Solar's activities to become low-carbon or lead to greenhouse gas reductions as well as building renovation measures
- Maintenance and repair and other day-to-day costs relating to servicing property, plant, and equipment

Solar has assessed that the numerator and denominator of the KPI related to the OpEx as disclosed in section 1.1.3.2 of annex 1 to the Disclosures Delegated Act cover the amount of non-capitalised costs related to:

- Activities or processes associated with taxonomy eligible economic activities is nil
- Research and development are nil
- Individual measures enabling Solar's activities to become low-carbon or lead to greenhouse gas reductions, which is DKK 0m (2023: 5m), as well as building renovation measures (7.3, 7.4)
- Maintenance and repair and other day-to-day costs relating to servicing property, plant, and equipment amounting to DKK 34m (2023: 43m)

The above DKK 34m is included in the denominator, but no spend related to the eligible activities has occurred for 2024 and consequently, the KPI related to OpEx is 0% (2023: 12%).

Capital expenditure (CapEx)
We included the numerator of the eligible CapEx investments in non-revenue generating activities described above. The denominator of the CapEx KPI includes total additions to intangibles and tangibles (notes 3.1, 3.2, 3.3 in the consolidated notes of the Annual Report 2024). See page 118-125.

1) Activity 3.5 k refers to activity 4.16, NACE 43.22.

CapEx consists of additions to tangible assets covering property, plant, and equipment (PPE) and intangible assets during the financial year. It includes additions to PPE (IAS 16), intangible assets (IAS 38) and right-of-use assets (IFRS 16). The CapEx KPI is defined as taxonomy-eligible CapEx (numerator) divided by total CapEx (denominator).

When assessing the numerator of the KPI related to the CapEx as disclosed in section 1.1.2.2 of annex 1 to the Disclosures Delegated Act, we have assessed:

- The amount of CapEx that is referred to taxonomy aligned activities is nil
- The amount of CapEx related to become low-carbon or to lead to greenhouse gas reduction is DKK 10m (2023: 31m) (1.1, 7.3, 7.6)

When assessing the denominator of the KPI related to the CapEx as disclosed in section 1.1.2.1 of annex 1 to the Disclosures Delegated Act, we have assessed that it covers:

- Additions during the year; intangible assets excluding goodwill as reported in note 3.1, page 118-120 in Annual Report 2024
- Additions during the year; property, plant, and equipment in note 3.2, page 121-122 in Annual Report 2024

As regards leased assets, the new contracts, renewals, remeasurements and extensions are included as reported in note 3.3, page 123-125 in Annual Report 2024.

In total, the above amounts to DKK 438m (2023: 497m). Consequently, the KPI related to CapEx can be calculated to 2% (2023: 6%).

Nuclear and fossil gas related activities

Nuclear energy related activities		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

EU Taxonomy

Turnover

				2024															
				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activites (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, 2023 (18)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		Currency (DKKm)	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy eligible activities																			
A.1 Environmentally sustainable activities (taxonomy – aligned)																			
Turnover of environmentally sustainable activities (taxonomy aligned) (A.1)		0	0	0	0	0	0	0	0	N	N	N	N	N	N	N	0		
Of which enabling		0	0	0	0	0	0	0	0	N	N	N	N	N	N	N	0	E	
Of which transitional		0	0	0						N	N	N	N	N	N	N	0		T
A.2 Taxonomy – eligible but not environmentally sustainable activities (not taxonomy-aligned activities)		0	0	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0		
Total (A.1+A.2)		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**								**0**		
B. Taxonomy – non-eligible activities																			
Turnover of taxonomy – non-eligible activities (B)		12,223	100																
Total (A+B)		**12,223**	**100**																

Sustainability statements

OpEx

Economic activites (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, 2023 (18)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		2024		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
		Currency (DKKm)	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy eligible activities																			
A.1 Environmentally sustainable activities (taxonomy – aligned)																			
OpEx of environmentally sustainable activities (taxonomy aligned) (A.1)		0	0	0	0	0	0	0	0	N	N	N	N	N	N	N	0		
Of which enabling		0	0	0	0	0	0	0	0	N	N	N	N	N	N	N	0	E	
Of which transitional		0	0	0						N	N	N	N	N	N	N	0		T
A.2 Taxonomy – eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
7.3 Installation, maintenance, and repair of energy efficiency equipment	CCA 73	0	0	N/EL	EL	N/EL	N/EL	N/EL	N/EL								12		
OpEx of taxonomy-eligible not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		0	0	0	0	0	0	0	0								12		
OpEx of taxonomy eligible activities (A.1+A.2)		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**								**12**		
B. Taxonomy-non-eligible activities																			
OpEx of taxonomy-non-eligible activities (B)		34	100																
Total		**34**	**100**																

CapEx				2024															
				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activites (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, 2023 (18)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		Currency (DKKm)	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy eligible activities																			
A.1 Environmentally sustainable activities (taxonomy – aligned)																	0		
Capex of environmentally sustainable activities (taxonomy aligned) (A.1)		0	0	0	0	0	0	0	0	N	N	N	N	N	N	N			
Of which enabling		0	0	0	0	0	0	0	0	N	N	N	N	N	N	N	0	E	
Of which transitional		0	0	0						N	N	N	N	N	N	N	0		T
A.2 Taxonomy – eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
1.1 Afforestation	CCA 1.1	3	1	N/EL	EL	N/EL	N/EL	N/EL	N/EL								5		
7.3 Installation, maintenance, and repair of energy efficiency equipment	CCA 7.3	1	0	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0		
7.6 Installation, maintenance, and repair of renewable energy technologies	CCA 7.6	6	1	N/EL	EL	N/EL	N/EL	N/EL	N/EL								1		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		10	2	0	100	0	0	0	0								6		
CapEx of taxonomy-eligible activities (A.1+A.2)		**10**	**2**	**0**	**100**	**0**	**0**	**0**	**0**								**6**		
B. Taxonomy – non-eligible activities																			
CapEx of taxonomy-non-eligible activities (B)		428	98																
Total (A+B)		**438**	**100**																

Sustainability statements

Climate change

Performance incentive schemes

GOV-3 Integration of sustainability-related performance in incentive schemes

The Remuneration Policy, which outlines the principles and guidelines for the Executive Board was amended at the Annual General Meeting in 2024. ESG targets were included in variable remuneration. Please see the Management review page 32.

Transition plan

E1-1 Transition plan for climate change mitigation

We acknowledge the importance of reducing our climate footprint across the value chain. We follow a science-based approach in line with the Paris Agreement limiting global warming to 1.5°C.

Our approach for our own operations includes a climate mitigation plan and a mid-term reduction target. We are proud to report a 50% reduction in CO_2e emissions for scope 1 and scope 2 compared to our 2020 baseline.

To address potential negative impacts in our value chain, we encourage our suppliers to source raw materials with a lower negative impact on the environment. We assist our customers in decarbonising their own operations and offer renewable energy products and solutions, further advancing the green transition.

Decarbonisation levers

Although less than 1% of our CO_2e emissions derives from our own operations (scope 1 and 2), we continue to invest in renewable energy assets, such as high-capacity heat pumps and solar panels at our own premises. We aim to phase out gas as a heating source and increase the share of self-generated energy. No further climate scenarios have been considered as we consider our current scenario and transition plan to be on track with the Paris Agreement.

Our ambition is to use 100% renewable energy (electricity) by 2026, either procured or self-generated, and increase the share of self-generated electricity.

In addition to tracking reductions in our own operations, we also use climate targets to shape other initiatives and investments. A key method for achieving our climate mitigation targets, for example, is our switch to renewable energy, including replacing gas boilers with heat pumps and shifting to a 100% EV fleet.

Due to the nature of our business, over 99% of Solar's total emissions derive from the value chain. Most of our emissions derive from the products we source, and the energy consumed in the use-phase of the products we sell. The category "Use of sold products" alone accounts for more than 90%.

We are in the process of identifying and deploying several initiatives to reduce our supply chain emissions.

Financial resources

The operational and capital funding to execute our transmission plan is allocated annually. Please see page 56-60 in the section EU Taxonomy.

Embedded in our strategy and business model

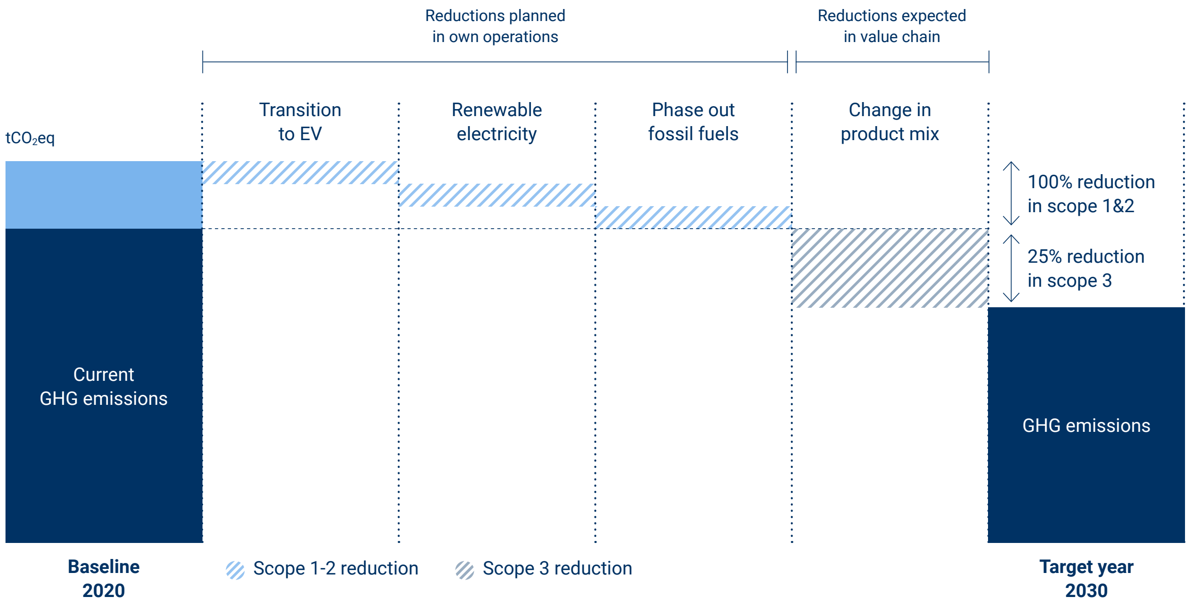
Our transition plan is an integral part of our overall strategy and business model and is aligned with our sustainability focus areas and targets. It is financed through our annual business and financial planning process. As chair of the Sustainability Steering Committee, our CFO oversees the implementation of our ESG strategy, including the transition plan. The transition plan is approved by the Executive Board and the Board of Directors. Please see page 11-15 in the Management Review for further information.

Science-based emissions targets

We have committed ourselves to the Science Based Target initiative (SBTi), which also serves as our guiding star to improve our climate footprint. Through this, we have committed to a 42% reduction by 2030 in scope 1 and 2. However, our ambitious target for scope 1 and 2 is net-zero by 2030. This target is supported by a mid-term target in 2026 of 65% reduction in scope 1 and 2, and the overall target of decarbonising our value chain on a long term.

Transition plan towards 2030 for scope 1, 2, and 3 GHG emissions

E1-4 Targets related to climate change mitigation and adaptation



Impact, risks, and opportunities

SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model

Through our double materiality assessment, three sub-topics have been identified, of which our entity-specific sub-topic presents a positive impact and an opportunity.

- Sales of renewable energy products and solutions (entity specific)
- Climate change mitigation
- Energy

Risks related to the topics identified are all considered to be climate-related transition risks.

We believe that our strategy and business model support our transition plan and our ambition to work with climate change to reduce our carbon emissions in line with our SBTi targets.

The impact, risks, and opportunities (IROs) and how they interact with our strategy and business model are described in the section General information.

Entity specific opportunity
The sale of products and solutions that enhance the transition to renewable energy has been identified as an opportunity under the topic E1: Climate Change. This aligns with our strategic focus area on Climate and Energy (see Management review, page 11-12).

Solar aims to contribute to the green transition by selling products such as heat pumps and removing gas and oil boilers from the market, thereby achieving avoided emissions.

Policies related to this area are covered by existing policies presented in this report, and actions and targets are integrated into our strategic actions and targets. Data points related to this entity-specific topic are company-specific and outside CSRD requirements.

The expected outcomes of this entity-specific opportunity include improved financial gains and an enhanced reputation for Solars as a company supporting the green transition, while also contributing to a better world.

IRO process

ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks, and opportunities

The full process and methodology applied to identify climate-related impact, risks, and opportunities in relation to climate-related physical risks and climate-related transition risks, can be found in the section General information page 53-54.

Climate change impacts are identified across Solar's value chain. The main risks stem from energy consumption in the upstream supply chain and the energy supply connected to Solar's assets and business model. These risks are reflected in the negative impacts identified and assessed as material in the DMA. No climate-related hazards have been identified.

Given the nature of our business, our geographical presence, and our primarily European-based suppliers, we have not identified any significant physical risks. Additionally, we do not foresee any substantial transition risks that could affect our business model, financial performance, or reputation in the short and medium term. Sales of products and solutions for renewable energy have been identified as an opportunity in the transition to a low-carbon economy.

Policies

E1-2 Policies related to climate change mitigation and adaptation

Solar's Sustainability Policy and Environmental Policy define and communicate how we work with climate change mitigation and sustainability, including our commitment to reducing scope 1, 2, and 3 emissions by 2030 including our ambition of 100% renewable energy (electricity) and energy optimisation. By covering all emission scopes, the Sustainability Policy applies to the emissions from our own operations as well as from our upstream and downstream value chain.

Our Sustainable Procurement Policy outlines our demands for our suppliers and requests them to disclose their emissions.

We actively engage with our strategic/preferred suppliers via our Supplier Engagement Programme and through ongoing dialogue, meetings, and events. We request that our suppliers report to EcoVadis and sign our Supplier Code of Conduct. Decarbonisation and environmental protection are central to the relationship with our suppliers, and we encourage them to use renewable energy in their own operations. These goals are outlined in our Sustainable Procurement Policy and in our Supplier Code of Conduct.

Both policies, which apply to all employees and suppliers, aim to minimise our impact on the environment. The policies are available on Solar's employee intranet and on our website.

Accountability lies with the Executive Board. Group Sustainability has overall responsibility for our policies and ensures that they remain aligned with legislation. The policies are reviewed annually.

Actions

E1-3 Actions and resources in relation to climate change policies

We are addressing emissions through the following actions. Many actions have already been implemented, and more are in the pipeline. Primary decarbonisation levers, as well as achieved and expected GHG emission reductions, are detailed in our transition plan.

We believe to be on track and have the necessary resources and financial support to continue working with our climate change mitigation plan. For more information on our financial resources (OpEx and CapEx), please see the EU Taxonomy section.

Own operations
We have initiated the following actions:

We continue to take steps to reduce our CO_2e emissions in scope 1 in line with our reduction targets by:

- Phasing out fossil fuel-based energy sources such as gas with renewable alternatives like heat pumps.
- Continuing to transition our fleet towards a 100% EV fleet by 2030.

We continue to take steps to reduce our CO_2e emissions in scope 2 in line with our reduction targets by:

- Switching to renewable electricity, either purchased or generated, by installing solar panels at our premises. In 2025, we will establish a solar panel field at our head office in Vejen, Denmark. Our target is 100% renewable energy (electricity) by 2026.
- Upgrade to energy-efficient lighting, such as LED, install sensors and building management systems.

Construction of our warehouse in Sweden accords to Breeam Excellent. The new facilities will replace our two existing warehouses and are expected to be taken into use in 2026. This will have a positive impact on both scope 1 and 2.

We have created emission reduction scenarios at company level to ensure that we reach our mid-term reduction target.

We have trained employees in direct contact with suppliers in our Sustainability Policy and Supplier Code of Conduct.

We have strengthened the Group Sustainability function with three local Sustainability Managers and a Sustainable Procurement Manager.

Supply chain
Decarbonising the supply chain is a joint effort and to support our scope 3 reductions, we have initiated the following actions:

- We began the establishment of Solar Industrial Solutions, focusing on turnkey climate and energy solutions. By installing a heat pump, solar panels, and other energy-efficient products and solutions, our customers can decarbonise their own operation.
- Through our Code of Conduct, we require our suppliers to commit to renewable energy. We have met our 2024 target of 93% of our spend to be covered by our Supplier Code of Conduct.
- We follow our suppliers' commitment to renewable energy via our risk assessment due diligence. By the end of 2024, 80% of our spend have undergone risk assessment.
- This year, we have begun performing on-site audits in collaboration with accredited third parties. A risk-based approach has been applied, reviewing risk by country, market, commodities, processes, and/or work areas.
- We will strive to provide the relevant environmental documentation containing relevant scope 1 and 2 data.
- We will continue to move away from spend-based CO_2e emissions data in scope 3 towards actual data. This will provide us with more accurate calculations and increase transparency for our stakeholders and help our customers to adapt CO_2e data into their own business activities.
- We will continue to seek out partnerships with key suppliers to incentivise low carbon products.

Targets

E1-4 Targets related to climate change mitigation and adaptation

Due to the nature of our business, more than 99% of our emissions are indirect emissions from scope 3 activities.

Scope 1 and 2
As of today, we have superseded the official commitment of 42% reduction in scope 1 and 2 and are on track to meet our mid-term target of 65% reduction by 2026 compared to baseline year 2020. Our own target is net-zero/0 emissions by 2030.

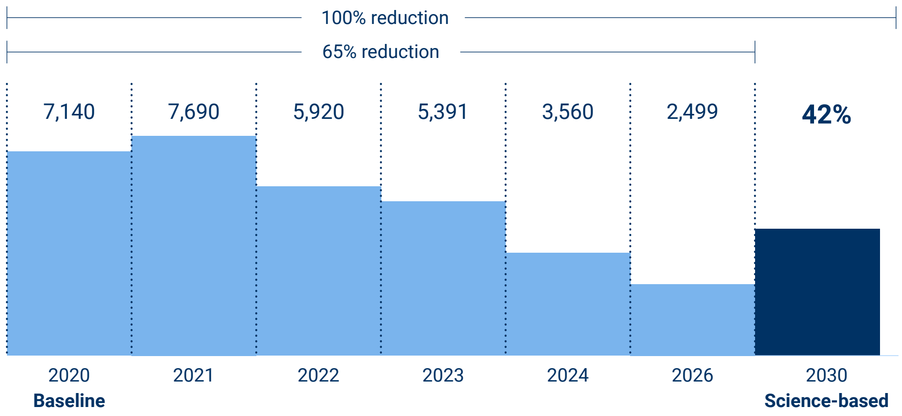
The main levers to reduce emissions in scope 1 and 2 are phasing out gas as a heating source, phasing out fossil fuel cars, and shifting to renewable electricity.

Scope 3
This year, we have recalculated our scope 3 emissions, including our 2020 baseline, using a new calculation methodology that provides us with more accurate results. We now have a clearer view on which efforts to prioritise. Our target of total 25% emission reductions in scope 3 by 2030 in category 1: Purchased products and services and category 11: Use of sold products remains unchanged, however.

The increase in absolute figures is mainly linked to category 11 "Use of sold products", with gas boilers being the main product group that releases carbon during its use phase. As such, it is classed as the main lever to reduce emissions in this category.

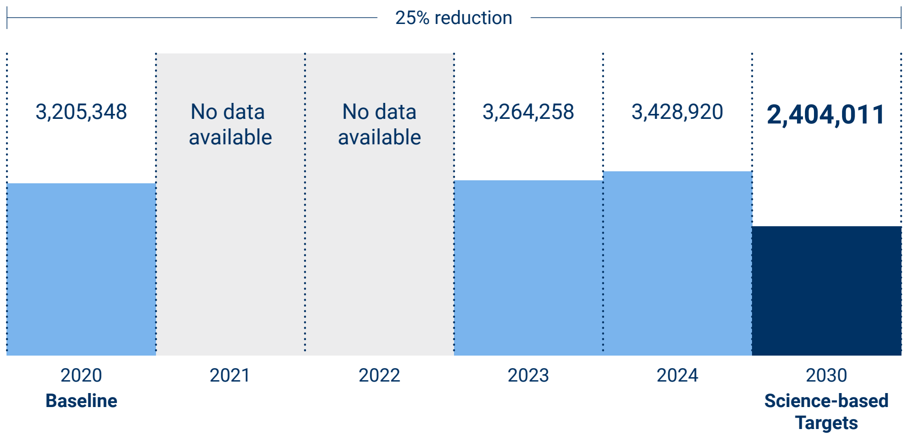
Scope 1 and 2 GHG emissions[1]

tCO_2e



Scope 3 GHG emissions, category 1 and 11[2]

tCO_2e



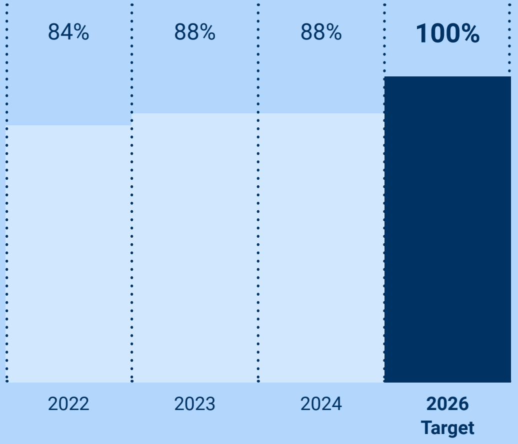
1) Our own target to become net-zero/0 emissions by 2030.
2) Category 1: Purchased products and services, Category 11: Use of sold products

Renewable energy (electricity)

We are committed to our target of 100% renewable energy (electricity). This year, we increased the share of renewable energy to 88%. For sites owned by Solar, we reached 100%. As most of our sites are leased, it is challenging to convert all sites to renewable energy, but we will continue to make efforts in this regard.

Over time, we aim to transition from procured renewable energy to self-generated renewable energy by installing solar panels at our premises.

Share of renewable energy (electricity)



It is expected that the carbon intensity of the used energy in a product's lifetime will decrease over time, thereby having a positive effect on scope 3 emissions. However, it is also a well-known Science Based Targets dilemma that when companies bring products with longer lifetimes to market, they may "pay" for that in their CO_2e accounting, as when lifetimes increase, scope 3 emissions also increase (assuming everything else is constant). However, we will continue to develop ways of bringing energy-efficient and low carbon products with long lifetimes to market.

Moreover, we are moving away from spend-based data to actual data, and we are in close contact with our suppliers to increase the share of product specific actual data. This, together with a new calculation methodology, will continuously improve our emissions data.

SBTi

We have notified SBTi that we have re-calculated our scope 3 and changed the base line. As the re-calculation does not affect our existing SBTi targets, no resubmission is required.

To measure our annual progress in emissions reductions in all three scopes, we use the methodology guidelines from SBTi. To enhance transparency for our stakeholders, we provide emissions data upon request.

E1-5 – Energy consumption and mix

		Unit	2024
1	Fuel consumption from coal and coal products	MWh	0
2	Fuel consumption from crude oil and petroleum products	MWh	0
3	Fuel consumption from natural gas	MWh	2,898
4	Fuel consumption from other fossil sources	MWh	10,279
5	Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	MWh	1,682
6	**Total fossil energy consumption (calculated as the sum of line 1 to 5)**	**MWh**	**14,859**
	Share of fossil sources in total energy consumption	**%**	**51**
7	**Consumption from nuclear sources**	**MWh**	**0**
	Share of consumption from nuclear sources in total energy consumption	**%**	**0**
8	Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	MWh	0
9	Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	12,858
10	The consumption of self-generated non-fuel renewable energy	MWh	1,533
11	**Total renewable energy consumption (calculated as the sum of lines 8 to 10)**	**MWh**	**14,391**
	Share of renewable sources in total energy consumption	**%**	**49**
	Total energy consumption (calculated as sum of line 6 and 11)	**MWh**	**29,250**

Accounting policies

E1-5 – Energy consumption and mix

Renewable electricity
The total amount of renewable and non-renewable electricity purchased and generated at locations owned or leased by Solar as a percentage of total electricity consumption in MWh in the reporting year. Procured renewable energy (electricity) is documented through guarantees of origin (GO).

Other fuels
The total amount of fuel oil consumed in MWh. Emissions are calculated based on the actual used fuel oil in the reporting period. Yearly used fuel oil is multiplied by the emission factor communicated by DEFRA.

Natural gas
The total amount of natural gas consumed in MWh. Emissions are calculated based on the actual used gas in the reporting period. Yearly used gas is multiplied by the emission factor communicated by DEFRA.

E1-6 – Gross scopes 1, 2, 3 and total GHG emissions

	Unit	2024	2023	Δ
Net revenue	DKKm	12,223	13,031	-808
Net revenue used to calculate GHG emissions intensity	DKKm	12,223	13,031	-808
GHG emissions intensity, location-based (total GHG emissions per net revenue)	tCO_2e	286.761		
GHG emissions intensity, market-based (total GHG emissions per net revenue)	tCO_2e	286.605		

Overview by country		2024							
Data point	**Unit**	**DK**	**SE**	**NO**	**NL**	**PL**	**MAG45**	**Others[1]**	**Total**
Fleet	tCO_2e	625	31	6	150	294	27	56	1,189
Natural gas	tCO_2e	80	0	0	272	94	72	12	530
Fuel oil	tCO_2e	14	0	0	0	12	0	0	26
Total gross GHG emissions, scope 1	tCO_2e	719	31	6	422	400	99	68	1,745
Fleet	tCO_2e	38	34	4	54	0	0	1	131
Electricity, market-based	tCO_2e	360	5	152	25	107	109	201	959
District heating, market-based	tCO_2e	102	313	156	57	39	0	58	725
Total gross GHG emissions scope 2, market-based	tCO_2e	500	352	312	136	146	109	260	1,815
Electricy, location-based	tCO_2e	403	40	22	506	308	131	193	1,603
District heating, location-based	tCO_2e	324	791	499	279	39	0	56	1,988
Total gross GHG emissions scope 2, location-based	tCO_2e	765	865	525	839	347	131	250	3,722
Total GHG emissions scope 1 and 2	tCO_2e	1,219	383	318	558	546	208	328	3,560
Total gross GHG emissions scope 3	tCO_2e	201,075	75,894	63,933	3,084,698	17,907	42,555	13,553	3,499,615
Total GHG emissions scope 1, 2 and 3 market-based	tCO_2e	202,294	76,277	64,251	3,085,256	18,453	42,763	13,881	3,503,175
Total GHG emissions scope 1, 2 and 3, location-based	tCO_2e	202,559	76,790	64,464	3,085,959	18,654	42,785	13,871	3,505,082
GHG emissions scope 3 calculated using primary data, share	%								0.14%

1) Solar Polaris, Højager Belysning, Thermonova.

Accounting policies

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

Fleet
GHG emissions from fleet cover GHG emissions from cars owned and leased by Solar. Emissions are calculated based on the actual used fuel in the reporting period for both diesel and petroleum cars. For December where Solar do not have the actual used fuel, the data is estimated based on data on total used fuel for a comparable month or as an average for the previous months of the years. Yearly used fuel is multiplied by the vehicle's emission factor per liters as communicated by DEFRA (updated 2024).

Electricity
The total amount of electricity consumed in MWh. Emissions are calculated based on the actual used electricity in the reporting period. Yearly used electricity is multiplied by the emission factor communicated by DEFRA. Electricity is calculated for both a marked-based and location based.

District heating
The total amount of district heating consumed MWh. Emissions are calculated based on the actual used district heating in the reporting period. Yearly used district heating is multiplied by the emission factor communicated by DEFRA or where the actual emissions factors are available, this is used. District heating is calculated for both a marked-based and location based. In 2023 we only calculated the emissions for district heating based on the emissions factor communicated by DEFRA.

E1-6 – Total GHG emissions disaggregated by scopes 1 and 2 and significant scope 3

		Retrospective						Milestones and target years	
	Unit	2020 (base year)	2021	2022	2023	2024	Δ 2023 vs 2024	Target 2026[6]	Target 2030
Scope 1 GHG emissions								Net-zero	
Scope 1 GHG emissions	tCO_2e	2,814	3,583	3,033	2,150	1,745	-19%	65% reduction	Net-zero[4]
Scope 1 GHG emissions reduction	%		127%	108%	76%	62%			
Scope 2 GHG emissions	-								
Location-based GHG emissions	tCO_2e	4,326	4,107	3,491	3,876	3,722	-4%		
Location-based GHG emissions reduction	%		95%	81%	90%	86%			-
Market-based GHG emissions	tCO_2e	4,326	4,107	2,887	3,241	1,815	-44%	65% reduction	Net-zero[4]
Market-based GHG emissions reduction	%		95%	67%	75%	42%			-
Significant scope 3 GHG emissions	-								
Total gross indirect (scope 3) GHG emissions	tCO_2e	3,275,651			3,309,423	3,499,615	6%		
C1: Purchased products and services	tCO_2e	354,454	-	-	325,148	312,588	-4%		25% reduction[2]
C2: Capital goods[1]	tCO_2e	0	-	-	0	0			
C3: Fuel and energy-related activities[5]	tCO_2e	2,212			1,889	794	-58%		
C4: Upstream transportation and distribution[1,3]	tCO_2e	0	-	-	0	0			
C5: Waste generated in operations[1]	tCO_2e	0	-	-	0	0			
C6: Business traveling	tCO_2e	1,658	-	-	1,577	1,415	-10%		
C7: Employee commuting	tCO_2e	3,381	-	-	3,498	3,659	5%		
C8: Upstream leased assets[1]	tCO_2e	0	-	-	0	0			
C9: Downstream transportation	tCO_2e	59,148	-	-	34,423	60,730	76%		
C10: Processing of sold products[1]	tCO_2e	0	-	-	0	0			
C11: Use of sold products	tCO_2e	2,850,894	-	-	2,939,110	3,116,332	6%		25% reduction[2]
C12: End-life-treatment of sold produts	tCO_2e	3,904	-	-	3,778	4,097	8%		
C13: Downstream leased assets[1]	tCO_2e	0	-	-	0	0			
C14: Franchises[1]	tCO_2e	0	-	-	0	0			
C15: Investments[1]	tCO_2e	0	-	-	0	0			
Total GHG emissions									
Total GHG emissions, location-based	tCO_2e	3,282,791	-	-	3,315,449	3,505,082			
Total GHG emissions, market-based	tCO_2e	3,282,791	-	-	3,314,814	3,503,175			

Accounting policies

E1-6 – Total GHG emissions disaggregated by scopes 1 and 2 and significant scope 3

Scope 1
Scope 1 emissions are reported in tonnes and the sum of all CO_2 equivalents in accordance with ESRS E1 requirements and the GHG protocol. The emissions are calculated based on the direct energy consumption for operations (natural gas, oil, diesel, petrol) and fuel from people transport (company owned/ leased cars). For all scope 1 data, December's figures are estimated based on the total usage for a comparable month or as an average of the previous months of the year.

Scope 2
Scope 2 GHG emissions are reported in tonnes of CO_2 equivalent in accordance with ESRS E1 requirements and the GHG protocol. Scope 2 emissions are reported as location and market-based in accordance with the GHG protocol. For all scope 2 data, December is estimated based on data on total used for a comparable month or as an average for the previous months of the years.

Scope 3
Scope 3 emissions are reported in tonnes of CO_2 equivalent in accordance with ESRS E1 requirements and the GHG protocol. Scope 3 emissions are a combination of activity and spend based calculations and are calculated annually. Data are pulled from Solar's ERP system and calculated annually. Where actual data is not available, data are calculated based on economic spend allocation and weight-based calculations method. This accounts for C1: Purchased products and services and C11: Use of sold products, as well as for the categories under 'Other'; C3: Fuel- and energy-related activities, C4: Upstream transport is embedded in C1, C9: Downstream transport and distribution and C12: End-of-life treatment of sold products. The categories C5: Waste, C6: Business travel and C7: Employee commuting are 100% activity based.

GHG intensity (scope 1 and 2)
Calculated as total scope 1 and scope 2 (location- and market-based) emissions divided by total revenue.

GHG intensity (scope 3)
Calculated as total scope 3 divided by total revenue.

E1-6 – Total GHG emissions disaggregated by scopes 1 and 2 and significant scope 3 – continued

		Retrospective						Milestones and target years	
	Unit	2020 (base year)	2021	2022	2023	2024	Δ 2023 vs 2024	Target 2026[6]	Target 2030
GHG intensity								Net-zero	
GHG intensity value, scope 1	tCO_2e	0.25	0.29	0.22	0.16	0.14			-
GHG intensity value, scope 2 location-based	tCO_2e	0.38	0.33	0.25	0.30	0.30			-
GHG intensity value, scope 2 market-based	tCO_2e	0.38	0.33	0.21	0.25	0.15			-
GHG intensity value, scope 3	tCO_2e	285.71	-	-	253.97	286.31			-
Total GHG intensity value, scope 1, 2 and 3	tCO_2e	286.33	-	-	254.43	286.76			-
Total GHG emissions, scope 1, 2 and 3 reductions	tCO_2e		-	-	57,161	219,992			-
Total GHG emissions, scope 1, 2 and 3 reductions	%		-	-	2%	7%			

1) The following categories have been excluded from the calculation: C2: Capital goods, C10: Processing of sold products, C8/13: Leased assets, C14 Franchises, C15: Investments
2) Scope 3 target is 25% reduction in total in category 1: Purchased products and services and category 11: Use of sold products
3) C4: Upstream transportation is embedded in category C1: Purchased products and services
4) Our own target is net-zero/0 emissions by 2030. Our SBTi commitment in scope 1 and 2 is 42% reduction by 2030.
5) Not included in scope 1 and 2
6) Calculated from baseline 2020

Sustainability statements

Pollution

IRO process

ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks, and opportunities

We have identified pollution of water and soil to have a negative impact in the upstream value chain and own operation. The full process and methodology applied to identifying pollution related material impact can be found in the section General information.

We comply with national and internal regulations, and through our ISO 14001 process monitor, we screen for potential negative impacts. In case a severe incident occur, we will engage local authorities and affected communities.

Policies

E2-1 Policies related to pollution

Solar's Environmental Policy communicates our environmental performance. Solar undertakes all work related to the handling of pollution and is committed to complying with applicable laws and regulations. The policy states that we want to improve our processes to prevent pollution, but it does not contain any information on mitigating actions regarding water and soil - in case an incident occurs - to limit the negative impact on people and the environment. It does not address substituting and minimising use of substances of concern and phasing out substances of very high concern. The policy applies to all employees and is available on Solar's intranet and website.

No environmental issues or incidents were reported in 2024 or previous years. For our own operations, a future action plan will be grounded in our Environmental Management System (EMS). In our upstream value chain, we conduct monitoring through our risk assessment due diligence process.

Please see section E1 Climate Change for information on climate and environmental mitigation in our own operation and across the value chain.

Accountability for the implementation of the policy lies with the Executive Board and ultimately the CEO.

Please see E1 Climate Change regarding how we work with climate and environmental mitigation in our own operations and across the value chain.

Actions and resources

E2-2 Actions and resources related to pollution

Pollution can take place through indirect or direct water contamination and leakage, soil pollution in surrounding areas, operations in our upstream value chain, and in our own operation.

We strive to enhance our environmental performance by implementing effective pollution mitigation and adaptation strategies to support creating a positive impact where it is possible. The actions apply to all operations within Solar and its upstream value chain. Due to our history of not have identified any incidents, water and soil pollution is considered low risk.

In our own operation, pollution-related matters come under our Environmental Management System which is frequently audited by third party consultants. Incidents must be reported to a management team member and reported to the EMS team.

For the upstream value chain, pollution is addressed in our Supplier Code of Conduct and our Sustainable Procurement Policy.

Current and future actions:

- Through our daily operation, we track potential pollution incidents related to water and soil in own operations.
- We will continue to address water and soil pollution on the topic environment with our suppliers as part of our Supplier Engagement Programme where we monitor and track on several parameters include parameters within environment.
- In 2025, we will align our Environmental Policy to also cover water and soil pollution.
- In 2025, we will align our Environmental Management System framework according to the standards of ESRS E2.

Targets

E2-3 Targets related to pollution

Due to the nature of our business and our history, no targets have been set. We will conduct an assessment to better understand the full scope of our pollution-related impacts, risks, and opportunities to identify potential future targets and resources required. Pollution related targets that are mandatory by law will be implemented during 2025.

For this reporting year, we did not identify any incidents in our own operations, nor do we possess methodology and data on the amounts of pollutants or the changes over time.

Pollution

E2-4 Pollution of air, water, and soil

At this time, we do not have data on emissions and pollutants related to the two negative impacts identified through our IRO analysis: water and soil.

Anticipated financial effects

E2-6 Anticipated financial effects from pollution-related impacts, risks, and opportunities

No financial implications of pollution-related risks and opportunities have been identified. We will allocate potential additional resources/funds to the extend needed.

Biodiversity and ecosystems

Transition plan

E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model

Continuously assessing and enhancing the resilience of our business model and strategy to biodiversity and ecosystems-related risks is essential for long-term sustainability. We depend on diverse and healthy ecosystems to support climate change reductions.

Due to our business model, we believe that we have integrated the necessary resilience to physical, transition and systemic risks within this topic both in our own operations and in the upstream value chain, and therefore have no separate transition plan.

However, we acknowledge that the raw material extraction for manufacturing the products that we sell, as well as energy resources and transportation, may cause significant harm and negative impact on people and the environment.

We engage with our suppliers through our Supplier Engagement Programme and by performing regular risk assessments, we understand their policies and practices on this subject. As we primarily operate with suppliers from European markets with legislative requirements, we believe that our current strategy and business model hold the necessary resilience to limit the negative impact within biodiversity and ecosystems. Hence we have not performed any further resilience analysis.

We have engaged with relevant stakeholders from our own operations and upstream value chain to assess our impact on biodiversity in our own operation and in our upstream supply chain.

As required by SBTi, our focus is primarily on reducing our emissions as much as possible by taking proactive actions across the value chain. However, we also want to give back to nature and have invested in two afforestation projects and expect to afforest approx. 470 hectares by the end of 2026.

To ensure responsible forest operations, we will begin certifying our projects through a third-party certification system in the coming year.

Please see the section General information page 50 for more detailed information related to the IROs identified.

IRO process

IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks, and opportunities

We have identified Drivers of biodiversity loss: Climate change, Drivers of biodiversity loss: Land-use change, freshwater use, and sea-use change, Drivers of biodiversity loss: Pollution, Impacts and dependencies on ecosystem services to have a negative impact primarily in the upstream value chain but also in our own operation. The full process and methodology applied to identifying biodiversity and ecosystem related material impact can be found in the section General information.

All our sites are located in industrial zones, designated for industrial operations, and we have no records indicating proximity to biodiversity-sensitive areas. Hence we do not have any activities related to sites located in or near biodiversity-sensitive areas negatively affect these areas and thereby concluded that it is not necessary to implement biodiversity mitigation measures.

We adhere to national and local regulations and procedures for the protection of biodiversity and ecosystems, which are supervised by authorities. Therefore, the material impact is considered to be limited.

The full process and methodology applied to identify material impact, risks, and opportunities in relation to biodiversity and ecosystems can be found in the section General information.

Policies

E4-2 – Policies related to biodiversity and ecosystems

We do not have a biodiversity and ecosystem policy relating to the material impacts and risks identified. Our related policies such as Environment Policy, Sustainability Policy, Sustainable Procurement Policy, and Environmental Policy define our commitment to biodiversity and ecosystems.

Our Sustainable Procurement Policy address responsible sourcing throughout the value chain and protecting people and nature. Traceability in the form of country of origin is identified in the product documentation.

We seek to inspire our suppliers by demanding them to sign our Supplier Code of Conduct which emphasizes the protection of people and the environment.

Actions

E4-3 – Actions and resources related to biodiversity and ecosystems

In our own operation, biodiversity and eco-systems is anchored in our operations. Any incidents shall be reported to a management team member and reported to the EMS team.

For the upstream value chain, pollution is addressed in our Supplier Code of Conduct under the chapter Environment, Pollution Prevention, and Resource Conservation as well as in our Sustainable Procurement Policy. Please see G1 Business Conduct on how we work with our suppliers to increase transparency, also covering environmental matters.

On-going and future actions include:

- We will further align our policies towards the demands of the ESRS standards and other applicable international standards.
- We will continue to mitigate negative impacts and risks through our SBTi targets.
- We will continue the development of our afforestation projects and will make more details available in the coming reporting period.
- We will continue to monitor and follow up on our suppliers via our targets for risk assessment and signing of Supplier Code of Conduct.

Targets

E4-4 – Targets related to biodiversity and ecosystems

We have no direct targets in relation to biodiversity and ecosystems. For our own operations, we track and follow the progress of our afforestation projects. Signing our Supplier Code of Conduct, which contains several environmental elements, is an indirect target showing our suppliers commitment to this subject.

Anticipated financial effects

E4-6 – Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities

No financial implications from biodiversity and ecosystems risks and opportunities have been identified. We will allocate potential additional resources/funds to the extend needed. For further information, please see the Taxonomy section.

Solar locations

SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model

Country	City
CH	Neuchatel
CN	Jiangsu
CZ	Brno
DE	Neusäß
DK	Vejen, Brøndby, Svenstrup, Århus, Odense SV, Aalborg, Åbyhøj, Torshavn, København NV, Rødby, Kastrup, Glostrup, Køge, Sønderborg, Vejle, Holstebro, Vedbæk, Nibe, Hårlev
FR	Pontarlier
GB	Cheshire
IT	Ceccano
NL	Alkmaar, RG Duiven, Amsterdam, DV Apeldoorn, AB Assen, Capelle, Den Haag, Ede, Eindhoven, Heerlen, Hengelo, Meppel, Oosterhout, Schiedam, Utrecht, Zwolle, Heerenveen, Amersfoort
NO	Gardermoen, Haugesund, Trondheim, Aalesund, Bodø, Mo, Harstad, Tromsø, Kirkenes, Kristiansand S, Sogndal, Oslo, Skien, Drammen, Tønsberg, Hamar, Bergen, Stavanger
PL	Lodz, Warszawa, Gdansk, Poznan, Bielsko_Biala, Pila, Zielona Gora, Torun, Bialystok, Gliwice, Siedlce, Zory, Wroclaw, Krakow, Szczecin, Tarnow, Walbrzych, Lublin
SE	Göteborg, Värnamo, Växjö, Jönköping, Borås, Kista, Sköndal, Visby, Uppsala, Norrtälje, Norrköping, Örebro, Västerås, Avesta, Gävle, Sundsvall, Karlstad, Umeå, Hägersten, Helsingborg, Högsbo, Gällivare, Kalmar, Linköping, Malmö, Halmstad, Luleå, Nacka, Stockholm, Osby, Varberg, Uddevalla
USA	Madison, Portland

Resource use and circular economy

IRO process

IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks, and opportunities

As a sourcing and services company, we are reliant on a significant number of products manufactured from both critical raw materials and virgin materials, leaving a waste track behind. Our double materiality assessment identified three negative impacts on our workforce: resource inflows/use (products and services), resource outflows (waste).

We believe that circular economy practices will become increasingly important not just within our own production, but across our industry as well. We want to become part of the long-term solution. However, several challenges regarding reuse and waste sorting in our industry must be resolved to obtain a fully implemented circular economy culture.

Most of our scope 3 emissions comes from the products we sell. We are reliant on significant amounts of critical raw materials used to manufacture the products we sell. By incorporating circularity practices across our value chain, we can reduce our carbon emissions while applying responsible waste management.

Waste in our operations and value chain mainly consists of packaging waste from inbound product supply and outbound distribution.

We comply with national and internal regulations and continuously evaluate our methods to improve waste sorting for optimised recycling, and we collect data on all relevant waste fractions. This is undertaken by Solar, with help from our waste management providers and through external audits.

Policies

E5-1 Policies related to resource use and circular economy

Solar's Environmental Policy covers areas, such as waste management and environmentally friendly packaging. As we are ISO 14001 certified, we are committed to ensuring that guidelines in relation to the management of waste as well as hazardous waste and materials are strictly followed.

As outlined in our Supplier Code of Conduct, we also engage with our suppliers to ensure that "the use of natural resources, including water, fossil fuels, minerals, and virgin forest products are conserved by practices, such as modifying production, maintenance and facility processes, materials substitution, reuse, conservation, recycling, or other means."

Actions and resources

E5-2 Actions and resources related to resource use and circular economy

In our own operation, waste is anchored in our Operations department, which monitors our waste and recycling processes.

Historically, and during the year under review, we focused on the following activities:

- We report monthly on all waste fractions relevant to Solar's business model.
- We are currently running several pilot projects with the objective of recycling products used across our value chain.
- We strive to source 100% certified recycled cardboard packaging materials for use with our customers.
- We are constantly on the outlook for new processes and projects to create a positive impact on the resource and circular economy within our value chain.

Targets

E5-3 Targets related to resource use and circular economy

In relation to resource inflows, specifically in relation to cardboard packaging, we have a target of 100% recycled cardboard but without any timeline.

We do not have targets for waste management. However, we manage waste according to national standards and requirements and closely monitor any updates in this regard. We endeavour to manage waste in a manner so as not to harm the environment by continuously improving our waste management programmes in collaboration with our waste managers. We will work towards setting targets in 2025.

Resource inflows

E5-4 Resource inflows

Companies that manufacture electrical equipment rely heavily on resources such as metals, which require mining. These pose significant environmental threats as they must be sourced from different parts of the world.

Almost all resources used in our supply chain derive from the extraction of raw materials, including the energy resources and transport involved.

Moreover, it is likely that the products in our supply chain have been produced from virgin materials extracted from mines or natural areas. Extraction of these materials can have a significant negative impact on people and the environment. Through our Supplier Engagement Programme, we have a dialogue with our suppliers to reuse and recycle through circularity levers.

Although relatively small, we depend on virgin resources in our packaging and distribution materials in our own operation, such as paper, pulp, and natural gas/crude oil for plastics. Dependence on virgin resources can be reduced, for example, by switching to recycled packaging materials and optimising packing methods. However, it is not possible to reduce dependency completely at this stage.

We engage with our business partners in the value chain on recycling and circularity.

Resource outflows

E5-5 Resource outflows

Due to the nature of our business, waste streams in Solar mainly consist of packaging waste (paper, cardboard, plastics, wood etc.) and electronic waste (minerals from batteries and other electronic devices as well as metal and plastics from cables etc.) that derive from damaged or returned products. We comply with the Waste Electrical and Electronic directive.

Electronic waste is a significant waste stream in our industry. The products we sell have various expected lifetimes, with many products still not designed with circularity in mind (durability, repair, reuse, disassembly, and recycling). This generates general waste and e-waste that potentially causes indirect or direct harm to nature.

Waste data is actual data collected and reported monthly by those responsible for collecting data. Accountability lies with Operations. Waste data is provided for most locations and subdivided according to material type, equivalent waste management type and weight.

Sustainability statements

E5-5 Resource use and circular economy

E5-5 – Resource outflows - waste	Unit	2024
Total waste generated	kg	**3,961,694**
Total hazardous waste diverted from disposal	kg	**26,226**
Hazardous waste diverted from disposal due to preparation for reuse	kg	0
Hazardous waste diverted from disposal due to recycling	kg	26,226
Hazardous waste diverted from disposal due to other recovery operations	kg	0
Total non-hazardous waste diverted from disposal	kg	**3,020,955**
Non-hazardous waste diverted from disposal due to preparation for reuse	kg	0
Non-hazardous waste diverted from disposal due to recycling	kg	2,911,297
Non-hazardous waste diverted from disposal due to other recovery operations	kg	109,658
Total hazardous waste directed to disposal	kg	**6,505**
Hazardous waste directed to disposal by incineration	kg	6,505
Hazardous waste directed to disposal by landfilling	kg	0
Hazardous waste directed to disposal by other disposal operations	kg	0
Total non-hazardous waste directed to disposal	kg	**908,008**
Non-hazardous waste directed to disposal by incineration	kg	881,067
Non-hazardous waste directed to disposal by landfilling	kg	26,941
Non-hazardous waste directed to disposal by other disposal operations	kg	0
Total weight of non-recycled waste	kg	**914,513**
Total percentage of non-recycled waste	%	**23**

Accounting policies

E5-5 – Resource outflows - waste

Waste
Waste treatment volumes per final treatment are reported in absolute tonnage (in kg) of waste collected from Solar's locations.

All data is third-party data. The first three quarters of 2024 consist of actual data, whereas for Q4, data is estimated based on the average actual data from the previous three quarters.

For Solar Poland, data is estimated based on the actual data for the two major locations, where approx. 66% of all full time equivalents are based.

Social information

Sustainability statements

Our workforce

We have a fundamental respect for the value of human life and dignity and want to foster a culture of respect, equality, and inclusion. This means providing favourable employment conditions for our employees and respecting labour and human rights. Our double materiality assessment has identified two negative impacts on our workforce: working conditions and equal treatment and opportunities for all.

Strategy

SMB-2 Interests and views of stakeholders

We listen to and incorporate our employees' opinions and concerns through our daily interaction and channels of communication. We view human rights as essential principles that safeguard people's dignity and ensure freedom and respect within our own operations. The insights gained from understanding our workforce's interests, views, and rights are integrated into our strategy and business model, ensuring alignment with the rights of our entire workforce. No special impacts or dependencies have been identified. Please see Stakeholder Engagement page 43.

Our approach and policies

S1-1 Policies related to own workforce

We will continue to focus on fostering a workplace and culture that promotes diversity, equity, and inclusion. We respect human rights and do not accept any form of discrimination or harassment.

Human rights and labour
Our Human Rights Policy covers the right to freedom of association, works councils, fair working conditions, trafficking, forced or compulsory labour, child labour and the elimination of discrimination in employment and occupation.

The policy is in line with the UN Guiding Principles on Business and Human Rights and the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work. It applies to Solar and constitutes the framework for how we work and look after employees. Our ethical requirements for our employees are set out in Solar's Employee Code of Conduct.

Should we identify adverse impacts that are directly linked to our operations, products, or services through our suppliers or other business partners, we call on the entity causing the adverse impact to cease, prevent or mitigate the impact, whether they are related to our own workforce, value chain workers, or affected communities.

We are in constant dialogue with our works councils and employee representatives to ensure that the impact of labour and human rights in our own operations accords with our policies and regulations.

Moreover our Supplier Code of Conduct is fully in line the with applicable ILO standards and address safety of workers, precautious work, human trafficking and forced or child labour.

Health, safety, and well-being
Physical and mental safety and well-being at the workplace are our top priorities, and we believe that they are fundamental drivers of a work-life balance. We foster a culture that promotes our employees' health and safety and strive to prevent any accidents.

We are also dedicated to safeguarding the labour conditions of our employees, such as sickness, work-related injuries, parental leave, and retirement.

We have implemented a Health, Safety, and Work Environment Policy, which sets the standards for how we protect and ensure the well-being of our employees. We have also implemented a set of cardinal rules that address core safety rules. Both cover all our employees. Accountability for health and safety lies with our VP Operations in Sweden.

Moreover, we also comply with ISO 9001 (quality management system) and 14001 (environmental management system) to maintain a robust management system.

Additionally, we have a range of support systems, and offer our employees' health insurance, including access to psychologists and other mental health professionals, and to crisis management. We have zero-tolerance towards harassment and have implemented our Sexual Harassment Policy. The purpose of this policy is to contribute to a work environment that is sound in terms of safety and health, where all employees in Solar thrive and feel safe. Accountability for well-being and the mitigation of negative impacts lies with Group HR.

Diversity, equity, and inclusion
Our ambition is to foster a diverse, equal, and inclusive culture and workplace. We respect human rights and do not accept any form of discrimination or harassment. Together with works councils and employee representatives, we focus on creating a diverse workforce and support for our managers. This also covers a commitment to equal pay and to ensuring equal pay for equal positions and competences when hiring or promoting employees.

We are committed to diversity at senior management level and to continuing to raise the entry level of women among all employees. Our Recruitment Policy ensures an unbiased process when recruiting new employees.

To support this, we have also introduced an Inclusion and Diversity Policy and the objective of this policy is to ensure that all employees in Solar are treated equally, irrespective of racial and ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction or social origin, or other forms of discrimination covered by union regulation and national law.

All policies cover all employees and have been implemented through the same procedures as other policies in Solar and any deviations from the policies are not allowed and will be reported back to either the Board of Directors or the Executive Board. Accountability lies with Group HR. The objective of the Inclusion and Diversity Policy is to ensure that all employees are treated equally and to help advance diversity and inclusion in general.

Engaging with our workforce

S1-2 Processes for engaging with own workers and workers' representatives about impacts

Our approach
Overall accountability for engagement lies with the Executive Board.

We conduct engagement surveys to provide insight into our employees' well-being, commitment, perception of influence, opportunities for development, work-life balance, collaboration with colleagues, and how Solar's leaders are perceived. The survey runs every 2-3 years and the accountability lies within HR. In 2024, the survey also included questions on diversity, inclusion, and equality.

The results from our employee engagement survey are presented to all managers who have employee responsibility for them to engage with their employees and take appropriate action. The results are published on Solar's intranet. Group HR monitors and tracks the effectiveness of our managers' engagement with their employees through our HR system (People Portal).

The feedback from the survey and the open comments serves as a valuable basis for initiating dialogue and identifying actions to further improve our workplace. Our employees can also voice their opinions via the whistleblower portal, works councils, employee representatives, and employee performance appraisals.

If employees and their families face a challenging situation, we encourage them to apply to our Solar Family grant programme for financial support.

We engage with our employees daily and with employee representatives and works councils on a regular basis to ensure that we are operating in accordance with our policies and relevant regulations. Through a structured approach, elected employee representatives host various meetings, including the safety committee and report back to management. Moreover, we have three employee-elected members on our Board of Directors.

Please see Stakeholder engagement on page 43 for further information.

Remediation and channels for raising concerns

S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

Our approach and policies
Our employees are encouraged to speak up if they experience any irregularities or illegalities on Solar's part. Access to remediation, by which our employees can make their concerns and needs known, helps to ensure a just and fair workplace and protects our employees. It also underpins our ambition for a diverse, equal, and inclusive work culture.

Employees with a grievance or complaint can report the incident via our whistleblower portal, which is accessible on Solar's intranet or our websites. They can also seek support from their line manager or HR.

Should these channels be unsuitable, all stakeholders - both internal and external – can also raise a complaint directly with the Executive Board.

Our Internal Audit team tracks and monitors all issues raised through whatever means.

We take proactive steps to ensure awareness of acceptable standards of behaviour by:

- Regularly running information campaigns on Solar's intranet.
- Having all our employees sign our Code of Conduct and making it available on Solar's intranet.
- Making our Employee Handbook available on Solar's intranet.

Please see our Whistleblower Policy encouraging our employees to report unethical practices or non-compliance without fear of retaliation and information about our whistleblower portal in section G1, Business Conduct.

Actions

S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Taking our starting point from two negative impacts identified in our double materiality assessment, we are particularly focused on the actions relating to the two areas set out below.

By following our policies and through regular and structured engagement with our employees, we believe that our practices and actions contribute to creating a positive impact. Currently, we have no other actions planned other than those mentioned below.

The effectiveness of our actions and initiatives is tracked through our employee engagement surveys, KPIs related to retention, employee turnover, sick leave, and number of accidents.

Members of the senior management team are assigned the appropriate resources to manage material impact and are responsible for engaging with their teams.

Any actions identified and what response is required to mitigate a potential negative impact are done in the respective management teams in collaboration with relevant employees and workers' representatives.

Health, safety, and well-being

Actions
- We remain focused on health and safety and have introduced a Safety Flash tool to register serious incidents and accidents, analysing the root cause and setting out actions and solutions. The aim is to share learnings and avoid repetition.
- We frequently organise prevention and mitigating campaigns, such as emergency drills and safety training.
- We offer regular seminars on topics such as dynamic psychological safety and work satisfaction. The objective is to provide techniques that promote an inclusive and safe culture.
- To support a good work-life balance, we continue to offer our employees flexible working conditions and where possible giving them the opportunity to work remotely and on a part-time basis.
- We continue to conduct employee performance appraisals to identify any potential negative or positive impacts that affect our employees' well-being.
- We run frequent employee engagement surveys with employee and management participation. This is a safe and anonymous channel, through which views and observations can be expressed.

Diversity, equity, and inclusion

Actions
- We will continue to increase the proportion of women at senior management level and increase the number of women in entry-level positions.
- We have several communities supporting diversity with the aim of guiding and giving feedback to management.
- We will continue to provide equal opportunities for all our employees.
- We maintain focus on diversity and inclusion as a driver in the execution of our strategy.
- We follow the requirements of the General Data Protection Regulation (GDPR) to manage any potential negative impact regarding data protection and privacy. We take full responsibility for the data we process. The purpose is to mitigate potential cyber-attacks by making our employees aware of common pitfalls. Demonstrating good security practice, we have embarked on the implementation of ISO 27001 (information security).

Targets

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Targets for diversity is set and tracked by the Executive Board in collaboration with HR and the Danish Management Team who also engage with our employees and workforce representatives about this topic. It is communicated in our Annual Report and formerly in the Sustainability Report.

We acknowledge that reaching our target may be challenging for several reasons. Due to our legacy and the fact that there traditionally have not been many women in our industry, the majority of our employees and managers are currently male.

At the same time, we have a track record of long service among employees who have been with us for between 25 to 40 years. This poses a dilemma, seeing that although we have many highly skilled and committed employees who are greatly valued, we acknowledge that a more diverse workforce and management team would provide fresh input and new ways of working.

We are committed to promoting gender diversity and have set a target of 25% women at senior management level and aim to raise women's representation at entry level to 40% by 2026. The targets are tracked on an annual basis. To succeed, we conduct training in unbiased recruitment and have updated our recruitment processes and job advertisements. We have also implemented a Recruitment Policy. The targets have been set by the Executive Management.

Targets by 2026

	Unit	Target	2024	2023
Women in senior management[1]	%	25	21	15
Entry level, all employees, women	%	40	34	31

1) Calculated according to the Danish Financial Act § 99b.

S1-6 – Characteristics of the undertaking's employees

(see consolidated financial statements, note 2.3 Staff costs, page 111)

Employees	Unit	2024	2023	2024 Average	2023 Average
Denmark	Headcount	926	-	930	-
Sweden	Headcount	583	-	583	-
Norway	Headcount	387	-	387	-
The Netherlands	Headcount	637	-	672	-
Poland	Headcount	369	-	377	-
Others	Headcount	107	-	110	-
Total	Headcount	3,009	-	3,059	-
Total	FTE	2,895	2,990	2,899	3,036

Gender diversity	Unit	2024
Men	Headcount	2,107
Women	Headcount	902
Others	Headcount	0
Not reported	Headcount	0
Total employees	Headcount	**3,009**

Characteristic of employees: contract type by gender	Unit	Men	Women	Others	Not disclosed	Total
Total employees	Headcount	2,107	902	0	0	3,009
Permanent employees	Headcount	1,985	845	0	0	2,830
Temporary employees	Headcount	84	39	0	0	123
Non-guaranteed hours employees	Headcount	38	18	0	0	56

Characteristic of employees: contract type by region	Unit	DK	SE	NO	NL	PL	Others	Total
Total employees	Headcount	926	583	387	637	369	107	3,009
Permanent employees	Headcount	888	553	380	570	340	99	2,830
Temporary employees	Headcount	15	2	3	67	28	8	123
Non-guaranteed hours employees	Headcount	23	28	4	0	1	0	56

Employee turnover	Unit	2024
Employee turnover	Headcount	513
Employee turnover rate	%	17.8

Accounting policies

S1-6 – Characteristics of the undertaking's employees

Applied data on own workforce
The applied data on own work force is based on extracts from our local payroll systems.

Number of employees, headcount
Number of employees, headcount, is the number of employees at the end of the reporting period measured as headcount.

Average number of employees, headcount
Average number of employees, headcount, is the number of employees across the reporting period measured as headcount.

Gender categories
Gender is categorised as male, female, or other. Other includes legally registered gender not recognised as male or female.

Breakdown by country / geographical area
Breakdown by country includes countries in which Solar has 50 or more employees representing at least 10% of our total number of employees.

Full time equivalent
FTEs are calculated based on the total number of compensable hours (days) in a work year to the number of hours (days) in a "norm" work year.

Average number of employees, FTE
Average number of employees is the number of employees across the reporting period measured as full time equivalent (FTE).

Number of employees, FTE
Number of employees is the number of employees at the end of the reporting period measured as full time equivalent (FTE).

Employees and contract types
Employees include permanent, temporary, and non-guaranteed hours employees.

Non-guaranteed hours employees are employed by Solar without a guarantee of a minimum or fixed number of working hours.

Solar has employees in more countries and use the definitions of contract type as per the national laws of the countries where the employees are based to calculate country-level data.

The country-level data are then added up to calculate total numbers, disregarding differences in national legal definitions.

Employee turnover
The rate of employee turnover is calculated as the aggregate of the number of employees who left voluntarily or due to dismissal, retirement, or death in service during the reporting period to the average FTEs for the reporting period.

Sustainability statements

S1-9 – Diversity metrics

Gender distribution, top management	Unit	2024	2023
Number of employees in top management (men/women)	Headcount	11/3	11/2
Gender distribution in top management (men/women)	Headcount	11/3	11/2
Gender distribution in top management (men/women)	%	79/21	85/15

Age distribution, employees	Unit	2024
Under 30 years	Headcount	373
Between 30 and 50 years	Headcount	1,482
Over 50 years	Headcount	1,154
Total	Headcount	3,009

S1-14 – Health and safety metrics

Health and safety	Unit	2024
Employees covered by health and safety management system by legal requirements	%	0
Fatalities in own workforce as result of work-related injuries and work-related ill health	Number	0
Fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites	Number	0
Recordable work-related accidents	Number	33
Recordable work-related accidents, rate	%	5.75
Cases of recordable work-related ill health of employees	Number	0
Days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees	Number	417

S1-16 – Remuneration metrics

Pay	Unit	2024	2023
Gender pay gap	%	23.9	-
Annual total remuneration ratio	Times	22.8	25.4

Accounting policies

S1-9 – Diversity metrics

Top management
Top management includes management level 1 and 2 of the organisation. Level 1 is the executive board and managers at the same organisational level as the executive board. Level 2 includes managers with staff responsibility and reporting directly to level 1 management for the Solar Group and the parent company Solar A/S (ÅRL §99b) respectively.

Gender distribution, top management
The aggregate number of respectively female, male, and other employees in top management to the aggregate number of all employees in top management for the Solar Group and the parent company Solar A/S (ÅRL §99b) respectively.

S1-14 – Health and safety metrics

People covered by health and safety management system
Number of headcounts in Solar's own workforce who are covered by a health and safety management system based on legal requirements and (or) recognised standards or guidelines to total number of headcounts.

Work-related accidents for own workforce
Work-related accidents arise from exposure to hazards at work including when travelling for work-related purposes and engaged in work activities in the interest of the employer. When working from home, accidents directly related to the performance of work are included.

Total hours worked by own workforce
The total hours worked by people in own workforce is estimated based on normal hours of work, taking into account entitlements to periods of paid leave of absence from work i.e. paid vacations, paid sick leave, or public holidays.

S1-16 – Remuneration metrics

Pay
The ordinary basic or minimum wage or salary and any other remuneration, whether in cash or in kind, which the worker receives directly or indirectly ('complementary or variable components'), in respect of his/her employment from his/her employer. 'Pay level' means gross annual pay and the corresponding gross hourly pay. 'Median pay level' means the pay of the employee that would have half of the employees earn more and half less than they do.

Gender pay gap
Based on data for all employees, the gender pay gap is the difference of average gross hourly pay levels between male and female employees, expressed as percentage of the average gross hourly pay level of male employees.

Annual total remuneration ratio
The annual total remuneration ratio is the annual total remuneration of highest paid individual (CEO) to the median annual total remuneration for all employees excluding the highest-paid individual (CEO).

Annual total remuneration to own workforce
Annual total remuneration to own workforce includes salary, bonus, stock awards, option awards, non-equity incentive plan compensation, change in pension value, and non-qualified deferred compensation earnings provided over the course of a year.

Sustainability statements

Workers in the value chain

The nature of our business means that we rely on our business partners and suppliers across our value chain to supply us with products and transport. We expect our business partners to support the green transition, to adhere to the same ethical standards, and to respect international human and labour rights standards and national legislation. We have identified three sub-topics through our double materiality assessment: Working conditions, equal treatment and opportunities for all, and other work-related rights.

Strategy

SBM-2 Interests and views of stakeholders

To support a just and green transition, we expect our business partners to operate their businesses and supply chains in compliance with national laws and international labor and human rights standards. The insights gained from understanding our value chain workers' interests, views, and rights are used as input into our strategy and business model.

We aim to support a just transition by demanding decent jobs in our value chain. This includes providing fair wages, secure employment, safe working conditions, and a work environment where workers can freely express their concerns and have their right to organize.

Our commitment to human rights and labor rights is outlined in our Sustainable Procurement Policy and our Supplier Code of Conduct.

No actual or potential impacts on value chain workers have been identified that would impact our strategy and business model. Please see Stakeholder Engagement page 43.

Our approach
The workforce across our value chain may be subject to excessive working hours, forced labour, non-regulated working conditions, and health and safety risks. Such work is defined by manual work, such as heavy lifting and the operation of machinery, driving vehicles, and working unsocial hours.

Although we operate in low-risk markets, with more than 99% of our tier one suppliers based in Europe, we acknowledge that it is still crucial to ensure that we reduce the risk of negative impact on workers across our value chain.

Solar has over 4,000 direct material suppliers, of which 2,500 are strategic/preferred suppliers. Data from 2024 shows that 98.5% of Solar's spend is within the EU/EES/GB region and 91% is from countries where Solar is present.

Policies

S2-1 Policies related to value chain workers

At Solar, we aim to ensure decent jobs in our industry and provide employees with adequate wages, decent working conditions, freedom of association, no child or forced labour, secure employment, health and safety, and a working environment where workers are free to express their views and concerns.

Our commitment to uphold human and labour rights is outlined in our Human Rights Policy (with the objective to ensure the protection and respect of human rights within our own operations and in interactions with our stakeholders), Sustainable Procurement Policy, and Supplier Code of Conduct. Our Human Rights Policy explicitly states that trafficking and forced and child labour are not accepted under any circumstances. The policy is aligned with the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. For more information on our policies and Code of Conduct and how they address human and labour rights impact in our own operations and value chain, see section S1 Own workforce and G1 Business conduct.

As Solar operates in a low-risk market and based on our history, we regard it as a low risk that our direct suppliers (tier one) will breach labour and human rights.

Engaging with value chain workers

S2-2 Processes for engaging with value chain workers about impacts

Similar to S1, Solar is required to disclose whether severe human rights issues and incidents connected to its upstream and downstream value chain have been reported (and if applicable, to disclose these).

In our frequent dealings with our business partners and through the people with whom we are in direct contact, we engage indirectly with the workforce across our value chain, thereby gaining insight into general labour conditions. Through our Supplier Engagement Programme, we assess our supplier commitment to human rights and labour. Overall accountability for supplier engagement lies with our Senior Vice President Commercial Sourcing and Services.

We perform risk assessments of our suppliers to prevent or mitigate negative impacts, and we monitor and follow up on the results in collaboration with a third-party risk assessment due diligence provider.

The objective is to help our suppliers improve their sustainability measures. This may be through corrective actions or through traditional supplier relationship management. Solar can report that our assessed supplier base shows an overall average increase of 5.1% year on year, measured on four parameters: the environment, labour and human rights, ethics, and sustainable procurement. Our results are verified by a third-party specialist in supplier assessment and risk management due diligence.

This year, we also conducted on-site audits in collaboration with a third-party provider. These audits are conducted for selected high-risk suppliers.

In the event that a supplier fails to comply with the set thresholds defined in our Sustainable Procurement Policy, a corrective action plan will be initiated, and a reassessment will be conducted. Moreover, a training programme will be assigned to suppliers that score below our human rights and labour threshold. Should a supplier fail to comply with our policies and Supplier Code of Conduct, collaboration will ultimately be terminated. Signing our Supplier Code of Conduct is mandatory.

Accountability for tracking the targets set and maintaining a dialogue with our suppliers lies with our Commercial Market and Sourcing department.

Remediation channels to raise concerns

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

Due to the nature of our business and to Solar operating in a low-risk zone, we have not been made aware of any incidents that have caused or contributed to a negative impact.

Employees and external stakeholders are encouraged to speak up if they experience any concerns, irregularities, or illegalities on Solar's part or within the value chain.

Our whistleblower portal is hosted by an external partner and is accessible from our website. It ensures that value chain stakeholders can anonymously report any breaches without risk of retaliation, which ensures confidential access to Solar's Executive Board. We register all submitted cases, and all cases are presented to the Board of Directors and the Executive Board for resolution under the Whistleblower Policy.

We are committed to engaging with the workforce across our value chain. Through our Supplier Engagement Programme and engagement with our suppliers, we will maintain focus on their own grievance mechanism for workers and stakeholders and Solar's whistleblower portal. See more about our Whistleblower Policy and whistleblower portal in section G1 Business Conduct.

Actions

S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

By following our policies and Code of Conduct and through regular and structured engagement with our contact persons in the value chain, we monitor potential risks.

Working conditions, equal treatment and opportunities, and child and forced labour are integrated into our supplier risk assessment due diligence. This also applies to the selection of new suppliers.

In case an incident occurs, this will be handled and tracked via our Supplier Engagement Programme. We have no record of any material risks.

- We will continue to promote awareness of our grievance mechanism to the supply chain workforce.
- We will continue to provide our suppliers with the capacity to make a positive impact on human rights issues.
- We will continue to track and measure on our targets and our engagement and look at new ways of doing so.
- We will maintain collaboration with industry and trade organisations in the countries we operate in, aiming to influence a just and inclusive workforce throughout our value chain.

We have no record of any severe human rights issues and incidents connected to upstream and downstream value chain.

Members of Solars' Senior Management Team are assigned the appropriate resources to manage and operationalise material impacts through daily management.

Targets

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Two entity specific targets have been set based on the outcome of the DMA. The targets help us gain a better understanding of how our suppliers operate and what to be aware of to contribute to a positive work-related human rights and labour impact for the supply chain workers.

Two targets have been set in 2024 and supports our Sustainable Procurement Policy. Please see section S2-4 for which actions are implemented.

Targets are set and defined by the Executive Board in collaboration with Commercial Market and Sourcing Management, who is also operationally responsible. The targets are tracked quarterly using data from our contract system and risk assessment platform. The progress is overseen by the Executive Board.

The targets help us better understand how our suppliers operate and what to be aware of to contribute to a positive work-related human rights and labor impact for supply chain workers. Two targets have been set for 2024, supporting our Sustainable Procurement Policy. Please see section S2-4 for details on the implemented actions.

The targets are set and defined by the Executive Board in collaboration with Commercial Market and Sourcing Management, who are also operationally responsible. They are tracked quarterly using data from our contract system and risk assessment platform. Progress is overseen by the Executive Board.

Supplier Code of Conduct

In 2024, 93% of Solars total spend is covered by a signed Supplier Code of Conduct. Our target is 95% by 2026.

Risk assessment due diligence

80% of Solars total spend was covered by our Supplier Code of Conduct in 2024. In absolute figures, more than 1,300 documents were signed, covering 93% of the strategic/ preferred supplier spend. By 2026, our target is 82% spend coverage at group level. We expect to reach the same level locally.

Targets by 2026

	Unit	Target	2024	2023	2022
Spend undergoing risk assesement	%	82	80	68	50
Spend covered by Supplier Code of Conduct	%	95	93	91	85

Governance information

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Business Conduct

IRO process

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

We have identified Confirmed incidents of corruption or bribery to have a negative impact in the value chain and our own operation. The full process and methodology applied to identifying confirmed incidents can be found in the section General information.

Governance

ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies

For information about the role of the administrative, management and supervisory bodies see the Management review page 30-37.

IRO process

ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks, and opportunities

We have identified Confirmed incidents of corruption or bribery to have a negative impact primarily in the value chain but also in our own operation. The full process and methodology applied to identifying confirmed incidents can be found in the section General information.

Policies

ESRS-2 MDR-P

Our business conduct policies include the following:

- Whistleblower Policy: Encouraging stakeholder in the value chain and own operation to report unethical breaches and practices without fear of retaliation.
- Fraud Policy: Facilitating controls for detecting and preventing fraud in the value chain and own operation, while promoting consistent behavior through guidelines and assigned responsibilities.
- Data Ethics Policy: Outlining our data ethics principles and processing methods and ensuring that Solar is committed to protecting our data with the highest ethical standards.
- Tax Policy: Managing Solars tax efficiently, ensuring compliance with laws, and conducting all business activities ethically and socially responsibly.

Accountability for the implementation of the policies lies with the Executive Board and ultimately the CEO.

G1-4 – Confirmed incidents of corruption or bribery

	Unit	2024	2023
Number of convictions for violation of anti-corruption and anti-bribery laws	Number	0	0
Amount of fines for violation of anti-corruption and anti-bribery laws	Amount	0	0

Actions

Upon identifying a breach, an investigation is conducted to understand the scope and nature of the violation. Based on the findings, appropriate corrective actions are taken to prevent future breaches. Employees and external stakeholders are encouraged to speak up if they experience any irregularities or illegalities on Solar's part.

We take proactive steps to ensure awareness by providing internal information on our intranet and making our whistleblower portal available on our websites. We have also implemented a Whistleblower Policy to address grievances and complaints. Additionally, we have released several other policies related to good business conduct.

Our whistleblower portal is hosted by an external partner and is accessible from our website. It ensures that employees and external stakeholders can anonymously report breaches without risk of retaliation and offers confidential access to the Executive Board. If necessary, we will collaborate with regulatory bodies during investigations.

All actions are actions already implemented and ongoing.

Sustainability statements

Sustainability statements

Appendix

Sustainability statements

Disclosure requirements and incorporation by reference

Disclosure requirements

IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement

The following tables list the ESRS 2 disclosure requirements and the seven topical standards that are material to Solar. They also provide an overview of relevant data points below the DMA threshold or additional data points otherwise considered relevant. We have omitted the disclosure requirements in the topical standards E3, S3 and S4 due to the nature of our business.

The tables can be used to navigate to information relating to a specific disclosure requirement in the sustainability statements such as:

- data disclosure requirements that are incorporated by reference to either the management review or financial statement in this annual report.
- the Remuneration Policy, aiming to align the interests of the Solar's shareholders with those of the Board of Directors and the Executive Board, and Statutory Report on Corporate Governance published as separate documents.

Where we do not yet have any information related to a specific disclosure requirement, no reference is made.

Cross-cutting standards

General disclosures

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GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Management review	31
GOV-3	Integration of sustainability-related performance in incentive schemes	Management review	32
GOV-4	Statement on sustainability due diligence	Sustainability statement	90
GOV-5	Risk management and internal controls over sustainability reporting	Management review	32-33
SBM-1	Strategy, business model and value chain (products, markets, customers)	Management review Sustainability statement	11-15 47
SBM-1	Strategy, business model and value chain (headcount by country)	Financial statement	79
SBM-1	Strategy, business model and value chain (breakdown of revenue)	Financial statement	108-110
SBM-2	Interests and views of stakeholders	Sustainability statement	43
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability statement	44-48
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	Sustainability statement	53-54
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Sustainability statement	87-89

Environmental standards

E1 Climate change

Disclosure requirements		Section	Page
ESRS2, GOV-3	Integration of sustainability-related performance in incentive schemes	Management review	32
E1-1	Transition plan for climate change	Sustainability statement	61-63
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability statement	49, 61-63
ESRS 2, IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Sustainability statement	53-54
E1-2	Policies related to climate change mitigation and adaptation	Sustainability statement	62
E1-3	Actions and resources in relation to climate change policies	Sustainability statement	62-63
E1-4	Targets related to climate change mitigation and adaptation	Sustainability statement	63-44
E1-5	Energy consumption and mix	Sustainability statement	65
E1-6	Gross scopes 1, 2, 3 and total GHG emissions	Sustainability statement	66
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	-	-
E1-8	Internal carbon pricing	-	-
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	-	-

E2 Pollution

Disclosure requirements		Section	Page
ESRS 2, IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	Sustainability statement	53-54, 69
E2-1	Policies related to pollution	Sustainability statement	69
E2-2	Actions and resources related to pollution	Sustainability statement	69
E2-3	Targets related to pollution	Sustainability statement	69
E2-4	Pollution of air, water and soil	Sustainability statement	69
E2-5	Substances of concern and substances of very high concern	-	-
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	-	69

E4 Biodiversity and ecosystems

Disclosure requirements		Section	Page
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Sustainability statement	70
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability statement	50, 70-71
ESRS 2, IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	Sustainability statement	70
E4-2	Policies related to biodiversity and ecosystems	Sustainability statement	70
E4-3	Actions and resources related to biodiversity and ecosystems	Sustainability statement	70
E4-4	Targets related to biodiversity and ecosystems	Sustainability statement	70
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E5 Resource use and circular economy

Disclosure requirements		Section	Page
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E5-1	Policies related to resource use and circular economy	Sustainability statement	72
E5-2	Actions and resources related to resource use and circular economy	Sustainability statement	72
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E5-4	Resource inflows	Sustainability statement	72
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E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	-	-

Sustainability statements

Sustainability standards

S1 Own workforce

Disclosure requirements		Section	Page
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ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability statement	51, 76-78
S1-1	Policies related to own workforce	Sustainability statement	76
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S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Sustainability statement	77
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Sustainability statement	77
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Sustainability statement	78
S1-6	Characteristics of the undertaking's employees	Sustainability statement	79
S1-7	Characteristics of non-employee workers in the undertaking's own operation	-	-
S1-8	Collective bargaining coverage and social dialogue	-	-
S1-9	Diversity metrics	Sustainability statement	80
S1-10	Adequate wages	-	
S1-11	Social protection	-	-
S1-12	Persons with disabilities	-	-
S1-13	Training and skills development metrics	-	-
S1-14	Health and safety metrics	-	80
S1-15	Work-life balance metrics	-	-
S1-16	Compensation metrics (pay gap and total compensation)	Sustainability statement	80
S1-17	Incidents, complaints and severe human rights impacts	-	-

S2 Workers in the value chain

Disclosure requirements		Section	Page
ESRS 2, SBM-2	Interests and views of stakeholders	Sustainability statement	43, 81
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability statement	52, 81-82
S2-1	Policies related to value chain workers	Sustainability statement	81
S2-2	Processes for engaging with value chain workers about impacts	Sustainability statement	81
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Sustainability statement	82
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Sustainability statement	82
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Sustainability statement	82

G1 Business conduct

Disclosure requirements		Section	Page
ESRS 2, GOV-1	The role of the administrative, supervisory and management bodies	Management review	30-37
ESRS 2, IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Sustainability statement	53-54
G1-1	Corporate culture and business conduct policies and corporate culture	-	-
G1-2	Management of relationships with suppliers	-	-
G1-3	Prevention and detection of corruption and bribery	-	-
G1-4	Confirmed incidents of corruption or bribery	Sustainability statement	84-85
G1-5	Political influence and lobbying activities	-	-
G1-6	Payment practices	-	-

Sustainability due dilligence statement

GOV-4 Statement on due diligence

Core elements of due dilligence		Sections in the sustainability statement	Page
a)	Embedding due diligence in governance, strategy and business model	Governance information	84-85
b)	Engaging with affected stakeholders in all key steps of the due diligence process	General information Social information	43 76-77 84-85
c)	Identifying and assessing adverse impacts	Social information Governance information	76-78, 81-82 84-85
d)	Taking actions to address those adverse impacts	Social information Governance information	77, 82 84-85
e)	Tracking the effectiveness of these efforts and communicating to stakeholders	Social information Governance information	77, 82 84-85

The table above outlines where in our Sustainability statement you can find information about our due diligence process, detailing how we implement the main aspects and steps of this process.

Data points that derive from other EU legislation

IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement

Disclosure requirements	Data point		SFDR	Pillar 3 reference	Benchmark regulation reference	EU Climate law reference	Section	Page
ESRS2 GOV-1	21 (d)	Board gender diversity	●		●		Management review	33
ESRS2 GOV-1	21 (e)	Percentage of board members who are independent			●		Management review	33
ESRS2 GOV-4	30	Statement on due dilligence	●				Sustainability statement	90
ESRS2 SBM-1	40 (d) i	Involvement of activities related to fossil fuel activities	●	●	●		Not material	-
ESRS2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	●		●		Not material	-
ESRS2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons paragraph	●		●		Not material	-
ESRS2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			●		Not material	-
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				●	Not material	-
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned benchmarks		●	●		Not material	-
ESRS E1-4	34	GHG emission reduction targets	●	●	●		Sustainability statement	67-68
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	●				Not material	-
ESRS E1-5	37	Energy consumption and mix	●				Sustainability statement	65
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors paragraphs	●				Not material	-
ESRS E1-6	44	Gross scope 1, 2, 3 and total GHG emissions paragraph	●	●	●		Sustainability statement	66
ESRS E1-6	53-55	Gross GHG emissions intensity	●	●	●		Sustainability statement	66
ESRS E1-7	56	GHG removals and carbon credits				●	Not material	-
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			●		Not material	-
ESRS E1-9	66 a	Disaggregation of monetary amounts by acute and chronic physical risk					Not material	-
ESRS E1-9	66 c	Location of significant assets at material physical risk		●			Not material	-
ESRS E1-9	67 c	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		●			Not material	-
ESRS E1-9	69	Degree of exposure of the portfolio to climate related opportunities			●		Not material	-
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	●				Not material	-

Disclosure requirements	Data point		SFDR	Pillar 3 reference	Benchmark regulation reference	EU Climate law reference	Section	Page
ESRS E3-1	9	Water and marine resources	●				Not material	-
ESRS E3-1	13	Dedicated policy	●				Not material	-
ESRS E3-1	14	Sustainable oceans and seas	●				Not material	-
ESRS E3-4	28 (c)	Total water recycled and reused	●				Not material	-
ESRS E3-4	29	Total water consumption in m³ per net revenue on own operations	●				Not material	-
ESRS 2- IRO 1 - E4	16 (a) i	-	●				Not material	-
ESRS 2- IRO 1 - E4	16 (b)	-	●				Not material	-
ESRS 2- IRO 1 - E4	16 (c)	-	●				Not material	-
ESRS E4-2	24 (b)	Sustainable land/agriculture practices or policies	●				Not material	-
ESRS E4-2	24 (c)	Sustainable oceans/seas practices or policies	●				Not material	-
ESRS E4-2	24 (d)	Policies to address deforestation	●				Not material	-
ESRS E5-5	37 (d)	Non-recycled waste	●				Sustainability statement	74
ESRS E5-5	39	Hazardous waste and radioactive waste	●				Sustainability statement	74
ESRS 2- SBM3 - S1	14 (f)	Risk of incidents of forced labour	●				Not material	-
ESRS 2- SBM3 - S1	14 (g)	Risk of incidents of child labour	●				Not material	-
ESRS S1-1	20	Human rights policy commitments	●				Sustainability statement	76
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			●		Sustainability statement	76
ESRS S1-1	22	Processes and measures for preventing trafficking of human beings	●				Sustainability statement	76
ESRS S1-1	23	Workplace accident prevention policy or management system	●				Sustainability statement	76
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	●				Sustainability statement	77
ESRS S1-14	88 (b)	Number of fatalities	●		●		Sustainability statement	80
ESRS S1-14	88 (c)	Number and rate of work-related accidents	●		●		Sustainability statement	80
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	●				Sustainability statement	80
ESRS S1-16	97 (a)	Unadjusted gender pay gap	●		●		Sustainability statement	80
ESRS S1-16	97 (b)	Excessive CEO pay ratio	●				Sustainability statement	80
ESRS S1-17	103 (a)	Incidents of discrimination	●				Not material	-

Disclosure requirements	Data point		SFDR	Pillar 3 reference	Benchmark regulation reference	EU Climate law reference	Section	Page
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD	●		●		Not material	-
ESRS 2- SBM3 – S2	11 (b)	Significant risk of child labour or forced labour in the value chain	●				Sustainability statement	81
ESRS S2-1	17	Human rights policy commitments	●				Sustainability statement	81
ESRS S2-1	18	Policies related to value chain workers	●				Sustainability statement	81
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	●		●		Sustainability statement	81
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			●		Sustainability statement	81
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	●				Sustainability statement	81
ESRS S3-1	16	Human rights policy commitments	●				Not material	-
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or/and OECD guidelines	●		●		Not material	-
ESRS S3-4	36	Human rights issues and incidents	●				Not material	-
ESRS S3-4	16	Policies related to consumers and end-users	●				Not material	-
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	●		●		Not material	-
ESRS S4-4	35	Human rights issues and incidents	●				Not material	-
ESRS G1-1	10 (b)	United Nations Convention against Corruption	●				Not material	-
ESRS G1-1	10 (d)	Protection of whistleblowers	●				Not material	-
ESRS G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery	●		●		Sustainability statement	84
ESRS G1-4	24 (b)	Standards of anti-corruption and anti-bribery	●				Sustainability statement	84

Financial statements

Consolidated financial statements

Summary for the Solar Group

2020-2024

Income statement (DKK million)	2024	2023	2022	2021	2020
Revenue	12,223	13,031	13,863	12,354	11,465
Earnings before interest, tax, depreciation and amortisation (EBITDA)	646	871	1,175	911	637
Earnings before interest, tax and amortisation (EBITA)	400	648	978	727	455
Earnings before interest and tax (EBIT)	278	558	909	672	248
Financials, net	-85	-90	-50	-48	-40
Earnings before tax (EBT)	192	468	858	622	300
Net profit for the year	148	348	660	531	222

Balance sheet (DKK million)	2024	2023	2022	2021	2020
Non-current assets	1,900	1,893	1,564	1,415	1,339
Current assets	4,208	4,219	4,337	3,890	3,268
Balance sheet total	6,108	6,112	5,901	5,305	4,607
Total equity	1,874	1,982	1,931	1,952	1,696
Non-current liabilities	878	908	709	435	498
Current liabilities	3,356	3,222	3,261	2,918	2,413
Interest-bearing liabilities, net	1,232	1,157	1,074	-37	128
Invested capital	3,089	3,120	2,978	1,866	1,760
Net working capital, year-end	1,693	1,907	2,205	1,259	1,109
Net working capital, average	1,831	2,193	2,010	1,363	1,322

Cash flow (DKK million)	2024	2023	2022	2021	2020
Cash flow from operating activities	538	855	16	783	813
Cash flow from investing activities	-265	-405	-259	-191	162
Cash flow from financing activities	-255	-175	-82	-515	-627
Net investments in intangible assets	-154	-102	-59	-58	-50
Net investments in property, plant and equipment	-101	-169	-167	-125	-25
Acquisition and divestment of subsidiaries and operations, net	-10	-133	-34	0	0

Financial ratios (% unless otherwise stated)	2024	2023	2022	2021	2020
Revenue growth	-6.2	-6.0	12.2	7.8	-1.8
Organic growth	-6.3	-3.3	12.9	6.4	-1.2
Organic growth adjusted for number of working days	-6.4	-2.6	12.9	5.9	-2.0
Gross profit margin	20.6	22.5	23.4	22.4	21.0
EBITDA margin	5.3	6.7	8.5	7.4	5.6
EBITA margin	3.3	5.0	7.1	5.9	4.0
EBIT margin	2.3	4.3	6.6	5.4	2.2
Effective tax rate	22.7	25.6	23.1	14.6	26.0
Net working capital (year-end NWC)/revenue	13.9	14.6	15.9	10.2	9.7
Net working capital (average NWC)/revenue	15.0	16.8	14.5	11.0	11.5
Gearing (net interest-bearing liabilities/EBITDA), no. of times	1.9	1.3	0.9	0.0	0.2
Return on equity (ROE)	8.0	18.0	34.0	29.1	13.5
Return on invested capital (ROIC)	8.3	13.2	25.5	24.6	13.8
Enterprise value/earnings before interest, tax and amortisation (EV/EBITA)	8.4	7.0	5.7	7.8	5.8
Equity ratio	29.9	31.6	32.7	36.8	36.8

Summary for the Solar Group

2020-2024 – continued

Share ratios (DKK unless otherwise stated)	2024	2023	2022	2021	2020
Earnings per share outstanding (EPS)	20.68	47.51	90.37	72.72	30.42
Intrinsic value per share outstanding	250.30	264.54	264.41	267.28	232.38
Cash flow from operating activities per share outstanding	73.67	117.07	2.19	107.23	111.40
Share price	299.27	465.71	622.62	795.05	353.70
Share price/intrinsic value	1.20	1.76	2.35	2.97	1.52
Ordinary dividend per share	15.00	30.00	45.00	45.00	28.00
Extraordinary dividend per share	-	-	-	45.00	15.00
Total dividend in % of net profit for the year (payout ratio)	72.1	63.1	49.8	123.8	141.1
Price Earnings (P/E)	14.5	9.8	6.9	10.9	11.6

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.

Employees	2024	2023	2022	2021	2020
Average number of employees (FTEs)	2,899	3,036	3,019	2,908	2,935

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

Statement of comprehensive income

Income statement

Notes	DKK million	2024	2023
2.1, 2.2	Revenue	12,223	13,031
	Cost of sales	-9,702	-10,101
	Gross profit	**2,521**	**2,930**
	Other operating income	88	0
5.4	External operating costs	-369	-399
2.3	Staff costs	-1,580	-1,643
2.4	Loss on trade receivables	-14	-17
	Earnings before interest, tax, depreciation and amortisation (EBITDA)	**646**	**871**
2.5	Depreciation and write-down on property, plant and equipment	-246	-223
	Earnings before interest, tax and amortisation (EBITA)	**400**	**648**
2.5	Amortisation and impairment of intangible assets	-122	-90
	Earnings before interest and tax (EBIT)	**278**	**558**
3.4	Share of net profit from associates	-1	0
4.5	Financial income	63	65
4.6	Financial expenses	-148	-155
	Earnings before tax (EBT)	**192**	**468**
2.6	Income tax	-44	-120
2.7	**Net profit for the year**	**148**	**348**
	Attributable to:		
	Shareholders of Solar A/S	151	347
	Non-controlling interests	-3	1
	Net profit for the year	**148**	**348**
4.3	Earnings in DKK per share outstanding (EPS) for the year	20.68	47.51
4.3	Diluted earnings in DKK per share outstanding (EPS-D) for the year	20.60	47.34

Other comprehensive income

DKK million	2024	2023
Net profit for the year	**148**	**348**
Other income and costs recognised:		
Items that can be reclassified to the income statement		
Foreign currency translation adjustments of foreign subsidiaries	-36	-13
Fair value adjustments of hedging instruments before tax	0	-5
Tax on fair value adjustments of hedging instruments	0	1
Other income and costs recognised after tax	**-36**	**-17**
Total comprehensive income for the year	**112**	**331**
Attributable to:		
Shareholders of Solar A/S	115	330
Non-controlling interests	-3	1
Total comprehensive income for the year	**112**	**331**

Balance sheet

As at 31 December

Notes	DKK million	2024	2023
	Assets		
3.1	Intangible assets	381	348
3.2	Property, plant and equipment	1,070	1,066
3.3	Right-of-use assets	408	440
2.6	Deferred tax assets	11	7
3.4	Investments in associates	3	4
	Other non-current assets	27	28
	Non-current assets	**1,900**	**1,893**
3.5	Inventories	1,888	2,029
3.6	Trade receivables	1,657	1,648
	Income tax receivable	20	25
3.7	Contract assets	4	0
	Other receivables	107	17
	Prepayments	73	59
	Cash at bank and in hand	459	441
	Current assets	**4,208**	**4,219**
	Total assets	**6,108**	**6,112**

Notes	DKK million	2024	2023
	Equity and liabilities		
4.1	Share capital	736	736
	Reserves	-234	-198
	Retained earnings	1,216	1,175
	Proposed dividends for the financial year	110	219
	Equity attributable to shareholders of Solar A/S	**1,828**	**1,932**
	Non-controlling interests	46	50
	Total equity	**1,874**	**1,982**
4.4	Interest-bearing liabilities	425	434
3.3, 4.4	Lease liabilities	284	320
2.6	Provision for deferred tax	157	143
3.8	Other provisions	12	11
	Non-current liabilities	**878**	**908**
4.4	Interest-bearing liabilities	841	714
3.3, 4.4	Lease liabilities	141	130
	Trade payables	1,852	1,770
	Income tax payable	8	54
3.7	Contract liabilities	35	0
3.9	Other payables	462	520
	Prepayments	8	13
3.8	Other provisions	9	21
	Current liabilities	**3,356**	**3,222**
	Liabilities	**4,234**	**4,130**
	Total equity and liabilities	**6,108**	**6,112**

Cash flow statement

Notes	DKK million	2024	2023
	Net profit for the year	148	348
2.5	Depreciation, write-down, amortisation and impairment	368	313
	Changes to provisions and other adjustments	-103	5
	Share of net profit from associates	1	0
4.5, 4.6	Financials, net	85	90
	Income tax	44	120
4.5	Financial income, received	33	30
4.6	Financial expenses, settled	-114	-106
	Income tax, settled	-69	-138
	Cash flow before working capital changes	**393**	**662**
	Working capital changes		
	Inventory changes	113	230
	Receivables changes	-64	182
	Non-interest-bearing liabilities changes	96	-219
	Cash flow from operating activities	**538**	**855**
	Investing activities		
3.1	Purchase of intangible assets	-154	-102
	Purchase of property, plant and equipment	-162	-170
	Disposal of property, plant and equipment	61	1
	Acquisition of associates	0	-1
5.6	Acquisition of subsidiaries and activities	-10	-133
	Cash flow from investing activities	**-265**	**-405**

Notes	DKK million	2024	2023
	Financing activities		
4.4, 4.6	Repayment of non-current interest-bearing debt	-9	-9
4.4	Raising of non-current interest-bearing liabilities	100	150
4.4	Change in current interest-bearing debt	11	149
3.3, 4.4	Instalment on lease liabilities	-137	-136
	Dividends paid to shareholders of Solar A/S	-219	-329
	Dividends paid to non-controlling interests	-1	0
	Cash flow from financing activities	**-255**	**-175**
	Total cash flow	**18**	**275**
	Cash at bank and in hand at the beginning of the year	441	166
	Cash at bank and in hand at the end of the year	**459**	**441**

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	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			-36			-36		-36
Fair value adjustments of hedging instruments before tax		0				0		0
Tax on fair value adjustments		0				0		0
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	0	-36	0	0	-36	0	-36
Net profit for the year				41	110	151	-3	148
Comprehensive income	**0**	**0**	**-36**	**41**	**110**	**115**	**-3**	**112**
Distribution of dividends (DKK 30.00 per share)					-219	-219		-219
Distribution of dividends non-controlling interests							-1	-1
Transactions with the owners	**0**	**0**	**0**	**0**	**-219**	**-219**	**-1**	**-220**
Equity as at 31 December	**736**	**-13**	**-221**	**1,216**	**110**	**1,828**	**46**	**1,874**

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	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			-13			-13		-13
Fair value adjustments of hedging instruments before tax		-5				-5		-5
Tax on fair value adjustments		1				1		1
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	-4	-13	0	0	-17	0	-17
Net profit for the year				128	219	347	1	348
Comprehensive income	**0**	**-4**	**-13**	**128**	**219**	**330**	**1**	**331**
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 December	**736**	**-13**	**-185**	**1,175**	**219**	**1,932**	**50**	**1,982**

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

Section 1

Basis for preparation

Section 1 – Basis for preparation

1.1 General accounting policies

The consolidated financial statements of Solar A/S for 2024 are presented in accordance with the International Financial Reporting Standards (IFRSs) as approved by the EU and additional Danish disclosure requirements for annual reports of listed companies and the IFRS executive order issued in accordance with the Danish Financial Statements Act.

The consolidated financial statements have been prepared using the historical cost formula with the exception of derivative financial instruments and investments in equity instruments, which are measured at fair value, as well as non-current assets and groups of assets held for sale, which are measured at the lowest value of the book value before changes in classification or fair value less sales costs.

The accounting policies described below have been applied consistently in the financial year and to the comparative figures.

Implementation of new financial reporting standards
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.

Presentation currency
The annual report is presented in Danish kroner rounded off to the nearest 1,000,000 Danish kroner. Danish kroner is the parent company's functional currency.

Translation of foreign currency items
A functional currency has been set for each reporting group entity. The functional currencies are the currencies used in the primary economic environments in which each individual reporting entity operates. Transactions in other currencies than the functional currency are considered transactions in foreign currencies.

Transactions in foreign currency are translated at first recognition to the functional currency at the exchange rate prevailing at the date of the transaction. Differences between the exchange rate prevailing on the date of the transaction and the exchange rate on the payment date are recognised in the income statement as items under financial income and expenses.

All monetary items in foreign currencies that have not been settled on the balance sheet date are translated into the functional currencies using the exchange rates on the balance sheet date. Any difference between the exchange rate prevailing on the date of the transaction and the balance sheet date exchange rate are recognised in the income statement as items under financial income and expenses.

When recognising entities with different functional currencies than Danish kroner in the consolidated financial statements, the income statements are translated at the exchange rate prevailing on the date of the transaction and balance sheet items are translated at the balance sheet date exchange rates. The average rate of exchange for the individual months is used as exchange rate prevailing on the date of the transaction when this does not result in a considerably different presentation. Exchange rate differences, from translation of these entities' equity at the beginning of the year at the balance sheet date exchange rates and in connection with the translation of income statements from the exchange rate prevailing at the date of transaction to the balance sheet date exchange rates, are recognised directly in other comprehensive income as a separate reserve for foreign currency translation adjustments.

When translating investments in associates with a functional currency other than Danish kroner in the consolidated financial statement, the group's share of comprehensive income is translated at the average exchange rates and the share of equity, including goodwill, is translated at the exchange rate on the balance sheet date.

The exchange rate difference resulting from the translation of the share of foreign associates' equity at the beginning of the year at the exchange rate on the balance sheet date and the translation of the share of comprehensive income from the average exchange rates to the exchange rate prevailing on the balance sheet date is recognised in other comprehensive income and presented in a separate reserve for foreign currency translation adjustments under equity. The cumulative currency translation adjustment is recycled to the income statement upon disposal of the investment.

Consolidated financial statements
The consolidated financial statements include the financial statements of the parent company Solar A/S and subsidiaries in which Solar A/S has power over the investee, exposure to variable returns and the ability to use its power over the investee to affect the returns.

The consolidated financial statements have been prepared as an aggregation of the parent company and the individual subsidiaries' financial statements and in accordance with the group's accounting policies. Intercompany revenue, other intercompany operating items, intercompany balances, profit and loss from transactions between the consolidated entities as well as internal equity investments are eliminated.

Solar recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

The accounting items of subsidiaries are included in full in the consolidated financial statements. Non-controlling interests' share in the results and equity of subsidiaries is included in the Group's profit/loss and equity but an allocation is shown separately in the consolidated income statement statement of other comprehensive income, balance sheet and statement of changes in equity respectively.

Entities over which the group has significant influence but not control over operational and financial decisions are classified as associates. Significant influence typically exists when the group directly or indirectly holds more than 20% of voting rights, but less than 50%. However, for each investment an individual assessment on the classification will be performed. The assessment will be based on our part of the voting rights and our representation on Board of Directors. If such an assessment concludes that we have insignificant influence then the investment is classified as other non-current assets.

The group's share of the associates' earnings after tax and the elimination of the proportional share of internal profit/loss is recognised in the income statement. The group's share of the associates' other comprehensive income is recognised in other comprehensive income.

When obtaining significant influence over an entity in which the group has previously held an interest accounted for as a financial asset, the fair value as of the date when the group obtained significant influence is deemed as cost under the equity method.

Statement of comprehensive income
Solar A/S presents the statement of comprehensive income in two statements. An income statement and a statement of comprehensive income that show the year's results and income that forms part of other comprehensive income. Other comprehensive income includes exchange rate adjustments, adjustments of investments in associates and hedging transactions.

Cash flow statement
The cash flow statement shows cash flow distributed on operating, investing and financing activities for the year, changes in cash and cash equivalents, and cash at bank and in hand at the beginning and end of the year.

The effect of cash flow on the acquisition and divestment of entities is shown separately under cash flow from investing activities. Cash flow from acquired entities is recognised in the cash flow statement from the date of acquisition and cash flow from divested entities is recognised until the time of divestment.

Cash flow from operating activities is determined using the indirect method as earnings before tax adjusted for non-cash operating items, changes in working capital, interest received and paid, and income tax paid. Cash flow from investing activities includes payments in connection with the acquisition and sale of intangibles, property, plant and equipment and investments, and acquisition and divestment of entities. Cash flow from financing activities includes acquisition and sale of treasury shares, dividends distribution, incurrence or repayment of non-current and current interest-bearing liabilities and instalment on lease liabilities. Cash at bank and in hand includes cash holdings and deposits with banks.

Financial ratios
In general, financial ratios are calculated in accordance with the "Recommendations and Ratios" of the Danish Finance Society.

Earnings per share (EPS) and diluted earnings per share (EPS-D) are determined in accordance with IAS 33.

Reporting under the ESEF regulation
The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) has introduced a single electronic reporting format for the annual financial reports of issuers with securities listed on the EU-regulated markets.

The combination of XHTML format and iXBRL tags enables the annual financial reports to be read by both humans and machines, thus enhancing accessibility, analysis and comparability of the information included in the annual financial reports.

The Group's iXBRL tags have been prepared in accordance with the ESEF taxonomy, which is included in the ESEF Regulation and has been developed based on the IFRS taxonomy published by the IFRS Foundation.

The line items in the consolidated financial statements are tagged to elements in the ESEF taxonomy. For financial line items that are not directly defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions that are subtotals.

Notes and accounting policies to the consolidated financial statements are block tagged to elements in the ESEF taxonomy included in Annex II of the Regulatory Technical Standards (RTS). If more than one element in the ESEF taxonomy corresponds to a disclosure, then the information has several tags known as multi tagging.

The annual report submitted to the Danish Financial Supervisory Authority (the Officially Appointed Mechanism) consists of the XHTML document together with the technical files, all of which are included in SOLA-2024-12-31-0-en.zip

Key definitions
XHTML (eXtensible HyperText Markup Language) is a text-based language used to structure and mark up content such as text, images and hyperlinks in documents that are displayed in a web browser. iXBRL tags (or Inline XBRL tags) are hidden metainformation embedded in the source code of an XHTML document that enables the conversion of XHTML-formatted information into a machine-readable XBRL data record using appropriate software.

A financial reporting taxonomy is an electronic dictionary of business reporting elements used to report business data. A taxonomy element is an element defined in a taxonomy that is used for the machine-readable labelling of information in an XBRL data record.

Description of accounting policies in notes
Descriptions of accounting policies in the notes form part of the overall description of accounting policies.

These descriptions are found in the following notes:

Note 2.1	Revenue
Note 2.2	Segment information
Note 2.6	Income tax
Note 2.7	Net profit for the year
Note 3.1	Intangible assets
Note 3.2	Property, plant and equipment
Note 3.3	Leases
Note 3.4	Associates
Note 3.5	Inventories
Note 3.6	Trade receivables
Note 3.7	Contract balances
Note 3.8	Other provisions
Note 4.1	Share capital
Note 4.4	Financial instruments
Note 5.1	Share-based payment

1.2 Significant accounting estimates and assessments

When preparing the annual report in accordance with generally applicable principles, management make estimates and assumptions that affect the reported assets and liabilities. Management base their estimates on historic experience and expectations for future events. Therefore, actual results may differ from these estimates.

The following estimates and accompanying assessments are deemed material for the preparation of the financial statements:

- Impairment test of goodwill and software
- Inventory write-down
- Write-down for loss on doubtful receivables
- Deferred tax assets

These estimates and assessments are described in the following notes:

Note 2.6	Income tax
Note 3.1	Intangible assets
Note 3.5	Inventories
Note 3.6	Trade receivables

1.3 Financial risks

Results and equity are affected by a range of financial risks. All financial transactions are based on commercial activities, and no speculative transactions are made. Derivative financial instruments are solely used for hedging of financial risks.

The financial risks are described in the following notes:

Note 3.6	Trade receivables
Note 4.4	Financial instruments

For description of Solar's other business related risks and our approach to risk management, see the management's review on pages 16-20.

Section 2

Income statement

Section 2 – Income statement

2.1 Revenue

DKK million	2024	2023
Sales of goods and services	12,076	13,031
Revenue from construction contracts	147	0
Total revenue	**12,223**	**13,031**

Accounting policies

Revenue
Revenue includes goods for resale recognised in the income statement if the transfer of control to the customer according to the agreed delivery terms takes place before the end of the year and if revenue can be determined reliably. Revenue is measured exclusive VAT and duties charged on behalf of a third party. All types of discounts allowed are recognised in revenue.

Revenue from construction contracts are recognized over time based on the stage of completion of the individual contract at the balance sheet date (the percentage of completion method).

If a sufficiently reliable estimation of the outcome of a construction contract cannot be made, revenue corresponding to the contract expenses incurred during the period will be included if these expenses are likely to be recovered.

Cost of sales
Cost of sales includes the year's purchases and change in inventory of goods for resale. This includes shrinkage and any write-down resulting from obsolescence.

2.2 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.

Revenue and costs in the amount of DKK 147m and DKK 129m, respectively, from construction contracts recognized over time are fully allocated to the Trade segment.

DKK million	Installation	Industry	Trade	Total
2024				
Revenue	6,722	4,336	1,165	12,223
Cost of sales	-5,466	-3,276	-960	-9,702
Gross profit	**1,256**	**1,060**	**205**	**2,521**
Direct costs	-272	-159	-38	-469
Earnings before indirect costs	**984**	**901**	**167**	**2,052**
Indirect costs	-439	-232	-47	-718
Segment profit	**545**	**669**	**120**	**1,334**
Non-allocated costs				-688
Earnings before interest, tax, depreciation and amortisation (EBITDA)				**646**
Depreciation and amortisation				-368
Earnings before interest and tax (EBIT)				**278**
Financials, net incl, share of net profit from associates and impairment on associates				-86
Earnings before tax (EBT)				**192**

Accounting policies

The reporting on business segments follows the structure of Solar's internal management reporting to chief operating decision makers, the group Executive Board. The group Executive Board uses business segmentation when allocating resources and following up on results.

Furthermore, Solar presents the geographical distribution of revenue and non-current assets divided on Denmark, Sweden, Norway, the Netherlands, Poland, and Other markets. The geographical distribution is based on the business units operating in these geographical areas.

MAG45 and Thermonova A/S are included in the operating segment Industry, while Højager Belysning and Solar Polaris are included in the operating segment Trade.

2.2 Segment information – continued

DKK million	Installation	Industry	Trade	Total
2023				
Revenue	7,293	4,522	1,216	13,031
Cost of sales	-5,764	-3,366	-971	-10,101
Gross profit	**1,529**	**1,156**	**245**	**2,930**
Direct costs	-270	-157	-38	-465
Earnings before indirect costs	**1,259**	**999**	**207**	**2,465**
Indirect costs	-465	-235	-54	-754
Segment profit	**794**	**764**	**153**	**1,711**
Non-allocated costs				-840
Earnings before interest, tax, depreciation and amortisation (EBITDA)				**871**
Depreciation and amortisation				-313
Earnings before interest and tax (EBIT)				**558**
Financials, net incl, share of net profit from associates and impairment on associates				-90
Earnings before tax (EBT)				**468**

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 companies overview available on page 183. The below allocation has been made based on the products' place of sale.

Revenue and costs in the amount of DKK 147m and DKK 129m, respectively, from construction contracts recognized over time are fully allocated to the Danish market.

DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
2024					
Denmark	4,071	-1.8	289	7.1	835
Sweden	2,121	-12.0	123	5.8	291
Norway	1,841	-6.4	72	3.9	203
The Netherlands	2,740	-12.9	106	3.9	396
Poland	417	-2.2	2	0.5	50
Other markets	1,033	6.7	54	5.2	125
Solar Group	**12,223**	**-6.4**	**646**	**5.3**	**1,900**

DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
2023					
Denmark	4,138	-6.4	366	8.8	899
Sweden	2,400	-2.8	155	6.5	214
Norway	2,010	2.4	135	6.7	225
The Netherlands	3,119	-4.5	156	5.0	421
Poland	405	-8.9	9	2.2	48
Other markets	959	15.2	50	5.2	86
Solar Group	**13,031**	**-2.6**	**871**	**6.7**	**1,893**

2.3 Staff costs

DKK million	2024	2023
Salaries and wages etc.	1,292	1,351
Pensions, defined contribution	118	115
Costs related to social security	165	167
Share-based payment	5	10
Total	**1,580**	**1,643**
Average number of employees (FTEs)	2,899	3,036
Number of employees at year-end (FTEs)	2,895	2,990
Remuneration of Board of Directors		
Remuneration of Board of Directors	4	4
Remuneration of Executive Board		
Salaries and wages etc.	17	23
Share-based payment	1	3
Total	**18**	**26**

Terms of notice for members of the Executive Board is 12 months. When stepping down, the members of the Executive Board are entitled to 12 (6) months' remuneration.

2.4 Loss on trade receivables

DKK million	2024	2023
Recognised losses	22	21
Received on trade receivables previously written off	-3	-1
	19	**20**
Change in write-down for bad and doubtful debts	-5	-3
Total	**14**	**17**

Relevant accounting policies are described in note 3.6, trade receivables.

2.5 Depreciation, write-down, amortisation and impairment

DKK million	2024	2023
Buildings	38	30
Plant, operating equipment, tools and equipment	56	51
Leasehold improvements	8	6
Tenancy, lease	105	99
Cars, lease	27	26
IT equipment, lease	10	9
Technical equipment, lease	2	2
Total depreciation and write-down on property, plant and equipment	**246**	**223**
Customer-related assets	7	7
Software	65	61
Impairment on intangible assets	50	22
Total amortisation and impairment of intangible assets	**122**	**90**

Relevant accounting policies are described in note 3.1, intangible assets, and note 3.2, property, plant and equipment, and note 3.3, Leases.

2.6 Income tax

DKK million	2024	2023
Current tax	31	110
Deferred tax	10	10
Tax on profit for the year	41	120
Tax on taxable profit previous year	3	9
Adjustment of deferred tax for previous years	0	-9
Total	**44**	**120**
Statement of effective tax rate:		
Danish income tax rate	22.0%	22.0%
Tax base change for non-capitalised loss in subsidiaries	-2.4%	0.0%
Non-taxable/deductible items in parent company	0.8%	2.2%
Non-taxable/deductible items and differing tax rates compared to Danish tax rate in foreign subsidiaries	0.7%	1.2%
Tax for previous years	1.6%	0.2%
Effective tax rate	**22.7%**	**25.6%**
Income tax settled		
Denmark	24	36
Sweden	-2	23
Norway	21	31
The Netherlands	21	38
Poland	-2	5
Other countries	7	5
Total	**69**	**138**

Accounting policies

Tax for the year is recognised with the share attributable to results for the year in the income statement and with the share attributable to other recognised income and costs in the statement of comprehensive income. Tax consists of current tax and changes to deferred tax.

Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax on the year's taxable income, adjusted for tax on previous year's taxable income and for tax paid on account.

Solar Group has applied the mandatory temporary relief from deferred tax accounting for global minimum taxes introduced by Pillar Two. Due to transitional safe harbour, exposure to Pillar Two was also analysed in all jurisdictions of Solar Group and there is no material top-up tax exposure based on financial year 2024 data.

2.6 Income tax – continued

DKK million	2024	2023
Provision for deferred tax		
1/1	136	124
Foreign currency translation adjustments	-1	0
Acquired or divested enterprises	0	12
Recognised in other comprehensive income	0	-1
Ordinary tax recognised in income statement	10	1
Other items	1	0
Total 31/12	**146**	**136**
Specified as follows:		
Deferred tax liabilities	157	143
Deferred tax assets	-11	-7
Total deferred tax, net	**146**	**136**
Further specified as follows:		
Expected use within 1 year	-4	6
Expected use after 1 year	150	130
Total, net	**146**	**136**
Not recognised in balance sheet:		
Deferred tax assets	32	29

Deferred tax assets not recognised in the balance sheet are the part of tax losses where it is not considered sufficiently certain that the tax losses can be realised within a short time frame. Non-recognised tax assets can in all material respects be attributed to tax losses in the Netherlands, where the non-recognised tax assets may be exercised with no maturity date.

In addition, deferred tax assets not recognised in the balance sheet of Claessen ELGB NV (activity divested in 2018) and Solar Deutschland GmbH (activity divested in 2015) amounted to DKK 77m (DKK 79m) at the end of the period.

Accounting policies

Deferred tax is measured in accordance with the balance sheet liability method of all temporary differentials between accounting and tax-related amounts and provisions. Deferred tax is recognised at the local tax rate that any temporary differentials are expected to be realised at based on the adopted or expected adopted tax legislation on the balance sheet date.

Deferred tax assets, including the tax value of tax loss allowed for carryforward, are measured at the value at which the asset is expected to be realised, either by elimination in tax of future earnings or by offsetting against deferred tax liabilities.

Deferred tax assets are assessed annually and only recognised to the extent that it is probable that they will be utilised.

Deferred tax is also recognised for the covering of the retaxation of losses in former foreign subsidiaries participating in joint taxation assessed as becoming current.

Accounting estimates and assessments

Deferred tax assets
Deferred tax assets are not recognised if it is not deemed sufficiently safe that these can reduce future taxable income. In this connection, management assess expected future taxable income.

2.6 Income tax – continued

DKK million	2023	Foreign currency translation adjustments	Acquired or divested enterprises	Recognised in other comprehensive income	Ordinary tax recognised in income statement	2024
Provision for deferred tax - continued						
Property, plant and equipment	64	0	0	0	9	73
Inventories	-4	0	0	0	-1	-5
Receivables	-2	0	0	0	-3	-5
Other items[1]	78	0	0	0	5	83
Total, net	**136**	**0**	**0**	**0**	**10**	**146**

1) Other items particularly cover intangible assets and loss balances in jointly taxed entities.

2.7 Net profit for the year

DKK million	2024	2023
Proposed distribution of net profit for the year:		
Proposed dividends, parent	110	219
Retained earnings	41	128
Net profit for the year	**151**	**347**
Ordinary dividends in DKK per share of DKK 100[1]	15.00	30.00

1) Calculations are based on proposed dividends.

Accounting policies

Dividends
Proposed dividends are recognised as a liability at the time of adoption of the general meeting.

Section 3

Invested capital

Section 3 – Invested capital

3.1 Intangible assets

DKK million	Goodwill	Customer-related assets	Software	Total
2024				
Cost 1/1	122	291	828	1,241
Foreign currency translation adjustment	0	-3	1	-2
Additions during the year	0	0	154	154
Abandoned assets during the year	0	0	-323	-323
Cost 31/12	**122**	**288**	**660**	**1,070**
Amortisation 1/1	0	253	640	893
Foreign currency translation adjustment	0	-3	0	-3
Amortisation during the year	0	7	65	72
Impairments during the year	47	0	3	50
Amortisation of abandoned assets	0	0	-323	-323
Amortisation and impairment 31/12	**47**	**257**	**385**	**689**
Carrying amount 31/12	**75**	**31**	**275**	**381**
Remaining amortisation period in number of years	**-**	**1-6**	**1-8**	**-**

Accounting policies

Goodwill
Goodwill is initially recognised in the balance sheet as the positive balance between the acquisition consideration of an enterprise on one side and the fair value of the assets, liabilities and contingent liabilities acquired on the other side. In cases of measurement uncertainty, the goodwill amount can be adjusted until 12 months after the date of the acquisition. Goodwill is not amortised but an impairment test is done annually. The first impairment test is done by the end of the year of acquisition. Subsequently, goodwill is measured at this value less accumulated impairment losses. On acquisition, goodwill is assigned to the cashgenerating units that form the basis of the impairment test subsequently. The determination of cashgenerating units follows the managerial structure and management control.

Customer-related intangible assets
Customer-related intangible assets acquired in connection with business combinations are measured at cost less accumulated amortisation and impairment loss.

Customer-related intangible assets are amortised using the straight-line principle over the expected useful life. Typically, the amortisation period is 5-7 years.

Software
Software is measured at cost less accumulated amortisation and impairment. Cost includes both direct internal and external costs.

Software is amortised using the straight-line principle over 4-8 years. The basis of amortisation is reduced by any impairment.

3.1 Intangible assets – continued

DKK million	Goodwill	Customer-related assets	Software	Total
2023				
Cost 1/1	0	245	733	978
Foreign currency translation adjustment	0	4	-1	3
Acquired enterprises	122	42	0	164
Additions during the year	0	0	102	102
Abandoned assets during the year	0	0	-6	-6
Cost 31/12	**122**	**291**	**828**	**1,241**
Amortisation 1/1	0	222	583	805
Foreign currency translation adjustment	0	4	0	4
Amortisation during the year	0	7	61	68
Impairments during the year	0	20	2	22
Amortisation of abandoned assets	0	0	-6	-6
Amortisation and impairment 31/12	**0**	**253**	**640**	**893**
Carrying amount 31/12	**122**	**38**	**188**	**348**
Remaining amortisation period in number of years	**-**	**1-7**	**1-8**	**-**

Accounting policies

Impairment of intangible assets
The carrying amount of intangible assets other than goodwill is assessed annually to determine whether there is any indication of impairment.

When such an indication is present, the asset's recoverable amount is calculated, which is the highest of the asset's fair value less expected costs of disposal or value in use. Value in use is calculated as the present value of expected cash flow from the smallest cash-generating unit to which the asset belongs.

Impairment loss is recognised when the carrying amount of an asset exceeds the asset's recoverable amount. Impairment loss is recognised in the income statement.

Impairment loss relating to goodwill is not reversed. Impairment on other intangible assets are reversed to the extent that changes have been made to the assumptions and estimates that led to the write-down.

Accounting estimates and assessments

Impairment test for goodwill
In connection with the annual impairment test of goodwill, or when there is an indication of impairment, an estimate is made of how the parts of the business (cash-generating units), that goodwill is linked to, will be able to generate sufficient positive cash flow in future to support the value of goodwill and other net assets in the relevant part of the business.

Due to the nature of the business, estimates must be made of expected cash flow for many years ahead which, naturally, results in a certain level of uncertainty. This uncertainty is reflected in the discount rate determined. The impairment test and the very sensitive related aspects are described in more detail in the comments section.

Software
Software is evaluated annually for indicators of a need for impairment. If a need to perform impairment is identified, an impairment test for the software is performed.

The impairment test is made on the basis of different factors, including the software's future application, the present value of the expected cost saving as well as interest and risks.

3.1 Intangible assets – continued

Goodwill, customer-related assets and other intangible assets
Management has completed the impairment test of the carrying amount of goodwill. The impairment test was based on our SOLVE strategy, estimates and expectations as well as other assumptions approved by the Executive Board and the Board of Directors with the necessary adjustments under IAS 36.

When performing an impairment test of cash generating units, the recoverable amount (value in use), determined as the discounted value of the expected future cash flow, is compared to the carrying amounts of the individual cash-generating units.

Overall, impairment tests made are based on the budget for 2025 and strategy for 2024-2026 approved by the Executive Board and Board of Directors. A budget period of 6 years has been applied to ensure that the entire impact from the different initiatives is included. This reduces also the dependency of the terminal value and thereby also part of the volatility. When preparing budgets and expectations for the next 6 years, risks of the material parameters have been assessed and recognized in future expected cash flow.

Management's final assessment of the impairment tests made is based on an assessment of probable changes to the basic assumptions and that these will result in that the carrying amount of cash generating units is exceeding the recoverable amount.

Thermonova A/S
The carrying amount of goodwill of DKK 122m result from the acquisition of the Danish enterprise Thermonova A/S, which is considered a cash-generating unit for impairment test of goodwill. The impairment test is based on the expectations to the development in future cash flows for the three areas: Denmark, other countries where Solar operates and other international areas (mainly UK).

The growth rate used in the impairment test is 87% for 2025 and 74% in 2026, since Thermonova A/S only is in the initial phase of establishing in other Solar countries and Thermonova International. The growth rate used in impairment tests for the years succeeding 2026 is decreasing to a range between 3.9% - 16.6%.

The estimated gross margin percentage in 2025 is also expected to be in the same range for 2026- 2030. Terminal value after 6 years is determined while taking general expectations for growth into consideration. Expected growth is by considerations of realistic assumptions determined at 2%. Of the total value approx. 76% is based on the terminal value.

The discount rate (WACC) used to calculate the recoverable amount is 9.5% to compensate for the risk. The development of Thermonova A/S is positive, but the uncertainties are higher than Solar A/S in general, as they are more premature which is the reason for the chosen discount rate.

Despite the expected increase in EBITDA, this will result in the carrying amount of the cash generating units exceeding the recoverable amount.

In the most likely scenario, the impairment tests completed shows indications of a need for write-down of the goodwill, amounting to DKK 47m out of the DKK 122m in total carrying amount of goodwill. The recovery amount of the cash generating units is DKK 124m for Solar's share.

If the WACC used is increased with 1 percentage point, this reduces Solar's share of the recovery amount with additional DKK 14m, whereas a reduction with 1 percentage point in the WACC used will increase Solar's share of the recovery amount with DKK 18m.

Thermonova A/S is a part of the Industry segment.

3.2 Property, plant and equipment

DKK million	Land and buildings	Plant, operating equipment, tools and equipment	Leasehold improvements	Assets under construction	Total
2024					
Cost 1/1	1,249	562	59	125	1,995
Foreign currency translation adjustment	-10	-7	-1	0	-18
Additions during the year	91	66	13	128	298
Disposals during the year	-111	-15	0	-136	-262
Cost 31/12	**1,219**	**606**	**71**	**117**	**2,013**
Write-down and depreciation 1/1	527	365	37	0	929
Foreign currency translation adjustments	-4	-7	0	0	-11
Depreciation during the year	38	56	8	0	102
Write-down and depreciation of disposed assets	-63	-14	0	0	-77
Write-down and depreciation 31/12	**498**	**400**	**45**	**0**	**943**
Carrying amount 31/12	**721**	**206**	**26**	**117**	**1,070**

Accounting policies

Property, plant and equipment
Land and buildings as well as other plant, operating equipment, and tools and equipment are measured at cost less accumulated depreciation and write-down.

Cost includes the purchase price and costs directly attributable to the acquisition until the time when the asset is ready for use. Cost of a combined asset is disaggregated into separate components which are depreciated separately if the useful lives of the individual components differ.

Subsequent expenditure, for example in connection with the replacement of components of property, plant or equipment, is recognised in the carrying amount of the relevant asset when it is probable that the incurrence will result in future economic benefits for the group.The replaced components cease to be recognised in the balance sheet and the carrying amount is transferred to the income statement. All other general repair and maintenance costs are recognised in the income statement when these are incurred.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives which are:

- Buildings 40 years
- Technical installations 20 years
- Plant, operating equipment, and tools and equipment 2-5 years

There are a few differences from the mentioned depreciation periods in which useful life is estimated as shorter. Leasehold improvements are depreciated over the lease term, however, maximum 5 years.

Land is not depreciated.

3.2 Property, plant and equipment – continued

DKK million	Land and buildings	Plant, operating equipment, tools and equipment	Leasehold improvements	Assets under construction	Total
2023					
Cost 1/1	1,208	561	57	7	1,833
Foreign currency translation adjustment	-5	-3	-1	0	-9
Acquired enterprises	24	0	0	0	24
Additions during the year	23	21	8	134	186
Disposals during the year	-1	-17	-5	-16	-39
Cost 31/12	**1,249**	**562**	**59**	**125**	**1,995**
Write-down and depreciation 1/1	501	333	36	0	870
Foreign currency translation adjustments	-3	-2	-1	0	-6
Write-down and depreciation during the year	30	51	6	0	87
Write-down and depreciation of abandoned assets	-1	-17	-4	0	-22
Write-down and depreciation 31/12	**527**	**365**	**37**	**0**	**929**
Carrying amount 31/12	**722**	**197**	**22**	**125**	**1,066**

Accounting policies

The basis of depreciation is determined in consideration of the asset's residual value and reduced by any impairment. Residual value is determined at the time of acquisition and reassessed annually. If residual value exceeds the asset's carrying amount, depreciation will cease.

By changing the depreciation period or residual value, the effect of future depreciation is recognised as a change to accounting estimates.

Impairment of property, plant and equipment
The carrying amount of property, plant and equipment is assessed annually to determine whether there is any indication of impairment.

When such an indication is present, the asset's recoverable amount is calculated, which is the highest of the asset's fair value less expected costs of disposal or value in use. Value in use is calculated as the present value of expected cash flow from the smallest cash flow-generating unit to which the asset belongs.

Impairment loss is recognised when the carrying amount of an asset exceeds the asset's recoverable amount. Impairment loss is recognised in the income statement. Write-down on property, plant and equipment is reversed to the extent that changes have been made to the assumptions and estimates that led to the write-down.

3.3 Leases

Right-of-use assets

DKK million	Tenancy	Cars	IT equipment	Technical equipment	Other equipment	Total
2024						
Cost 1/1	620	120	50	10	0	800
Foreign currency translation adjustment	-14	0	0	0	0	-14
Additions during the year	82	30	10	0	0	122
Disposals during the year	-38	-26	-14	-1	0	-79
Cost 31/12	**650**	**124**	**46**	**9**	**0**	**829**
Write-down and depreciation 1/1	264	66	25	5	0	360
Foreign currency translation adjustments	-5	0	0	0	0	-5
Write-down and depreciation during the year	105	27	10	2	0	144
Write-down and depreciation of abandoned assets	-38	-25	-14	-1	0	-78
Write-down and depreciation 31/12	**326**	**68**	**21**	**6**	**0**	**421**
Carrying amount 31/12	**324**	**56**	**25**	**3**	**0**	**408**

Accounting policies

Right-of-use assets
Right-of-use assets are lease assets arising from a lease agreement. Lease assets are initially measured at cost consisting of the amount of the initial measurement of the lease liability with addition of lease payments made to the lessor at or before the commencement date less any lease incentives received. Five different types of leases have been identified:

• Tenancy
• Cars
• IT equipment
• Technical equipment
• Other equipment

The lease assets are depreciated on a straight-line basis over the lease term.

The carrying amount of the right-of-use asset can be adjusted due to modifications to the lease agreement or in special cases reassessment of the lease term.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture of a value below DKK 37,000.

3.3 Leases – continued

DKK million	Tenancy	Cars	IT equipment	Technical equipment	Other equipment	Total
2023						
Cost 1/1	514	104	23	8	1	650
Foreign currency translation adjustment	-6	1	0	0	0	-5
Additions during the year	140	31	27	3	0	201
Disposals during the year	-28	-16	0	-1	-1	-46
Cost 31/12	**620**	**120**	**50**	**10**	**0**	**800**
Write-down and depreciation 1/1	192	54	16	4	1	267
Foreign currency translation adjustments	0	0	0	0	0	0
Write-down and depreciation during the year	99	26	9	2	0	136
Write-down and depreciation of abandoned assets	-27	-14	0	-1	-1	-43
Write-down and depreciation 31/12	**264**	**66**	**25**	**5**	**0**	**360**
Carrying amount 31/12	**356**	**54**	**25**	**5**	**0**	**440**

3.3 Leases – continued

Short-term lease liabilities

DKK million	2024	2023
Maturity < 1 year	141	130
Short-term lease liabilities 31/12	**141**	**130**

Long-term lease liabilities

DKK million	2024	2023
Maturity > 1 year < 5 years, undiscounted	288	312
Maturity > 5 years, undiscounted	17	28
Long-term lease liabilities 31/12, undiscounted	305	340
Discounting on lease liabilities > 1 year < 5 years	-19	-18
Discounting on lease liabilities > 5 years	-2	-2
Long-term lease liabilities 31/12	**284**	**320**
Amounts recognised in the income statement		
Depreciation of right-of-use assets	144	136
Interest expense on lease liabilities	15	12
Expense relating to short-term leases	2	3
Expense relating to leases of low-value items	2	2
Expense relating to variable lease payments not included in the measurement of lease liabilities	7	7
Total	**170**	**160**
Cash outflows for leases		
Instalment on lease liabilities	-137	-136
Interest payments	-15	-12
Total cash outflows for leases	**-152**	**-148**

Future cash outflows not recognised as lease liabilities in the balance sheet amount to DKK 4m (DKK 0m) regarding signed but not yet started lease contracts on rent of premises. Extension options regarding lease contracts on rent of premises, which are not recognised in the balance sheet amount to DKK 49m (DKK 43m).

Accounting policies

Lease liabilities
Lease liabilities arise from a lease agreement. Lease liabilities are initially measured at the present value of the lease payments during the non-cancellable lease period with addition of periods covered by an option to extend the lease if exercise of the option is considered reasonably certain on inception of the lease.

At initial recognition, each contract is assessed individually to assess the likelihood of exercising a potential extension option in the contract. The option to extend the contract period will be included in measuring the lease liability if it is reasonably certain that Solar will exercise the option. When calculating the net present value, a discount rate corresponding to Solar's incremental borrowing rate has been used.

The lease liability will be remeasured when changes occur due to modifications to the contract (extension, termination etc.), indexation or in special cases reassessment of the lease term.

3.4 Investments in associates[1]

Investments in associates, DKK million	2024	2023
Cost 1/1	9	21
Foreign currency translation adjustment	0	-1
Additions during the year	0	1
Disposals during the year	0	-12
Cost 31/12	**9**	**9**
Adjustments 1/1	-5	-17
Foreign currency translation adjustment	0	0
Profit from associates	-1	0
Disposals during the year	0	12
Value adjustment 31/12	**-6**	**-5**
Carrying amount 31/12	**3**	**4**

1) Associates include the following investments:

- Monterra where Solar owns 30.0%
- Zolw where Solar owns 35.0%
- Edison Data AS in the course of formation where Solar owns 25.0%

Accounting policies

Investment in associates
Investments in associates are accounted for by using the equity method of accounting, by which the investments are measured at the proportional share of the entities' equity determined according to the group's accounting policies reduced by the proportional share of unrealised gains on transaction between the group and the associates and increased by goodwill determined as of the date when the investment became an associate.

Investments in associates are tested for impairment when there is an indication of impairment.

Associates with a negative equity are accounted for at DKK 0. If the group has a legal or actual obligation to cover the negative balance of the associate, this obligation is recognised under liabilities.

3.5 Inventories

DKK million	2024	2023
End products	**1,888**	**2,029**
Recognised write-down	-9	9

Accounting policies

Inventories are measured at cost according to the FIFO method or at net realisable value, if this is lower.

Cost of inventories includes purchase price with addition of delivery costs.

The net realisable value of inventories is determined as selling price less costs incurred to make the sale and is determined in consideration of marketability, obsolescence and development of expected selling price.

Accounting estimates and assessments

Write-down of inventories
Write-down of inventories is made due to the obsolescence of products.

Management specifically assess inventories, including the products' turnover rate, current economic trends and product development when deciding whether the write-down is sufficient.

3.6 Trade receivables[1]

DKK million	2024	2023
Maturity statement, trade receivables		
Not due	1,506	1,481
Past due for 1-30 day(s)	139	165
Past due for 31-90 days	19	24
Past due for 91+ days	21	11
	1,685	1,681
Write-down	-28	-33
Total	**1,657**	**1,648**
Write-down based on:		
Age distribution	11	13
Individual assessment	17	20
Total	**28**	**33**
Write-down 1/1	33	36
Foreign currency translation adjustment	0	0
Write-down for the year	10	17
Losses realised during the year	-11	-11
Reversed for the year	-4	-9
Write-down 31/12	**28**	**33**

1) A factoring arrangement on non-recourse conditions is established with a few major customers. As a result trade receivables is reduced with approx. DKK 103m (DKK 113m).

Accounting policies

Trade receivables are measured at fair value at acquisition and at amortised cost subsequently. Based on an individual assessment of the loss risk, including a statistical based model, write-down to amortised cost less expected credit losses is made, if this is lower.

Accounting estimates and assessments

Write-down for meeting of loss on doubtful trade receivables
The IFRS 9 simplified approach is applied to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past invoicing.

As the vast majority of our group companies generally takes out insurance to hedge against loss to the extent possible, the write-down based on age distribution amounts to less than 0.7% (0.8%) of gross trade receivables. Individual assessment of write-down is performed by management specifically analysing trade receivables, including the customers' credit rating and current economic trends to ensure that write-down is sufficient. Write-down based on individual assessment amounts to 1.0% (1.2%) of gross trade receivables. As the total write-down on trade receivables amounts to less than 1.7% (2%) of gross trade receivables, no maturity statement of the write-down is included. However, the majority of the provision relates to receivables overdue by more than 30 days (30 days).

Financial risks

Credit risk
Solar is subject to credit risks in respect of trade receivables and cash at bank. No credit risk is deemed to exist in respect of cash as the counterparts are banks with good credit ratings.

As a result of customer diversification, trade receivables are distributed so that there is no significant concentration of risk. Credit granting to customers is regarded as a natural and important element in Solar's business operations. Solar conducts efficient credit management at all times. The vast majority of our group companies generally takes out insurance to hedge against loss to the extent possible. As a result, 64% (70%) of trade receivables is covered by insurance.

Loss due to credit granting is considered a normal business risk and, therefore, will occur.

3.7 Contract balances

DKK million	2024		2023	
Significant changes in the contract balances	**Contract assets**	**Contract liabilities**	**Contract assets**	**Contract liabilities**
Contract balances at 1/1	0	0	0	0
Changes due to cash received, excluding amounts recognized as revenue during the period	0	0	0	0
Increases as a result of changes in the measure of progress and deliveries	4	35	0	0
Contract balances at 31/12	**4**	**35**	**0**	**0**

Accounting policies

When the outcome of a construction contract can be reliably estimated, the construction contract is measured at the selling price of the work performed up until the balance sheet date (percentage of completion method) less the on account invoicing and write-down for expected credit losses.

The selling price is measured on the basis of the stage of completion at the balance sheet date and the total expected revenue on the individual construction contract.

The stage of completion of the individual project is usually calculated as the proportion of actually consumed resources compared to the total estimated consumption of resources. For individual projects where the consumption of resources cannot be used as a basis, the proportion of the finalised sub-activities compared to the total project is used.

The individual ongoing construction contract is included in the balance sheet under contract assets or contract liabilities, depending on whether the net value is a receivable or a liability.

3.8 Other provisions

DKK million	2024	2023
Non-current		
Other provisions	12	11
Total 31/12	**12**	**11**
Specification, non-current		
1/1	11	9
Reversed during the year	-2	0
Provisions of the year	3	2
Total 31/12	**12**	**11**
Current		
Other provisions	9	21
Total 31/12	**9**	**21**
Specification, current		
1/1	21	17
Reversed during the year	-21	-11
Provisions of the year	9	15
Total 31/12	**9**	**21**

3.9 Other payables

DKK million	2024	2023
Staff costs	205	260
Taxes and charges	144	137
Interest rate swaps	17	17
Other payables	96	106
Total	**462**	**520**

Relevant accounting policies for derivative financial instruments are described in note 4.4 Financial instruments.

Section 4

Capital structure and financing costs

Section 4 – Capital structure and financing costs

4.1 Share capital

DKK million	2024	2023
Share capital 1/1	736	736
Change in share capital	0	0
Share capital 31/12	**736**	**736**
Share capital is fully paid in and divided into the following classes:		
A shares, 900,000 at DKK 100, 10 votes per share	90	90
B shares, 6,460,000 at DKK 100, 1 vote per share	646	646
Total	**736**	**736**

	Number of shares		Nominal value	
	2024	2023	2024	2023
A shares outstanding 31/12	**900,000**	**900,000**	**90**	**90**
B shares outstanding				
Outstanding 1/1	6,403,187	6,403,187	640	640
Divestment of treasury shares	0	0	0	0
B shares outstanding 31/12	**6,403,187**	**6,403,187**	**640**	**640**
Total shares outstanding 31/12	**7,303,187**	**7,303,187**	**730**	**730**

4.2 Treasury shares

Treasury shares (B shares)	Number of shares		Nominal value (DKK million)		Cost (DKK million)		Percentage of share capital	
	2024	2023	2024	2023	2024	2023	2024	2023
Holding 1/1	56,813	56,813	6	6	22	22	0.7%	0.7%
Divestment	0	0	0	0	0	0	0.0%	0.0%
Holding 31/12	**56,813**	**56,813**	**6**	**6**	**22**	**22**	**0.7%**	**0.7%**

All treasury shares are held by the parent company in order to cover the Executive Board's incentive schemes.

Accounting policies

Treasury shares
Acquisition and disposal sums related to treasury shares are recognised directly in transactions with the owners.

4.3 Earnings per share in DKK per share outstanding for the year

	2024	2023
Net profit for the year in DKK million	**148**	**348**
Average number of shares	7,360,000	7,360,000
Average number of treasury shares	-56,813	-56,813
Average number of shares outstanding	7,303,187	7,303,187
Dilution effect of restricted share units	27,349	26,021
Diluted number of shares outstanding	**7,330,536**	**7,329,208**
Earnings per share in DKK per share outstanding for the year	20.68	47.51
Diluted earnings per share in DKK per share outstanding for the year	20.60	47.34

4.4 Financial instruments

Financial assets and financial liabilities

DKK million	Interest rate	2024	2023
Debt to mortgage credit institutions	Fixed[1]	187	195
Bank loans and overdrafts	Fixed[1]	249	250
Lease liabilities	Calculated	425	450
Bank loans and overdrafts	Floating	830	702
Interest-bearing liabilities		**1,691**	**1,597**
Trade payables[2]		1,852	1,770
Other payables etc.		462	520
Financial liabilities		**4,005**	**3,887**
Cash at bank and in hand		459	441
Trade receivables		1,657	1,648
Other receivables		204	101
Financial assets		**2,320**	**2,190**
Total, financial balance sheet items, net		**1,685**	**1,697**

1) Interest swaps have been used to hedge floating-rate loans, converting these loans to fixed-rate loans.
2) Solar participates in supplier financing arrangement with a few suppliers. As a result trade payables are increased with approx. DKK 141m (DKK 140m).

Fair value of Solar's respective interest-bearing liabilities is seen as fair value measurement at level 2. Mortgage loans are valued based on underlying securities, while bank debt is calculated based on models for discounting to net present value. Non-observable market data is primarily made up of credit risks, which are seen as insignificant in Solar's case.

The fair value of Solar's interest rate instrument is measured as fair value measurement at level 2, since fair value can be determined directly based on the actual forward rates and instalments on the balance sheet date. Outstanding interest rate swaps for hedging of floating-rate loans expire over the period until 2037 (2037).

Accounting policies

Financial liabilities
Debt to bank and credit institutions is recognised initially at fair value that corresponds to the proceeds received net of transaction costs incurred.

In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method, meaning that the difference between the proceeds and the nominal value is recognised in the income statement under financials for the term of the loan. For information on lease liabilities, see note 3.3.

Fair value measurement
The group uses the fair value concept for recognition of certain financial instruments and in connection with some disclosure requirements. Fair value is defined as the price that can be secured when selling an asset or that must be paid to transfer a liability in a standard transaction between market participants (exit price).

Fair value is a marked-based and not enterprise-specific valuation. The enterprise uses the assumptions that market participants would use when pricing an asset or liability based on existing market conditions, including assumptions relating to risks.

As far as possible, fair value measurement is based on market value in active markets (level 1) or alternatively on values derived from observable market information (level 2). If such observable information is not available or cannot be used without significant modifications, recognised valuation methods and fair estimates are used as the basis of fair values (level 3).

4.4 Financial instruments – continued

Reconciliation of development in interest-bearing debt to financing activities in the cash flow statement:

DKK million	2024	2023
Interest bearing liabilities 1/1	1,597	1,240
Repayment of non-current interest-bearing debt	-9	-9
Raising of non-current interest-bearing liabilities	100	150
Change in current interest-bearing debt	11	149
Instalment on lease liabilities	-137	-136
Lease liability raised during the year, non-cash	122	195
Foreign currency translation adjustment	7	8
Interest bearing liabilities 31/12	**1,691**	**1,597**

Financial liabilities, maturity statement

DKK million	2024	2023
Maturity < 1 year		
Debt to mortgage credit institutions	11	11
Lease liabilities	141	130
Bank loans and overdrafts	830	703
Current interest-bearing liabilities	**982**	**844**
Other financial liabilities	2,314	2,290
Current financial liabilities	**3,296**	**3,134**
Current financial assets	**2,320**	**2,190**
Net current financial liabilities	**976**	**944**

4.4 Financial instruments – continued

Financial liabilities, maturity statement – continued

DKK million	2024	2023
Maturity 1-5 year(s)		
Debt to mortgage credit institutions	47	45
Bank loans and overdrafts	249	250
Lease liabilities	268	294
Total	**564**	**589**
Maturity > 5 years		
Debt to mortgage credit institutions	129	139
Lease liabilities	16	26
Total	**145**	**165**
Total non-current liabilities	**709**	**754**
Maturity, until year	**2042**	**2042**

The carrying amount of financial liabilities corresponds to fair value, see page 135. Of long-term bank loans and overdrafts DKK 150m is subject to covenants measured on gearing on a quarterly basis. There is no indication that covenants cannot be met for the next 12 months.

DKK million	2024	2023
Interest-bearing liabilities and maturity statement for expected interest expense for the period		
< 1 year	32	31
1-5 year(s)	56	54
> 5 years	35	42
Total	**123**	**127**

Accounting policies

Liquidity risks
Solar has an objective of substantial self-financing to minimise dependence on lenders and thus gain greater freedom of action. Financing is primarily controlled centrally based on the individual subsidiary's operating and investment cash requirements. Solar ensures that there are always sufficient and flexible cash reserves and diversification of maturities of both non-current and current credit facilities.

4.4 Financial instruments – continued

Interest rate sensitivity

DKK million	2024	2023
Effect of a 1% interest rate increase at the end of the year		
Effect on equity	**3**	**3**
Of this, earnings impact is	**-3**	**-5**
Undrawn credit facilities 31/12	**1,028**	**955**

Financial liabilities, foreign currency risk exposure

	Current liabilities		Non-current liabilities	
DKK million	**2024**	**2023**	**2024**	**2023**
EUR	124	147	101	106
DKK	705	564	324	328
NOK	0	0	0	0
PLN	12	3	0	0
SEK	0	0	0	0
Total	**841**	**714**	**425**	**434**
Interest rate in %	**3.7-7.0**	**4.3-6.9**	**3.9-5.6**	**4.3-5.6**

The group's enterprises have raised loans in their respective functional currencies, while the parent company has also raised loans in euro.

Financial risks – continued

Interest rate risk
Solar monitors and adjusts interest-bearing liabilities on an ongoing basis. Loans are only raised in the functional currencies of the countries where Solar operates. Of total interest-bearing liabilities, Solar endeavours to ensure that a maximum of half is based on variable payment of interest determined in accordance with current money market rates. The remaining interest-bearing liabilities are fixed-rate. Solar Group has no significant non-current interest-bearing assets.

As a result of Solar's policies, a certain interest rate risk exists.

Currency risk
Solar is exposed to currency risks in the form of translation risks since a substantial proportion of activity derives from foreign subsidiaries which has other currencies than DKK as functional currency. The functional currencies applied in the group are euro, Danish kroner, Swedish kroner, Norwegian kroner and, to a lesser extent, Polish zloty, Swiss Franc, US dollar and British pound. Solar has a number of investments in foreign subsidiaries, where the translation of equity into Danish kroner depends on exchange rates. Investments in subsidiaries are not hedged as such investments are regarded as long-term and because hedging is seen as unlikely to create any long-term value.

The individual subsidiaries are not significantly affected by exchange rate fluctuations since revenue and costs in subsidiaries are mainly in the same currencies.

Effect from translation of foreign subsidiaries when the exchange rate increases by 10% (average for the year and at year end)

	Profit of the year			Equity
DKK million	**2024**	**2023**	**2024**	**2023**
NOK	5.1	9.0	50.6	50.1
SEK	8.0	10.8	51.2	48.0
PLN	1.6	0.2	9.4	8.3
Total	**14.7**	**20.0**	**111.2**	**106.4**

4.4 Financial instruments – continued

Hedging activities

DKK million	2024	2023
Outstanding interest swaps made for hedging floating-rate loans		
Principal amount	361	367
Interest rate in % for outstanding interest swaps	4.5-5.6	4.5-5.6
Fair value recognised as other payables under current liabilities	-17	-17

Maturity for interest swaps follows the maturity for debt to mortgage credit institutions as stated on previous page.

DKK million	2024	2023
Amounts recognised in other comprehensive income		
Adjustment to fair value for the year	-5	-10
Realised during the year, recognised as financial income/expenses	5	5
Total	**0**	**-5**

Accounting policies

Derivatives
Derivatives are only used to hedge financial risks in the form of interest rate and currency risks.

Derivatives are recognised at fair value. Both realised and unrealised gains and losses are recognised in the income statement unless the derivatives are part of hedging of future transactions. Value adjustments of derivatives for hedging of future transactions are recognised directly in other comprehensive income.

Any non-effective part of the financial instrument in question is recognised in the income statement. Derivatives are recognised under other receivables or other payables.

4.5 Financial income

DKK million	2024	2023
Interest income	31	26
Foreign exchange gains	28	35
Fair value adjustments, other financial investments	2	0
Other financial income	2	4
Total	**63**	**65**
Financial income, received	**33**	**30**

4.6 Financial expenses

DKK million	2024	2023
Interest expenses	99	94
Foreign exchange losses	31	41
Fair value adjustments, other financial investments	3	8
Interest on lease liabilities	15	12
Total	**148**	**155**
Financial expenses, settled	**114**	**106**

Section 5

Other notes

Section 5 – Other notes

5.1 Share-based payment

Restricted share units

	Executive Board	Others	Total
No. of restricted share units at year-end 2024			
Outstanding at the beginning of 2024	23,212	24,789	48,001
Granted in 2024	0	14,945	14,945
Transferred on change to the Executive Board	-6,089	6,089	0
Adjustment due to dividend distribution	444	2,036	2,480
Exercised	-7,193	-11,775	-18,968
Outstanding at year-end 2024	**10,374**	**36,084**	**46,458**
No. of restricted share units at year-end 2023			
Outstanding at the beginning of 2023	22,361	18,457	40,818
Granted in 2023	6,719	7,930	14,649
Adjustment due to dividend distribution	1,719	1,818	3,537
Exercised	-7,587	-3,416	-11,003
Outstanding at year-end 2023	**23,212**	**24,789**	**48,001**

DKK million	2024	2023
Market value recognised under other liabilities	**9**	**14**

Accounting policies

Restricted share units and performance share units are measured at fair value at the grant date and are recognised in the income statement under staff costs over the period when the final right to the restricted share units and performance share units is vested. The set-off to this is recognised under other payables, as the company has a past practice that allows employees to choose cash settlement. This liability is regularly adjusted to fair value and for the performance share units an estimated probability for succeeding in fulfilling the targets set is taken into consideration.

The fair value of the granted restricted share units and performance share units is estimated using the market price of the company's shares at balance sheet date.

5.1 Share-based payment – continued

Specification of restricted share units

	Year of granting			
No. of shares	**2024**	**2023**	**2022**	**2021**
Executive Board				
Granted	0	6,719	5,353	6,595
Transferred on change to the Executive Board	0	-1,899	-1,792	-2,398
Adjustment due to dividend distribution	0	735	1,258	2,996
Exercised	0	0	0	-7,193
Total	**0**	**5,555**	**4,819**	**0**
Others				
Granted	14,945	7,930	5,757	6,442
Transferred on change to the Executive Board	0	1,899	1,792	2,398
Adjustment due to dividend distribution	1,181	1,065	1,515	2,935
Exercised	0	0	0	-11,775
Total	**16,126**	**10,894**	**9,064**	**0**
Price at time of granting	**381.88**	**629.95**	**722.46**	**456.39**
Vesting year	**2027**	**2026**	**2025**	**2024**

Performance share units

No. of performance share units at year-end 2024	**Executive Board**
Outstanding at the beginning of 2024	0
Granted in 2024	13,939
Adjustment due to dividends distribution	1,097
Exercised	0
Outstanding at year-end 2024	**15,036**

	2024
Price at time of granting	**381.88**
Vesting year	**2027**

5.1 Share-based payment – continued

In accordance with Solar's remuneration policy and general guidelines for incentive-based remuneration, the Board of Directors decided to grant restricted shares to the Executive Board in 2023 and management team in 2024 and 2023.

Restricted shares are granted for no consideration and provide the holder with a right and an obligation to receive B shares at a nominal value of DKK 100. The price at the time of granting is fixed at DKK 381.88 (629.95) based on the average price on Nasdaq Copenhagen the first 10 business days after publication of Annual Report 2023 (2022). The restricted shares vest three years after the time of granting, meaning that this grant of shares vests in 2027 (2026). At this point, the holder may exercise the restricted share granting.

The number of granted restricted shares was adjusted by +2,480 (+3,537) shares in 2024 (2023) due to dividend distribution.

Based on the amended remuneration policy, the Board of Directors approved a new long-term incentive program (LTIP) for the members of the Executive Board. The members of the Executive Board was granted a total of 15,036 performance shares (PSU) in 2024. The total market value of the grant was DKK 5.7m at the time of granting.

The LTIP is forward-looking, and grants of PSUs are therefore not based on previous performance of Solar or the participant; instead vesting is dependent on the participant's continued employment with Solar and for 75 % of the PSUs the achievement of certain forward-looking performance targets within (a) Solution Sales, (b) EBITDA margin and (c) CO_2 reduction.

The PSUs vest after the expiry of a three-year lock-up period and simultaneously be converted into B-shares in Solar, subject to the fulfilment of the performance targets.

If the performance targets are only partly achieved, the participants will receive a proportion of the B-shares. If specified minimum targets are not met the vesting can lapse.

The number of performance restricted shares was adjusted by +1,097 shares in 2024 due to dividend distribution.

General information on Solar's incentive scheme is available on our website: https://www.solar.eu/investor/policies.

5.2 Contingent liabilities and other financial liabilities

DKK million	2024	2023
Collateral		
Assets have been pledged as collateral for bank arrangements at a carrying amount of:		
Land and buildings	418	447
Total	**418**	**447**
Contracts for the construction of Logistics Centre, Kumla		
Net obligation	339	0

5.3 Related parties

Group and parent Solar A/S are subject to control by Fonden af 20. December (registered as a commercial foundation in Denmark), which owns 17.0% of the shares and holds 60.5% of the voting rights. The remaining shares are owned by a widely combined group of shareholders.

Other related parties include associates, the company's Board of Directors and Executive Board. There have been no transactions in the financial year with members of the Board of Directors and Executive Board other than those which appear from note 2.3 and note 5.1.

Solar invoices Fonden af 20. December for the performance of administrative services at DKK 55,000. Balances with Fonden af 20. December total 0 on balance sheet date.

5.4 Auditors' fees

DKK million	2024	2023
Deloitte		
Statutory audit	3	3
Other assurance engagements[1]	1	1
Total	**4**	**4**

1) Other assurance engagements mainly consist of ESG assurance in 2023 and 2024.

5.5 New financial reporting standards

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

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

IFRS 19 Solar does not expect that IFRS 19 or the amendments to existing standards will have impact on Solar's accounting policies.

Furthermore, IASB has issued amendments to existing standards (IAS 21, IFRS 7 and IFRS 9) that are effective from 1 January 2025 or 1 January 2026.

5.6 Acquisitions of subsidiaries and activities

2023

On 7 December 2023, Solar A/S acquired 100% of the shares of Dunduru Plavas SIA in Latvia. The acquisition price is made up of a fixed amount of DKK 22m. 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 1m. These have been recognised as part of external operating costs in the income statement.

Fair value at the date of acquisition:

DKK million	ThermoNova A/S	Dunduru Plavas SIA
Customer-related intangible assets	42	-
Property, plant and equipment	1	24
Inventories	19	3
Trade receivables	12	-
Cash	53	1
Provision for deferred tax	-9	-3
Other non-current liabilities, non-interest-bearing	-1	-
Current liabilities	-16	-2
Net assets	**101**	**23**
Non-controlling interest of acquired new assets	-49	-
Acquired net assets	**52**	**23**
Goodwill	122	-
Total consideration	**174**	**23**
Cash acquired	-53	-1
Deferred consideration	-10	-
Acquisition price on net debt-free basis	**111**	**22**

On 1 March 2023, Solar A/S acquired 42.5% of the shares of ThermoNova A/S, a Danish manufacturer of high-capacity heat pumps.

The acquisition price is made up of a fixed amount of DKK 111m and a variable amount of DKK 10m.

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

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

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

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

The fair value of the customer related assets is based on the multi-period excess earningsmethod (MEEM). The fair value has been calculated as the net present value (NPV) of the future net cash-flow derived from the sale to the customers minus a fair return on the assets used to generate the sale. An interest rate of 10% has been applied.

The main factors leading to the recognition of goodwill are:

- the presence of certain intangible assets, such as the assembled workforce and knowhow, which do not qualify for separate recognition
- expected synergies within sale which result in Solar being prepared to pay a premium.

The goodwill recognised is not deductible for tax purposes.

For the non-controlling interests in ThermoNova A/S, the group decided to recognise the noncontrolling interests at its proportionate share of the acquired net identifiable assets. See page 104 for Solar's accounting policies for business combinations.

Separate financial statements

Statement of comprehensive income

Income statement

Notes	DKK million	2024	2023
2.1	Revenue	4,003	4,155
	Cost of sales	-3,108	-3,128
	Gross profit	**895**	**1,027**
	Other operating income	32	31
5.3	External operating costs	-32	-58
2.2	Staff costs	-573	-603
2.3	Loss on trade receivables	-2	-6
	Earnings before interest, tax, depreciation and amortisation (EBITDA)	**320**	**391**
2.4	Depreciation and write-down on property, plant and equipment	-90	-81
	Earnings before interest, tax and amortisation (EBITA)	**230**	**310**
2.4	Amortisation and impairment of intangible assets	-68	-64
	Earnings before interest and tax (EBIT)	**162**	**246**
	Profit from subsidiaries	76	215
	Share of net profit from associates	0	0
4.4	Financial income	36	42
4.5	Financial expenses	-102	-105
	Earnings before tax (EBT)	**172**	**398**
2.5	Income tax	-21	-51
2.6	**Net profit for the year**	**151**	**347**

Other comprehensive income

DKK million	2024	2023
Net profit for the year	**151**	**347**
Other income and costs recognised:		
Items that can be reclassified to the income statement		
Foreign currency translation adjustments of foreign subsidiaries	-36	-13
Fair value adjustments of hedging instruments before tax, parent company	0	-5
Tax on fair value adjustments of hedging instruments, parent company	0	1
Other income and costs recognised after tax	**-36**	**-17**
Total comprehensive income for the year	**115**	**330**

Balance sheet

As at 31 December

Notes	DKK million	2024	2023
	Assets		
3.1	Intangible assets	217	172
3.2	Property, plant and equipment	380	422
3.3	Right-of-use assets	100	110
3.4	Investments measured at equity value	2,226	2,168
3.4	Other non-current assets	22	24
	Non-current assets	**2,945**	**2,896**
3.5	Inventories	636	623
3.6	Trade receivables	554	520
	Receivables from subsidiaries	184	264
	Income tax receivable	6	0
	Other receivables	4	3
	Prepayments	27	32
	Cash at bank and in hand	343	330
	Current assets	**1,754**	**1,772**
	Total assets	**4,699**	**4,668**

Notes	DKK million	2024	2023
	Equity and liabilities		
4.1	Share capital	736	736
	Reserves	-66	-66
	Retained earnings	1,048	1,043
	Proposed dividends for the financial year	110	219
	Total equity	**1,828**	**1,932**
4.3	Interest-bearing liabilities	425	434
3.3, 4.3	Lease liabilities	70	80
2.5	Provision for deferred tax	89	79
	Non-current liabilities	**584**	**593**
4.3	Interest-bearing liabilities	829	710
3.3, 4.3	Lease liabilities	33	32
	Trade payables	701	651
	Amounts owed to subsidiaries	562	522
	Income tax payable	0	6
3.8	Other payables	157	210
	Prepayments	0	9
3.7	Other provisions	5	3
	Current liabilities	**2,287**	**2,143**
	Liabilities	**2,871**	**2,736**
	Total equity and liabilities	**4,699**	**4,668**

Cash flow statement

Notes	DKK million	2024	2023
	Net profit for the year	151	347
2.4	Depreciation, write-down and amortisation	158	145
	Changes to provisions and other adjustments	-8	6
	Profit from subsidiaries	-76	-215
4.4, 4.5	Financials, net	66	63
	Income tax	21	51
4.4	Financial income, received	31	36
4.5	Financial expenses, settled	-96	-90
	Income tax, settled	-24	-36
	Cash flow before working capital changes	**223**	**307**
	Working capital changes		
	Inventory changes	-13	202
	Receivables changes	-28	12
	Non-interest-bearing liabilities changes	9	-151
	Cash flow from operating activities	**191**	**370**

Notes	DKK million	2024	2023
	Investing activities		
3.1	Purchase of intangible assets	-113	-88
	Purchase of property, plant and equipment	-11	-17
	Disposal of property, plant and equipment	0	1
	Changes to loans to subsidiaries	121	159
	Dividends from subsidiaries	7	7
	Acquistion of subsidiaries and activities	-10	-164
	Capital increase subsidiaries	-26	0
	Cash flow from investing activities	**-32**	**-102**
	Financing activities		
4.3	Repayment of non-current interest-bearing debt	-9	-9
	Raising of non-current interest-bearing liabilities	100	150
	Change in current interest-bearing liabilities	19	176
	Instalment on lease liabilities	-37	-36
	Dividends paid to shareholders of Solar A/S	-219	-329
	Cash flow from financing activities	**-146**	**-48**
	Total cash flow	**13**	**220**
	Cash at bank and in hand at the beginning of the year	330	110
	Cash at bank and in hand at the end of the year	**343**	**330**

Statement of changes in equity

DKK million	Share capital	Reserves for hedging transactions[1]	Reserves for foreign currency translation adjustments[1]	Reserves for development costs[1]	Retained earnings	Proposed dividends	Total equity
2024							
Equity as at 1 January	**736**	**-13**	**-185**	**132**	**1,043**	**219**	**1,932**
Foreign currency translation adjustments of foreign subsidiaries			-36				-36
Fair value adjustments of hedging instruments before tax		0					0
Tax on fair value adjustments		0					0
Net income recognised in equity via other comprehensive income in the statement of comprehensive income	0	0	-36	0	0	0	-36
Net profit for the year				36	5	110	151
Comprehensive income	**0**	**0**	**-36**	**36**	**5**	**110**	**115**
Distribution of dividends (DKK 30.00 per share)						-219	-219
Transactions with the owners	**0**	**0**	**0**	**0**	**0**	**-219**	**-219**
Equity as at 31 December	**736**	**-13**	**-221**	**168**	**1,048**	**110**	**1,828**

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

Statement of changes in equity

DKK million	Share capital	Reserves for hedging transactions[1]	Reserves for foreign currency translation adjustments[1]	Reserves for development costs[1]	Retained earnings	Proposed dividends	Total equity
2023							
Equity as at 1 January	**736**	**-9**	**-172**	**111**	**936**	**329**	**1,931**
Foreign currency translation adjustments of foreign subsidiaries			-13				-13
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	-13	0	0	0	-17
Net profit for the year				21	107	219	347
Comprehensive income	**0**	**-4**	**-13**	**21**	**107**	**219**	**330**
Distribution of dividends (DKK 45.00 per share)						-329	-329
Transactions with the owners	**0**	**0**	**0**	**0**	**0**	**-329**	**-329**
Equity as at 31 December	**736**	**-13**	**-185**	**132**	**1,043**	**219**	**1,932**

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

Section 1

Basis for preparation

Section 1 – Basis for preparation

1.1 General accounting policies

The separate financial statements of the parent company for 2024 are presented in accordance with the International Financial Reporting Standards (IFRSs) as approved by the EU and additional Danish disclosure requirements for annual reports of listed companies and the IFRS executive order issued in accordance with the Danish Financial Statements Act.

A general description of accounting policies can be found in the consolidated financial statements on pages 104-106 note 1.1, Accounting policies.

Descriptions of accounting policies in notes
Descriptions of accounting policies in the notes form part of the overall description of accounting policies. Parent-specific descriptions are found in the following notes:

Note 2.5	Income tax
Note 2.6	Net profit for the year
Note 3.1	Intangible assets
Note 3.2	Property, plant and equipment
Note 3.3	Leases
Note 3.4	Investments measured at equity value and other non-current assets
Note 3.5	Inventories
Note 3.6	Trade receivables
Note 3.7	Other provisions
Note 4.1	Share capital
Note 4.3	Financial instruments
Note 5.1	Contingent liabilities and other financial liabilities

1.2 Significant accounting estimates and assessments

When preparing the annual report in accordance with generally applicable principles, management make estimates and assumptions that affect the reported assets and liabilities. Management base their estimates on historic experience and expectations for future events. Therefore, actual results may differ from these estimates.

The following estimates and accompanying assessments are deemed material for the preparation of the financial statements:

- Impairment test of software
- Inventory write-down
- Write-down for loss on doubtful receivables

These estimates and assessments are described in the following notes:

Note 3.1	Intangible assets
Note 3.5	Inventories
Note 3.6	Trade receivables

Section 2

Income statement

Section 2 – Income statement

2.1 Segment information

Solar's business segments are Installation, Industry and Trade and are based on the customers' affiliation with the segments. Installation covers installation of electrical, and heating and plumbing products, while Industry covers industry, offshore and marine, and utility and infrastructure. Trade covers special sales and other small areas. The three main segments have been identified without aggregation of operating segments. Segment income and costs include any items that are directly attributable to the individual segment and any items that can be reliably allocated to the individual segment. Non-allocated costs refer to income and costs related to joint group functions. Assets and liabilities are not included in segment reporting.

DKK million	Installation	Industry	Trade	Total
2024				
Revenue	2,121	1,325	557	4,003
Cost of sales	-1,657	-975	-476	-3,108
Gross profit	**464**	**350**	**81**	**895**
Direct costs	-97	-61	-22	-180
Earnings before indirect costs	**367**	**289**	**59**	**715**
Indirect costs	-142	-46	-17	-205
Segment profit	**225**	**243**	**42**	**510**
Non-allocated costs				-190
Earnings before interest, tax, depreciation and amortisation (EBITDA)				**320**
Depreciation and amortisation				-158
Earnings before interest and tax (EBIT)				**162**
Financials, net incl. share of net profit from associates and impairment on associates and profit from subsidiaries				10
Earnings before tax (EBT)				**172**

DKK million	Installation	Industry	Trade	Total
2023				
Revenue	2,171	1,443	541	4,155
Cost of sales	-1,640	-1,028	-460	-3,128
Gross profit	**531**	**415**	**81**	**1,027**
Direct costs	-101	-62	-19	-182
Earnings before indirect costs	**430**	**353**	**62**	**845**
Indirect costs	-155	-51	-18	-224
Segment profit	**275**	**302**	**44**	**621**
Non-allocated costs				-230
Earnings before interest, tax, depreciation and amortisation (EBITDA)				**391**
Depreciation and amortisation				-145
Earnings before interest and tax (EBIT)				**246**
Financials, net incl. share of net profit from associates and impairment on associates and profit from subsidiaries				152
Earnings before tax (EBT)				**398**

2.2 Staff costs

DKK million	2024	2023
Salaries and wages etc.	512	538
Pensions, defined contribution	44	43
Costs related to social security	14	14
Share-based payment	3	8
Total	**573**	**603**
Average number of employees (FTEs)	812	861
Number of employees at year-end (FTEs)	820	834
Remuneration of Board of Directors		
Remuneration of Board of Directors	4	4
Remuneration of Executive Board		
Salaries and wages etc.	17	23
Share-based payment	1	3
Total	**18**	**26**

Terms of notice for members of the Executive Board is 12 months. When stepping down, the members of the Executive Board are entitled to 12 (6) months' remuneration.

2.3 Loss on trade receivables

DKK million	2024	2023
Recognised losses	6	4
Received on trade receivables previously written off	0	0
	6	**4**
Change in write-down for bad and doubtful debts	-4	2
Total	**2**	**6**

Relevant accounting policies are described in note 3.6 trade receivables.

2.4 Depreciation, write-down and amortisation

DKK million	2024	2023
Buildings	22	16
Plant, operating equipment, tools and equipment	28	26
Leasehold improvements	2	2
Tenancy, lease	20	19
Cars, lease	8	9
IT equipment, lease	10	9
Total depreciation and write-down on property, plant and equipment	**90**	**81**
Customer-related assets	1	1
Software	64	61
Impairment of intangible assets	3	2
Total amortisation and impairment of intangible assets	**68**	**64**

Relevant accounting policies are described in note 3.1, intangible assets, and note 3.2, property, plant and equipment and note 3.3, leases.

2.5 Income tax

DKK million	2024	2023
Current tax	13	40
Deferred tax	10	11
Tax on profit or loss for the year	**23**	**51**
Tax on taxable profit previous year	-2	9
Change in deferred tax previous year	0	-9
Total	**21**	**51**
Statement of effective tax rate:		
Danish income tax rate	22.0%	22.0%
Profit/loss from subsidiaries	-9.5%	-11.9%
Impairment on / gain from sale of / reversal of impairment on associates	0.1%	0.3%
Non-taxable/deductible items in parent	0.7%	2.2%
Tax regarding prevoius year	-1.0%	0.2%
Effective tax rate	**12.3%**	**12.8%**

Accounting policies

Tax for the year is recognised with the share attributable to results for the year in the income statement and with the share attributable to other recognised income and costs in the statement of comprehensive income. Tax consists of current tax and changes to deferred tax.

2.5 Income tax – continued

DKK million	2024	2023
Deferred tax 1/1	79	78
Recognised in other comprehensive income	0	-1
Ordinary tax recognised in income statement	10	2
Deferred tax 31/12	**89**	**79**
Specified as follows:		
Deferred tax	89	79
Total deferred tax, net	**89**	**79**
Further specified as follows:		
Expected use after 1 year	89	79
Total, net	**89**	**79**

Specification by balance sheet items

DKK million	2023	Recognised in other comprehensive income	Ordinary tax recognised in income statement	2024
Property, plant and equipment	24	0	0	24
Provisions for loss on receivables	-1	0	0	-1
Other items[1]	56	0	10	66
Total, net	**79**	**0**	**10**	**89**

1) Other items particularly cover intangible assets and loss balances in jointly taxed entities.

Accounting policies

Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax on the year's taxable income, adjusted for tax on previous year's taxable income and for tax paid on account.

Deferred tax is measured in accordance with the balance sheet liability method of all temporary differentials between accounting and tax-related amounts and provisions. Deferred tax is recognised at the local tax rate that any temporary differentials are expected to be realised at based on the adopted or expected adopted tax legislation on the balance sheet date.

Deferred tax assets, including the tax value of tax loss allowed for carryforward, are measured at the value at which the asset is expected to be realised, either by elimination in tax of future earnings or by offsetting against deferred tax liabilities.

Deferred tax assets are assessed annually and only recognised to the extent that it is probable that they will be utilised.

Deferred tax is also recognised for the covering of retaxation of losses in former foreign subsidiaries participating in joint taxation assessed as becoming current.

2.6 Net profit for the year

DKK million	2024	2023
Proposed distribution of net profit for the year:		
Proposed dividend	110	219
Reserves for development costs	36	21
Retained earnings	5	107
Net profit for the year	**151**	**347**
Ordinary dividend in DKK per share of DKK 100[1]	15.00	30.00

1) Calculations are based on proposed dividends.

Accounting policies

Dividends
Proposed dividends are recognised as a liability at the time of adoption of the general meeting.

Section 3

Invested capital

Section 3 – Invested capital

3.1 Intangible assets

DKK million	Customer-related assets	Software	Total
2024			
Cost 1/1	5	783	788
Additions during the year	0	113	113
Disposals during the year	0	-323	-323
Cost 31/12	**5**	**573**	**578**
Amortisation and impairment 1/1	4	612	616
Amortisation during the year	1	64	65
Impairment during the year	0	3	3
Amortisation of abandoned assets	0	-323	-323
Amortisation and impairment 31/12	**5**	**356**	**361**
Carrying amount 31/12	**0**	**217**	**217**
Remaining amortisation period in number of years	**1**	**1-8**	**-**

Accounting policies

Customer-related intangible assets
Customer-related intangible assets acquired in connection with business combinations are measured at cost less accumulated amortisation and impairment loss.

Customer-related intangible assets are amortised using the straight-line principle over the expected useful life. Typically, the amortisation period is 5-7 years.

Software
Software is measured at cost less accumulated amortisation and impairment. Cost includes both direct internal and external costs. Software is amortised using the straight-line principle over 4-8 years. The basis of amortisation is reduced by any impairment.

3.1 Intangible assets – continued

DKK million	Customer-related assets	Software	Total
2023			
Cost 1/1	5	701	706
Additions during the year	0	88	88
Disposals during the year	0	-6	-6
Cost 31/12	**5**	**783**	**788**
Amortisation and impairment 1/1	3	555	558
Amortisation during the year	1	61	62
Impairment during the year	0	2	2
Amortisation of abandoned assets	0	-6	-6
Amortisation and impairment 31/12	**4**	**612**	**616**
Carrying amount 31/12	**1**	**171**	**172**
Remaining amortisation period in number of years	**2**	**1-8**	**-**

Accounting policies

Impairment of intangible assets
The carrying amount of intangible assets is assessed annually to determine whether there is any indication of impairment.

When such an indication is present, the asset's recoverable amount is calculated, which is the highest of the asset's fair value less expected costs of disposal or value in use. Value in use is calculated as the present value of expected cash flow from the smallest cash-generating unit to which the asset belongs.

Impairment loss is recognised when the carrying amount of an asset exceeds the asset's recoverable amount. Impairment loss is recognised in the income statement.

Impairment loss on intangible assets is reversed if changes have been made to the assumptions and estimates that led to the impairment loss.

Accounting estimates and assessments

Software
Software is evaluated annually for indicators of a need for impairment. If a need to perform impairment is identified, an impairment test for the software is performed.

The impairment test is made on the basis of different factors, including the software's future application, the present value of the expected cost saving as well as interest and risks.

3.2 Property, plant and equipment

DKK million	Land and buildings	Plant, operating equipment, tools and equipment	Leasehold improvements	Assets under construction	Total
2024					
Cost 1/1	486	250	14	6	756
Additions during the year	2	10	0	5	17
Disposals during the year	0	-8	0	-6	-14
Cost 31/12	**488**	**252**	**14**	**5**	**759**
Write-down and depreciation 1/1	218	106	10	0	334
Write-down and depreciation during the year	22	28	2	0	52
Write-down and depreciation of abandoned assets	0	-7	0	0	-7
Write-down and depreciation 31/12	**240**	**127**	**12**	**0**	**379**
Carrying amount 31/12	**248**	**125**	**2**	**5**	**380**

Accounting policies

Property, plant and equipment
Land and buildings as well as other plant, operating equipment, and tools and equipment are measured at cost less accumulated depreciation and write-down.

Cost includes the purchase price and costs directly attributable to the acquisition until the time when the asset is ready for use. Cost of a combined asset is disaggregated into separate components which are depreciated separately if the useful lives of the individual components differ.

Subsequent expenditure, for example in connection with the replacement of components of property, plant or equipment, is recognised in the carrying amount of the relevant asset when it is probable that the incurrence will result in future economic benefits for the group. The replaced components cease to be recognised in the balance sheet and the carrying amount is transferred to the income statement. All other general repair and maintenance costs are recognised in the income statement when these are incurred.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives which are:

- Buildings 40 years
- Technical installations 20 years
- Plant, operating equipment, and tools and equipment 2-5 years

There are a few differences from the mentioned depreciation periods in which useful life is estimated as shorter. Leasehold improvements are depreciated over the lease term, however, maximum 5 years.

Land is not depreciated.

3.2 Property, plant and equipment – continued

DKK million	Land and buildings	Plant, operating equipment, tools and equipment	Leasehold improvements	Assets under construction	Total
2023					
Cost 1/1	481	254	14	3	752
Additions during the year	6	8	0	3	17
Disposals during the year	-1	-12	0	0	-13
Cost 31/12	**486**	**250**	**14**	**6**	**756**
Write-down and depreciation 1/1	203	91	8	0	302
Write-down and depreciation during the year	16	26	2	0	44
Write-down and depreciation of abandoned assets	-1	-11	0	0	-12
Write-down and depreciation 31/12	**218**	**106**	**10**	**0**	**334**
Carrying amount 31/12	**268**	**144**	**4**	**6**	**422**

Accounting policies

The basis of depreciation is determined in consideration of the asset's residual value and reduced by any impairment. Residual value is determined at the time of acquisition and reassessed annually. If residual value exceeds the asset's carrying amount, depreciation will cease.

By changing the depreciation period or residual value, the effect of future depreciation is recognised as a change to accounting estimates.

Impairment of property, plant and equipment
The carrying amount of property, plant and equipment is assessed annually to determine whether there is any indication of impairment.

When such an indication is present, the asset's recoverable amount is calculated, which is the highest of the asset's fair value less expected costs of disposal or value in use. Value in use is calculated as the present value of expected cash flow from the smallest cash-generating unit to which the asset belongs.

Impairment loss is recognised when the carrying amount of an asset exceeds the asset's recoverable amount. Impairment loss is recognised in the income statement.

Write-down on property, plant and equipment is reversed to the extent that changes have been made to the assumptions and estimates that led to the write-down.

3.3 Leases

Right-of-use assets

DKK million	Tenancy	Cars	IT equipment	Total
2024				
Cost 1/1	132	40	51	223
Additions during the year	9	10	10	29
Disposals during the year	-6	-11	-14	-31
Cost 31/12	**135**	**39**	**47**	**221**
Write-down and depreciation 1/1	64	25	24	113
Write-down and depreciation during the year	20	8	10	38
Write-down and depreciation of abandoned assets	-6	-10	-14	-30
Write-down and depreciation 31/12	**78**	**23**	**20**	**121**
Carrying amount 31/12	**57**	**16**	**27**	**100**

DKK million	Tenancy	Cars	IT equipment	Total
2023				
Cost 1/1	98	34	24	156
Additions during the year	34	10	27	71
Disposals during the year	0	-4	0	-4
Cost 31/12	**132**	**40**	**51**	**223**
Write-down and depreciation 1/1	45	20	15	80
Write-down and depreciation during the year	19	9	9	37
Write-down and depreciation of abandoned assets	0	-4	0	-4
Write-down and depreciation 31/12	**64**	**25**	**24**	**113**
Carrying amount 31/12	**68**	**15**	**27**	**110**

Accounting policies

Right-of-use assets
Right-of-use assets are lease assets arising from a lease agreement. Lease assets are initially measured at cost consisting of the amount of the initial measurement of the lease liability with addition of lease payments made to the lessor at or before the commencement date less any lease incentives received. Three different types of leases have been identified:

• Tenancy
• Cars
• IT equipment

The lease assets are depreciated on a straight-line basis over the lease term. The carrying amount of the right-of-use asset can be adjusted due to modifications to the lease agreement or in special cases reassessment of the lease term.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture of a value below DKK 37,000.

3.3 Leases – continued

Short-term lease liabilities

DKK million	2024	2023
Maturity < 1 year	33	32
Short-term lease liabilities 31/12	**33**	**32**

Long-term lease liabilities

DKK million	2024	2023
Maturity > 1 year < 5 years, undiscounted	73	78
Maturity > 5 years, undiscounted	1	7
Long-term lease liabilities 31/12, undiscounted	74	85
Discounting on lease liabilities > 1 year < 5 years	-4	-5
Long-term lease liabilities 31/12	**70**	**80**

Amounts recognised in the Profit & Loss statement

DKK million	2024	2023
Depreciation of Right-of-use assets	38	36
Interest expense on lease liabilities	4	2
Expense relating to variable lease payments not included in the measurement of lease liabilities	2	2
Total	**44**	**40**
Cash outflows for leases		
Instalment on lease liabilities	-37	-36
Interest payments	-4	-2
Total cash outflows for leases	**-41**	**-38**

Accounting policies

Lease liabilities
Lease liabilities arise from a lease agreement. Lease liabilities are initially measured at the present value of the lease payments during the non-cancellable lease period with addition of periods covered by an option to extend the lease if exercise of the option is considered reasonably certain on inception of the lease.

At initial recognition, each contract is assessed individually to assess the likelihood of exercising a potential extension option in the contract. The option to extend the contract period will be included in measuring the lease liability if it is reasonably certain that Solar will exercise the option. When calculating the net present value, a discount rate corresponding to Solar's incremental borrowing rate has been used.

The lease liability will be remeasured when changes occur due to modifications to the contract (extension, termination etc.), indexation or in special cases reassessment of the lease term.

3.4 Investments measured at equity value and other non-current assets

DKK million	Investment measured at equity value	Investments in associates	Other investments	Other recievables	Total
2024					
Cost 1/1	2,765	5	60	17	2,847
Additions during the year	26	0	0	0	26
Disposals during the year	0	0	0	-1	-1
Cost 31/12	**2,791**	**5**	**60**	**16**	**2,872**
Value adjustment 1/1	-597	-5	-45	-8	-655
Foreign currency translation adjustments	-36	0	0	0	-36
Dividends from subsidiaries	-8	0	0	0	-8
Profit from subsidiaries	76	0	0	0	76
Fair value adjustment recognised under financial expenses	0	0	-3	0	-3
Fair value adjustment recognised under financial income	0	0	2	0	2
Value adjustment 31/12	**-565**	**-5**	**-46**	**-8**	**-624**
Carrying amount 31/12	**2,226**	**0**	**14**	**8**	**2,248**

An amount of DKK 47m have been impaired relating to goodwill in the subsidiary Thermonova which is included in Profit from subsidiaries.

Accounting policies

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the parent company's share of the post-acquisition profits or losses of the subsidiary in profit or loss statement, and the parent company's share of movements in other comprehensive income of the investee in other comprehensive income.

Dividends received or receivable from subsidiaries are recognised as a reduction in the carrying amount of the investment.

Unrealised gains on transactions between the parent company and its subsidiaries are eliminated to the extent of the parent company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the parent company.

The carrying amount of equity-accounted investments is tested for impairment.

Other investments are measured at fair value.

3.4 Investments measured at equity value and other non-current assets – continued

DKK million	Investment measured at equity value	Investments in associates	Other investments	Other recievables	Total
2023					
Cost 1/1	2,591	16	60	15	2,682
Additions during the year	174	0	0	2	176
Transferred from Other receivables to other investments	0	0	0	0	0
Disposals during the year	0	-11	0	0	-11
Cost 31/12	**2,765**	**5**	**60**	**17**	**2,847**
Value adjustment 1/1	-791	-16	-37	-8	-852
Foreign currency translation adjustments	-14	0	0	0	-14
Dividends from subsidiaries	-7	0	0	0	-7
Profit from subsidiaries	215	0	0	0	215
Fair value adjustment recognised under financial expenses	0	0	-8	0	-8
Other adjustments	0	11	0	0	11
Value adjustment 31/12	**-597**	**-5**	**-45**	**-8**	**-655**
Carrying amount 31/12	**2,168**	**0**	**15**	**9**	**2,192**

At the acquisition of Thermonova as at 1 March 2023, DKK 122m was allocated to goodwill.

3.5 Inventories

DKK million	2024	2023
End products	**636**	**623**
Recognised write-down	-6	1

The main reasons for the recognised write-downs is an increase in write-down articles.

Accounting policies

Inventories are measured at cost according to the FIFO method or at net realisable value, if this is lower.

Cost of inventories includes purchase price with addition of delivery costs.

The net realisable value of inventories is determined as selling price less costs incurred to make the sale and is determined in consideration of marketability, obsolescence and development of expected selling price.

Accounting estimates and assessments

Write-down of inventories
Write-down of inventories is made due to the obsolescence of products.

Management specifically assess inventories, including the products' turnover rate, current economic trends and product development when deciding whether the write-down is sufficient.

3.6 Trade receivables[1]

DKK million	2024	2023
Maturity statement, trade receivables		
Not due	517	488
Past due for 1-30 day(s)	32	33
Past due for 31-90 days	6	6
Past due for 91+ days	4	3
	559	530
Write-down	-5	-10
Total	**554**	**520**
Write-down based on:		
Age distribution	2	3
Individual assessment	3	7
Total	**5**	**10**
Write-down 1/1	10	8
Write-down for the year	1	6
Losses realised during the year	-3	-1
Reversed for the year	-3	-3
Write-down 31/12	**5**	**10**

1) A factoring arrangement on non-recourse conditions is established with a few major customers. As a result trade receivables is reduced with approx. DKK 103m (DKK 93m).

We refer to the consolidated accounts, note 3.6, trade receivables, for information on credit risk.

Accounting policies

Trade receivables are measured at fair value at acquisition and at amortised cost subsequently. Based on an individual assessment of the loss risk, including a statistical based model, write-down to amortised cost less expected credit losses is made, if this is lower.

Accounting estimates and assessments

Write-down for meeting of loss on doubtful trade receivables
The IFRS 9 simplified approach is applied to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the day past invoicing.

As the vast majority of our group companies generally takes out insurance to hedge against loss to the extent possible, the write-down based on age distribution amounts to less than 0.4% (0.6%) of gross trade receivables.

Individual assessment of write-down is performed by management specifically analysing trade receivables, including the customers' credit rating and current economic trends to ensure that write-down is sufficient. Write-down based on individual assessment amounts to 0.5% (1.3%) of gross trade receivables. As the total write-down on trade receivables amounts to 0.9% (2%) of gross trade receivables, no maturity statement of the write-down is included. However, the majority of the provision relates to receivables overdue by more than 31 days (31 days).

3.7 Other provisions

DKK million	2024	2023
Current		
Other provisions	5	3
Total 31/12	**5**	**3**
Specification, current		
1/1	3	2
Reversed during the year	-3	-2
Provisions of the year	5	3
Total 31/12	**5**	**3**

3.8 Other payables

DKK million	2024	2023
Staff costs	80	109
Taxes and charges	21	30
Interest rate swaps	17	17
Other payables and amounts payable	39	54
Total	**157**	**210**

Accounting policies for hedging instruments are described in note 4.3 Financial instruments.

Section 4

Capital structure and financing costs

Section 4 – Capital structure and financing costs

4.1 Share capital

DKK million	2024	2023
Share capital 1/1	736	736
Change in share capital	0	0
Share capital 31/12	**736**	**736**
Share capital is fully paid in and divided into the following classes:		
A shares, 900,000 at DKK 100, 10 votes per share	90	90
B shares, 6,460,000 at DKK 100, 1 vote per share	646	646
Total	**736**	**736**

	Number of shares		Nominal value (DKK million)	
	2024	**2023**	**2024**	**2023**
A shares outstanding 31/12	**900,000**	**900,000**	**90**	**90**
B shares outstanding				
Outstanding 1/1	6,403,187	6,403,187	640	640
Divestment of treasury shares	0	0	0	0
B shares outstanding 31/12	**6,403,187**	**6,403,187**	**640**	**640**
Total shares outstanding 31/12	**7,303,187**	**7,303,187**	**730**	**730**

Section 4 – Capital structure and financing costs

4.2 Treasury shares

Treasury shares (B shares)	Number of shares		Nominal value (DKK million)		Cost (DKK million)		Percentage of share capital	
	2024	2023	2024	2023	2024	2023	2024	2023
Holding 1/1	56,813	56,813	6	6	22	22	0.7%	0.7%
Divestment	0	0	0	0	0	0	0.0%	0.0%
Holding 31/12	**56,813**	**56,813**	**6**	**6**	**22**	**22**	**0.7%**	**0.7%**

All treasury shares are held by the parent company in order to cover the Executive Board’s incentive schemes.

Accounting policies

Treasury shares
Acquisition and disposal sums related to treasury shares are recognised directly in transactions with the owners.

4.3 Financial instruments

Financial assets and financial liabilities

DKK million	Interest rate	2024	2023
Debt to mortgage credit institutions	Fixed[1]	187	195
Bank loans and overdrafts	Fixed[1]	249	250
Lease liabilities	Calculated	103	112
Bank loans and overdrafts	Floating	818	699
Interest-bearing liabilities		**1,357**	**1,256**
Trade payables[2]		701	651
Other payables		157	210
Financial liabilities		**2,215**	**2,117**
Cash at bank and in hand		343	330
Trade receivables		554	520
Other receivables		221	299
Financial assets		**1,118**	**1,149**
Total, financial balance sheet items, net		**1,097**	**968**

1) Interest swaps have been used to hedge floating-rate loans, converting these loans to fixed-rate loans.
2) Solar participates in supplier financing arrangement with a few suppliers. As a result trade payables are increased with approx. DKK 141m (DKK 140m).

Fair value of Solar's respective interest-bearing liabilities is seen as fair value measurement at level 2. Mortgage loans are valued based on underlying securities, while bank debt is calculated based on models for discounting to net present value. Non-observable market data is primarily made up of credit risks, which are seen as insignificant in Solar's case.

The fair value of Solar's interest rate instrument is measured as fair value measurement at level 2, since fair value can be determined directly based on the actual forward rates and instalments on the balance sheet date. Outstanding interest rate swaps for hedging of floating-rate loans expire over the period until 2037 (2037).

Accounting policies

Financial liabilities
Debt to bank and credit institutions is recognised initially at fair value that corresponds to the proceeds received net of transaction costs incurred.

In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method, meaning that the difference between the proceeds and the nominal value is recognised in the income statement under financials for the term of the loan. For information on lease liabilities, see note 3.3.

Fair value measurement
The group uses the fair value concept for recognition of certain financial instruments and in connection with some disclosure requirements. Fair value is defined as the price that can be secured when selling an asset or that must be paid to transfer a liability in a standard transaction between market participants (exit price).

Fair value is a market-based and not enterprise-specific valuation. The enterprise uses the assumptions that market participants would use when pricing an asset or liability based on existing market conditions, including assumptions relating to risks.

As far as possible, fair value measurement is based on market value in active markets (level 1) or alternatively on values derived from observable market information (level 2).

If such observable information is not available or cannot be used without significant modifications, recognised valuation methods and fair estimates are used as the basis of fair values (level 3).

4.3 Financial instruments – continued

Financial liabilities, maturity statement

DKK million	2024	2023
Current interest-bearing liabilities		
Maturity < 1 year		
Debt to mortgage credit institutions	11	11
Lease liabilities	32	31
Bank loans and overdrafts	818	699
Current interest-bearing liabilities	**861**	**741**
Other financial liabilities	858	861
Financial liabilities	**1,719**	**1,602**
Current financial assets	**1,118**	**1,149**
Net current financial liabilities	**601**	**453**
Maturity 1-5 year(s)		
Debt to mortgage credit institutions	47	45
Bank loans and overdrafts	249	250
Lease liabilities	70	74
Total	**366**	**369**
Maturity > 5 years		
Debt to mortgage credit institutions	129	139
Lease liabilities	1	7
Total	**130**	**146**
Total non-current liabilities	**496**	**515**
Maturity, until year	**2042**	**2042**

The carrying amount of financial liabilities corresponds to fair value.
Of long-term bank loans and overdrafts DKK 150m is subject to covenants measured on gearing on a quarterly basis. There is no indication that covenants cannot be met for the next 12 months.

DKK million	2024	2023
Interest-bearing liabilities and maturity statement for expected interest expense for the period		
< 1 year	22	23
1-5 year(s)	41	41
> 5 years	33	40
Total	**96**	**104**

Interest rate sensitivity

DKK million	2024	2023
Effect of a 1% interest rate increase at the end of the year		
Effect on equity	**2**	**3**
Of this, earnings impact is	**-4**	**-5**
Undrawn credit facilities 31/12	**945**	**863**

Financial liabilities, foreign currency risk exposure

Distribution on currencies	Current liabilities		Non-current liabilities	
DKK million	**2024**	**2023**	**2024**	**2023**
EUR	124	147	101	106
DKK	705	563	324	328
SEK	0	0	0	0
Total	**829**	**710**	**425**	**434**
Interest rate in %	**3.7-5.6**	**4.3-5.7**	**3.9-5.6**	**4.3-5.6**

The parent company has raised loans in Danish kroner and euro. We refer to the consolidated accounts, note 4.4, Financial instruments ,for more information on liquidity risk, interest rate and currency risk management.

4.3 Financial instruments – continued

Hedging activities

DKK million	2024	2023
Outstanding interest swaps made for hedging floating-rate loans		
Principal amount	361	367
Interest rate in % for outstanding swaps	4.5-5.6	4.5-5.6
Fair value	-17	-17

Maturity for interest swaps follows the maturity for debt to mortgage credit institutions as stated on previous page.

DKK million	2024	2023
Amounts recognised in other comprehensive income		
Adjustment to fair value for the year	-5	-10
Realised during the year, recognised as financial income/expenses	5	5
Total	**0**	**-5**

Reconciliation of development in interest-bearing debt to financing activities in the cash flow statement

DKK million	2024	2023
Interest-bearing liabilities 1/1	1,256	905
Repayment of non-current interest-bearing debt	-9	-9
Raising of non-current interest-bearing liabilities	100	150
Change in current interest-bearing debt	19	176
Instalment on lease liabilities	-37	-36
Lease liability raised during the year, non-cash	29	71
Foreign currency translation adjustment	-1	-1
Interest-bearing liabilities 31/12	**1,357**	**1,256**

Accounting policies

Derivatives
Derivatives are only used to hedge financial risks in the form of interest rate and currency risks.

Derivatives are recognised at fair value. Both realised and unrealised gains and losses are recognised in the income statement unless the derivatives are part of hedging of future transactions. Value adjustments of derivatives for hedging of future transactions are recognised directly in other comprehensive income. Any non-effective part of the financial instrument in question is recognised in the income statement. Derivatives are recognised under other receivables or other payables.

4.4 Financial income

DKK million	2024	2023
Interest income	16	15
Foreign exchange gains	3	6
Fair value adjustments on investments	2	0
Other financial income	15	21
Total	**36**	**42**
Financial income, received	**31**	**36**

4.5 Financial expenses

DKK million	2024	2023
Interest expenses	84	82
Foreign exchange losses	3	7
Interest on lease liabilities	4	2
Fair value adjustments, other financial investments	3	8
Other financial expenses	8	6
Total	**102**	**105**
Financial expenses, settled	**96**	**90**

Section 5

Other notes

Section 5 – Other notes

5.1 Contingent liabilities and other financial liabilities

DKK million	2024	2023
Collateral		
Assets have been pledged as collateral for bank arrangements at a carrying amount of:		
Land and buildings	243	262
Total	**243**	**262**
Mortgaging and guarantees		
As security of subsidiaries' bank arrangements, guarantees have been issued for:		
Total	**105**	**92**
As security of subsidiaries' liabilites, guarantees have been issued for:		
Total	**502**	**561**

5.2 Related parties

Group and parent Solar A/S are subject to control by Fonden af 20. December (registered as a commercial foundation in Denmark), which owns 17.0% of the shares and holds 60.5% of the voting rights. The remaining shares are owned by a widely combined group of shareholders.

Other related parties include subsidiaries, associates, the company's Board of Directors and Executive Board. There have been no transactions in the financial year with members of the Board of Directors and Executive Board other than those which appear from note 2.2.

The parent company has had the following significant transactions with related parties:

DKK million	2024	2023
Sale of services to subsidiaries	173	169
Sale of goods to subsidiaries	147	150
Interest income from subsidiaries	13	17
Interest expense from subsidiaries	6	6

On the balance sheet date, the usual product balances derived from these transactions exist. These appear from the parent company's balance sheet.

Solar also invoices Fonden af 20. December for the performance of administrative services at DKK 55,000 (DKK 55,000). Balances with Fonden af 20. December total 0 on balance sheet date.

5.3 Auditors' fees

DKK million	2024	2023
Deloitte		
Statutory audit	2	2
Other assurance engagements[1]	1	1
Total	3	3

1) Other assurance engagements mainly consist of ESG assurance in 2023 and 2024.

Group companies overview

Group companies overview

Companies fully owned by Solar A/S

Name	Reg. no.	Currency	Share capital	Country
Solar A/S	15908416	DKK	736,000,000	DK
Solar Sverige AB	**5562410406**	**SEK**	**100,000,000**	**SE**
Solar Norge AS	**980672891**	**NOK**	**70,000,000**	**NO**
Solar Nederland B.V.	**09013687**	**€**	**67,000,500**	**NL**
Eltechna B.V.	23066336	€	18,151	NL
MAG45 Holding B.V.	**17213145**	**€**	**28,544**	**NL**
MAG45 B.V.	17168649	€	18,000	NL
MAG45 Sp.z.oo	277409	PLN	50,000	PL
MAG45 GmbH	32297	€	25,000	DE
MAG45 Ltd	311859	€	152	IE
MAG45 (UK) Ltd	4092664	£	301	UK
MAG45 S.a.r.l.	CHE-265.557.148	CHF	20,000	CH
MAG45 INC	35-2568242	$	1,457	USA
MAG45 S.R.O	27697690	CZK	200,000	CZ
MAG45 Iss Co. Ltd	91320594693364287L	$	80,000	CN
MAG45 Ltd	39740334	EUR	1	HK
MAG45 Pte Ltd.	201709959H	SG$	100,000	SG
MAG45 Kft	09-09-029346	HUF	3,000,000	HU
MAG45 Srl	10053890967	€	20,000	IT
MAG45 Sarl	919450692	€	100,000	FR
Solar Polska Sp.z.oo	**0000003924**	**PLN**	**65,050,000**	**PL**
P/F Solar Føroyar	**P/F 104**	**DKK**	**12,000,000**	**FO**
SD of 16 March GmbH	**HRB 516 NM**	**€**	**51,400,000**	**DE**
SD of 17 March Gesellschaft für Vermögensverwaltung mbH	HRB 16642 KI	€	25,000	DE
SD of 16 March Gesellschaft für Vermögensverwaltung mbH	HRB 16638 KI	€	2,556,500	DE
SD of 16 March Immobilienverwaltung GmbH	HRB 16616 KI	€	25,000	DE

Companies fully owned by Solar A/S – continued

Name	Reg. no.	Currency	Share capital	Country
Solar Invest A/S	**73316111**	**DKK**	**500,000**	**DK**
Solar Polaris A/S	**38378171**	**DKK**	**5,000,000**	**DK**
Højager Belysning A/S	**74111416**	**DKK**	**1,450,500**	**DK**
Letskog SIA	**40203326011**	**EUR**	**2,801**	**LV**
Dunduru Plavas SIA	41503039257	EUR	426,800	LV

Companies, where Solar's equity interest is less than 100%

Subsidiaries, where Solar's equity interest is more than 50%

Name	Reg. no.	Currency	Share capital	Country
Thermonova A/S, 51.00%	**38132369**	**DKK**	**468,687**	**DK**

Companies, where Solar's equity interest is less than 50%

Name	Reg. no.	Currency	Share capital	Country
Associates				
Monterra AB, 30.00%	559103-4847	SEK	50,000	SE
Zolw AS, 35.00%	925 003 328	NOK	48,000	NO
Edison Data AS, 20.00%	928 651 150	NOK	1,800,000	NO
Other financial investments				
LetsBuild Holding SA, 8.07%	0656.613.388	EUR	30,457,207	BE
Minuba ApS, 19.98%	33259336	DKK	100,771	DK
SiteHub ApS, 20.00%	41823194	DKK	50,000	DK

Financial statements

Statements and reports

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Solar A/S for the financial year 1 January – 31 December 2024.

The Annual Report is prepared in accordance with IFRS Accounting Standards as adopted by the EU and disclosure requirements for listed companies in Denmark.

In our opinion, the consolidated financial statements and the separate financial statements for the parent company give a true and fair view of the Group's and the Parent's financial position at 31. December 2024 as well as of the results of their operations and the Group's cash flows for the year 1 January – 31 December 2024.

In our opinion, the Management review is prepared in accordance with relevant laws and regulations and contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Group and the Parent face.

The Sustainability Statement is prepared in accordance with the European Sustainability Reporting Standards (ESRS) as required by the Danish Financial Statements Act as well as article 8 in the EU Taxonomy regulation.

Furthermore, in our opinion, the annual report of Solar A/S for the financial year 1 January – 31 December 2024, with the file name SOLA-2024-12-31-0-en.zip, is prepared, in all material respects, in accordance with the ESEF Regulation.

We recommend the Annual Report for adoption at the Annual General Meeting.

Vejen, 6 February 2025

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 Chrone

Denise Goldby

Louise Knauer

Rune Jesper Nielsen

Michael Kærgaard Ravn

Independent auditor's report

To the shareholders of Solar A/S

Report on the consolidated financial statements and the separate financial statements Opinion
We have audited the consolidated financial statements and the separate financial statements of for the financial year 01.01.2024 – 31.12.2024, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group as well as for the Parent. The consolidated financial statements and the separate financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the separate financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2024, and of the results of their operations and cash flows for the financial year 01.01.2024 – 31.12.2024 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the separate financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of for the first time on 19.03.2021 for the financial year 2021. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 4 years up to and including the financial year 2024.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the separate financial statements for the financial year 01.01.2024 – 31.12.2024. These matters were addressed in the context of our audit of the consolidated financial statements and the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue
Recognition of revenue is complex due to the volume of transactions and the variety of revenue streams within the different segments. We focused on this area due to the large number of transactions involved and because recognition of revenue involves accounting policy decisions and judgements made by Management, originating from different customer behavior, market conditions and customer agreements. Further, the number of transactions and extent of revenue streams require various IT setups to ensure correct revenue recognition, which are complex and involve an inherent risk to the revenue recognition process. Reference is made to note 2.1 in the consolidated financial statements.

How the identified key audit matter was addressed in our audit
We assessed and tested the design, implementation, and operating effectiveness of relevant internal controls, including test of relevant IT controls, for the different revenue streams primarily relating to 3-way-match of revenue and authorization for manual revenue journals.

In addition, we sample tested revenue transactions, including manual revenue journals and customer bonuses throughout 2024 to underlying documentation. We have focused our sample selection on transactions which were considered unusual by nature or were generated outside the normal billing and revenue recognition process.

We also tested cut-off on revenue recognized around the balance sheet date and performed retrospective reviews of returned goods and sample test on credit notes to test the accuracy and completeness of revenue recognition for the year.

Statement on the management commentary
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not as part of the audit express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act. This does not include the requirements in paragraph 99a related to the sustainability statement covered by the separate auditor's limited assurance report hereon.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act except for the requirements in paragraph 99a related to the sustainability statement, cf. above. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the consolidated financial statements and the separate financial statements
Management is responsible for the preparation of consolidated financial statements and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the separate financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the separate financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the separate financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these separate financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the separate financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the separate financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the separate financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements and the separate financial statements to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, safeguards put in place and measures taken to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the separate financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation
As part of our audit of the consolidated financial statements and the separate financial statements of we performed procedures to express an opinion on whether the annual report for the financial year 01.01.2024 – 31.12.2024, with the file name SOLA-2024-12-31-0-en.zip, is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited consolidated financial statements.

In our opinion, the annual report of Solar A/S for the financial year 01.01.2024 – 31.12.2024, with the file name SOLA-2024-12-31-0-en.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

Aarhus, 6 February 2025

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33963556

Henrik Vedel
State Authorised Public Accountant
Identification No (MNE) mne10052

Jakob Olesen
State Authorised Public Accountant
Identification No (MNE) mne34492

Independent auditor's limited assurance report on sustainability statement

To the stakeholders of Solar A/S

Limited assurance conclusion
We have conducted a limited assurance engagement on the sustainability statement of Solar A/S ("Group") included in the Management's Review (the "sustainability statement"), pages 39 – 93, for the financial year 1 January – 31 December 2024.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the sustainability statement is not prepared, in all material respects, in accordance with the Danish Financial Statements Act section 99 a, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the management to identify the information reported in the sustainability statement (the "Process") is in accordance with the description set out in the Methodology and process on pages 53 and 54 and
- compliance of the disclosures in section EU Taxonomy Reporting within the environmental section of the sustainability statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for conclusion
We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information, and additional requirements applicable in Denmark.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the "Auditor's responsibilities for the assurance engagement" section of our report.

Our independence and quality management

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Deloitte Statsautoriseret Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other matter
The comparative information included in the Sustainability statement of the Group was not subject to an assurance engagement on sustainability information prepared in accordance with the Danish Financial Statements Act section 99 a. Our conclusion is not modified in respect of this matter.

Inherent limitations in preparing the sustainability statement
In reporting forward-looking information in accordance with ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Management's responsibilities for the sustainability statement
Management is responsible for designing and implementing a process to identify the information reported in the sustainability statement in accordance with the ESRS and for disclosing this Process in Methodology and process of the sustainability statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the sustainability statement, in accordance with the Danish Financial Statements Act section 99a, including:

- compliance with the ESRS;
- preparing the disclosures in EU Taxonomy Reporting within the environmental section of the sustainability statement, in compliance with Article 8 of the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the sustainability statement that is free from material misstatement, whether due to fraud or error; and

- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Auditor's responsibilities for the assurance engagement
Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the sustainability statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Process include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS, and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in the section Methodology and process on pages 53 and 54.

Our other responsibilities in respect of the sustainability statement include:

- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed
A limited assurance engagement involves performing procedures to obtain evidence about the sustainability statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the sustainability statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by performing inquiries to understand the sources of the information used by management; and reviewing the Group's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Group's was consistent with the description of the Process set out in section Double materiality assessment introduction on pages 44-52.

In conducting our limited assurance engagement, with respect to the sustainability statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its sustainability statement including the consolidation processes by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Evaluated whether material information identified by the Process is included in the sustainability statement;
- Evaluated whether the structure and the presentation of the sustainability statement are in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the sustainability statement;
- Performed substantive assurance procedures on selected information in the sustainability statement;
- Evaluated methods, assumptions and data for developing material estimates and forward-looking information and how these methods were applied;
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the sustainability statement and management's review

Aarhus, 6 February 2025

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33963556

Henrik Vedel
State Authorised Public Accountant
mne10052

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State Authorised Public Accountant
mne40040

Financial statements

Statements, not audited, part of Management review

Q4 2024

Quarterly figures

Consolidated

	Q1		Q2		Q3		Q4	
Income statement (DKK million)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Revenue	3,030	3,656	3,100	3,250	2,860	2,965	3,233	3,160
Earnings before interest, tax, depreciation and amortisation (EBITDA)	88	280	137	214	202	187	219	190
Earnings before interest, tax and amortisation (EBITA)	26	226	77	159	143	132	154	131
Earnings before interest and tax (EBIT)	10	209	56	121	125	114	87	114
Financials, net	-16	-20	-22	-20	-24	-21	-23	-29
Earnings before tax (EBT)	-6	189	34	101	101	93	63	85
Net profit or loss for the quarter	-6	145	25	77	78	71	51	55

	Q1		Q2		Q3		Q4	
Balance sheet (DKK million)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Non-current assets	1,877	1,756	1,880	1,761	1,879	1,809	1,900	1,893
Current assets	4,205	4,858	4,339	4,556	4,385	4,456	4,208	4,219
Balance sheet total	6,082	6,614	6,219	6,317	6,264	6,265	6,108	6,112
Total equity	1,726	1,759	1,770	1,810	1,831	1,910	1,874	1,982
Non-current liabilities	891	737	881	894	871	877	878	908
Current liabilities	3,465	4,118	3,568	3,613	3,562	3,478	3,356	3,222
Interest-bearing liabilities, net	1,450	1,530	1,334	1,558	1,646	1,480	1,232	1,157
Invested capital	3,157	3,263	3,085	3,342	3,460	3,366	3,089	3,120
Net working capital, end of period	1,876	2,347	1,720	2,265	2,036	2,253	1,693	1,907
Net working capital, average	2,075	2,149	1,939	2,251	1,885	2,268	1,831	2,193

Consolidated – continued

	Q1		Q2		Q3		Q4	
Cash flows (DKK million)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Cash flow from operating activities	7	101	202	78	-196	190	525	486
Cash flow from investing activities	-57	-162	-70	-54	-82	-102	-56	-87
Cash flow from financing activities	-57	171	-85	-38	165	-109	-278	-199
Net investments in intangible assets	-34	-20	-41	-25	-38	-26	-41	-31
Net investments in property, plant and equipment	-23	-30	-19	-29	-44	-76	-15	-34
Acquisition and disposal of subsidiaries, net	0	-111	-10	0	0	0	0	-22

	Q1		Q2		Q3		Q4	
Financial ratios (% unless otherwise stated)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Revenue growth	-17.1	5.6	-4.6	-5.8	-3.5	-9.2	2.3	-14.2
Organic growth	-17.1	8.3	-5.0	-2.2	-3.8	-6.2	2.3	-12.5
Organic growth adjusted for number of working days	-15.4	6.7	-7.8	-1.0	-5.3	-4.7	3.0	-11.1
Gross profit margin	20.7	23.2	20.4	22.7	20.7	21.5	20.8	22.4
EBITDA margin	2.9	7.7	4.4	6.6	7.1	6.3	6.8	6.0
EBITA margin	0.9	6.2	2.5	4.9	5.0	4.5	4.8	4.1
EBIT margin	0.3	5.7	1.8	3.7	4.4	3.8	2.7	3.6
Net working capital (NWC end of period)/revenue	15.1	16.7	14.0	16.3	16.8	16.6	13.9	14.6
Net working capital (NWC average)/revenue	16.7	15.3	15.8	16.2	15.5	16.7	15.0	16.8
Gearing (interest-bearing liabilities,net/EBITDA), no. of times	2.1	1.3	2.2	1.4	2.7	1.5	1.9	1.3
Return on equity (ROE)	10.9	35.0	8.6	32.7	8.8	25.5	8.4	18.3
Return on invested capital (ROIC)	8.5	23.2	6.6	20.5	6.8	16.9	8.3	13.2
Enterprise value/earnings before interest, tax and amortisation (EV/EBITA)	8.6	5.7	10.0	5.7	11.1	6.2	8.4	7.0
Equity ratio	27.6	25.9	27.7	27.9	28.5	29.7	29.9	31.6

Consolidated – continued

	Q1		Q2		Q3		Q4	
Share ratios (DKK unless otherwise stated)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Earnings per share outstanding (EPS)	-0.68	19.85	3.70	10.54	10.68	9.72	6.98	7.39
Intrinsic value per share outstanding	229.63	234.14	235.92	241.13	244.28	254.82	250.3	264.54
Share price	331.37	553.54	325.27	506.42	354.55	476.27	299.27	465.71
Share price/intrinsic value	1.44	2.36	1.38	2.10	1.45	1.87	1.20	1.76

	Q1		Q2		Q3		Q4	
Employees	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Average number of employees (FTE's)	2,997	3,042	2,954	3,058	2,923	3,049	2,899	3,036

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.
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".

Financial review

Q4 EBITDA amounted to DKK 219m

EBITDA increased to DKK 219m, positively affected by DKK 49m from the proceeds of the sale of our warehouse in Örebro.

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

Q4 2024 Revenue

Our guidance for 2024 assumed that all segments would show negative growth, with recovery gaining ground by the end of the year. However, recovery was slower and was less robust than expected. Consequently, revenue was below expectations.

Revenue amounted to DKK 3.2bn (DKK 3.2bn). Adjusted organic growth increased to 3.0% (-11.1%). When adjusted for Solar Polaris' deliveries to a major solar park project, adjusted organic growth amounted to around 0%.

Revenue from Climate & Energy, a strategic focus area, amounted to around DKK 423m (DKK 256m). Q4 posted an increase in residential sales, confirming the long-term potential of heat pumps.

The Installation segment returned to positive adjusted organic growth of approx. 2%. Apart from Solar Sverige, all main markets saw positive growth.

The Industry segment delivered adjusted organic growth of approx. -1%, with Solar Norge delivering double-digit positive growth.

The Trade segment delivered adjusted organic growth of approx. 20%, positively affected by Solar Polaris' deliveries to a major solar park project. When adjusted for Solar Polaris' deliveries, organic growth amounted to approx. -7%.

It remains our assessment that we maintained our market share within the Installation and Industry segments in all material respects.

Gross profit

Gross profit margin declined as our continued focus on concept sales did not result in the expected gross profit margin improvements combined with a general decline across all other main categories in Q4 2024 - even though we received around DKK 20m in one-off supplier bonus in Q4.

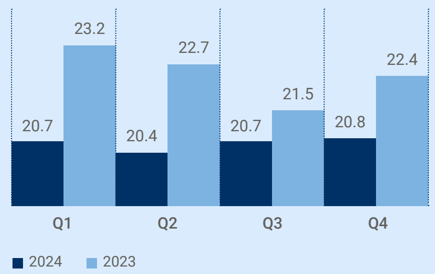
Moreover, improvements to our delivery service increased freight costs.

Gross profit margin at group level amounted to 20.8% (22.4%). The decline in gross profit margin, adjusted for one-off supplier bonus in 2024 and one-off price effects in 2023, amounted to 2.5 percentage points.

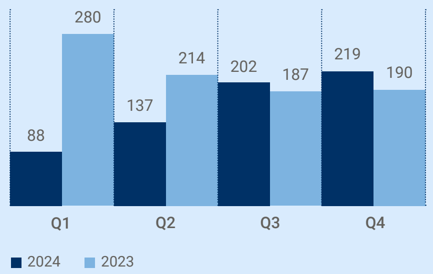
Other operating income

Other operating income of DKK 49m is accounted for by non-recurring income from the sale of our warehouse in Örebro. An announcement of the sale of the two warehouses in Sweden, prior to the finalisation of our new logistics centre in Kumla, was made in the 2023 Annual Report.

Gross profit margin
%



EBITDA
DKKm



External operating costs and staff costs

We actively initiate measures to mitigate the impact of cost inflation and the expected slowdown in the market. These measures proved effective and in Q4 2024, external operating and staff costs declined by DKK 18m to 15.4% (16.3%) of revenue.

EBITDA

EBITDA of DKK 219m (DKK 190m) was above our expectations. Adjusted for non-recurring income in Q4 2024, the underlying EBITDA margin amounted to 4.6% (6.2%).

The results from the individual markets are given on pages 204-205.

Amortisation and impairment of intangible assets

Amortisation and impairment of intangible assets amounted to DKK 67m (DKK 17m). The slower-than-anticipated growth in sales was the main factor behind the impairment loss on Thermonova of DKK 47m in 2024. However, we remain confident in the potential of high-capacity Thermonova heat pumps.

Earnings before tax

Earnings before tax amounted to DKK 63m (DKK 85m).

Income tax

Income tax amounted to DKK 12m (DKK 30m).

Net profit

Net profit amounted to DKK 51m (DKK 55m).

Cash flows

Net working capital as an average of the previous four quarters amounted to 15.0% (16.8%) of revenue. Net working capital at the end of 2024 decreased to 13.9% (14.6%).

Cash flow from operating activities totalled DKK 525m (DKK 486m). We succeeded in reducing inventories, which resulted in a cash flow impact of DKK 47m (DKK 171m). Changes in receivables impacted cash flow by DKK 292m (DKK 298m). Changes in non-interest-bearing liabilities had a cash flow impact of DKK 42m (DKK -129m).

Total cash flow from investing activities amounted to DKK -56m (DKK -87m). The sale of our warehouse in Örebro had a positive impact of DKK 61m. In 2023, DKK -22m related to the acquisition of additional land in Latvia.

Cash flow from financing activities amounted to DKK -278m (DKK -199m) due to a change in current interest-bearing liabilities and the raising of non-current interest-bearing liabilities of DKK 100m.

As a result, total cash flow amounted to DKK 191m (DKK 200m).

Net interest-bearing liabilities amounted to DKK 1,232m (DKK 1,157m).

By the end of 2024, gearing was 1.9 (1.3) times EBITDA. Our gearing target was 1.5-3.0 times EBITDA. The Board of Directors evaluates the capital structure on an ongoing basis in relation to our target and capital requirements.

At the end of 2024, Solar had undrawn credit facilities of DKK 1,028m (DKK 955m).

Invested capital

Solar Group’s invested capital totalled DKK 3,089m (DKK 3,120m). ROIC amounted to 8.3% (13.2%). 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.

Our segments Q4 2024

Installation

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

Installation revenue for Q4 amounted to DKK 1,793m (DKK 1,764m), which corresponds to overall adjusted organic growth of around 2% (-11%) related to the electrical as well as the heating and plumbing business. Solar Sverige saw negative growth while all other main markets posted positive growth.

Segment profit amounted to DKK 154m (DKK 173m), which corresponds to a segment profit margin of 8.6% (9.8%).

Industry

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

Industry revenue for Q4 amounted to DKK 1,068m (DKK 1,096m). This corresponds to overall adjusted organic growth of around -1% (-4%). Solar Norge saw positive growth while other main markets posted negative growth.

Segment profit amounted to DKK 173m (DKK 186m). This corresponds to a segment profit margin of 16.2% (17.0%).

Trade

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

Revenue from Trade for Q4 amounted to DKK 372m (DKK 300m). This corresponds to overall adjusted organic growth of around 20% (-30%) which was positively affected by Solar Polaris' deliveries to a major solar park project. When adjusted for Solar Polaris' deliveries, organic growth amounted to approx. -7%.

Segment profit amounted to DKK 36m (DKK 42m), which corresponds to a segment profit margin of 9.7% (14.0%).

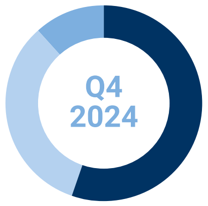
Segment profit includes items that are directly attributable to the individual segment and items that can be reliably allocated to the individual segment.

Segment profit does not include non-allocated costs of DKK 144m (DKK 211m) in Q4, which cover income and costs related to joint group functions and to costs that cannot be reliably allocated to the individual segment.

Detailed segment information is given on page 204.

Segment revenue

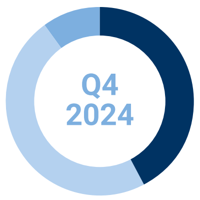
DKKm



- Installation 1,793
- Industry 1,068
- Trade 372

Segment profit

DKKm



- Installation 154
- Industry 173
- Trade 36

	Revenue		Segment profit		Segment margin %	
DKK million	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Installation	1,793	1,764	154	173	8.6	9.8
Industry	1,068	1,096	173	186	16.2	17.0
Trade	372	300	36	42	9.7	14.0
Solar Group	**3,233**	**3,160**	**363**	**401**	**11.2**	**12.7**

Statement of comprehensive income

Income statement

	Q4	
DKK million	**2024**	**2023**
Revenue	**3,233**	**3,160**
Cost of sales	-2,562	-2,451
Gross profit	**671**	**709**
Other operating income and costs	49	-1
External operating costs	-91	-101
Staff costs	-407	-415
Loss on trade receivables	-3	-2
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**219**	**190**
Depreciation and write-down on property, plant and equipment	-65	-59
Earnings before interest, tax and amortisation (EBITA)	**154**	**131**
Amortisation and impairment of intangible assets	-67	-17
Earnings before interest and tax (EBIT)	**87**	**114**
Share of net profit from associates	-1	0
Financial income	34	22
Financial expenses	-57	-51
Earnings before tax (EBT)	**63**	**85**
Income tax	-12	-30
Net profit for the period	**51**	**55**
Earnings in DKK per share outstanding (EPS)	10.13	7.39
Diluted earnings in DKK per share outstanding (EPS-D)	10.10	7.37
Attributable to:		
Shareholders of Solar A/S	51	54
Non-controlling interests	0	1
Net profit for the period	**51**	**55**

Other comprehensive income

	Q4	
DKK million	**2024**	**2023**
Net profit for the period	**51**	**55**
Other income and costs recognised:		
Items that can be reclassified for the income statement		
Foreign currency translation adjustment of foreign subsidiaries	-7	23
Fair value adjustment of hedging instruments before tax	0	-8
Tax on fair value adjustments of hedging instruments	0	2
Other income and costs recognised after tax	**-7**	**17**
Total comprehensive income for the period	**44**	**72**
Attributable to:		
Shareholders of Solar A/S	44	71
Non-controlling interests	0	1
Total comprehensive income for the period	**44**	**72**

Balance sheet

Consolidated

DKK million	31.12 2024	2023
Assets		
Intangible assets	381	348
Property, plant and equipment	1,070	1,066
Right-of-use assets	408	440
Deferred tax assets	11	7
Investments in associates	3	4
Other non-current assets	27	28
Non-current assets	**1,900**	**1,893**
Inventories	1,888	2,029
Trade receivables	1,657	1,648
Income tax receivable	20	25
Receivables from construction contracts	4	0
Other receivables	107	17
Prepayments	73	59
Cash at bank and in hand	459	441
Current assets	**4,208**	**4,219**
Total assets	**6,108**	**6,112**

DKK million	31.12 2024	2023
Equity and liabilities		
Share capital	736	736
Reserves	-234	-198
Retained earnings	1,216	1,175
Proposed dividend for the financial year	110	219
Equity attributable to shareholders of Solar A/S	**1,828**	**1,932**
Non-controlling interests	**46**	**50**
Total equity	**1,874**	**1,982**
Interest-bearing liabilities	425	434
Lease liabilities	284	320
Provision for deferred tax	157	143
Other provisions	12	11
Non-current liabilities	**878**	**908**
Interest-bearing liabilities	841	714
Lease liabilities	141	130
Trade payables	1,852	1,770
Income tax payable	8	54
Payables from construction contracts	35	0
Other payables	462	520
Prepayments	8	13
Other provisions	9	21
Current liabilities	**3,356**	**3,222**
Liabilities	**4,234**	**4,130**
Total equity and liabilities	**6,108**	**6,112**

Cash flow statement

Consolidated

DKK million	Q4 2024	Q4 2023
Net profit for the period from continuing operations	51	55
Depreciation, write-down and amortisation	132	76
Changes to provisions and other adjustments	-53	8
Share of net profit from associates	1	0
Financials, net	23	29
Income tax	12	30
Financial income, received	16	15
Financial expenses, settled	-39	-37
Income tax, settled	1	-30
Cash flow before working capital changes	**144**	**146**
Working capital changes		
Inventory changes	47	171
Receivables changes	292	298
Non-interest-bearing liabilities changes	42	-129
Cash flow from operating activities	**525**	**486**
Investing activities		
Purchase of intangible assets	-41	-31
Purchase of property, plant and equipment	-76	-34
Disposal of property, plant and equipment	61	0
Acquisition of subsidaries and activities	0	-22
Cash flow from investing activities	**-56**	**-87**

DKK million	Q4 2024	Q4 2023
Financing activities		
Repayment of non-current, interest-bearing debt	-2	-2
Raising of non-current interest-bearing liabilities	100	0
Change in current interest-bearing debt	-341	-160
Instalment on lease liabilities	-34	-37
Dividends paid to non-controlling interests	-1	0
Cash flow from financing activities	**-278**	**-199**
Total cash flow	**191**	**200**
Cash at bank and in hand at the beginning of period	268	241
Cash at bank and in hand at the end of period	**459**	**441**

Revenue

As additional material activities started in Q4 2024 a new specification of revenue is included.

	Q4	
DKK million	**2024**	**2023**
Sales of goods and services	3,139	3,160
Revenue from construction contracts	94	0
Total revenue	**3,233**	**3,160**

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 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.

Revenue and costs in the amount of DKK 94m and DKK 87m, respectively, from construction contracts recognized over time are fully allocated to the Trade segment.

Income statement (DKK million)	Installation	Industry	Trade	Total
Q4 2024				
Revenue	1,793	1,068	372	3,233
Cost of sales	-1,453	-794	-315	-2,562
Gross profit	**340**	**274**	**57**	**671**
Direct costs	-72	-41	-10	-123
Earnings before indirect costs	**268**	**233**	**47**	**548**
Indirect costs	-114	-60	-11	-185
Segment profit	**154**	**173**	**36**	**363**
Non-allocated costs				-144
Earnings before interest, tax, depreciation and amortisation (EBITDA)				**219**
Depreciation and amortisation				-132
Earnings before interst and tax (EBIT)				**87**
Financials, net including share of net profit from associates and impairment on associates				-24
Earnings before tax (EBT)				**63**

Income statement (DKK million)	Installation	Industry	Trade	Total
Q4 2023				
Revenue	1,764	1,096	300	3,160
Cost of sales	-1,406	-809	-236	-2,451
Gross profit	**358**	**287**	**64**	**709**
Direct costs	-69	-44	-9	-122
Earnings before indirect costs	**289**	**243**	**55**	**587**
Indirect costs	-116	-57	-13	-186
Segment profit	**173**	**186**	**42**	**401**
Non-allocated costs				-211
Earnings before interest, tax, depreciation and amortisation (EBITDA)				**190**
Depreciation and amortisation				-76
Earnings before interst and tax (EBIT)				**114**
Financials, net including share of net profit from associates and impairment on associates				-29
Earnings before tax (EBT)				**85**

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 companies overview available on page 183. The below allocation has been made based on the products' place of sale.

Revenue and costs in the amount of DKK 94m and DKK 87m, respectively, from construction contracts recognized over time are fully allocated to the Danish market.

			Q4		
DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
2024					
Denmark	1,087	8.2	91	8.4	835
Sweden	567	-3.6	67	11.8	291
Norway	487	7.3	22	4.5	203
The Netherlands	729	-1.9	29	4.0	396
Poland	113	7.9	1	0.9	50
Other markets	250	1.6	9	3.6	125
Solar Group	**3,233**	**3.0**	**219**	**6.8**	**1,900**

			Q4		
DKK million	Revenue	Adjusted organic growth	EBITDA	EBITDA margin	Non-current assets
2023					
Denmark	1,020	-9.2	97	9.5	899
Sweden	599	-9.6	35	5.8	214
Norway	464	-13.8	25	5.4	225
The Netherlands	732	-18.4	20	2.7	421
Poland	103	-5.6	2	1.9	48
Other markets	242	8.1	11	4.5	86
Solar Group	**3,160**	**-11.1**	**190**	**6.0**	**1,893**

Additional ESG data points

Additional ESG data points

Data point	Unit	2024	2023
Renewable electricity, share			
Denmark	%	85	87
Sweden	%	98	98
Norway	%	89	90
Netherlands	%	97	97
Poland	%	72	22
MAG45	%	46	35
Others[1]	%	0	0
Water consumption			
Denmark	m^3	5,097	5,205
Sweden	m^3	6,844	6,931
Norway	m^3	4,545	4,385
Netherlands	m^3	3,060	3,380
Poland	m^3	2,244	2,703
MAG45	m^3	2,310	2,433
Others[1]	m^3	249	176
Supplier risk assessment, spend			
Denmark	%	79	69
Sweden	%	84	73
Norway	%	75	72
Netherlands	%	81	60
Poland	%	-	-
Others[1]	%	-	-

Data point	Unit	2024	2023
Supplier Code of Conduct, signed			
Denmark	%	94	91
Sweden	%	97	96
Norway	%	93	92
Netherlands	%	90	86
Poland	%	-	-
Others[1]	%	-	-

Supplier assessment improvements[2] 2023 vs 2024

	Score	Change in average score
Overall	+5.0	58.0 → 63.0
Environment	+5.0	63.7 → 68.7
Labor & Human Rights	+4.4	58.4 → 62.7
Ethics	+4.7	53.7 → 58.4
Sustainable procurement	+6.0	51.2 → 57.3

Whistleblower cases

	Unit	2024	2023	2022
Whistleblower cases, submitted	number	3	1	2
Whistleblower cases, resolved	number	3	1	2

1) Solar Polaris, Højager Belysning, Thermonova
2) According to EcoVadis supplier assessment scheme.

solar

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http://www.linkedin.com/company/solar-as

ESEF data

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